

GST Reboot

SUMMARY BOOK

(One Stop Solution for Effective Revision)

GOODS & SERVICES TAX

For
CA Intermediate
May 2024 & Nov. 2024

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FCA, CS, B.Com.

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Price : Rs. 299.00

**Goods and Services Tax as amended by Finance Act, 2023
and Notifications & Circulars issued upto 31.10.2023**

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I express my sincere thanks to all our readers, authors and business associates for helping me in my mission of producing quality books for quality education. I wish all our young readers a brilliant success in various examinations and a bright future.

- Author

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Preface to the Seventh Edition of this book

Dear Friends,

Indirect Tax Laws is considered to be a theory subject. In my opinion, any taxation subject cannot be a theory subject. Taxation requires thorough understanding of the concepts and practical knowledge.

It is with the great pride and pleasure that I am bringing up Seventh Revised Edition of my book 'GST ReBoot – Summary Book (One Stop Solution for Effective Revision)' in addition to Thirteenth Revised Edition of 'GST 101 - Conceptual Learning on GST' a key of success for CA Intermediate Paper – 3: Taxation (Section B - Goods & Services Tax), which is the ultimate aim of the book. This book is written as per the new syllabus prescribed by ICAI.

Goods and Services Tax: The Game Changer Step of the Government

Indirect Tax Laws is one of the most dynamic and practical subjects of the Chartered Accountancy Course. This subject at the Intermediate level covers Goods and Services Tax (GST) for 50 marks.

With the introduction of "Goods and Services Tax (GST)" in India with effect from 1-7-2017, the Government aims to unite India with the slogan of "One Nation, One Market, One Tax" by subsuming most of the Central Taxes (Excise duty, Service tax, CST, etc.) and State Taxes (VAT, Entertainment Tax, etc.) into a single tax named "GST". This has given a smooth run to the "Input Tax Credit" chain system in the country.

Understanding the interpretation of GST Laws conceptually and its practical implementation in the country is one of the most challenging tasks for the professionals, which is the most demanding opportunity for the upcoming professionals in this era of GST.

Keeping in mind the need of the students throughout the country, I have come out with the idea of such a book which could help the students to

- ✓ Revise entire GST in summarised manner
- ✓ Cover all topics with latest notifications & circulars

This book is based on Central Goods and Services Tax Act, 2017, Central Goods and Services Tax Rules, 2017, Integrated Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Rules, 2017 as amended by Finance Act, 2023 and Notifications & Circulars as issued upto 31.10.2023.

Endeavour has been made to make the edition error-free, yet mistakes might have crept in for which I am apologetic. I look forward to the readers for the suggestions, criticism and feedback to improve the contents of the book. The readers may post their suggestions, grievances, criticism, feedback and queries by e-mail to ca.yashvantmangal@gmail.com.

December 24, 2023

-Author

!! Jai Mata Di !!

With Blessings of Lord Hanuman

Dedicated to my parents

Smt. Sushma Mangal & Sh. Ghanshyam Mangal

And

Aunt & Uncle

Smt. Pushpa Mangal & Lt. Sh. Radheshyam Mangal

My Special

Thanks

to

Ankita Mangal

CA. Rohit Mangal

and

All my Friends

With Love

This Book is dedicated to my Son

“Yedhant Mangal”

Who boost my Confidence with his charming eyes & smile

Acknowledgement

This book is a result of sincere efforts, dedication and moral support of my wife **“Ankita Mangal”**, who consistently motivated me to give my best to the students to build their career. I would like to express my sincere thanks to my family members, associates, friends and students for their support in every possible manner. Though words cannot express my heartfelt gratitude to them, I hereby acknowledge their co-operation.

“Talent wins games, but teamwork and intelligence win Championships”

My heartfelt thanks to my intelligent and dedicated team –

Ashutosh Gandhi, CA. Sakshi Mor, Lt. Mudit Babel, Suraj Singh Rathore, Dharmesh Paneri, Kavita Sahu, Kartik Sahu, Neetu Menaria, Yuvraj Singh, B L Kumhar, Lala Jat, Isha, Deepti and Deepak.

CA. Yashvant Mangal

SUMMARY BOOK

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Section-wise (Topic-wise) Weightage

Objective :

- (i) To develop an understanding of the provisions of goods and services tax law.
- (ii) To acquire the ability to apply such provisions to address/ solve issues in moderately complex scenarios.

CA Intermediate Course		
Paper 3 (Section B) : GOODS AND SERVICES TAX (GST)		
50 MARKS		
Sections	Content Area	Weightage
I	1. GST Laws: An introduction including Constitutional aspects	0-5%
II	2. Levy and collection of CGST and IGST : Application of CGST/IGST law, Concept of supply including composite and mixed supplies, ,	50% - 80% [Chp. 2, 3, 4, 5, 6, 7, 8, 9]
	3. Time and value of supply	
	4. Input tax credit	
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	16. Electronic way bill	

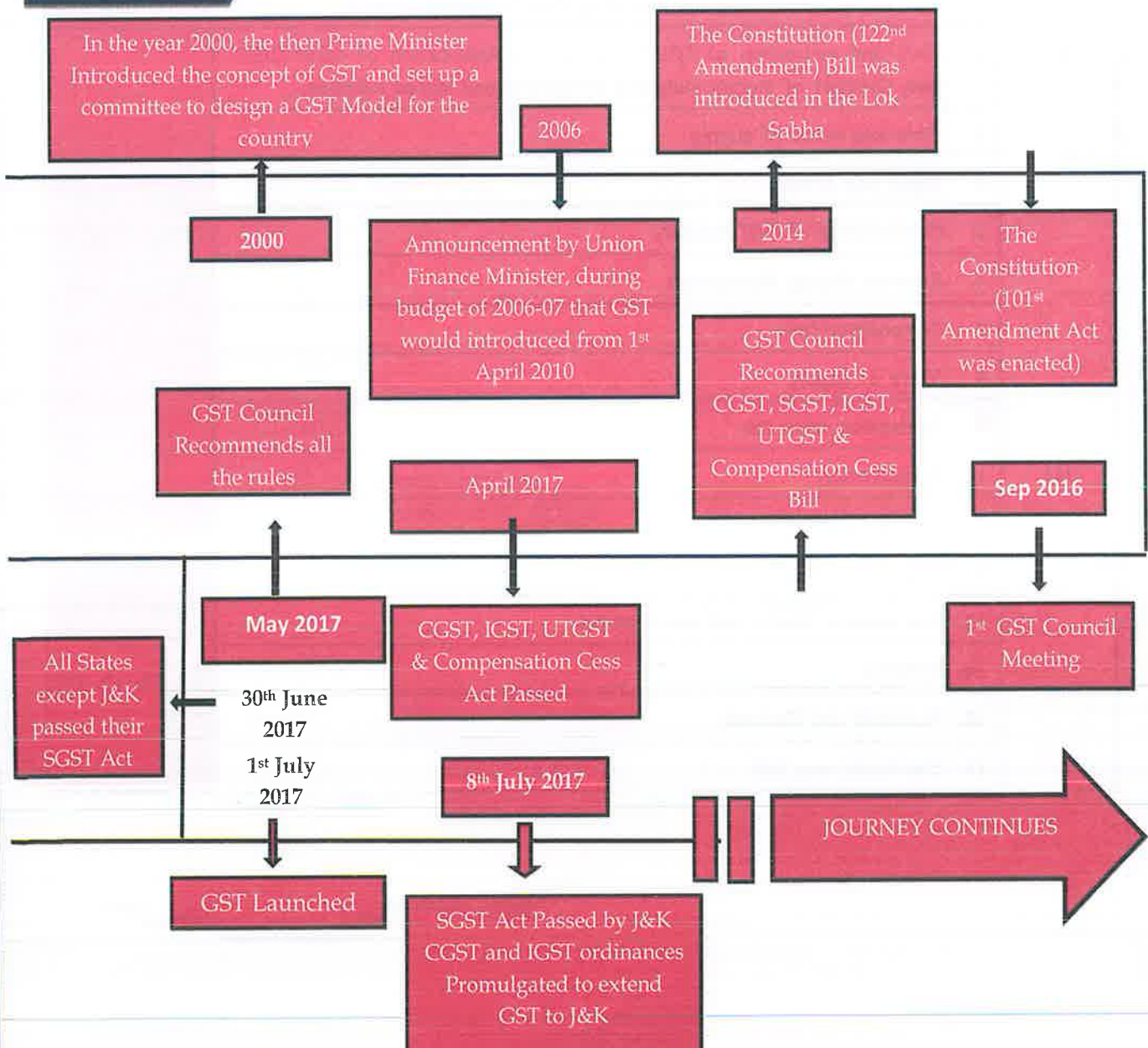
GOODS AND SERVICES TAX (GST)

CHAPTER

01

GST IN INDIA

AN INTRODUCTION





1.1 Concept of GST

- **Valued Added Tax** : GST is a value added tax levied on manufacture, sale and consumption of goods and services.
- **Continuous Chain of Tax Credits** : GST offers comprehensive and continuous chain of tax credits from the producer's point/service provider's point upto the retailer's level/consumer's level thereby taxing only the value added at each stage of supply chain.
- **Burden Borne by Final Consumer** : The supplier at each stage is permitted to avail credit of GST paid on the purchase of goods and/or services and can set off this credit against the GST payable on the supply of goods and services to be made by him. Thus, only the final consumer bears the GST charged by the last supplier in the supply chain, with set-off benefits at all the previous stages.
- **No Cascading of Taxes** : Since, only the value added at each stage is taxed under GST, there is no tax on tax or cascading of taxes under GST system. GST does not differentiate between goods and services and thus, the two are taxed at a single rate.

KYA HAI GST...?



1.2 Taxes Subsumed in GST

CENTRAL LEVIES SUBSUMED IN GST		CENTRAL LEVIES NOT SUBSUMED IN GST	
(1) Central Excise Duty and Additional Excise Duties		(1) Customs Duty	
(2) Excise Duty under Medicinal and Toilet Preparation Act		(2) Central Excise Duty on 5 Petroleum Products and Tobacco & Tobacco Products.	
(3) Service Tax			
(4) CVD and Special CVD			
(5) Central Sales Tax			
(6) Surcharges and Cesses in so far as they relate to supply of goods and services.			

STATE LEVIES SUBSUMED IN GST		STATE LEVIES NOT SUBSUMED IN GST	
(1) State surcharges and cesses in so far as they relate to supply of goods and services		(1) State Excise Duty on Alcohol Liquor for Human Consumption and Opium, Indian Hemp and other Narcotic Drugs and Narcotics	
(2) Entertainment Tax (except those levied by local bodies)		(2) Sales Tax on 5 Petroleum Products and Alcohol Liquor for Human Consumption	

(3) Tax on lottery, betting and gambling	(3) Profession Tax
(4) Entry Tax (All Forms) and Purchase Tax	(4) Electricity Duty
(5) VAT/Sales Tax	(5) Stamp Duty
(6) Luxury Tax	(6) Toll Tax
(7) Taxes on advertisements.	(7) Road and Passenger Tax.

1.3 Central / State Levies to be Levied after introduction of GST

Goods	(Supply)	(Manufacture)	(Sale)	
	GST	ED	VAT	GST
Alcoholic Liquor for human consumption	×	✓	✓	✓
Petroleum crude, High speed diesel, Motor spirit (Petrol), Natural gas, Aviation Turbine fuel	×	✓	✓	✓
Tobacco & Tobacco products	✓	✓	×	×
Opium, Indian Hemp and other Narcotic Drugs	✓	✓	×	×
All other Goods & Service	✓	×	×	×

1.4 Dual GST Model Introduced in India

- India has adopted a dual model GST which is imposed concurrently by the Central and States, i.e. Centre and States simultaneously tax goods and services. Centre have the power to tax intra-state sales and states are empowered to tax services. **GST extends to whole of India.**
- Since GST is a **destination based consumption tax**, revenue of SGST will ordinarily accrue to the consuming states. The inter-state supplier in the exporting state will be allowed to set off the available credit of IGST, CGST and SGST/UTGST (in that order) against the IGST payable on inter-state supply made by him. The buyer in the importing state will be allowed to avail the credit of IGST paid on inter-state purchase made by him. The revenue of inter-state-sale will not accrue to the exporting state and the exporting state will be required to transfer to the centre the credit of SGST/UTGST used in payment of IGST. The centre will transfer to the importing state the credit of IGST used in payment of SGST/UTGST.



1.5 Functions of GST Network

The functions of the GSTN includes

- ➔ Facilitating registration;

- Forwarding the returns to Central and State authorities;
- Computation and settlement of IGST;
- Matching of tax payment details with banking network;
- Providing various MIS reports to the Central and the State Governments based on the taxpayer return information;
- Providing analysis of taxpayers' profile.

1.6 Benefits of GST

GST is a win-win situation for the entire country. It brings benefits to all the stakeholders of industry, Government and the consumer. The significant benefits of GST are discussed hereunder:

Benefits to economy

- Creation of unified national market
- Boost to 'Make in India' initiative
- Enhanced investment and employment

Simplified tax structure

- Ease of doing business
- Certainty in tax administration

Easy tax compliance

- Automated procedures with greater use of IT
- Reduction in compliance costs

Advantages for trade and industry

- Benefits to industry
- Mitigation of ill effects of cascading
- Elimination of multiple taxes and double taxation
- Benefits to small traders and entrepreneurs

Buoyancy to the Government Revenue

- GST is expected to bring buoyancy to the Government Revenue by widening the tax base and improving the tax-payer compliance.



1.7 Constitutional Provisions

Power to levy and collect taxes whether, direct or indirect emerges from the Constitution of India. In case any tax law, be it an act, rule, notification or order is not in conformity with the Constitution, it is called ultra vires the Constitution and is illegal and void.



The significant provisions of the Constitution relating to taxation are:

I. Article 265: Article 265 of the Constitution of India prohibits arbitrary collection of tax. It states that "no tax shall be levied or collected except by authority of law". The term "authority of law" means that tax proposed to be levied must be within the legislative competence of the Legislature imposing the tax.

II. Article 246: It gives the respective authority to Union and State Governments for levying tax. Whereas Parliament may make laws for the whole of India or any part of the territory of India, the State Legislature may make laws for whole or part of the State.

III. Seventh Schedule to Article 246: It contains three lists which enumerate the matters under which the Union and the State Governments have the authority to make laws.

List - I	Union List	It contains the matters in respect of which the parliament (Central Government) has the exclusive right to make laws.
List - II	State List	It contains the matters in respect of which the State Government has the exclusive right to make laws.
List - III	Concurrent List	It contains the matters in respect of which both the Central & State Governments have power to make laws.

Power to levy GST has been conferred by Article 246A of the Constitution which was introduced by the Constitution (101st Amendment) Act, 2016. Article 279A empowered President to constitute GST Council.

Significant amendments made by Constitution (101st Amendment) Act, 2016 are discussed below:

IV. Article 246A: Power to make laws with respect to Goods and Services Tax

- This article grants power to Centre and State Governments to make laws with respect to GST imposed by Centre or such State.
- Centre has the exclusive power to make laws with respect to GST in case of inter-State supply of goods and/or services.
- However, in respect to the following goods, the aforesaid provisions shall apply from the date recommended by the GST Council:
 1. Petroleum Crude
 2. High Speed Diesel
 3. Motor Spirit (commonly known as Petrol)
 4. Natural Gas
 5. Aviation Turbine Fuel

V. Article 269A: Levy and collection of GST on inter-State supply

- Article 269A stipulates that GST on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the

Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.

- In addition to above, import of goods or services or both into India will also be deemed to be supply of goods and/ or services in the course of Inter-State trade or Commerce.

VI. GST Council: Article 279A

- Article 279A of the Constitution empowers the President to constitute a joint forum of the Centre and States namely, Goods & Services Tax Council (GST Council).
- The Union Finance Minister is the Chairman of this Council and Ministers in charge of Finance/Taxation or any other Minister nominated by each of the States & UTs with Legislatures are its members. Besides, the Union Minister of State in charge of Revenue or Finance is also its member.
- The function of the Council is to make recommendations to the Union and the States on important issues like tax rates, exemptions, threshold limits, dispute resolution etc.
- GST Council shall also recommend the date on which GST be levied on petroleum crude, high speed diesel, motor spirit, natural gas and aviation turbine fuel.

CA means

Challenge it, Achieve it, Loop it.

I Will be a Chartered Accountant.

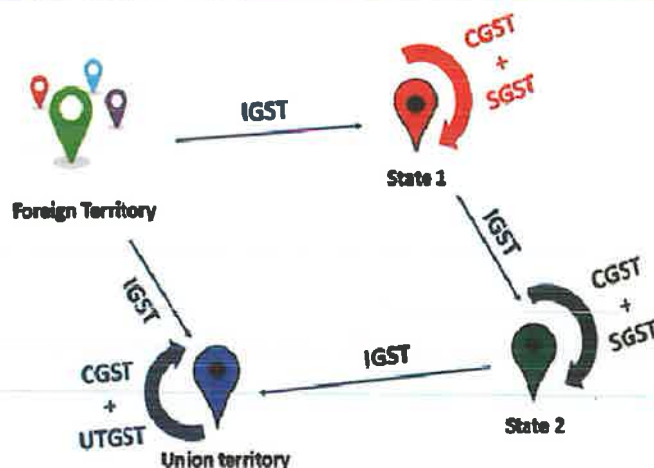
LEVY OF GST

CHAPTER

02

Extent of CGST Act / SGST Act / UTGST Act/ IGST Act (Section 1)

Applicability	CGST	SGST	UTGST	IGST
	Intra-State supply			Inter-State supply
All States of India	✓	✓		✓
Union Territories with Legislature (Delhi, Puducherry and Jammu & Kashmir)	✓	✓		✓
Union Territories without Legislature (UT) (a) the Andaman and Nicobar Islands; (b) Lakshadweep; (c) Dadra and Nagar Haveli and Daman and Diu; (d) Ladakh; (e) Chandigarh; and (f) Other territory.	✓		✓	✓

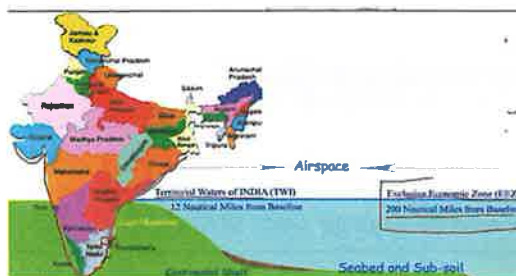


Definition of India [Sec. 2(56)] :

"India" means



- the territory of India as referred to in article 1 of the Constitution,

- its territorial waters, sea-bed and sub-soil underlying such waters,
- continental shelf,
- exclusive economic zone or
- any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976, and
- the air space above its territory and territorial waters.



Commencement of Acts - 01.07.2017 (J & K - 08.07.2017)

Levy and collection of CGST / IGST

Particulars	CGST [SEC. 9(1)] of CGST Act, 2017	IGST [SEC. 5(1)] of IGST Act, 2017
Levied on	Intra State supplies of goods/services/both	Inter State supplies of goods/services/both
Goods not leviable to GST	Alcoholic liquor for human consumption	
Value for levy	value under section 15 of the CGST Act	
Rates	Rates as notified by Government Maximum rate of CGST can be 20%	IGST rate= CGST rate + SGST rate Maximum rate of IGST can be 40%
Collected and paid by	Taxable person [As per Sec. 2(107) " taxable person " means a person who is registered or liable to be registered u/s 22 or section 24;]	
Five Supplies on which tax would be levied w.e.f. a notified date [Sec. 9(2)/5(2)] [Which is not yet notified]	<ul style="list-style-type: none"> ➤ petroleum crude ➤ high speed diesel ➤ motor spirit (commonly known as petrol) ➤ natural gas and ➤ aviation turbine fuel 	<p>GHUM LO OR JHUM LO...</p> 
Tax payable under RCM by recipient of supply	<ul style="list-style-type: none"> ➤ Supply of goods or services or both, notified by the Government. [Sec. 9(3)/5(3)] ➤ Supply of specified categories of goods or services or both by an unregistered supplier to specified class of registered persons. [Sec. 9(4)/5(4)] ➤ All the provisions of the act shall apply to such recipient as if he is the person liable for paying the tax. 	
Tax payable by the electronic commerce	The Government may notify categories of services, the tax on supplies of which shall be paid by electronic commerce operator (ECO) as if such services are supplied through it and all the provisions of the act shall apply	

operator [Sec. 9(5)/5(5)]	to such ECO as if ECO is the supplier liable for paying the tax. [Eg. Uber, Ola, Swiggy, etc.]
---------------------------	--

Person liable to pay tax :

Forward Charge Sec. 9(1) / 5(1)	Supplier of Goods/Service
Reverse Charge Sec. 9(3) / 9(4) / 5(3) / 5(4)	Recipient of Goods/Service
E- Commerce Sec. 9(5) / 5(5)	ECO

Goods or Services imported in India:

- Import of goods or services are treated as inter-state supplies as per provisions of IGST Act, 2017.
- On import of goods, IGST is levied alongwith Customs duty. But, on import of services, only IGST is levied.
- Further, under GST, "online money gaming" is treated as goods on import of which only IGST is levied but Customs duty is not levied.

TAXABLE EVENT UNDER GST = SUPPLY [SECTION 7]

सीधी बात...Supply होगा तो GST लगेगा...NO SUPPLY NO GST

Statutory Provisions	
Sec. 7	Meaning and Scope of Supply
(1)	Supply includes (सिर्फ "तुम ही हो" नहीं... "तुम भी हो"...)-
(a)	all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
(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.--For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, 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;
(b)	importation of services, for a consideration whether or not in the course or furtherance of business and
(c)	the activities specified in Schedule I, made or agreed to be made without a consideration.
(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 .
(2)	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 Government , a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council
	shall be treated neither as a supply of goods nor a supply of services .
(3)	Subject to sub-sections (1), (1A) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as –
(a)	a supply of goods and not as a supply of services; or
(b)	a supply of services and not as a supply of goods.

Supply in Brief

SUPPLY SHOULD BE OF GOODS OR SERVICES OR BOTH

Includes			Excludes
1	Supply for consideration in course or furtherance of business [Section 7(1)(a)]	Activities to be treated as supply of goods or supply of services [Section 7(1A)+ Schedule II]	Negative list of services [Section 7(2) + Schedule III]
2	Activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa [Section 7(1)(aa)]		
3	Importation of services for consideration whether or not in course or furtherance of business [Section 7(1)(b)]		
4	Supply without consideration [Section 7(1)(c) + Schedule I]		

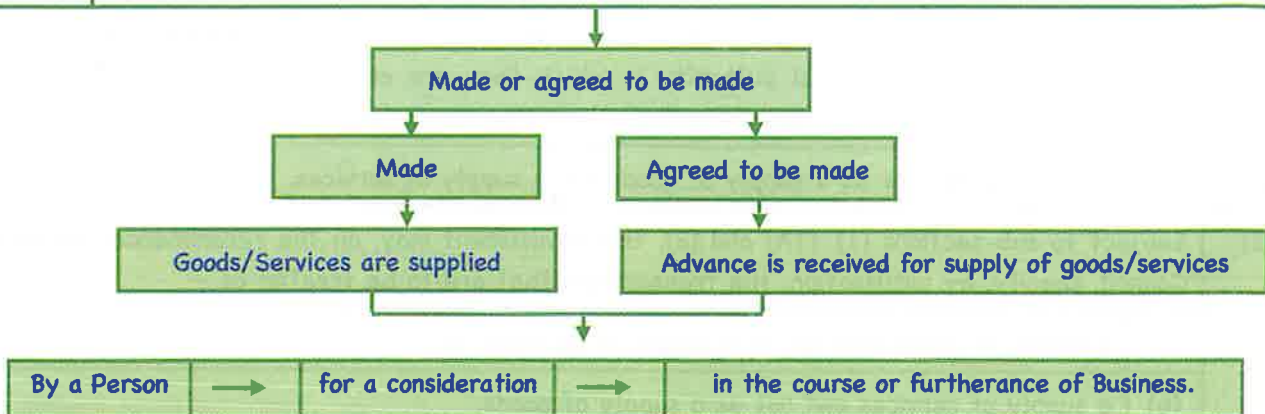
ANALYTICAL DISCUSSIONS

ANALYSIS OF SEC. 7(1)(a)

Supply Includes All forms of supply of goods or services or both such as

Sale	A laptop dealer sells laptop to XYZ
Transfer	A branch transfers goods to another branch
Barter	Mr. XYZ exchanges his laptop with Mr. PQR's camera without cash exchange between the two parties
Exchange	A laptop dealer sells new laptop for Rs. 40,000 along with an exchange of old laptop [Price of new laptop without exchange is Rs. 50,000]
License	A developer (license holder) of information technology software gives license to use the software to his various clients




Rental	Bike is given on rent
Lease	A machinery is given on finance lease or operating lease
Disposal	Sale of Old machineries after expiry of its useful life



1. Following are the essential ingredients for any transaction to be considered as "Supply" as per Sec. 7(1)(a):

- (i) Supply should be of goods or services. Supply of anything other than goods or services like money, securities etc. does not attract GST.
- (ii) Supply should be made for a consideration.
- (iii) Supply should be made in the course or furtherance of business.

2. Supply of anything other than goods or services does not attract GST. Let us analyse the terms "Goods" and "Services" as defined under the Act

DEFINITIONS		
	Goods [2(52)]	Services [2(102)]
Means	Every kind of movable property 	Anything other than goods 
Excludes	Money and securities 	
Includes	(i) actionable claim (ii) growing crops, grass and things attached to/ forming part of the land which are agreed to be severed before supply or under a contract of supply.	Activities relating to : (i) Use of money or (ii) Conversion of money by cash/by any other mode, from one form/currency/ denomination, to another, for which a separate consideration is charged. (iii) facilitating or arranging transactions in securities

3. Analysis of the term "Consideration":

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Clarification regarding taxable services provided by the members of the Joint Venture (JV) to the JV and vice versa and inter se between the members of the JV [Circular]

1. Supply of goods or services or both by an unincorporated association or body of persons (AOP/BOI) to a member thereof for cash, deferred payment or other valuable consideration shall be treated as supply of goods or services or both. Hence, GST will be levied on the same. Similarly, GST will be levied on the supply of goods or services or both by member of an unincorporated joint venture (JV) to the JV or to other members of the JV.
2. Contribution from the members of the Joint venture (JV) is called 'Cash Calls'.
 - (a). 'Cash calls', sometimes, could be in the nature of advance payments made by members towards taxable services received from JV, hence, will be taxable under GST.
 - (b). 'Cash calls', sometimes, could be in the nature of Capital Contributions made by members to raise the funds for JV and would be considered merely 'a transaction in money', hence, will not be taxable under GST, as it is not in the nature of consideration.

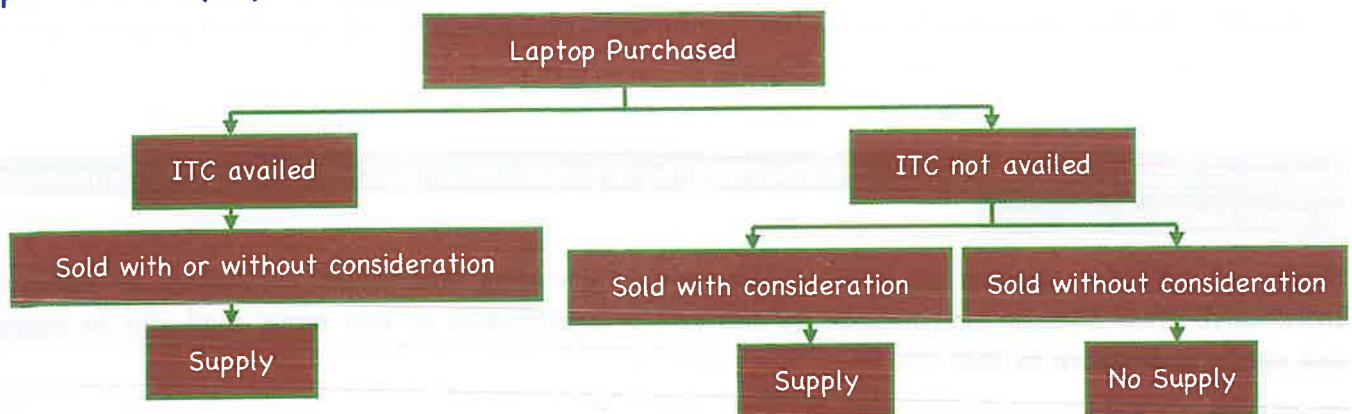
Analysis of Sec. 7(1)(b) [Importation of services for consideration whether or not in course or furtherance of business]

Example : Mr. Pankaj, has subscribed online videos (TV Shows, Movies, Webseries etc.) for entertainment of his family from www.netflix.com [an Online Information and Database access or retrieval (OIDAR) service supplier from outside India] at an agreed consideration of \$ 100. The import of services by Mr. Pankaj is supply under section 7(1)(b), though it is not in the course or furtherance of business.

Note: Import of goods is governed by Customs Act.

Analysis of Section 7(1)(c) read with Schedule I [Supply without consideration - Deemed Supply]

PARA 1 - Permanent Transfer / Disposal of Business Assets : Any kind of disposal or transfer of business assets made by an entity on permanent basis even though without consideration qualifies as supply, if Input Tax Credit (ITC) was availed on such assets.



PARA 2 - Supply between related person or distinct persons when made in the course or furtherance of business:

- (a) Supply of goods or services or both by a person to his related persons or distinct persons will be considered as supply even if made without consideration but it should be made in the course or furtherance of his business.
- (b) **Related persons:** As per explanation to section 15, related persons have been defined as follows:

Person (Includes Legal person) deemed as related person, if :

- Such persons are officers/directors of one another's business
- Such persons are legally recognised partners
- Such persons are employer & employee
- A third person controls/own/holds (directly/indirectly) at least 25% voting stock/shares of both
- One of them controls (directly/indirectly) other
- A third person controls (directly/indirectly) both of them
- Such person together control (directly/indirectly) a third person
- Such persons are member of the same family
- One of them is the sole agent/sole distributor/sole concessionaire of the other.

ये है GST में हमारे रिश्तेदार
(Related Persons)

(c) Family : As per sec. 2(49) of the CGST Act, 2017, "Family" means -

- (i) the spouse and children of the person, and
- (ii) the parents, grandparents, brothers and sisters of the person if they are wholly or mainly dependent on the said person. **[ATTENTION : ये लोग Dependent होंगे तो ही Related होंगे]**

(d) **Gifts by employer to employee** : Further, Schedule I provides that gifts not exceeding Rs. 50,000 in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both. However, gifts of value more than Rs. 50,000 made without consideration are subject to GST, when made in the course or furtherance of business.

(e) **Distinct Persons** means different registration numbers on same PAN.



(f) **Stock transfers or branch transfers**: Transactions between distinct persons (e.g., stock transfers or branch transfers) will qualify as 'supply' under GST.

Example : inter-state branch transfer of the goods without any consideration amounts to Supply of goods.

Example : Raghubir Fabrics transfers 1000 shirts from his factory located in Lucknow to his retail showroom in Delhi so that the same can be sold from there. The factory and retail showroom of Raghubir Fabrics are registered in the States where they are located. Although no consideration is charged, supply of goods from factory to retail showroom constitutes supply.

Circulars regarding transactions between Distinct Persons:

1. GST is leviable on inter-state branch transfer of aircraft engines, parts and accessories for use by their own airlines. Further, Input Tax Credit (ITC) of GST paid on purchase of aircraft engines, parts & accessories will be available to the transferor **[Circular]**.
2. Inter-state movement of various modes of conveyance for transportation of goods or passengers (Ex. Trucks, Tankers, Buses, Cars, Trailers, Trains, Vessels, Aircrafts, etc.), between distinct persons, may not be treated as supply **[except in cases where such movement is for further**

supply of same conveyance] and consequently, IGST will not be payable on such mode of conveyance.

However, applicable GST shall be leviable on repairs and maintenance done by distinct person for such conveyance [Circular].

3. Inter-state movement of rigs, tools and spares, and all goods on wheels [like cranes, etc.], between distinct persons is not leviable to IGST [except in cases where such movement is for further supply of these goods] [Circular]

PARA 3 : Supply of Goods between Principal and Agent:

- Where the Invoice for further supply to the customer is being issued by the agent in his own name, then, any removal of goods from the principal to the agent would fall within the scope of term "Supply".

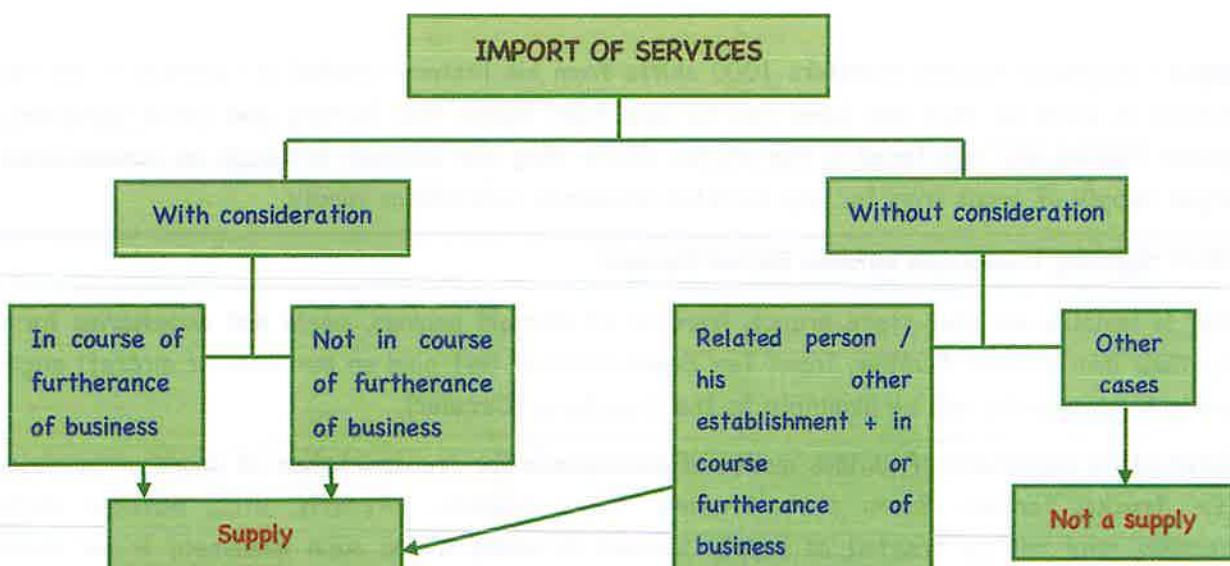
However, where the invoice is issued by the agent to the customer in the name of the principal, then, any removal of goods from the principal to the agent would not fall within the scope of term "Supply" [Circular].

- Similarly, where the goods being procured by the agent on behalf of the principal are invoiced in the name of the agent, then, further removal of the said goods by agent to the principal would fall within the scope of term "Supply" [Circular].
- On the same lines, if the transactions between principal and Del-Creder Agent (DCA) is covered under Sch. I - Para 3, then, the interest charged by DCA to his customers will form part of value of supply by DCA to customers & hence, GST will be charged on entire value including interest.

But, if the transaction between Principal & DCA does not fall in Sch. I - Para 3, then, the interest charged by DCA to customer is merely an interest charged for extending loans or advances to customer which is exempt from GST. Hence, interest will not be chargeable to GST [Circular].

PARA 4 : Importation of services :

Import of services by a person from a related person or from his establishments located outside India, without consideration, in the course or furtherance of business shall be treated as "supply".



Analysis of Section 7(1A) read with schedule II [Activities or Transactions to be treated as supply of goods or Supply of Services]

Schedule II

Activities or transactions to be treated as supply of Goods or supply of services

Sr. No.	Transaction	Type	Nature of Supply
1	Transfer	(a) Title in goods [Example : Sale of goods]	Supply of Goods
		(b) Right in goods/undivided share in goods without transfer of title in goods [Example : Renting of machinery]	Supply of Services
		(c) Title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed. [Example : Hire Purchase]	Supply of Goods
2	Land and Building	(a) Lease, tenancy, easement , licence to occupy land Example : Lease agreement for land	Supply of Services
		(b) Lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly. Example : A shop let out in a busy market area	Supply of Services
3	Treatment or Process	Applied to another person's goods Example : "Job Work" performed by a job worker like dyeing of fabric in various colours.	Supply of Services
4	Transfer of Business Assets	(a) Goods forming part of assets of a business are transferred or disposed off by or under the directions of the person carrying on the business so as no longer to form part of those assets. Example : ABC & Co. donates old A.C. to Charitable Schools. This will qualify as supply of goods, if input tax credit had been availed by ABC & Co. on such A.C.	Supply of Goods
		(b) Goods held/used for business are put to private use or are made available to any person for use, for any purpose other than a purpose of the business, by/under the direction of a person carrying on the business. Example : A director using car provided by the company for personal travels.	Supply of Services

	<p>(c) Goods forming part of assets of any business carried on by a person who ceases to be a taxable person, shall be deemed to be supplied by him, in the course or furtherance of his business, immediately before he ceases to be a taxable person.</p> <p>Example : Mr. A, a trader, is winding up his business. Any goods left in stock shall be deemed to be supplied by him and GST shall be payable.</p> <p>Exceptions:</p> <ul style="list-style-type: none"> • Business is transferred as a going concern to another person. • Business is carried on by a personal representative who is deemed to be a taxable person. 	Supply of Goods
5	<p>(a) Renting of immovable property</p>	Supply of Services
	<p>(b) Construction of complex, building, civil structure, etc.: Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.</p> <p>The term construction includes additions, alterations, replacements, or remodelling of any existing civil structure.</p> <p>The expression competent authority means the Government or any authority authorised to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely:</p> <p>(i) an architect; or</p> <p>(ii) a chartered engineer; or</p> <p>(iii) a licensed surveyor.</p> <p>Analysis :</p> <p>If the builder/developer is constructing flats, offices, etc. in a complex, and then booking them against advance payment before grant of completion certificate from competent authority, then, the value of the flats, offices, etc. (which are booked before grant of completion certificate) shall be chargeable to GST under the heading of "construction service".</p>	Supply of Services

<p style="text-align: center;">Value of flat = Rs. 1 Crore</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Consideration Received</p> <p style="text-align: center;">↓</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Before Completion</td> <td style="width: 50%; text-align: center;">After Completion</td> <td></td> </tr> <tr> <td style="text-align: center;"> Case 1 — (1) — (2) — — (3) — </td> <td></td> <td style="text-align: center;">Taxable value for GST = 1 Crore</td> </tr> <tr> <td style="text-align: center;">Rs. 50 lakhs Rs. 25 lakhs</td> <td style="text-align: center;">Rs. 25 lakhs</td> <td></td> </tr> <tr> <td style="text-align: center;"> Case 2 — (1) — — (2) — </td> <td></td> <td style="text-align: center;">Taxable Value for GST = 1 Crore</td> </tr> <tr> <td style="text-align: center;">Re. 1</td> <td style="text-align: center;">Rs. 99,99,999</td> <td></td> </tr> <tr> <td style="text-align: center;"> Case 3 — — (1) — </td> <td></td> <td style="text-align: center;">Not taxable as per Sch. III</td> </tr> <tr> <td style="text-align: center;">No Consideration Received</td> <td style="text-align: center;">Rs. 1 Crore</td> <td></td> </tr> </table>	Before Completion	After Completion		Case 1 — (1) — (2) — — (3) —		Taxable value for GST = 1 Crore	Rs. 50 lakhs Rs. 25 lakhs	Rs. 25 lakhs		Case 2 — (1) — — (2) —		Taxable Value for GST = 1 Crore	Re. 1	Rs. 99,99,999		Case 3 — — (1) —		Not taxable as per Sch. III	No Consideration Received	Rs. 1 Crore		
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<p>(c) Temporary transfer or permitting use or enjoyment of any Intellectual Property Right (IPR) [Example : Copyright]</p>	<p>Supply of Services</p>																					
<p>(d) Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of Information Technology Software.</p>	<p>Supply of Services</p>																					
<p>(e) Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act. [Example : Fees paid under non-compete agreement]</p>	<p>Supply of Services</p>																					
<p>(f) Transfer of right to use any goods for any purpose Example : Machinery given on finance lease</p>	<p>Supply of Services</p>																					
<p>6 Following composite supplies :</p> <p>(a) Works contract</p> <p>Analysis:</p> <p>(i) If the construction, repairs, etc. contract is a composite contract of labour plus material (i.e. material is also supplied by service provider along with construction, repairs, etc. service), then, it is a supply of service and GST would be charged on such contract under the heading of "Works Contract Service".</p> <p>(ii) If the construction, repairs, etc. contract is a pure labour contract (i.e. no materials are supplied by service provider), then, GST would be charged on such service under the heading of "construction service" or "repairing, etc. service".</p>	<p>Supply of Services</p>																					
<p>(b) Restaurant and Outdoor Catering Services</p>	<p>Supply of Services</p>																					

Clarification regarding Issue related to taxability of 'tenancy rights' under GST [Circular]

1. Transfer of tenancy rights will not be treated as sale of land/building even if stamp duty and registration charges is levied on the said premium.
2. Hence, the activity of transfer of 'tenancy rights' is covered under the scope of supply and is taxable under GST.
3. Grant of tenancy rights by landlord in a residential dwelling for use as residence to an unregistered person against tenancy premium or periodic rent or both is exempt.
4. As regards services provided by outgoing tenant by way of surrendering the tenancy rights against consideration in the form of a portion of tenancy premium is always liable to GST.

Clarification regarding taxability of goods imported under lease [Circular]

Goods like aircrafts, aircraft engines, other aircraft parts, rigs & ancillary items for oil / gas exploration / production, etc. which are imported into India on temporary basis are the transactions of "supply of services" which are covered by item 1(b) or 5(f) of Schedule II of the CGST Act, 2017 and are liable to pay IGST leviable u/s 5(1) of the IGST Act, 2017. Further, these are exempted from Customs duty.

Analysis of Section 7(2)

1. Activities/transactions specified under Schedule III of the CGST Act [Section 7(2)(a)] [Negative List under GST]:

Schedule III

Sl.	Activities or transactions which shall be treated neither as a supply of goods nor a supply of services
1.	<p>Services by an employee to the employer in the course of or in relation to his employment.</p> <p>Analysis:</p> <p>(i) [Circular] Director's remuneration which are declared as "Salaries" in the books of a company and subjected to TDS u/s 192 of the Income Tax Act, are not taxable under GST (being services provided in the capacity of an employee) (Example : whole time director).</p> <p>Further, the Director's remuneration which is declared as other than "salaries" in the Company's accounts and subjected to TDS u/s 194J of the Income Tax Act as Fees for professional or Technical Services shall be treated as consideration for providing professional or Technical services (not in the capacity of an employee) and is therefore, taxable under GST. Further, in this case, the recipient of the said services i.e. the Company, is liable to discharge the applicable GST on it on reverse charge basis (Example : independent director).</p> <p>(ii) [Circular] Perquisites provided by the employer to the employee in terms of contractual agreement entered into between the employer and the employee, will not be subjected to GST when the same are provided in terms of the contract between the employer and employee.</p> <p>(iii) Non compete fees received by an employee from employer is taxable as it is not in the course of or in relation to employment.</p>

2.	<p>Services by any Court or Tribunal established under any law for the time being in force. Explanation : The term "Court" includes District Court, High Court and Supreme Court. [Circular] Having regard to the functioning & characteristics of the Consumer Disputes Redressal Commissions, it is hereby clarified that the fee paid by litigants are not leviable to GST. Any penalty imposed by or amount paid to these Commissions will also not attract GST.</p>						
3.	<p>(a) Functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities; (b) Duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or (c) Duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.</p>						
4.	<p>Services of funeral, burial, crematorium or mortuary including transportation of the deceased.</p> <p style="text-align: right; background-color: #800000; color: white; padding: 5px;">जाने वाले से कौन GST ले सकता है...</p>						
5.	<p>Sale of land and, subject to paragraph 5(b) of Schedule II, sale of building.</p> <table border="1" data-bbox="215 1108 1492 1467"> <tr> <td data-bbox="215 1108 845 1209">Rental, leasing, licensing of land and building</td> <td data-bbox="845 1108 1492 1209">Treated as supply of service [GST is applicable]</td> </tr> <tr> <td data-bbox="215 1209 845 1355">Sale of flats, etc. in a building before completion certificate or 1st occupancy, whichever is earlier</td> <td data-bbox="845 1209 1492 1355">Treated as supply of service under para 5(b) of Sch. II [GST is applicable]</td> </tr> <tr> <td data-bbox="215 1355 845 1467">Sale of land and building</td> <td data-bbox="845 1355 1492 1467">Not treated as supply as per para 5 of Sch. III [GST is not applicable]</td> </tr> </table> <p>[Circular] Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc. It is clarified that sale of such developed land is also sale of land and accordingly does not attract GST.</p> <p>However, it may be noted that any service provided for development of land, like levelling, laying of drainage lines (as may be received by developers) shall attract GST at applicable rate for such services.</p>	Rental, leasing, licensing of land and building	Treated as supply of service [GST is applicable]	Sale of flats, etc. in a building before completion certificate or 1 st occupancy, whichever is earlier	Treated as supply of service under para 5(b) of Sch. II [GST is applicable]	Sale of land and building	Not treated as supply as per para 5 of Sch. III [GST is not applicable]
Rental, leasing, licensing of land and building	Treated as supply of service [GST is applicable]						
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Sale of land and building	Not treated as supply as per para 5 of Sch. III [GST is not applicable]						
6.	<p>Actionable claims, other than specified actionable claims.</p> <p style="text-align: right; background-color: #800000; color: white; padding: 5px;">जुआ खेलोगे तो GST देना पड़ेगा...</p> <p>Note: "specified actionable claim" means the actionable claim involved in or by way of betting, casinos, gambling, horse racing, lottery or online money gaming. Further, the applicable rate of GST on specified actionable claims is 28%.</p> <p>Example : M/s Rohit ASREC Ltd. procured a portfolio of NPAs (of Rs. 50 crores) from Pankaj Bank Ltd. for a consideration of Rs. 7 crores (under the provisions of SRFAESI Act, 2002). Whether GST is leviable on Rs. 7 crores ?</p>						

Solution : A transaction of procurement of a portfolio of NPAs is a transaction in actionable claim and is covered under para 6 of Schedule III. Therefore, no GST would be charged on this transaction.

2. Activities/Transactions notified by the Government [Sec. 7(2)(b)]:

Following activities have been notified which shall be treated neither as supply of goods nor supply of services:

- (i) Services provided by Central Government, State Government, Union territory or any local authority by way of any activity in relation to a function entrusted to a Panchayat under **article 243G** of the constitution or to a Municipality under **article 243W** of the constitution.
- (ii) Service provided by State Government by way of **grant of alcoholic liquor license**, against consideration in the form of license fee or application fee or by whatever name it is called.

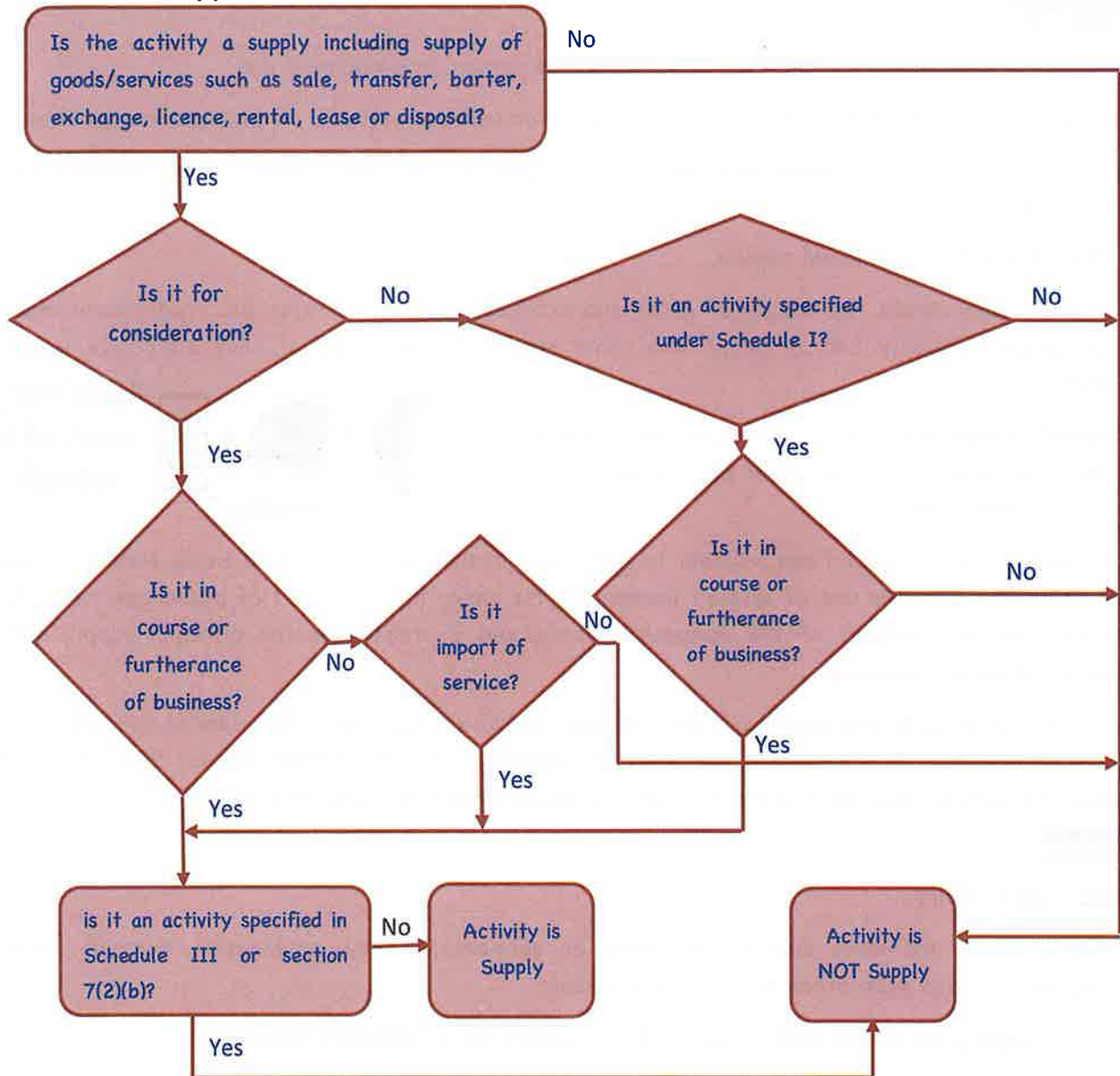
Clarification regarding taxability of supply of securities under Securities Lending Scheme, 1997 [Circular]

- (i) The activity of lending of securities is not a transaction in securities as it does not involve disposal of securities.
- (ii) The lenders earn lending fee for lending their securities to the borrowers which is taxable under GST.
- (iii) Apart from above, the activities of the intermediaries facilitating lending and borrowing of securities for commission or fee are also taxable separately.
- (iv) Further, the borrower of securities shall be liable to discharge GST [under RCM].
- (v) The nature of GST to be paid shall be IGST under RCM.

[Circular]

Supply of used vehicles, seized and confiscated goods, old and used goods, waste and scrap made by the Central Government, State Government, Union territory or a local authority is a taxable supply under GST.

The Following Diagram summaries the steps to determine whether an activity undertaken is supply or not



Composite And Mixed Supplies [Section 8]

Statutory Provisions	
Section 8	Tax liability on composite and mixed supplies
Clauses	Particulars
	The tax liability on a composite or a mixed supply shall be determined in the following manner, namely :
(a)	a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and

- (b) a mixed supply comprising of two or more supplies shall be treated as supply of that particular supply that attracts highest rate of tax.

Composite Supplies

- Composite supply means a supply made by a taxable person to a recipient and :
 - Comprises 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.

- Principal Supply means the supply of goods and services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary.

- Composite supply comprising of two or more supplies, one of which is principal supply, shall be treated as a supply of such principal supply.



Example : A travel ticket from Mumbai to Delhi may include service of food being served on board, free insurance, and the use of airport lounge. In this case, the transport of passenger, constitutes the pre-dominant element of the composite supply, and is treated as the principal supply and all other supplies are ancillary.

- Whether the services are bundled in the ordinary course of business, would depend upon the normal or frequent practices followed in the area of business to which services relate. Such normal and frequent practices adopted in a business can be ascertained from several indicators.

Mixed Supplies

- 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.

- A mixed supply comprising of two or more supplies shall be treated as supply of that particular supply that attracts highest rate of tax.



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

Clarification regarding Transportation services provided by GTA

If any intermediary and ancillary services (like loading/unloading, packing/unpacking, transhipment, temporary warehousing, etc.) are provided in relation to transportation of goods by road, and charges, if any, for such services are included in the invoice issued

Goods Transport Agency



by the Goods Transport Agency (GTA), then, such services would form part of the GTA service, being a composite supply, and would not be treated as a separate supply. However, if such incidental services are provided as separate services and charged separately, whether in the same invoice or separate invoices, they shall be treated as separate supplies.

Clarification regarding Retreading of Tyres [Circular]

- Retreading of tyres (in which Rubber is also used in the process) is a composite supply, in which the pre-dominant element is the process of retreading which is a supply of service.
- Where owner of the retreaded tyre sells the retreaded tyres, then, it is a supply of goods (i.e. retreaded tyres).



Clarification regarding activity of bus body building

In the case of bus body building, there is supply of goods as well as services. This is composite supply of goods and services. The principal supply in this case is "Supply of Service".

Clarification regarding Taxability of Printing Contracts [Circular]

Printing contracts are composite supplies.

In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute supply of service.

In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc., printed with design, logo, etc. supplied by the recipient of goods but made using physical inputs including paper belonging to the printer, predominant supply is that of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods.

Clarification regarding supply of books [Circular]

The supply of books shall be treated as supply of goods as long as the supplier owns the books and has the legal rights to sell those books on his own account.

Clarification regarding servicing of cars involving both supply of goods (spare parts) and services (labour) [Circular]

The taxability of supply would have to be determined on a case to case basis looking at the facts and circumstances of each case.

Where a supply involves supply of both goods and services and the value of such goods and services supplied are shown separately, the goods and services would be liable to tax at the rates as applicable to such goods and services separately.

Clarification regarding betting / gambling [Circular]

- GST will be levied on the admission charge or entry fee charged for admission into casino [Supply of Service].
- GST will be levied on betting / gambling services being provided by casinos [Supply of Service].
- GST is leviable at 28% on the transaction value of betting/gambling, i.e. the total bet value. For example, If entire bet value is Rs. 100, GST leviable will be Rs. 28/-.
- GST will be levied on horse racing [Supply of Service].
- GST is leviable at 28% on the transaction value of betting, i.e. the total bet value i.e. total of face value of any or all bets paid into the totalisator or placed with licensed book makers, as the case may be. For example, If entire bet value is Rs. 100, GST leviable will be Rs. 28/-.



जीत कर दिखाओ उनको
जो तुम्हारी हार का इंतजार कर रहे हैं

CHAPTER

03

TIME OF SUPPLY

Time of supply of goods where tax is payable under forward charge

Time of supply of goods [Section 12(2)]

- Date of issue of invoice (date of actual issue or last date when it should be issued u/s 31); or Date of receipt of payment (to the extent payment is received), whichever is earlier.

No GST on advances received for supply of goods: The registered person who did not opt for the composition levy u/s 10, has been notified as the class of persons who shall pay GST on the outward supply of goods on the date of issue of invoice or last date when it should be issued u/s 31, irrespective of the actual receipt of payment in respect of such supply.

- However, in respect of supply of "specified actionable claims", time of supply shall be earlier of Date of issue of invoice (date of actual issue or last date when it should be issued u/s 31) or Date of receipt of payment (to the extent payment is received), whichever is earlier. In nut shell, GST will be required to be paid on advances received in respect of supply of "specified actionable claims".

[In Simple Words, Forward Charge में Goods के Case में TOS निकालते Time सिर्फ Date of invoice ही देखना है]

Time of supply of services [Section 13(2)]

- (a) Invoice issued within the time period prescribed u/s 31

Earlier of the following:

- Date of issue of invoice by the supplier
- Date of receipt of payment (entering the payment in books of account or crediting of payment in bank account, whichever is earlier)

- (b) Invoice not issued within the time period prescribed u/s 31

Earlier of the following:

- Date of provision of service
- Date of receipt of payment (entering the payment in books of account or crediting of payment in bank account, whichever is earlier)

- (c) When the above events are unascertainable

Date on which the recipient shows the receipt of services in his books of account.

Note: If Advance payment received is upto Rs. 1,000, the supplier can choose to take date of invoice issued with respect to such excess amount as the time of supply of services of such excess value.

Time limit for issue of invoices [Sec. 31]

Supply of goods

Before or at the time of,-

- (a) **removal of goods** for supply to the recipient, where the supply involves movement of goods, or
- (b) **delivery of goods or making available thereof to the recipient**, in any other case
- In case of continuous supply of goods, the invoice should be issued before or at the time of issuance of periodical statement or receipt of periodical payment.
- "Continuous supply of goods" means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis.
- In case of goods sent or taken on approval for sale or return, invoice should be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier.

Supply of services

- **Before or after the provision of service** but within 30 days [45 days in case of insurance companies/banking and financial institutions including NBFCs] from the date of supply of services
- In case of cessation of supply of services before completion of supply, the invoice (to the extent of supply made before such cessation) should be issued at the time when the supply ceases.
- In case of continuous supply of services, the invoice should be issued either (i) on/ before the due date of payment or (ii) before/ at the time when the supplier of service receives the payment (iii) on/ before the date of completion of the event when the payment is linked to completion of an event.
- "Continuous supply of services" means a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding three months with periodic payment obligations.
- In case of insurance companies/ banking companies/ financial institutions including NBFCs/ telecom companies/ notified supplier of services making taxable supplies between distinct persons as specified in section 25 (like inter-branch transaction), invoice may be issued before or at the time of recording such supply in the books of account or before the expiry of the quarter during which the supply was made.

Time of supply where tax is payable under Reverse Charge

Time of supply of goods [Section 12(3)]

Earliest of the following:

- Date of **receipt of goods**, or
- Date of **payment** as entered in the books of account of the recipient or the date on which the payment is debited from his bank account, whichever is earlier, or



Time of supply of services [Section 13(3)]

Earlier of the following:

- Date of **payment** as entered in the books of account of the recipient or the date on which the payment is debited from his bank account, whichever is earlier, or
- **61st day from the date of issue of invoice by the supplier**

<p>➤ 31st day from the date of issue of invoice by the supplier</p>	
<p>Where the above parameters are not ascertainable, the time of supply shall be the date of entry in the books of account of the recipient of supply</p>	
	<p><u>Import of service from associated enterprise</u> Date of entry in the books of account of the recipient or the date of payment, whichever is earlier</p>

Time of supply of vouchers exchangeable for goods and services

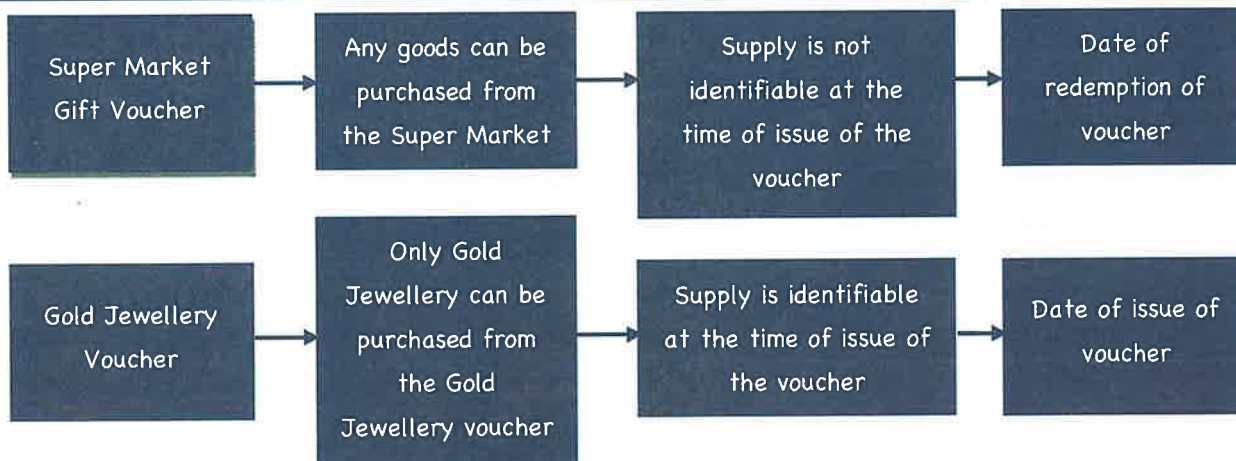
Supply of vouchers exchangeable for goods and services [Sections 12(4) and 13(4)]

(a) Supply of goods or services is identifiable at the time of issue of voucher

➤ Date of issue of the voucher

(b) Other cases

➤ Date of redemption of the voucher



Time of supply of goods and services in residual cases

Supply of goods and services in residual cases [Sections 12(5) and 13(5)]

If the Situation is not covered by any of the provisions discussed above, the time of supply shall be determined in the following manner :

(a) Where a periodical return is required to be filed :- Due date of filing such return

(b) Other cases :- Date of payment of tax

Time of supply for addition in value by way of interest/ late fee/penalty for delayed payment of consideration [Section 12(6)/13(6)]

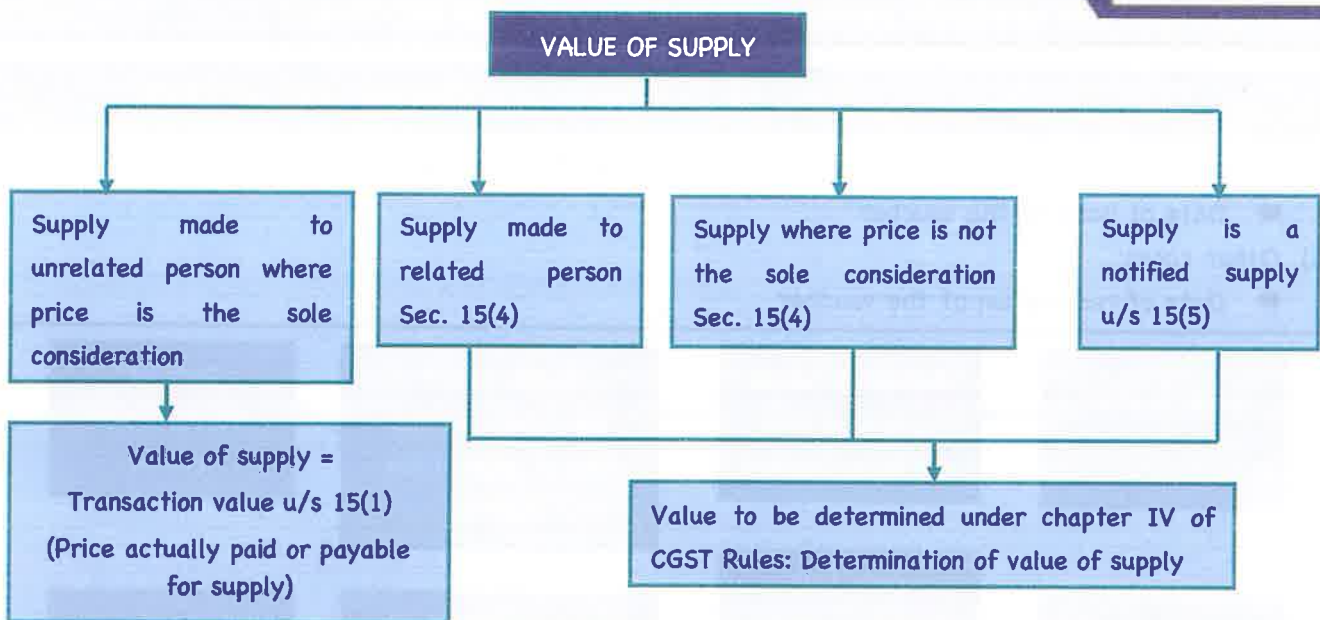


Date on which the supplier receives such addition in value

VALUE OF SUPPLY

CHAPTER

04



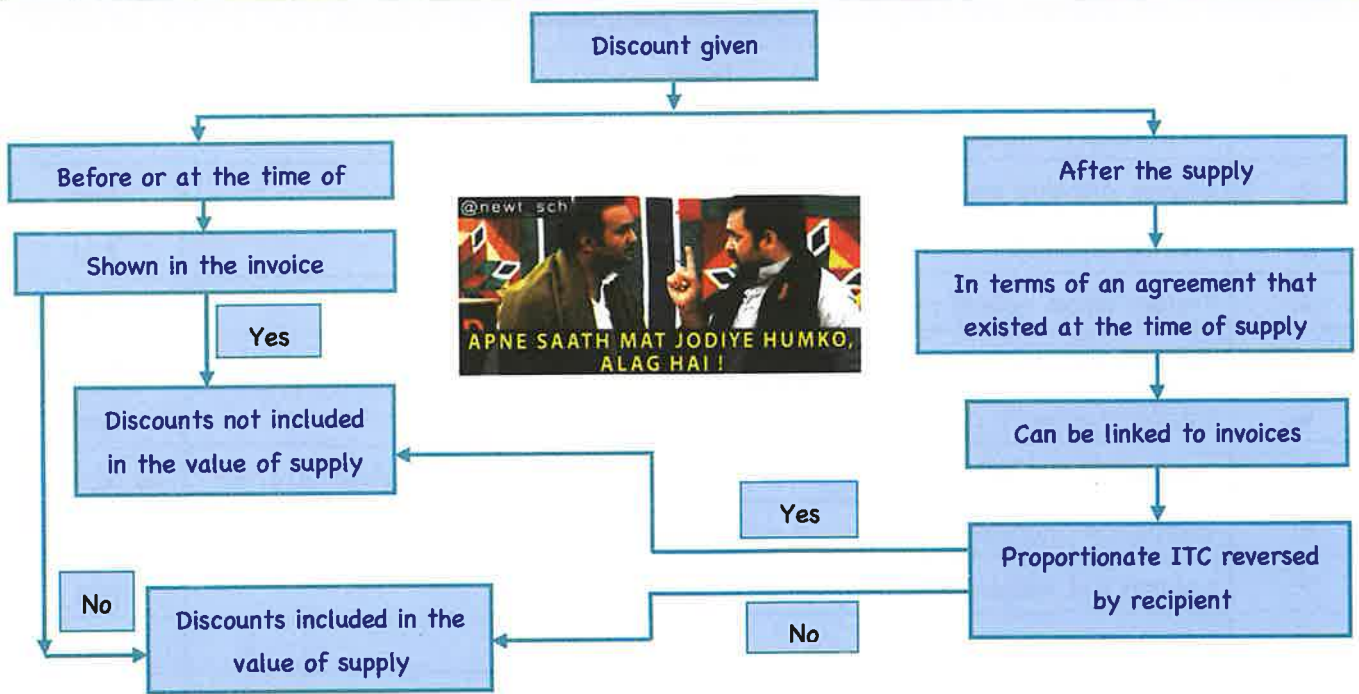
Inclusions in transaction value [Section 15(2)]: Under assessment based on "transaction value", the taxable value includes certain elements in addition to price. The ingredients of "taxable value" based on transaction value are enumerated and discussed below:

- **Taxes other than GST, if charged separately by the supplier [Section 15(2)(a)]:** GST and GST cess are not part of taxable value, but other taxes/cesses/fees etc. will form part of the value of taxable supply.
 - **Example :** Central excise duty is leviable on manufactured tobacco along with GST, hence Central excise duty will be included in transaction value for supply of tobacco for chargeability of GST.
 - Taxable value for the purposes of GST shall not include the TCS amount collected under the provisions of the Income Tax Act since it is not a levy of tax on supply of such goods. It is an interim levy, not having the character of tax [Circular].
- **Payments made to third parties by the recipient on behalf of the supplier in relation to the supply [Section 15(2)(b)]:** A supplier may need to incur various expenses in order to make a particular supply of goods/services. If the customer makes direct payment of some of such liabilities (of the supplier) to the third parties, it would still form part of the value of the taxable supply.



- **Incidental expenses [Section 15(2)(c)]:** Incidental expenses, such as, commission and packing charged by the supplier or anything else done by the supplier in relation to the supply at the time of or before the delivery of goods or supply of services must be added to value.
- **Interest, late fee and penalty for delayed payment [Section 15(2)(d)]:** The value for a taxable supply will include not only the base price but also the charges for delay in payment.
Note: In this case, a debit note (Supplementary Invoice) will be required to be issued by the supplier to recipient in respect of additional consideration in the form of such interest, etc. plus applicable GST.
- **Subsidies [Section 15(2)(e)]:** Subsidy is a sum of money given to keep the price of a service or commodity low. If the subsidy is given by the State or Central Government; the lower price, after adjusting the subsidy, is the taxable value. If the subsidy is given by a person or entity other than the State or Central Government, then it will be added back to the value of supply of the supplier who receives the subsidy.

Exclusion of discounts from transaction value [Section 15(3)]:



Clarification on allowability of certain specific types of discounts offered by the suppliers [Circular]

- (i) **Staggered discounts ('Buy more, Save more' offers):** In case of staggered discounts, rate of discount increases with increase in purchase volume. For example - Get 10% discount for purchases above Rs. 5,000/-, 20% discount for purchases above Rs. 10,000/- and 30% discount for purchases above Rs. 20,000/-. Such discounts are shown on the invoice itself. Such discounts are excluded to determine the value of supply.
- (ii) **Periodic/year ending discounts/volume discounts:** These discounts are offered by the suppliers to their stockists, etc. For example- Get additional discount of 1% if you purchase 10,000 pieces in a year, get additional discount of 2% if you purchase 15,000 pieces in a year. Such discounts are established in terms of an agreement entered into at or before the time of supply though not shown

on the invoice as the actual quantum of such discounts gets determined after the supply has been effected and generally at the year end. In commercial parlance, such discounts are colloquially referred to as "volume discounts". Such discounts are passed on by the supplier through credit notes.

Such discounts are excluded to determine the value of supply provided they satisfy the parameters laid down in section 15(3), including the reversal of ITC by the recipient of the supply as is attributable to the discount on the basis of document(s) issued by the supplier.

- (iii) **Secondary discounts:** These are the discounts which are not known at the time of supply or are offered after the supply is already over. For example, M/s A supplies 10,000 packets of biscuits to M/s B at Rs. 10/- per packet. Afterwards, M/s A re-values it at Rs. 9/- per packet. Subsequently, M/s A issues credit note to M/s B for Rs. 1/- per packet.

Such secondary discounts shall not be excluded while determining the value of supply as such discounts are not known at the time of supply and the conditions laid down in section 15(3)(b) are not satisfied.

Inclusions & Exclusions from the Value of Supply

S. N.	Item	Add/Less
1.	Consultancy Charges in relation to installation	Add
2.	Design, drawing and engineering charges	Add
3.	Testing Charges	Add
4.	Freight (from sellers premise to buyers premise)	Add
5.	Insurance Charges	Add
6.	Interest/penalty charged by seller for delayed payment	Add
7.	Interest/penalty charged by seller for delayed payment but waived later on	Do not add
8.	Inspection Charges	Add
9.	Loading and weightment charges	Add
10.	Primary Packing charges	Add
11.	Protective Packing charges	Add
12.	Subsidy (directly in relation to price) from Central government or State government	Do not add
13.	Subsidy (directly in relation to price) from any other person	Add
14.	Taxes charged separately by the supplier (other than CGST/SGST/UTGST/IGST)	Add
15.	Discount allowed at the time of supply	Less

CHAPTER

05

INPUT TAX CREDIT

(ITC)



5.1 Eligibility and Conditions for taking ITC [Section 16]

I. Eligibility for taking ITC [Section 16(1)]

1. **Registration under GST** : Every registered person shall be entitled to ITC charged on inward supply of goods and/or services.
2. **Goods/services to be used for business purposes** : ITC will be available on goods and/or services which are used or intended to be used in the course or furtherance of the business.



II. Conditions for taking ITC [Section 16(2)]

The registered person will be entitled to ITC on a supply only if ALL the following 6 conditions are fulfilled :

- (a) **Possession of tax paying document:** ITC can be availed on the basis of any of the following documents:
- (i) Invoice issued by a supplier of goods and/or services
 - (ii) Invoice issued by recipient (receiving goods and/or services from unregistered supplier) along with proof of payment of tax (in case of reverse charge)
 - (iii) A debit note issued by supplier
 - (iv) Bill of entry or similar document prescribed under Customs Act
 - (v) Revised invoice
 - (vi) Document issued by Input Service Distributor

The documents on the basis of which ITC is being taken should have all the relevant particulars as prescribed in rule 46 of the CGST Rules.

However, if the said document does not contain all the specified particulars but contains atleast the following details

- (i) amount of tax charged,
- (ii) description of goods or services,
- (iii) total value of supply of goods or services or both,
- (iv) GSTIN of the supplier and recipient and
- (v) place of supply in case of inter-State supply,

then, the input tax credit may be availed by such registered person.

(aa) Auto-population of ITC in GSTR-2B :

The details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies in FORM GSTR-1 or using the invoice furnishing facility and such details of ITC have been communicated to the recipient in FORM GSTR-2B.



Important Note: The aforesaid restriction of availment of ITC is imposed only in respect of those invoices/debit notes, details of which are required to be furnished by the suppliers u/s 37(1) in FORM GSTR - 1 or using the invoice furnishing facility (IFF) and which have not been furnished. Therefore, **taxpayers may avail full ITC in respect of IGST paid on import, documents issued under RCM, credit received from ISD etc. which are outside the ambit of section 37(1). [Circular]**

(b) Receipt of the goods and / or services : The person taking the ITC must have received the goods and/or services.

“Bill to Ship to” Model also included: Under this model, the goods are delivered to a third party on the direction of the registered person who purchases the goods from the supplier. It would be deemed that the registered person has received the goods in such scenario.

Further, where the services are provided by the supplier to any other person (like employee, agent or otherwise) on the direction of and on account of such registered person, then also, it shall be deemed that the registered person has received the services for the purposes of claiming ITC.

(ba) Restricted ITC can not be availed : ITC with respect to an inward supply can be availed only if such credit is not ineligible as per Form GSTR-2B. At present, GSTR-2B declares any credit as ineligible ITC, if supplier files his GSTR-1 after the time period mentioned in Sec. 16(4) or if 'Place of Supply' of any supply and 'Location of the Supplier' is same State which is different from the State of the recipient, etc.**(c) GST leviable on supply is actually paid to Government:** GST should actually have been paid on the goods and/or services for which ITC is being taken. However, the recipient can take ITC of eligible input tax on self-assessment basis in his return as per provisions of Section 41. Provisions of Section 41 are discussed below.**Availment of ITC [Section 41]:**

- The recipient can take ITC of eligible input tax on self-assessment basis in his return and such amount shall be credited to his electronic credit ledger.
- However, if the tax payable on any such supplies of goods/services is not paid by the supplier, then, such ITC shall be reversed by the recipient along with applicable interest (if ITC is utilised).

Further, where the said supplier subsequently makes payment of the tax payable in respect of the aforesaid supplies, the said recipient may re-avail the ITC reversed by him.

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

- If the supplier does not pay the Tax to the government by filing return in FORM GSTR-3B for a tax period till the 30th day of September following the end of financial year in which the ITC in respect of such invoice or debit note has been availed, then, the recipient shall be required to

reverse the ITC while furnishing a return in FORM GSTR-3B on or before the 30th day of November following the end of such financial year. And, if ITC is not reversed till the aforesaid 30th day of November, then, interest on ITC shall also be payable (if ITC is utilized).

- Further, the recipient can re-avail the aforesaid ITC (without any time limit specified u/s 16(4)), if the said supplier subsequently furnishes the return in FORM GSTR-3B for the said tax period.

जब तक GST Pay करने नहीं,
तब तक छोड़ेंगे नहीं।



(d) **Filing of Return:** The registered person taking the ITC must have filed his return u/s 39 (i.e. GSTR - 3B).

III. Goods received in lots/installments: ITC available only on receipt of last lot/installment

IV. Payment for the invoice to be made within 180 days

If the recipient, who has availed ITC on any inward supply of goods or services or both, fails to pay to the supplier, the value of the goods and/or services, whether wholly or partly, along with the tax within 180 days from the date of issue of invoice, then, such ITC availed by the recipient in respect of such supply, proportionate to the amount not paid to the supplier, would be paid or reversed by him along with applicable interest while furnishing the return in Form GSTR-3B for the tax period in which the said 180 days expired.

Exception: This condition of payment of value of supply plus tax within 180 days does not apply to the supplies on which tax is payable under reverse charge mechanism.

Note:

- The value of supplies made without consideration as specified in Schedule I of the said Act shall be deemed to have been paid for the purposes of this provision.
- The value of supplies on account of any amount added in accordance with the provisions of section 15(2)(b) shall be deemed to have been paid for the purposes of this provision.
- Interest will be payable @ 18% p.a. from the date of utilising the ITC till the date when it is reversed or paid to the Government after adding it to the output tax liability.

However, subsequently, when the recipient makes the payment to the supplier, the recipient will be entitled to re-avail the credit again without any time limit specified u/s 16(4). In case part payment has been made, proportionate credit will be allowed.

V. If depreciation claimed on GST component of Capital Goods, then, ITC not allowed [Section 16(3)]

Either depreciation on the tax component can be claimed under Income Tax Act or ITC of such tax paid can be availed under GST laws.

VI. Time limit for availing ITC [Section 16(4)]

ITC on invoices or debit notes pertaining to a financial year can be availed any time till 30th November of the succeeding financial year or the actual date of filing of the relevant annual return, whichever is earlier.

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

1.4 Blocked Credits (Ineligible Credits) [Section 17(5)]

(a) ITC related to Motor Vehicles, Vessels and Aircrafts



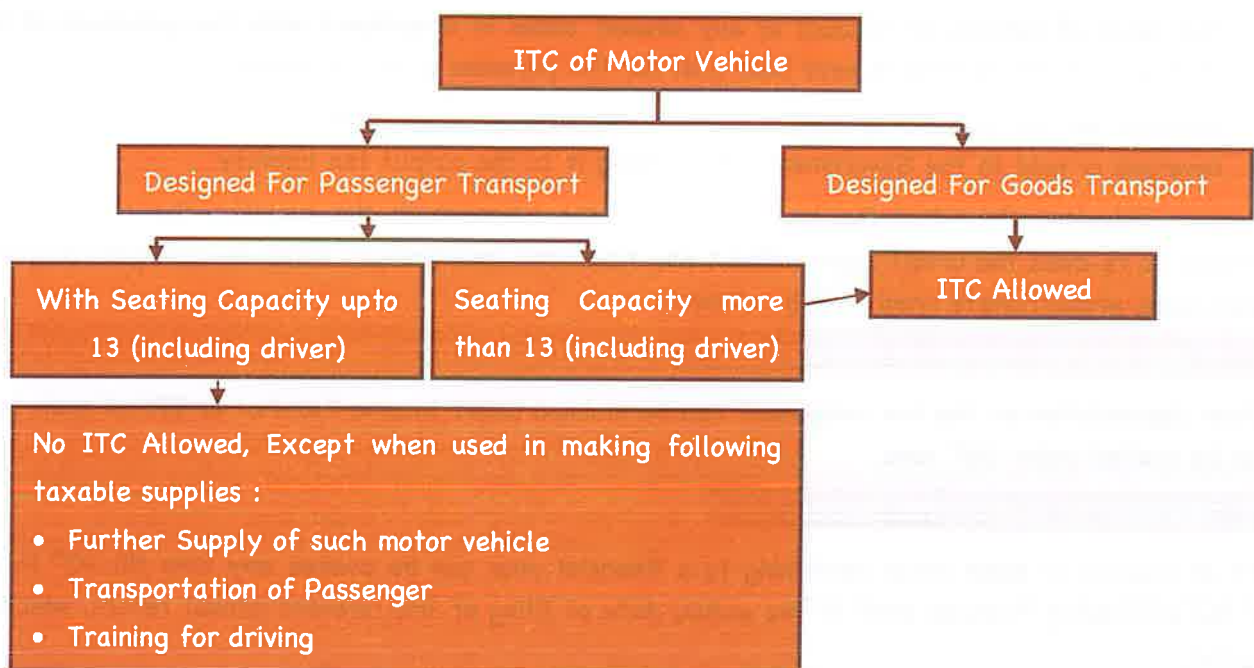
I. Analysis of ITC on Motor Vehicles [Sec. 17(5)(a)]:

- ITC of GST paid on motor vehicles designed for transportation of persons having approved seating capacity of not more than 13 persons (including the driver) shall not be allowed, even if such vehicles are used in the course or furtherance of business [e.g. Cars, etc. used for transportation of employees, directors, etc.], except when they are used for making the following taxable supplies, namely:—

- further supply of such motor vehicles; or
- transportation of passengers; or
- imparting training on driving such motor vehicles;

Examples:

- A car dealer is allowed ITC on cars purchased for resale;
 - a cab service is allowed ITC on cars purchased for use as cabs;
 - a driving school is allowed ITC on cars purchased for use in teaching driving.
- ITC of GST paid on Trucks, loading autos, dumpers, work-trucks, fork-lift trucks and other special purpose vehicles shall be allowed, if these are used in the course or furtherance of business.
 - Motor vehicle does not include a vehicle having less than four wheels fitted with engine capacity of not exceeding 25 cubic centimetres.



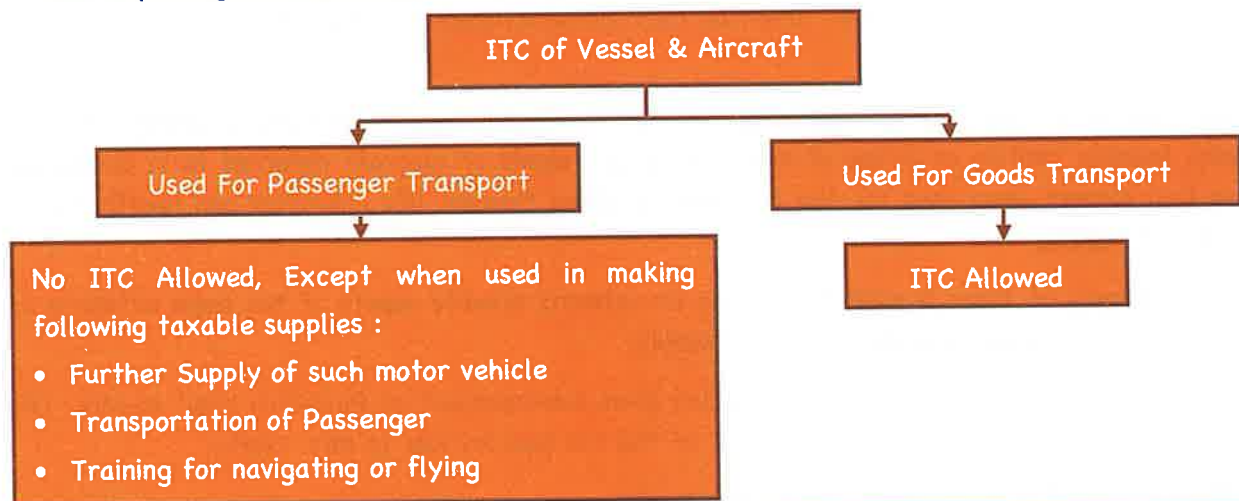
II. Analysis of ITC on Vessels and Aircrafts [Sec. 17(5)(aa)]:

1. ITC of GST paid on Vessels and Aircrafts shall not be allowed, even if such Vessels and Aircrafts are used in the course or furtherance of business [e.g. Vessels & Aircrafts used for transportation of employees, directors, etc.], except when they are used

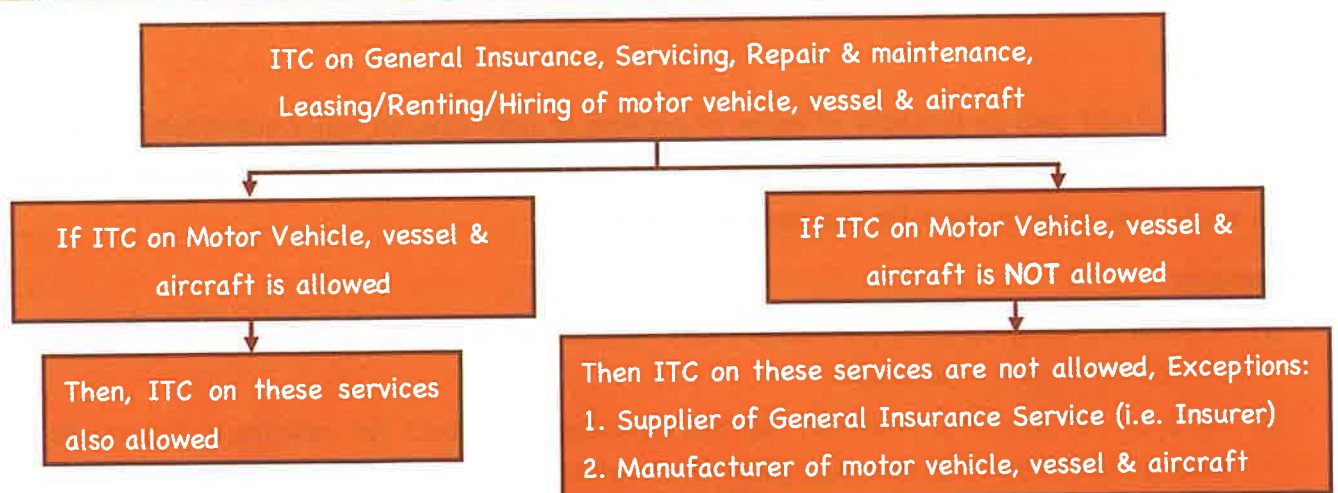
(i) for transportation of goods;

(ii) for making the **following taxable supplies**, namely:—

- (A) further supply of such Vessels or Aircraft; or
- (B) transportation of passengers; or
- (C) imparting training on navigating such vessels; or
- (D) imparting training on flying such aircraft.



III. Analysis of ITC of services used for Motor Vehicles, Vessels or Aircrafts [Sec. 17(5)(ab) & 17(5)(b)(i)]:



Examples:

- (1) ITC on cars purchased by a manufacturing company for official use of its employees is blocked.
- (2) ITC on cars purchased by a car dealer for sale to customers is allowed.
- (3) ITC on cars purchased by a company engaged in renting out cars for transportation of passengers, is allowed.

- (4) ITC on cars purchased by a car driving school is allowed.
 - (5) ITC on buses (seating capacity for 24 persons) purchased by a company for transportation of its employees from their residence to office and back, is allowed.
 - (6) ITC on trucks purchased by a company for transportation of its finished goods is allowed.
 - (7) ITC on aircraft purchased by a manufacturing company for official use of its CEO is blocked.
 - (8) ITC on aircraft purchased by an Aviation School providing training on flying aircrafts, is allowed.
 - (9) ITC on general insurance taken on a car used by employees of a manufacturing company for official purposes, is blocked.
 - (10) ITC on maintenance & repair services availed by a company for a truck used for transporting its finished goods, is allowed.
 - (11) ITC on general insurance services taken on cars manufactured by a car manufacturing company is allowed.
- (b) (i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) except when used for the purposes specified therein, life insurance and health insurance and EXCEPT WHEN,

An inward supply of these is used for making an outward taxable supply of the same category or as an element of a taxable composite or mixed supply.

Example : Mr. Raman, a caterer for a wedding gives sub-contract of Pani-Puri Stall to Mrs. Ishita. In such case, Mr. Raman will be allowed ITC of the tax paid by him to Mrs. Ishita.

(ii) Membership of a club, health and fitness centre

(iii) Travel benefits to employees on vacation such as LTC or home travel concession

Exception:

The ITC of GST paid on purchase of goods or services or both covered under sub-clauses (i), (ii) & (iii) of clause (b) above shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force.

Examples:

- (1) A manufacturing company purchases food items for being served to its customers, free of cost. ITC on such goods is blocked.
- (2) AB & Co., a caterer of Amritsar, has been awarded a contract for catering in a marriage to be held at Ludhiana. The firm has given the contract for supply of snacks, to be served in the marriage, to CD & Sons, a local caterer of Ludhiana. ITC on such outdoor catering services availed by AB & Co., is allowed.
- (3) ITC on outdoor catering services availed by a garment exporter for a marketing event organised for its prospective customers, is blocked.

- (4) Outdoor catering service is availed by a company to run a free canteen in its factory. The Factories Act, 1948 requires the company to set up a canteen in its factory. ITC on such outdoor catering is allowed.
- (5) The Managing Director of a company has taken membership of a club, the fees for which is paid by the company. ITC on such service is blocked.
- (6) A company avails services of a travel agency for organizing a free vacation for its top performing employees. ITC on such services is blocked.

[Circular] It is clarified that “leasing” referred in Sec. 17(5)(b)(i) refers to leasing of motor vehicles, vessels and aircrafts only and not to leasing of any other items.

(c) Works contract services for construction of an immovable property EXCEPT WHEN

- It is input service for further supply of works contract service.
- Immovable property is plant and machinery.

(d) Inward supplies received by a taxable person for construction of an immovable property (other than plant and machinery) on his own account even when such supplies are used in the course or furtherance of business.

Analytical Points to be Noted

1. **“Plant and machinery”** means apparatus, equipment, and machinery fixed to earth by foundation or structural supports that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes –
 - (i) land, building or other civil structures;
 - (ii) telecommunication towers; and
 - (iii) pipelines laid outside the factory premises.
2. **Construction Related:**
 - Any goods or services or both used for providing the Construction Service or Works Contract Service shall be eligible for ITC.
 - Since, the construction results in Immovable property which is not leviable to GST, therefore, other than for providing the Construction Service or Works Contract Service, any goods or services used in construction or like activity will not be eligible for ITC (except for plant & machinery).
 - But, if any person has used any of the goods for construction, installation, etc. of any plant & machinery for his business, then, he shall be eligible for ITC of GST paid on goods used in construction, installation, etc. of such plant & machinery.
 - If any person has used the Construction Service or Works Contract Service for construction of an immovable property, then, these services will not be eligible for ITC and hence, ITC of GST paid on these services will not be available.
 - But, if any person has used the Construction Service or Works Contract Service (input services) for providing the Construction Service or Works Contract Service (output service), then, such

person shall be eligible for ITC of the GST paid on such input services.

- Further, if any person has used Construction Service or Works Contract Service for construction, installation, etc. of any plant & machinery for his business, then, he shall be eligible for ITC of GST paid on Construction Service or Works Contract Service used in construction, installation, etc. of such plant & machinery.
- The expression "construction" includes re-construction, renovation, additions or alteration or repairs, to the extent of capitalization, to the said immovable property. It means, if any input or input services are used for repairing, etc. of immovable property, which is revenue expenditure in nature (i.e. not capitalized in the books of accounts), then, ITC of GST paid on such inputs and input services shall be available to the registered person.

Examples:

- (1) A company buys cement, tiles etc. and avails the services of an architect for construction of its office building. ITC on such goods and services is blocked.
 - (2) MN & Constructions procures cement, paint, iron rods and services of architects and interior designers for construction of a commercial complex for one of its clients. ITC on such goods and services is allowed to MN & Co.
 - (3) A company buys cement, tiles etc. and avails the services of an architect for renovation of its office building. The company has booked such expenditure in its profit and loss account. ITC on such goods and services is allowed.
 - (4) ITC on works contract services availed by a manufacturing company for construction of pipelines to be laid outside its factory, is blocked.
 - (5) ITC on goods and/or services used by an automobile company for construction of a foundation on which a machinery (to be used in the production process) is to be mounted permanently, is allowed.
 - (6) A telecommunication company has availed services of a works contractor for repair of its office building. The company has capitalized such expenditure. ITC on such services is blocked.
- (e) Inward supplies on which tax has been paid under the composition scheme
- (f) Inward supplies received by a non-resident taxable person (NRTP) except goods imported by him
- Note:** ITC of GST paid on any goods and/or services received by any NRTP is not available. However, ITC of GST paid on goods imported by NRTP is allowed. Further, ITC of GST paid on services imported by him is also blocked.
- (fa) Goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013.
 - (g) Goods and/or services used for personal consumption
 - (h) Goods that are lost, stolen, destroyed, written off or disposed of by way of gift or free samples

- (i) **Tax paid under sections 74, 129 and 130:** These sections prescribe the provisions relating to tax paid as a result of evasion of taxes, or upon detention of goods or conveyances in transit, or towards redemption of confiscated goods/conveyances.

Clarification on various doubts related to treatment of sales promotion schemes under GST [Circular]

A. Free samples and gifts:

- i. Samples which are supplied free of cost, without any consideration, do not qualify as 'supply' under GST, except where the activity falls within the ambit of Schedule I of the said Act.
- ii. Further, section 17(5)(h) of the said Act provides that ITC shall not be available in respect of goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples. Thus, it is clarified that ITC shall not be available to the supplier on the inputs, input services and capital goods to the extent they are used in relation to the gifts or free samples distributed without any consideration. However, where the activity of distribution of gifts or free samples falls within the scope of "supply" on account of the provisions contained in Schedule I of the said Act, the supplier would be eligible to avail of the ITC.

B. Buy one get one free offer :

- i. In these types of offers, no supplies are made free of cost. In these type of cases, two or more individual supplies are made at a single price. It can at best be treated as supplying two or more goods for the price of one.
- ii. Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined as per the provisions of section 8 of the said Act.
- iii. It is also clarified that ITC shall be available to the supplier for the inputs, input services and capital goods used in relation to supply of goods or services or both as part of such offers.

5.2 Apportionment of Credits [Section 17]

Apportionment of ITC

Where goods and/or services are used partly for non-business purposes and partly for business purposes, ITC attributable only to business purposes can be taken by the registered person. Similarly, where goods and/or services are partly used for making taxable supplies including zero rated supplies (exports & supplies to SEZ) and partly for exempt supplies, proportionate ITC attributable to taxable supplies and zero rated supplies can be taken by the registered person.

Note : Section 16(2) of the IGST Act specifies that ITC may be availed on inward supplies for making zero-rated supply, notwithstanding the exempt nature of the zero-rated supply. Zero-rated supply is an expression that covers two kinds of supplies: (i) exports, and (ii) supplies to a SEZ or SEZ developer. Therefore, ITC is available on goods and/or services used for supplies made in the course of export or to an SEZ unit or SEZ developer.

5.3 Credit in Special Circumstances [Section 18]

- (i) **Entitlement of ITC at the time of registration/voluntary registration or switching to regular tax paying status or coming into tax-paying status**

The credit on inputs held in stock and contained in semi-finished goods or finished goods held in stock and capital goods at the time of registration/voluntary registration or coming into regular tax/tax-paying status will be available in the following manner:

Sr. No.	Persons eligible to take credit	Goods entitled to ITC		Restriction / Conditions
		Inputs held in stock/capital goods	As on	
1.	Person who has applied for registration within 30 days from the date on which he becomes liable to registration and has been granted such registration	Inputs held in stock and inputs contained in semi-finished or finished goods held in stock	The day immediately preceding the date from which he becomes liable to pay tax	ITC to be availed within 1 year from the date of the issue of the tax invoice by the supplier
2.	Person who is not required to register, but obtains voluntary registration	Inputs held in stock and inputs contained in semi-finished or finished goods held in stock	The day immediately preceding the date of registration	
3.	Registered person who ceases to pay composition tax and switches to regular scheme	Inputs held in stock and inputs contained in semi-finished or finished goods held in stock and capital goods	The day immediately preceding the date from which he becomes liable to pay tax under regular scheme	<ul style="list-style-type: none"> ITC on capital goods will be reduced by 5% per quarter of a year or part of the year from the date of invoice ITC claimed shall be verified with the corresponding details furnished by the corresponding supplier
4.	Registered person whose exempt supplies become taxable supplies	Inputs held in stock and inputs contained in semi-finished or finished goods held in stock relating to exempt supplies and Capital Goods	The day immediately preceding the date from which such supply becomes taxable	<ul style="list-style-type: none"> ITC to be availed within 1 year from the date of the issue of the tax invoice by the supplier

In all the above cases, the registered person has to make an electronic declaration in the form GST ITC - 01 on the common portal, clearly specifying the details relating to the inputs held in stock, inputs contained in semi-finished or finished goods held in stock and capital goods on the days mentioned in column (4) of table above. The declaration is to be filed within 30 days from the date when the registered person becomes eligible to avail ITC. If the claim of ITC pertaining to CGST, SGST/UTGST, IGST put together exceeds Rs. 2,00,000, the declaration needs to be certified by a practising Chartered Accountant/Cost Accountant.

(ii) Reversal of ITC on switching to composition levy or exit from tax-paying status

- Section 18(4) requires reversal of ITC when a registered person who has availed ITC switches to composition levy or when his supplies get wholly exempted from tax.
- ITC on inputs will be reversed proportionately on the basis of corresponding invoices on which credit had been availed on such inputs. If invoices are not available, the ITC to be reversed will be based on the prevailing market price of such goods on the date of switch over/exemption. The details furnished on the basis of prevailing market value will be duly certified by a practising Chartered Accountant/Cost Accountant.
- ITC involved in the remaining useful life (in months) of the capital goods will be reversed on pro-rata basis, taking the useful life as 5 years.

Example : Capital goods have been in use for 3 years, 4 months and 10 days.

The useful remaining life (in months) = 19 months, ignoring a part of the month.

ITC taken on such capital goods = C

ITC attributable to remaining useful life = $C \times 19/60$

- The registered person will have to add to the output tax liability, the amount, as aforesaid, attributable to inputs held in stock and inputs contained in semi-finished or finished goods held in stock and capital goods on the day immediately preceding the date of switch over/date of exemption.
- Balance of ITC, if any, lying in the electronic credit ledger shall lapse.
- The ITC to be reversed on inputs and capital goods will be calculated separately for ITC of CGST, SGST/UTGST and IGST.
- The reversal amount will be added to the output tax liability of the registered person.

(iii) Reversal of ITC on cancellation of Registration

- A registered person whose registration is cancelled will have to debit the electronic credit or cash ledger by an amount equal to
 - (i) **input tax credit (ITC)** in respect of:
 - stock of inputs and inputs contained in semi-finished/finished goods stock and
 - capital goods or plant and machinery on the day immediately preceding the date of cancellation, **or**
 - (ii) the **output tax payable** on such goods, **whichever is higher.**
- Amount of credit to be reversed in respect of **INPUTS:**
 - (i) ITC on inputs computed proportionately on the basis of corresponding invoices* on which credit had been availed on such inputs or
 - (ii) Output tax payable on such goods, **whichever is higher.**

*If tax invoices are not available, the ITC to be reversed will be based on the prevailing market price of such goods on the date of cancellation.

- Amount of credit to be reversed in respect of CAPITAL GOODS OR PLANT & MACHINERY:
 - (i) ITC involved in the remaining useful life in months of the capital goods will be reversed on pro-rata basis, taking the useful life as 5 years) or
 - (ii) Tax on the transaction value of such capital goods or plant and machinery u/s 15, whichever is higher.

Example : Capital goods have been in use for 3 years, 7 month and 10 days.

The useful remaining life (in months) = 16 months, ignoring a part of the month.

ITC taken on such capital goods = Rs. 6,00,000/-

ITC attributable to remaining useful life = Rs. 6,00,000 x 16 / 60 = 1,60,000/-.

(iv) Amount payable on supply of capital goods or plant and machinery on which ITC has been taken [Section 18(6)]

- If capital goods or plant and machinery on which ITC has been taken are supplied outward by the registered person, he must pay an amount that is the higher of the following:
 - ITC taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods (i.e., ITC pertaining to remaining useful life of the capital goods), or
 - Tax on transaction value of Capital Goods sold.
- ITC pertaining to remaining useful life of the capital goods will be computed separately for ITC of CGST, SGST/UTGST and IGST.
- Where the amount so determined exceeds the tax payable on the transaction value of the capital goods, such amount will have to be paid and thus, will be added to the output tax liability.
- If refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the transaction value.

(v) Transfer of ITC on account of change in constitution of registered person

In case of change in constitution of a registered person like sale, demerger, transfer of business, amalgamation, merger etc., the ITC that remains unutilized in the electronic credit ledger of the registered person can be transferred to the new entity, provided there is a specific provision for transfer of liabilities in such change of constitution. As per circular issued by CBIC, it is clarified that transfer or change in the ownership of business includes transfer or change in the ownership due to death of the sole proprietor.

In the case of demerger, ITC will be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme.

Explanation: – For the purpose of this sub-rule, it is hereby clarified that the “value of assets” means the value of the entire assets of the business, whether or not input tax credit has been availed thereon.

The registered person will have to furnish the details of change in constitution on the common portal in **FORM GST ITC-02** and submit a certificate from practising Chartered Account/Cost Accountant certifying that the change in constitution has been done with a specific provision for transfer of

liabilities. Upon acceptance of such details by the transferee on the common portal, the unutilized ITC will be credited to his electronic credit ledger. The transferee will record the inputs and capital goods so transferred in his books of account.

(vi) Rule 41A. Transfer of credit on obtaining separate registration for multiple places of business within a State or Union territory

(1) A registered person who has obtained separate registration for multiple places of business and who intends to transfer, either wholly or partly, the unutilised ITC lying in his electronic credit ledger to any or all of the newly registered place of business, shall furnish within a period of 30 days from obtaining such separate registrations, the details in FORM GST ITC-02A electronically on the common portal.

However, the ITC shall be transferred to the newly registered entities in the ratio of the value of assets held by them at the time of registration.

Explanation.- For the purposes of this sub-rule, it is hereby clarified that the value of assets means the value of the entire assets of the business whether or not input tax credit has been availed thereon.

(2) The newly registered person (transferee) shall, on the common portal, accept the details so furnished by the registered person (transferor) and, upon such acceptance, the unutilised ITC specified in FORM GST ITC-02A shall be credited to his electronic credit ledger.

5.4 How ITC is Utilised

I. Utilisation of ITC

- ITC of IGST can be used to pay IGST first and then, CGST/SGST/UTGST in any order, in any proportion.
- ITC of CGST can be used to pay CGST and IGST in that order.
- ITC of SGST/UTGST can be used to pay SGST/UTGST and IGST in that order.
- ITC of CGST cannot be utilized towards payment of SGST/UTGST and vice versa.

Hence cross-utilization of credit is available only between CGST and IGST and SGST/UTGST and IGST. The main restriction is that the CGST credit cannot be utilized for payment of SGST/UTGST and SGST/UTGST credit cannot be utilized for payment of CGST.

II. Order of utilisation of ITC for payment of liabilities

- For payment of liability of IGST – First ITC of IGST, then, ITC of CGST and then, ITC of SGST / UTGST will be utilised.
- For payment of liability of CGST –First ITC of IGST, and then, ITC of CGST will be utilised. But, ITC of SGST/ UTGST will never be utilised for payment of liability of CGST.
- For payment of liability of SGST/UTGST – First ITC of IGST, and then, ITC of SGST/UTGST will be utilised. But, ITC of CGST will never be utilised for payment of liability of SGST/UTGST.

III. Order of Utilisation of ITC

ITC Available	First Set off (Output Liability)	Next Set off Output Liability)	Not allowed to Set off	Impact of Rule 88A and related Proviso
IGST	IGST	CGST/SGST/UTGST (in any order, in any proportion)	NA	IGST credit is to be utilised first against IGST liability, then, against CGST/ SGST/ UTGST liability in any order and in any proportion. Taxpayer has to exhaust ITC of IGST first followed by CGST/SGST/ UTGST credit.
CGST	CGST	IGST	SGST and UTGST	
SGST	SGST	IGST	CGST	
UTGST	UTGST	IGST	CGST	

5.5 Conditions of use of amount available in electronic credit ledger [Rule 86A]

- (1) The Commissioner or an authorised officer, having reasons to believe that the ITC has been fraudulently availed or is ineligible in as much as -
- the ITC has been availed on the strength of tax invoices or debit notes or any other document -
 - issued by a registered person who has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or
 - without receipt of goods or services or both; or
 - the ITC has been availed on the strength of tax invoices or debit notes or any other document, the tax charged thereon has not been paid to the Government; or
 - the registered person availing the ITC has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or
 - the registered person availing any ITC is not in possession of a tax invoice or debit note or any other document,
- may, for reasons to be recorded in writing, not allow debit of an amount equivalent to such ITC in electronic credit ledger for discharge of any liability or for claim of any refund of any unutilised amount.
- (2) The Commissioner or the authorised officer may remove the aforesaid restriction, if he is satisfied that the conditions for disallowing debit of electronic credit ledger do not so exist.
- (3) Such restriction shall cease to have effect after the expiry of a period of 1 year from the date of imposing such restriction.

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

Notwithstanding anything contained in these rules, the registered person shall not use the amount available in electronic credit ledger to discharge his liability towards output tax in excess of 99% of such tax liability, in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds Rs. 50,00,000. However, the said restriction shall not apply where –

- (a) the said person or the proprietor or karta or the managing director or any of its two partners, whole-time Directors, Members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than Rs. 1,00,000 as income tax under the Income-tax Act, 1961 in each of the last 2 financial years for which the time limit to file return of income u/s 139(1) of the said Act has expired; or
- (b) the registered person has received a refund of unutilised ITC of more than Rs. 1,00,000 in the preceding financial year on account of Zero Rated Supply made without Payment of tax; or
- (c) the registered person has received a refund unutilised ITC of more than Rs. 1,00,000 in the preceding financial year on account of Inverted Duty Structure; or
- (d) the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, upto the said month in the current financial year; or
- (e) the registered person is –
 - (i) Government Department; or
 - (ii) a Public Sector Undertaking; or
 - (iii) a local authority; or
 - (iv) a statutory body

Further, the Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.

“Baccha Kabil Bano, Kabil...

Kamyabi Toh Jhak

Maarke Peeche Bhagegi”

COMPOSITION SCHEME

CHAPTER

06

6.1 Aggregate turnover limit for opting for scheme

- For special category states of Arunachal Pradesh, Mizoram, Tripura, Manipur, Nagaland, Meghalaya, Sikkim & Uttarakhand [TMMNA AUSM] – Rs. 75 lakh
- For remaining states – Rs. 1.5 Crore
- Aggregate Turnover – All Taxable supplies (+) Exempt Supplies (Including Non-taxable supplies) (-) inward RCM supplies (-) (CGST, SGST, UTGST, IGST, GST Cess) to be computed on all India basis having same PAN.
- **Explanation** – For the purposes of computing aggregate turnover of a person for determining his eligibility to pay tax under this section, the expression “aggregate turnover” shall include the value of supplies made by such person from the 1st day of April of a financial year up to the date when he becomes liable for registration under this Act, but shall not include the amount of interest or discount earned on loans, advances or deposits extended.

6.2 Rate of Tax

SN.	Category of registered persons	Rate of GST [CGST + SGST]
1.	Manufacturers , other than manufacturers of such goods as may be notified by the Government (i.e. other than ice cream, pan masala, tobacco, cold drinks, Fly ash bricks, fly ash aggregates, Fly ash blocks, Bricks of fossil meals or similar siliceous earths, Building bricks and Earthen or roofing tiles)	(0.5% + 0.5%) = 1% of the turnover in the State or Union Territory (substituted for 2%) [i.e., 1% of Entire turnover, whether taxable or exempt.]
2.	Restaurant & Outdoor Catering Services	(2.5% + 2.5%) = 5% of the turnover in the State or Union Territory [i.e., 5% of Entire turnover, whether taxable or exempt.]
3.	Other eligible suppliers [i.e. Traders] <div style="border: 1px solid black; padding: 5px; margin-top: 5px; display: inline-block;">यात्रीगण कृपया ध्यान दे... यहाँ सिर्फ Taxable Supplies की बात हुई है...</div>	(0.5% + 0.5%) = 1% of the turnover of taxable supplies of goods and services in the State or Union Territory [i.e., 1% of turnover of only Taxable

	goods or services, not exempt goods or services.]
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Explanation – For the purposes of determining the tax payable by a person under this section, the expression “turnover in State or turnover in Union territory” shall not include the value of following supplies, namely:--

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

6.3 Persons not eligible to opt for composition scheme

- (a) A person who is engaged in supply of service except restaurant & outdoor catering service. However, if an eligible person (i.e. supplier of goods or restaurant & outdoor catering service supplier) who has opted for composition scheme may supply services (other than restaurant & outdoor catering service), of value not exceeding Rs. 5,00,000/- or 10% of turnover in a State or Union territory in the preceding financial year, whichever is higher.



Further, while computing value of services supplied during current financial year, interest or discount earned on loans, advances or deposits will not be taken into account.

Further, for the purposes of computing limit of “10% of turnover in a State or Union territory in the preceding financial year”, the interest or discount earned on loans, advances or deposits shall not be taken into account for determining the value of turnover in a State or Union territory.

Example: Vivek is engaged in supply of goods. His aggregate turnover in preceding FY is Rs. 84 lakh (including Rs. 4 Lakhs interest or discount earned on loans, advances or deposits). Since, his aggregate turnover in the preceding FY does not exceed Rs. 1.5 crore, he is eligible for composition scheme in current FY. Further, in current FY, he can supply services [other than restaurant & outdoor catering services] upto a value of not exceeding:

- (a) 10% of Rs. 80 lakh, i.e. Rs. 8 lakh

or

- (b) Rs. 5 lakh,

whichever is higher. Thus, he can supply services upto a value of Rs. 8 lakh in current FY. If the value of services supplied exceeds Rs. 8 lakh, he becomes ineligible for the composition scheme and has to opt out of the composition scheme. However, interest or discount earned during current financial year on loans, advances or deposits shall not be taken into account while computing limit of Rs. 8 lakhs in current financial year.

- (b) Supplier of goods or services which are not leviable under the CGST Act/SGST Act/UTGST Act.
- (c) Supplier of inter-State outward supplies of goods or services.
- (d) Person supplying ~~goods or~~ services through an ECO, who is required to collect TCS u/s 52.
- (e) Manufacturer of following notified goods:

1	Ice cream and other edible ice, whether or not containing cocoa
2	Pan masala
3	Aerated Water, containing added sugar or other sweetening matter or flavoured [Eg. Pepsi, Coca-cola, etc.]
4	All goods, i.e. Tobacco and manufactured tobacco substitutes
5	Fly ash bricks; fly ash aggregates; Fly ash blocks
6	Bricks of fossil meals or similar siliceous earths
7	Building bricks
8	Earthen or roofing tiles

Kya above mentioned goods ka TRADER composition Scheme le skta hai ?? - YES, Bilkul le skta hai...

(f) He is a casual taxable person or a non-resident taxable person.

Analytical Note :

- (i) Any Supplier opting for composition scheme (including Restaurant & Outdoor Catering service supplier), can supply services of value not exceeding 10% of turnover in a State or Union territory in the preceding financial year or Rs. 5,00,000/-, whichever is higher. But, if turnover of services (other than Restaurant & Outdoor Catering service) is more than this limit, then, such supplier will not be eligible for composition scheme from the date when he cross this limit. However, this limit does not apply to Restaurant & Outdoor Catering service.
- (ii) There is **no restriction** on Composition Supplier **on inter-State procurement** of goods or services.
- (iii) What will be the rate of tax under composition scheme for bakery items supplied where eating place is attached. Will it qualify as manufacturer for the purpose of composition levy?

Answer : Any service by way of serving of food or drinks including by a bakery qualifies as restaurant services and hence GST rate of composition levy for the same would be 5%.

(iv) Clarification regarding the classification of Services by Cloud Kitchens/Central Kitchens [Circular]

1. Takeaway services and door delivery services for consumption of food are also considered as restaurant service and, accordingly, service by an entity, by way of cooking and supply of food, even if it is exclusively by way of takeaway or door delivery or through or from any restaurant would be covered by restaurant service. This would thus cover services provided by cloud kitchens/central kitchens.
2. Accordingly, it is clarified that service provided by **cloud kitchens/central kitchens are covered under "Restaurant Service"**.

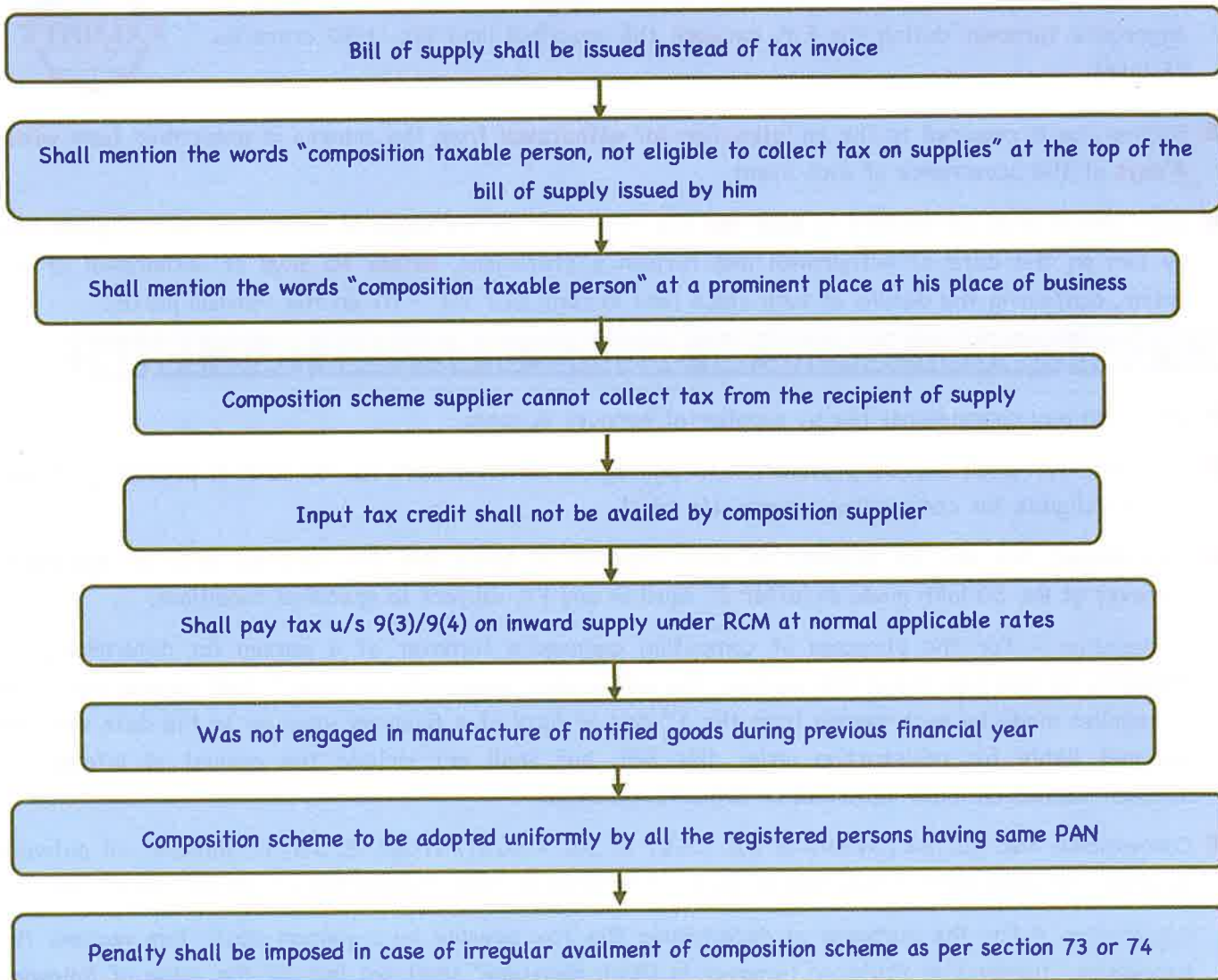
(v) Clarification Regarding Supply of Ice Cream by Ice Cream Parlors [Circular]

1. Ice cream parlors sell already manufactured ice-cream and they do not have a character of a restaurant. Ice-cream parlors do not engage in any form of cooking at any stage.

2. Accordingly, it is clarified that where **ice cream parlors** sell already manufactured ice-cream and do not cook/prepare ice-cream for consumption like a restaurant, it is **supply of ice cream as goods** and not as a service, even if the supply has certain ingredients of service.



6.4 Conditions and Restrictions for Composition Levy



6.5 Procedure for opting for the Scheme

Category of persons	How to exercise option	Effective date of composition levy
New registration under GST	Intimation in the registration form	From the effective date of registration
Registered person opting for composition levy	Intimation in prescribed form before beginning of the financial year	Beginning of the financial year

6.6 Validity of Composition levy

- The option exercised by a registered person to pay amount under composition levy shall remain valid so long as he satisfies all the conditions mentioned in the said section and these rules.
- The option to pay tax under composition scheme **lapses** from the day on which his aggregate **turnover** during the F.Y. **exceeds** the specified limit (Rs. 1.50 crore/Rs. 75 lakh).
- Further, he is required to file an **intimation for withdrawal** from the scheme in prescribed form **within 7 days** of the occurrence of such event.
- Such person shall be allowed to **avail the ITC** in respect of the **stock** of inputs and capital goods held by him on the date of withdrawal and furnish a statement, **within 30 days** of withdrawal of the option, containing the details of such stock held in form GST ITC - 01 on the common portal.

VALIDITY



6.7 Composition Scheme for Supplier of Services [Sec. 10(2A)]

- Option to pay concessional tax by supplier of services & goods
- An option for small service providers with aggregate turnover upto Rs. 50 lakh in preceding FY who are not eligible for composition scheme u/s 10(1)
- Concessional tax will be payable on first supplies of goods and /or services upto an aggregate turnover of Rs. 50 lakh made on/after 1st April in any FY, subject to specified conditions.

Explanation - For the purposes of computing aggregate turnover of a person for determining his eligibility to pay tax under this section, the expression "aggregate turnover" shall include the value of supplies made by such person from the 1st day of April of a financial year up to the date when he becomes liable for registration under this Act, but shall not include the amount of interest or discount earned on loans, advances or deposits extended.

- Concessional tax will be payable @ 6% (CGST @ 3% + SGST/UTGST @ 3%) of value of all outward supplies (including exempt supplies) of goods or services or both irrespective of actual rate of tax.

Explanation - For the purposes of determining the tax payable by a person under this section, the expression "turnover in State or turnover in Union territory" shall not include the value of following supplies, namely:--

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

Conditions for the Scheme:

1. Supplies are made by a registered person, -
 - (i) whose aggregate turnover in the preceding financial year was Rs. 50 lakhs or below;
 - (ii) who is not eligible to pay tax under sub-section (1) of section 10 of the said Act;
 - (iii) who is not engaged in making any supply which is not leviable to tax under the said Act;

- (iv) who is not engaged in making any inter-State outward supplies of goods or services;
- (v) who is neither a casual taxable person nor a non-resident taxable person;
- (vi) who is not engaged in making any supply of ~~goods or~~ services through an ECO who is required to collect TCS u/s 52; and
- (vii) who is not engaged in **manufacture** of the following goods:

(i)	Ice cream and other edible ice, whether or not containing cocoa
(ii)	Pan masala
(iii)	Aerated Water, containing added sugar or other sweetening matter or flavoured [Eg. Pepsi, Coca-cola, etc.]
(iv)	All goods, i.e. Tobacco and manufactured tobacco substitutes
(v)	Fly ash bricks; fly ash aggregates; Fly ash blocks
(vi)	Bricks of fossil meals or similar siliceous earths
(vii)	Building bricks
(viii)	Earthen or roofing tiles

Note : Further, all other provisions, as applicable to a person paying tax under composition scheme for goods shall apply, as it is, to a person paying tax under composition scheme for services.

“Kar Har Maidaan Fateh”

REVERSE CHARGE MECHANISM & ECO

CHAPTER

07

Reverse Charge Mechanism (RCM) :

- GST shall be paid by the recipient on reverse charge basis, in the following cases:
 - (i) Supply of goods or services or both, **notified by the Government** [Section 9(3) of CGST Act, 2017 and Section 5(3) of IGST Act, 2017].
 - (ii) Supply of Notified categories of goods or services or both **by an unregistered supplier to Notified classes of registered persons** [Section 9(4) of CGST Act, 2017 and Section 5(4) of IGST Act, 2017].
- All the provisions of the CGST Act shall apply to the recipient in the aforesaid cases as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

Services / Goods taxable u/s 9(4) of the CGST Act, 2017


In exercise of the powers conferred by section 9(4), the Central Government has notified **promoter** as the registered person who, shall in respect of supply of notified goods or services or both received from an unregistered supplier, pay tax on reverse charge basis as recipient of such goods or services or both.

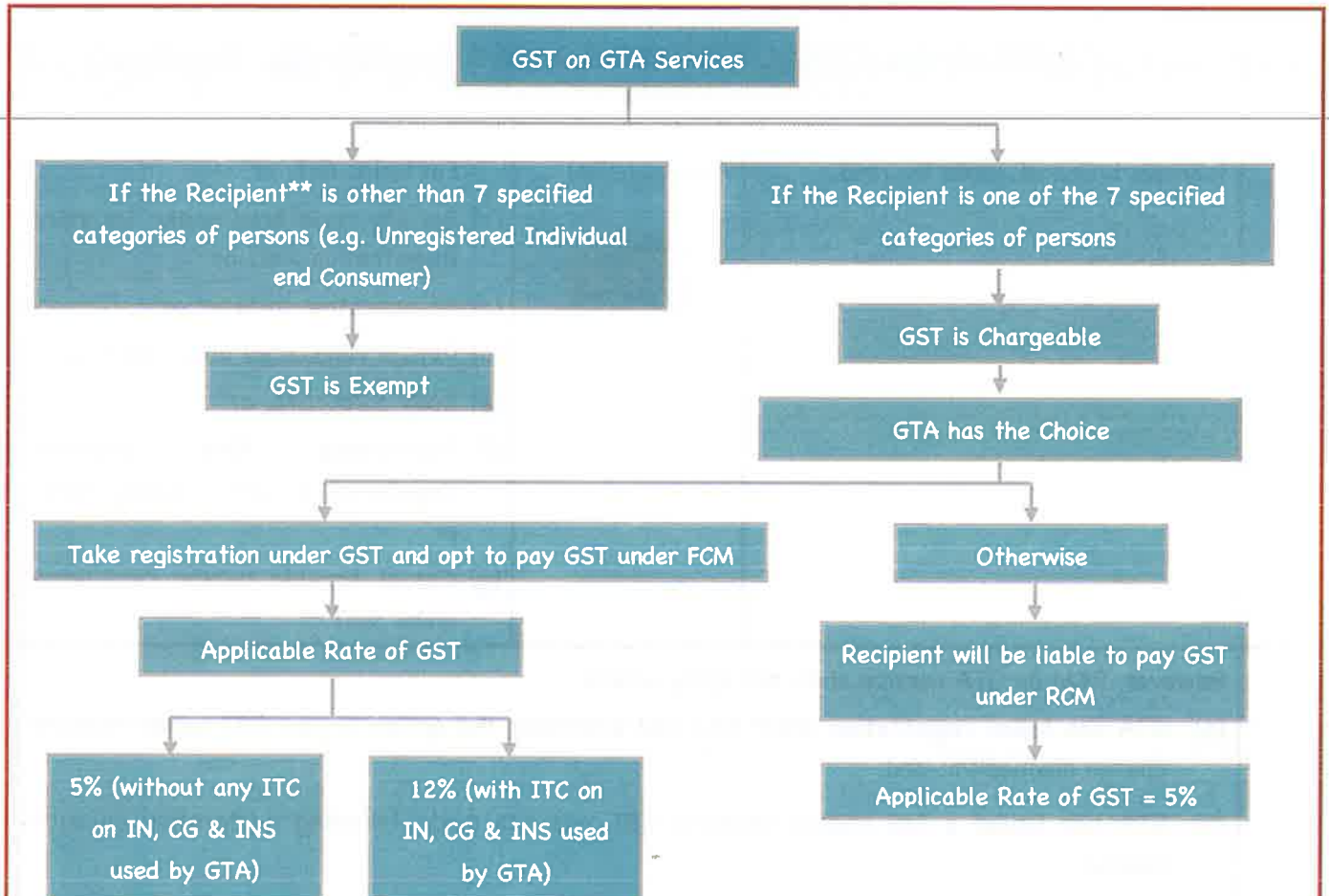
The **notified goods** or services u/s 9(4) are as follows:

- a. If value of inputs and input services purchased from registered supplier is less than 80% of total inputs and input services, promoter has to pay GST on reverse charge basis on all such inward supplies (to the extent it is short of 80% of the inward supplies from registered supplier).
- b. Cement purchased from an unregistered person
- c. Capital goods purchased from an unregistered person.


Section 9(3) of CGST : The Government may, on the recommendations of the council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

List of services taxable under reverse charge u/s 9(3), i.e. the services where tax is payable by the recipient:


Sl.	Category of Supply of Service	Supplier of Service	Recipient of Service
1.	Services by a GTA , in respect of transportation of goods by road	Goods Transport Agency (GTA) 	<p>(a) Factory registered under Factories Act; or</p> <p>(b) Society registered under Societies Registration Act; or</p> <p>(c) Co-operative society; or</p> <p>(d) Person registered under GST; or</p> <p>(e) Body corporate; or</p> <p>(f) Partnership firm whether registered or not including AOP; or</p> <p>(g) Casual taxable person registered under GST.</p>
<p>However, RCM on GTA service shall not apply where, -</p> <p>(a) GTA has taken registration under GST and exercised the option to pay GST under forward charge mechanism; and</p> <p>(b) GTA has issued a tax invoice charging GST and has made following declaration on such invoice:</p> <p>"I/we have taken registration under GST and have exercised the option to pay tax on services of GTA in relation to transport of goods supplied by us from the Financial Year _____ under forward charge and have not reverted to reverse charge mechanism."</p> <p>(c) Further, the option exercised by GTA to itself pay GST on the services supplied by it during a Financial Year shall be deemed to have been exercised for the next and future financial years unless the GTA files a declaration to revert under reverse charge mechanism on or after the 1st January of the preceding Financial Year but not later than 31st March of the preceding Financial Year.</p> <p>(d) Further, a GTA who commences new business or crosses threshold for registration during any Financial Year, may exercise the option to itself pay GST on the services supplied by it during that Financial Year by making a declaration before the expiry of 45 days from the date of applying for GST registration or 1 month from the date of obtaining registration, whichever is later.</p>			



**Recipient of GTA service is the person who pays/is liable to pay freight.

2.	Services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services, directly or indirectly.	An individual advocate including a senior advocate or firm of advocates 	Business Entity
3.	Services supplied by an arbitral tribunal to a business entity.	An arbitral tribunal	Business Entity
4.	Sponsorship Services	Any person	Body corporate or partnership firm.
5.	Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding, - (1) renting of immovable property, and	Central Government, State Government or Union territory or local authority	Business Entity

	<p>(2) Services specified below -</p> <p>(i) services by the Department of Posts and the Ministry of Railways (Indian Railways);</p> <p>(ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) transport of goods or passengers.</p> <p>[Provisions of RCM, in so far as they apply to the CG and SG, shall also apply to the Parliament, State Legislatures, Courts and Tribunals]</p>		
5A.	Services supplied by the Central Government excluding the Ministry of Railways (Indian Railways), State Government, Union territory or local authority by way of renting of immovable property	Central Government, State Government, Union Territory or Local Authority	Person registered under GST
5AA	Renting of residential dwelling	Any person	Person registered under GST
5B.	Transfer of development rights (TDR) or Floor Space Index (FSI) (including additional FSI) for construction of a project by a promoter. [also refer analysis given at the end of this table]	Any person	Promoter
5C.	Long term lease of land (30 years or more) by any person against consideration in the form of upfront amount (called as premium, salami, cost, price, development charges or by any other name) and/or periodic rent for construction of a project by a promoter. [also refer analysis given at the end of this table]	Any person	Promoter
6.	Director of a company/body corporate	Director	Company or a body corporate
7.	Insurance agent	An insurance agent	Any person carrying an insurance business.

8.	Recovery agent	A recovery agent	A banking company or a financial institution or a non-banking financial company.
9.	Transfer or permitting the use or enjoyment of a copyright relating to original dramatic, musical or artistic works	Music, composer, photographer, artist, or the like	Music company, producer or the like.
9A.	Transfer or permitting the use or enjoyment of a copyright relating to original literary works to a publisher	Author	<p>Publisher</p> <p>However, nothing contained in this entry shall apply where, -</p> <p>(i) the author has taken registration under GST and filed a declaration with the jurisdictional GST commissioner, that he exercises the option to pay GST under forward charge and to comply with all the provisions of GST and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option;</p> <p>(ii) the author makes a prescribed declaration on the invoice issued by him to the publisher.</p>
10.	Services by the members of Overseeing Committee	Members of Overseeing Committee constituted by the RBI	Reserve Bank of India (RBI) 
11.	Services by individual Direct Selling Agents (DSAs)	Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm	A banking company or a non-banking financial company
12.	Services by business facilitator	Business facilitator	A banking company

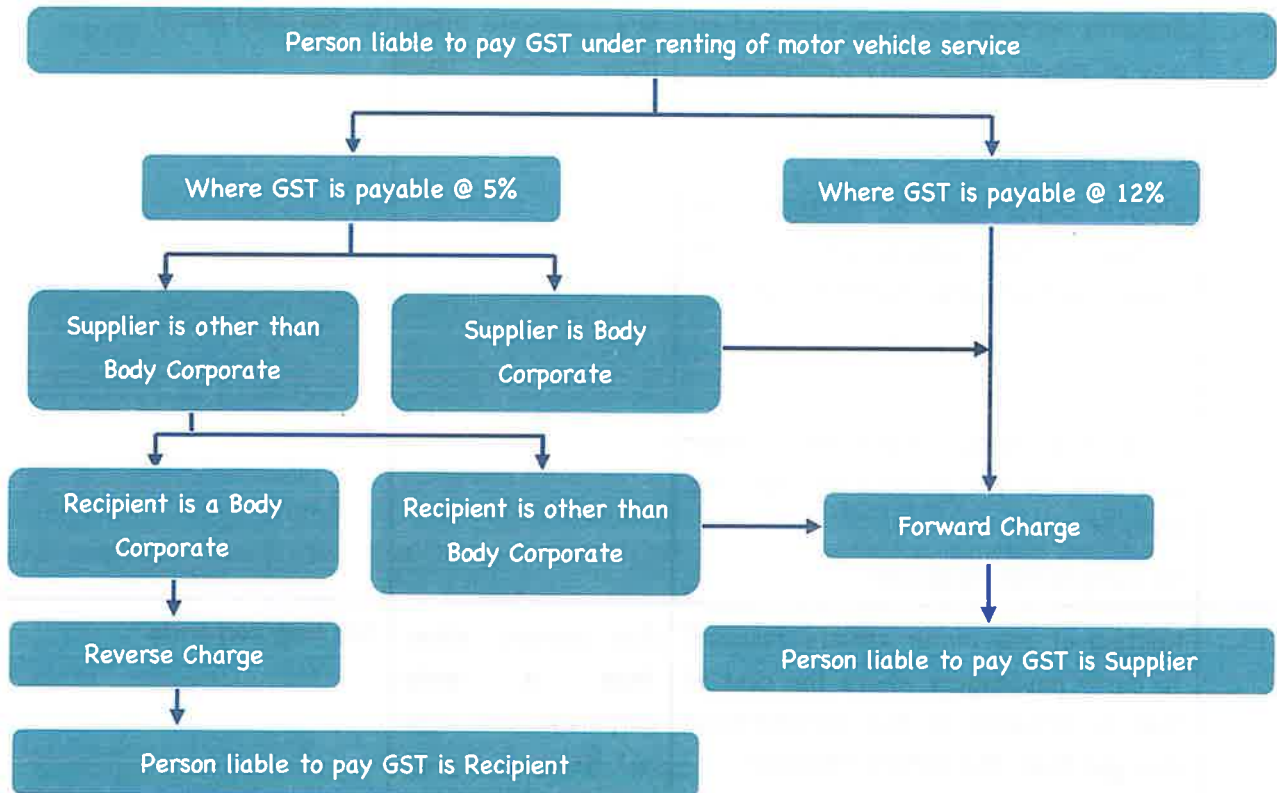
13.	Services by an agent of business correspondent	An agent of business correspondent	A business correspondent
14.	Security services (services provided by way of supply of security personnel): However, nothing contained in this entry shall apply to, - (i)(a) a Department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies; which has taken registration under GST only for the purpose of deducting TDS; or (ii) Composition taxpayer	Any person other than a body corporate	A registered person
15.	Renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient [Also see circular given at the end of this Table]	Any person, other than a body corporate and does not issue an invoice charging CGST at the rate of 6% (CGST + SGST = 12%)	Any body corporate
16.	Lending of securities	Lender	Borrower

Analytical Notes:

- I. A "Limited Liability Partnership" formed and registered under the provisions of the Limited Liability Partnership Act, 2008 shall also be considered as a partnership firm or a firm.
- II. Analysis of Supply of TDR, FSI, etc.:
 1. Supply of TDR, FSI, long term lease (premium) of land by a landowner to a developer are exempt subject to the condition that the constructed flats are sold before issuance of completion certificate and tax is paid on them.
 2. Exemption of TDR, FSI, long term lease (premium) is 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. In such cases, the liability to

pay tax on TDR, FSI, long term lease (premium) has been shifted from land owner to builder under the reverse charge mechanism (RCM).

III. Analysis of Renting of Motor Vehicles Service



Whether RCM is applicable on Service of Transportation of Passengers or on Renting of Motor Vehicle designed to carry passengers [Circular]

1. It is clarified that where the body corporate hires the motor vehicle (for transport of employees etc.) for a period of time, during which the motor vehicle shall be at the disposal of the body corporate, the service would fall under "renting of motor vehicle service", and the body corporate shall be liable to pay GST on the same under RCM.
2. However, where the body corporate avails the passenger transport service for specific journeys or voyages and does not take vehicle on rent for any particular period of time, the service would fall under "transport of passengers service" and the body corporate shall not be liable to pay GST on the same under RCM.

List of Additional services taxable under reverse charge under IGST Act: All the services which have been notified for RCM purposes under CGST Act (as given above) have also been notified for RCM under IGST Act. Further, following 1 service is additionally included under RCM for IGST purposes:

S.N.	Category of Supply of Service	Supplier of Service	Recipient of Service
1	Any service supplied by any person who is located in a non taxable territory	Any person located in a non-taxable territory	Any person located in the taxable territory, other than non taxable online recipient.

Sec. 9(5) of CGST Act : Tax Payable by the Electronic Commerce Operator (ECO) on Notified Services

The Government may notify specific categories of services (which are supplied through ECO), on which GST shall be paid by the ECO as if such services are supplied by it. Few services have been so notified.

Following categories of services supplied through ECO are notified u/s 9(5) –

- (i) Transportation of passengers by a radio-taxi, motorcab, maxicab, motor cycle or any other motor vehicle **except omnibus** (e.g. OLA, Uber, Rapido, etc.);
 - (ii) Transportation of passengers by an omnibus **except where the person supplying such service through ECO is a company or;**
 - (iii) Providing accommodation in hotels, inns, guest houses, clubs, Campsites or other commercial places meant for residential or lodging purposes, **except where the person supplying such service through ECO is liable for registration under GST.** (e.g. Tripadvisor, goibibo, etc.)
 - (iv) House-keeping services, such as plumbing, carpentering, etc., **except where the person supplying such services through ECO is liable for registration under GST.** (e.g. urbanclap.com, zimmer.com, etc.)
 - (v) Restaurant service other than the service supplied by restaurant, eating joints etc. located at specified premises. (e.g. Swiggy, Zomato, etc.) [Specified premises means premises providing hotel accommodation service having declared tariff of any unit of accommodation above Rs. 7,500/- per unit per day or equivalent.]
- Radio Taxi means a taxi including a radio cab, by whatever name called, which is in two- way radio communication with a central control office and is enabled for tracking using GPS or GPRS.
 - All the provisions of the CGST Act shall apply to such ECO as if he is the supplier liable for paying the tax in relation to the supply of above services.
 - It is important to note here that the above provision shall apply only in case of supply of aforesaid notified services.

Person liable to pay GST for above specified services when supplied through ECO

1	If the ECO is located in taxable territory	→	Person liable to pay tax is the ECO
	↓		↓
2	If the ECO does not have physical presence in the taxable territory	→	Person liable to pay tax is the person representing the ECO
	↓		↓
3	If the ECO has neither the physical presence nor any representative in the taxable territory	→	Person liable to pay tax is the person appointed by the ECO for the purpose of paying the tax

Clarification regarding GST on Services supplied by Restaurants through ECOs [Circular]

Sl.	Issue	Clarification
1.	Would the ECOs be liable to pay tax on supply of restaurant service made by unregistered business entities?	Yes.
2.	Can the supplies of restaurant service made through ECOs be recorded as inward supply of ECOs (liable to reverse charge) in GSTR 3B?	No. ECOs are not the recipient of restaurant service supplied through them.
3.	Would ECOs be liable to reverse proportional input tax credit on his input goods and services for the reason that input tax credit is not admissible on 'restaurant service'?	ECOs provide their own services as an electronic platform and an intermediary for which it would acquire inputs/input service on which ECOs avail ITC. The ECO charges commission/fee etc. for the services it provides. The ITC is utilised by ECO for payment of GST on services provided by ECO on its own account (say, to a restaurant). The situation in this regard remains unchanged even after ECO is made liable to pay tax on restaurant service. ECO would be eligible to ITC as before. Accordingly, it is clarified that ECO shall not be required to reverse ITC on account of restaurant services on which it pays GST in terms of section 9(5) of the Act.
4.	Can ECO utilize its Input Tax Credit to pay tax w.r.t 'restaurant service' supplied through the ECO?	No. The liability of payment of tax by ECO w.r.t 'restaurant service' shall be discharged in cash.
5.	Would 'restaurant service' and goods or services other than restaurant service sold by a restaurant to a customer under the same order be billed differently? Who shall be liable for raising invoices in such cases?	Yes. The invoice in respect of restaurant service supplied through ECO u/s 9(5) will be issued by ECO. And for other supplies - original supplier will be liable to issue invoice and for other compliances under the Act (and ECOs being liable only to collect TCS on such supplies).

PLACE OF SUPPLY

CHAPTER

08

SEC. 7 : INTER STATE SUPPLY

- Supply of goods, where the location of the supplier and the place of supply are in -
 - two different States/UT ;or
 - a State and a Union territory,
 shall be treated as inter-state supply.
- Supply of services, where the location of the supplier and the place of supply are in -
 - two different States/UT ;or
 - a State and a Union territory,
 shall be treated as inter-State supply.
- Supply of goods or services or both in the taxable territory, not being an intra-State supply and not covered elsewhere in this section shall be treated as inter-State supply.

SEC. 8 : INTRA STATE SUPPLY

- Supply of goods where the location of the supplier and the place of supply of goods are in the same State/UT shall be treated as intra-State supply.
- Supply of services where the location of the supplier and the place of supply of services are in the same State or same Union territory shall be treated as intra-State supply.

Explanation 1: For the purposes of this Act, where a person has, -

- an establishment in a State or Union territory and any other establishment outside that State or Union territory; or
- an establishment in a State or Union territory and any other establishment registered within that State or Union territory.

then such establishments shall be treated as establishments of distinct persons.

Explanation 2: A person carrying on a business through a branch or an agency or a representational office in any territory shall be treated as having an establishment in that territory.

SEC. 9 : SUPPLIES IN TERRITORIAL WATERS

Notwithstanding anything contained in this Act, -

- (a) where the location of the supplier is in the territorial waters, the location of such supplier; or
 (b) where the place of supply is in the territorial waters, the place of supply,

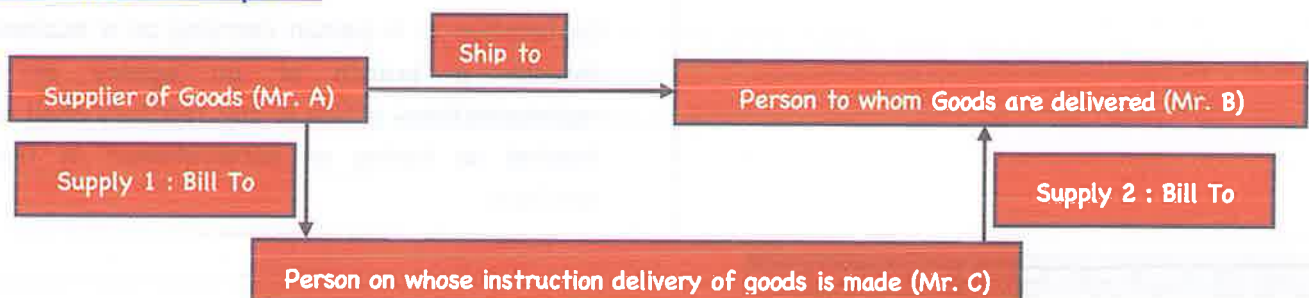
shall, for the purposes of this Act, be deemed to be in the coastal State or Union territory where the nearest point of the appropriate baseline is located.

PLACE OF SUPPLY OF GOODS

SECTION 10 OF IGST ACT, 2017

Section	Nature of Supply	Place of Supply
10(1)(a)	Supply involves movement of goods	Location of goods at the time at which movement terminates for delivery to recipient.
10(1)(b)	Goods delivered to a third person on direction of the Buyer [Bill to Ship to Model]	Principal place of business of Buyer
10(1)(c)	Supply does not involves movement of goods	Location of goods at the time of delivery to the recipient
10(1)(ca)	Supply made to unregistered person	Location of recipient recorded in the invoice (even if name of the State of recipient is recorded); and location of the supplier where the address of the recipient is not recorded in the invoice
10(1)(d)	Where goods are assembled or installed at site	Place of installation or assembly
10(1)(e)	Goods supplied on board a conveyance like a vessel, aircraft, train or motor vehicle	Place where such goods are taken on-board the conveyance

Illustration : Section 10(1)(b) - Supply involves movement of goods, and delivered to a person on the instruction of a third person



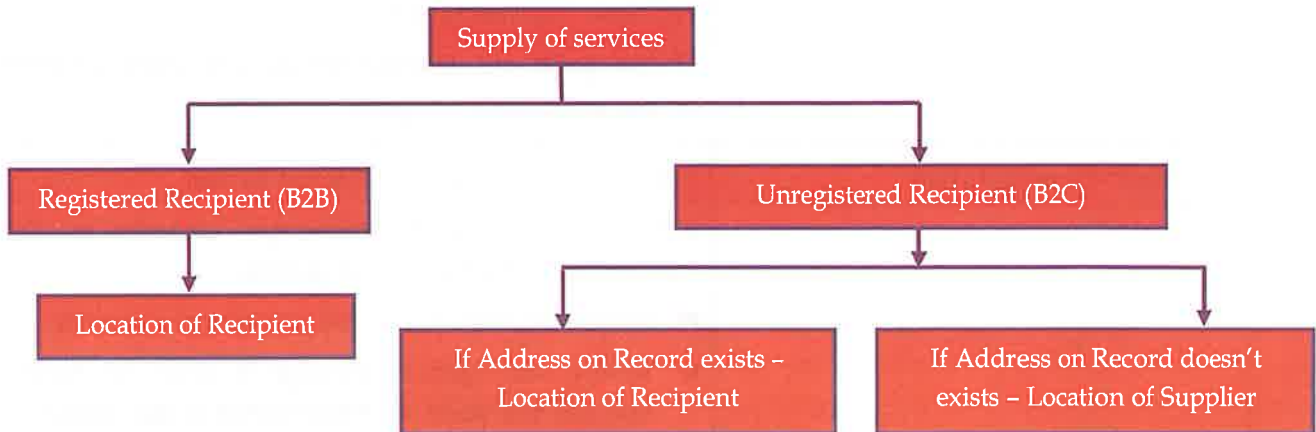
Supply 1: Supply from the supplier of goods (Mr. A) to the person to whom the goods are delivered (Mr. B) on the instruction of a third person (Mr. C) - Place of supply shall be the principal place of business

of the person on whose instruction goods are delivered (Mr. C) to the receiver of goods (Mr. B) as per Sec. 10(1)(b).

Supply 2: Deemed supply of goods by the person on whose instruction (Mr. C) the goods were delivered by the original supplier (Mr. A) to the receiver of goods (Mr. B) – Place of supply shall be the location of goods at the time when the movement of goods terminates for delivery to recipient (Mr. B) as per Sec. 10(1)(a).

Place of supply of services where location of supplier AND recipient is in India [Section 12]

General Provision [Sec. 12(2)]



Specific Provisions

Sec.12	Nature of Service	Place of Supply
(3)	Immovable property related - services including accommodation in hotel/boat/vessel & ancillary services	Location at which the immovable property or boat or vessel is located or intended to be located If located outside India: Location of the recipient
	If the immovable property or boat or vessel is located in more than one State	Each such State in proportion to the value of services provided in each State - Refer Rule 4 - Given below
(4)	Restaurant and catering services, personal grooming, fitness, beauty treatment and health service	Location where the services are actually performed
(5)	Training and performance appraisal	B2B: Location of such registered person B2C: Location where the services are actually performed
(6)	Admission to an event or amusement park and ancillary services	Place where the event is actually held or where the park or the other place is located

(7)	Organisation of an event including ancillary services and assigning of sponsorship to such events	<ul style="list-style-type: none"> ■ B2B: Location of such registered person ■ B2C: Location where the event is actually held ➤ If the event is held outside India: Location of the recipient
	If the event is held in more than one State	Each such State in proportion to the value of services provided in each State - Refer Rule 5 - Given below
(8)	Transportation of goods, including mails or courier	<p>B2B: Location of such registered person</p> <p>B2C: Location at which such goods are handed over for their transportation</p> <p>If the goods are transported outside India: Location of the destination of goods</p>
(9)	Passenger transportation	<p>B2B: Location of such registered person</p> <p>B2C: Place where the passenger embarks on the conveyance for a continuous journey</p> <ul style="list-style-type: none"> ➤ Return Journey - treated as separate journey ➤ Where the right to passage is given for future use and the point of embarkation is not known at the time of issue of right to passage, the place of supply of such service shall be determined in accordance with the provisions of sub-section (2).
(10)	Services on board a conveyance	Location of the first scheduled point of departure of that conveyance for the journey
(11)	Telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person	<p>Services involving fixed line, leased and internet leased circuits, dish antenna etc: Location of such fixed equipment</p> <p>Post-paid mobile/ internet services: Location of billing address of the recipient</p> <p>Pre-paid mobile/ internet/DTH services provided:</p> <ul style="list-style-type: none"> ■ Through selling agent/re-seller/distributor: Address of such selling agent/re-seller/distributor in the records of supplier at the time of supply ■ By any person to final subscriber: Location where pre-payment is received or place of sale of vouchers ■ When payment made through electronic mode - Location of recipient in records of supplier

		<p>Other cases: Address of the recipient in the records of the supplier and if the same is not available, location of supplier</p> <p>If the leased circuit is installed in more than one State:</p> <p>Each such State in proportion to the value of services provided in each State – Refer Rule 6 – given</p>
(12)	Banking and other financial services including stock broking	<p>Location of the recipient of services in the records of the supplier</p> <p>Location of the supplier of services if the location of the recipient of services is not available</p>
(13)	Insurance services	<p>B2B: Location of such registered person</p> <p>B2C: Location of the recipient of services in the records of the supplier</p>
(14)	Advertisement services to the Central Government, State Government, a statutory body or a local authority meant for the States or Union territories	<p>Each of States/Union territory where the advertisement is broadcasted/displayed/run/disseminated</p> <p>Proportionate value in case of multiple States</p>

IGST Rules, 2017

Manner of determining proportionate value of immovable property related service attributable to different States/Union territories (where the immovable property/boat/vessel is located) – in the absence of a contract or agreement in this regard [Rule 4]

S.No.	Type of service in relation to immovable property	Factor which determines the proportionate value of service supplied in different States/Union territories
(i)	Service provided by way of lodging accommodation by hotel, inn, guest house etc. and its ancillary services	Number of nights stayed in such property.
(ii)	Services by way of lodging accommodation by a house boat or vessel and its ancillary services.	Time spent by the boat or vessel in each such State/Union Territories.
(iii)	All other services provided in relation to immovable property and its ancillary services	Area of the immovable property lying in each State/Union Territories.

Manner of determining proportionate value of service in the absence of a contract or agreement (Rule 5 of IGST Rules, 2017)

In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of services made in different States/Union territories (where the event is held) is determined by the application of **generally accepted accounting principles**.

Manner of determining proportionate value of service in the absence of a contract or agreement (Rule 6 of IGST Rules, 2017)

In the absence of a contract or agreement between the supplier and recipient of services, the value of services supplied in different States/Union territories (where the leased circuit is installed) is determined in proportion to the **number of points lying** in each such State/ Union territory.

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

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

**Jise haarne ka darr nahi,
jeet usse door nahi!**

CHAPTER

09

EXEMPTIONS UNDER GST



List of Services Exempt From GST

Notification No. 12/2017 CT (R) dated 28.06.2017 has exempted the following services wholly from CGST:

Sl.	Description of Services
	Health Care Related Services
1.	<p>Services by way of -</p> <p>(a) health care services by a clinical establishment, an authorised medical practitioner or paramedics;</p> <p>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 Rs. 5000 per day to a person receiving health care services.</p> <p>(b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.</p> <p>Notes :</p> <p>(1) 'Health care services' includes ambulance services, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore defects, abnormalities, injury or trauma.</p> <p>(2) 'Clinical establishment' includes hospital, nursing home, clinic, pathology labs, etc.</p> <p>(3) Paramedics are trained health care professionals, for example, nursing staff, physiotherapists, technicians, lab assistants, etc.</p> <p>(4) Recognised system of medicines in India are (i) Allopathy; (ii) Yoga; (iii) Naturopathy; (iv) Ayurveda; (v) Homeopathy; (vi) Siddha; (vii) Unani; and (viii) Any system of medicines that may be recognized by Central Govt.;</p> <p>(5) Rent of rooms provided to in-patients (i.e. patients admitted in hospital) in hospitals is also exempt from GST. [Circular]</p> <p>However, if any clinical establishment charges room rent exceeding Rs. 5000 per day, then, room rent will be chargeable to GST. But, charges for Intensive Care Unit (ICU) / Critical Care Unit (CCU) / Intensive Cardiac Care Unit (ICCU) / Neo natal Intensive Care Unit (NICU)</p>



will be exempt from GST irrespective of charges.

Services provided by senior doctors/consultants/technicians hired by the hospitals, whether employees or not, are healthcare services, which are exempt from GST. [Circular]

- (6) The entire amount charged by hospitals from the patients including the retention money and the fee payments made to the doctors, etc., is towards the healthcare services provided by the hospitals to the patients and is **exempt**. [Circular]
- (7) Food supplied to the **in-patients** as advised by the doctor/nutritionists is a part of composite supply of healthcare and **not** separately **taxable**. Other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable. [Circular]
- (8) The abnormality/disease/ailment of infertility is treated using ART procedure such as IVF. It is clarified that services by way of IVF are also covered under the definition of health care services for the purpose of above exemption notification [Circular].

2. Services by a **veterinary clinic** in relation to health care of animals or birds.

3. Services by way of **artificial insemination of livestock** (other than horses).

4. ~~Services provided by operators of the **common bio-medical waste treatment facility** to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto.~~

Analysis: the services of common bio-medical waste treatment facility is made taxable.



5. ~~Services provided by **the cord blood banks** by way of preservation of stem cells or any other service in relation to such preservation.~~

Analysis: the services of cord blood banks is made taxable.

6. Services by an entity registered u/s 12AA or 12AB of the Income-tax Act, 1961 by way of **charitable activities**.

Notes : '**Charitable activities**' means activities relating to -

(i) public health by way of,-

A. care or counselling of

- i. terminally ill persons or persons with severe physical or mental disability;
- ii. persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or

B. public awareness of preventive health, family planning or prevention of HIV infection;

(ii) advancement of religion, spirituality or yoga;

(iii) advancement of educational programmes or skill development relating to,

A. abandoned, orphaned or homeless children;

B. physically or mentally abused and traumatized persons;

C. prisoners; or

D. persons over the age of 65 years residing in a rural area;

(iv) preservation of environment including watershed, forests and wildlife;



	Analysis : Residential programmes or camps where the fee charged includes cost of lodging and boarding shall also be exempt as long as the primary and predominant activity, objective and purpose of such residential programmes or camps is advancement of religion, spirituality or yoga.
7.	Services by an old age home run by Central Government, State Government or by an entity registered u/s 12AA or 12AB of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto Rs. 25,000/- per month per member , provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.
8.	Services provided by rehabilitation professionals recognised under the Rehabilitation Council of India 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 Central Government, State Government or Union territory or an entity registered u/s 12AA or 12AB of the Income tax Act, 1961.
9.	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.

Services Relating to Agriculture

1.	<p>Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of –</p> <p>(a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;</p> <p>(b) supply of farm labour;</p> <p>(c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;</p> <p>(d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;</p> <p>(e) loading, unloading, packing, storage or warehousing of agricultural produce;</p> <p style="padding-left: 20px;">Analysis: Agro warehousing including cold storage of fruits, vegetables, etc. is exempt.</p> <p>(f) agricultural extension services;</p> <p>(g) services by any Agricultural Produce Marketing Committee (APMC) or Board or services provided by a commission agent for sale or purchase of agricultural produce.</p> <p>(h) services by way of fumigation in a warehouse of agricultural produce.</p> <p>Note : Rice is not agricultural produce. Paddy is agricultural produce.</p>
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2.	Services by way of loading, unloading, packing, storage or warehousing of rice. Analysis: Commission agent of rice is taxable.
3.	Services by way of warehousing of minor forest produce.
4.	Services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea.
5.	Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce. [Circular] Milling of paddy into rice cannot be considered as an intermediate production process. Therefore, milling of paddy into rice is not eligible for exemption.
6.	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.
7.	Services provided by a goods transport agency [GTA], by way of transport in a goods carriage of Agricultural Produce, milk, salt and foodgrain including flour, pulses and rice.
8.	Services by way of transportation by rail or a vessel from one place in India to another of the Agricultural Produce, milk, salt and foodgrain including flour, pulses and rice.
9.	Services by way of artificial insemination of livestock (other than horses).
10.	Services by way of slaughtering of animals. Analysis: Services by way of slaughtering of animals is made taxable.
11.	Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.
12.	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 or agriculturalist for agricultural use.
13.	Services provided by the National Centre for Cold Chain Development under the Ministry of Agriculture, Co-operation and Farmer's Welfare by way of cold chain knowledge dissemination.

Education Related Services

1	<p>Services provided -</p> <p>(a) by an educational institution to its students, faculty and staff;</p> <p>(aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;</p> <p>(b) to an educational institution, by way of, -</p> <p>(i) transportation of students, faculty and staff;</p>
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- (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, nothing contained in sub-items (i), (ii) and (iii) of item (b) shall apply to an educational institution other than an institution providing services by way of preschool education and education up to higher secondary school or equivalent.

Further, nothing contained in sub-item (v) of item (b) shall apply to 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.

Notes :

(1) **'Educational institution'** means an institution providing services by way of, –

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

(2) For removal of doubts, it is clarified that the Central and State Educational Boards shall be treated as Educational Institution for the limited purpose of providing services by way of conduct of examination to the students.

Clarification regarding GST on supply of various services by Central and State Board [such as National Board of Examination – (NBE)] [Circular]

- (i) GST is exempt on services provided by Central or State Boards (including the boards such as NBE) by way of conduct of examination for the students, including conduct of entrance examination for admission to educational institution. Therefore, GST shall not apply to any fee or any amount charged by such Boards for conduct of such examinations including entrance examinations.
 - (ii) GST is also exempt on input services relating to admission to, or conduct of examination, such as online testing service, result publication, printing of notification for examination, admit card and questions papers etc, when provided to such Boards.
 - (iii) Further, GST at the rate of 18% applies to other services provided by such Boards, namely of providing accreditation to an institution or to a professional (accreditation fee or registration fee such as fee for FMGE screening test) so as to authorise them to provide their respective services.
- (3) For removal of doubts, it is clarified that any authority, board or body set up by the Central Government or State Government including National Testing Agency for conduct of entrance examination for admission to educational institutions shall be treated as educational institution for the limited purpose of providing services by way of conduct of entrance

examination for admission to educational institutions.

(4) Clarifications regarding GST on College Hostel Mess Fees [Circular]

Mess Facility / food and beverage provided by Educational Institution	Exempt
Mess Facility / food and beverage provided by anyone other than Educational Institution	Taxable

- (5) [Circular] Anganwadi provides pre-school non - formal education. Anganwadi is covered by the definition of educational institution (as pre-school). Hence, serving of food to anganwadi and Schools under Mid-Day Meals Scheme shall also be covered by the exemption, whether sponsored by government or through donation from corporates.



- (6) [Circular] The exemption is wide enough to cover the amount or fee charged for admission or entrance, or amount charged for application fee for entrance, or the fee charged from prospective students for issuance of eligibility certificate to them in the process of their entrance/admission to the educational institution. Services supplied by an educational institution by way of issuance of migration certificate to the leaving or ex- students are also covered by the exemption.

(7) Applicability of GST on various programmes conducted by the Indian Institutes of Management (IIMs) [Circular]

All long duration programs (one year or more) conferring degree/ diploma including one- year Post Graduate Programs for Executives are exempt from GST. And, all short duration executive development programs or need based specially designed programs (less than one year) which are not a qualification recognized by law are not exempt from GST.

(8) Applicability of GST exemption to the Directorate General of Shipping approved maritime courses conducted by Maritime Training Institutes of India [Circular]

The Maritime Training Institutes and their training courses are approved by the Director General of Shipping which are duly recognised by law. Therefore, the Maritime Institutes are educational institutions under GST Law and the courses conducted by them are exempt from levy of GST.




- 2 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 school.

3 Any services provided by, -

- the National Skill Development Corporation (NSDC) set up by the Government of India;
- a Sector Skill Council (SSC) approved by the NSDC;
- an assessment agency approved by the SSC or the NSDC;
- a training partner approved by the NSDC or the SSC, in relation to -
 - the National Skill Development Programme implemented by the NSDC; or
 - a vocational skill development course under the National Skill Certification and Monetary

	Reward Scheme; or (iii) any other Scheme implemented by the NSDC.
4	Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY) implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training.
5	Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.
6	Services provided to the Central Government, State Government, Union territory administration under any training programme for which 75% or more of the total expenditure is borne by the Central Government , State Government or Union territory. [Circular] Services provided by any coaching institutions/ NGOs under the central scheme of 'Scholarships for students with Disabilities' where total expenditure is borne by the Government is covered under exemption and hence, exempt from GST.
7	Services by way of training or coaching in - (i) recreational activities relating to arts or culture, by an individual, or (ii) sports by charitable entities registered u/s 12AA or 12AB of the Income-tax Act.

Entertainment and Sports Related Services

1.	Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo.
2.	Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act 1958 or any of the State Acts, for the time being in force. 
3.	Services by way of right to admission to - (a) circus, dance, or theatrical performance including drama or ballet; (b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event; (c) recognised sporting event; (d) planetarium, where the consideration for right to admission to the events or places as referred to in items (a), (b), (c) or (d) above is not more than Rs. 500 per person. 
4.	Services by an artist by way of a performance in folk or classical art forms of- (a) music, or (b) dance, or (c) theatre, 

if the consideration charged for such performance is not more than Rs. 1,50,000/-. However, the exemption shall **not apply** to service provided by such artist as a **brand ambassador**.

Note : In case, where consideration charged for such service is Rs. 1,51,000/-, then, GST would be chargeable and it will be charged on entire Rs. 1,51,000/-.

5. Services provided by a **tour operator to a foreign tourist** in relation to a tour conducted **wholly outside India**.

6. **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**.

The value of the tour operator service performed outside India shall be such proportion of the total consideration charged for the entire tour which is equal to the proportion which the number of days for which the tour is performed outside India has to the total number of days comprising the tour, or 50% of the total consideration charged for the entire tour, whichever is less.

Further, in making the above calculations, any duration of time equal to or exceeding 12 hours shall be considered as 1 full day and any duration of time less than 12 hours shall be taken as half a day.

Illustration: A tour operator provides a tour operator service to a foreign tourist as follows: 2.5 days in India, 3 days in Nepal; Consideration charged for the entire tour = Rs. 1,00,000/-

Exemption: Rs. 54,545 (Rs. 1,00,000/- x 3/5.5) or, Rs. 50,000/- (50% of Rs. 1,00,000/-), whichever is less, i.e. Rs. 50,000/- (Taxable value: Rs. 50,000/-).

7. Services provided to a **recognised sports body** by -

(a) an individual as a **player, referee, umpire, coach or team manager** for participation in a sporting event organised by a recognized sports body;

(b) **another recognised sports body**.



8. Services by way of **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.

Transportation Related Services	
1.	<p>Service of transportation of passengers, with or without accompanied belongings, by –</p> <p>(a) railways in a class other than –</p> <p style="padding-left: 20px;">(i) first class; or</p> <p style="padding-left: 20px;">(ii) 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 (i.e. battery operated rickshaws)]. [However, nothing contained in item (e) shall apply to services supplied through an electronic commerce operator, and notified u/s 9(5) of the CGST Act, 2017]</p> <p>Clarification on Applicability of GST on tickets of private ferry used for passenger transportation from one island to another in Andaman and Nicobar Islands [Circular]</p> <p>The expression 'public transport' used in the exemption notification only means that the transport should be open to public. It can be privately or publicly owned. Only exclusion is on transportation which is predominantly for tourism, such as services which may combine with transportation, sightseeing, food and beverages, music, accommodation such as in shikara, cruise, etc.</p>
2.	<p>Transport of passengers, with or without accompanied belongings, 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 electronic commerce operator, and notified u/s 9(5) of CGST Act, 2017.</p> <p>[Circular] The exemption covered under clause (b) of above entry no. 15 would apply to passenger transportation services by non-air conditioned contract carriages where according to explanatory notes, transportation takes place over pre-determined route on a pre-determined schedule. The exemption shall not be applicable where contract carriage is hired for a period of time, during which the contract carriage is at the disposal of the service recipient and the recipient is thus free to decide the manner of usage (route and schedule). Therefore, hiring of Non-A.C. Contract Carriages by firms for transportation of their employees to and from work is not exempt.</p>
3.	<p>Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a Regional Connectivity Scheme</p>

	<p>airport, against consideration in the form of viability gap funding.</p> <p>However, nothing contained in this entry shall apply on or after the expiry of a period of 3 years from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.</p>
4.	<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>[Circular] Renting of trucks and other freight vehicles [such as tippers, dumpers, loader, trucks, etc.] with driver for a period of time is a service of renting of transport vehicles with operator and not service of transportation of goods by road and hence, it is not eligible for aforesaid exemption. Therefore, transport of minerals within a mining area, say from mining pit head to railway siding, beneficiation plant etc., by vehicles deployed with driver for a specific duration of time is taxable under GST.</p>
5.	<p>Satellite launch services supplied by Indian Space Research Organisation (ISRO), Antrix Corporation Limited or New Space India Limited.</p> <p>Analysis of Amendment: W.e.f. 27.07.2023, the exemption to Satellite launch services has been extended to all the organisations including private organisations to encourage start-ups.</p>
6.	<p>Services by way of transportation by rail or a vessel from one place in India to another of the following goods-</p> <p>(a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;</p> <p>(b) defence or military equipments;</p> <p>(c) newspaper or magazines registered with the Registrar of Newspapers;</p> <p>(d) railway equipments or materials;</p> <p>(e) agricultural produce;</p> <p>(f) milk, salt and food grain including flours, pulses and rice; and</p> <p>(g) organic manure.</p>
7.	<p>Services provided by a goods transport agency (GTA), by way of transport in a goods carriage of-</p> <p>(a) agricultural produce;</p> <p>(b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed Rs. 1,500;</p> <p>(c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed Rs. 750;</p>

	<p>(d) milk, salt and food grain including flour, pulses and rice;</p> <p>(e) organic manure;</p> <p>(f) newspaper or magazines registered with the Registrar of Newspapers;</p> <p>(g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or</p> <p>(h) defence or military equipments.</p>
8.	<p>Services provided by a GTA, to an unregistered person, including an unregistered casual taxable person, other than the following recipients, namely :</p> <p>(a) any factory registered under Factories Act; or</p> <p>(b) any society registered under Societies Registration Act; or</p> <p>(c) any co-operative society; or</p> <p>(d) any body corporate; or</p> <p>(e) any partnership firm whether registered or not under any law including AOP; and</p> <p>(f) any casual taxable person registered under GST.</p>
9.	<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 Central Government or State Government or Union territory; or</p> <p>(b) local authority; or</p> <p>(c) Governmental agencies,</p> <p>which has taken registration under GST only for the purpose of deducting tax (TDS) u/s 51 and not for making a taxable supply of goods or services.</p>
10.	<p>Supply of services associated with transit cargo to Nepal & Bhutan (landlocked countries). [Eg. Transportation Services by any mode, Transit Insurance, Cargo Handling Services, etc. are covered here]</p> <p>[Circular]: It is clarified that the aforesaid exemption covers services associated with transit cargo both <u>to and from</u> Nepal and Bhutan. Therefore, transportation of empty containers returning to India from Nepal and Bhutan, after delivery of goods there, is also covered by this exemption.</p>
11.	<p>Services by way of giving on hire -</p> <p>(a) to a state transport undertaking, a motor vehicle meant to carry more than 12 passengers; or</p> <p>(aa) to a local authority, an Electrically operated vehicle meant to carry more than 12 passengers; or</p> <p>(b) to a goods transport agency, a means of transportation of goods; or</p>

(c) motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to school.

Analysis :

(i) For e.g., if a bus is given on hire to a state transport undertaking, then, GST is exempted on the hire charges.

(ii) Similarly, if a truck is given on hire to a GTA, then, GST is exempted on the hire charges.

Renting of vehicles to State Transport Undertakings and Local Authorities [Circular]

The term "giving on hire" includes "renting of vehicles", because, As per Schedule II of CGST Act, supply of any goods without transfer of title is supply of service even if right to use is transferred. Therefore, services where the vehicles are rented or given on hire to State Transport Undertakings or Local Authorities are eligible for the exemption irrespective of whether such vehicles run on routes, timings as decided by the State Transport Undertakings or Local Authorities and under effective control of State Transport Undertakings or Local Authorities which determines the rules of operation or plying of vehicles.

12. Service by way of access to a road or a bridge on payment of toll charges.

[Circular] Overloading charges at toll plazas would get the same treatment as given to toll charges and hence, will be exempt from GST.

[Circular] The additional amount collected from the users of the road (vehicle) not having a functional Fastag, is in the nature of Toll Charges and hence, will be exempt from GST.

13. Services by way of granting National Permit to a goods carriage to operate through-out India/contiguous States.

Construction Related Services

1. 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.

2. Services provided by way of 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 or Pradhan Mantri Awas Yojana.

3. Supply of Transfer of Development Rights (TDR), Floor Space Index (FSI) including additional FSI, Long Term Lease (premium, salami, cost, price, development charges or by any other name) 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.

Exemption of TDR, FSI, long term lease (premium, salami, cost, price, development charges or by any other name) shall be withdrawn in case of flats sold after issue of completion certificate,

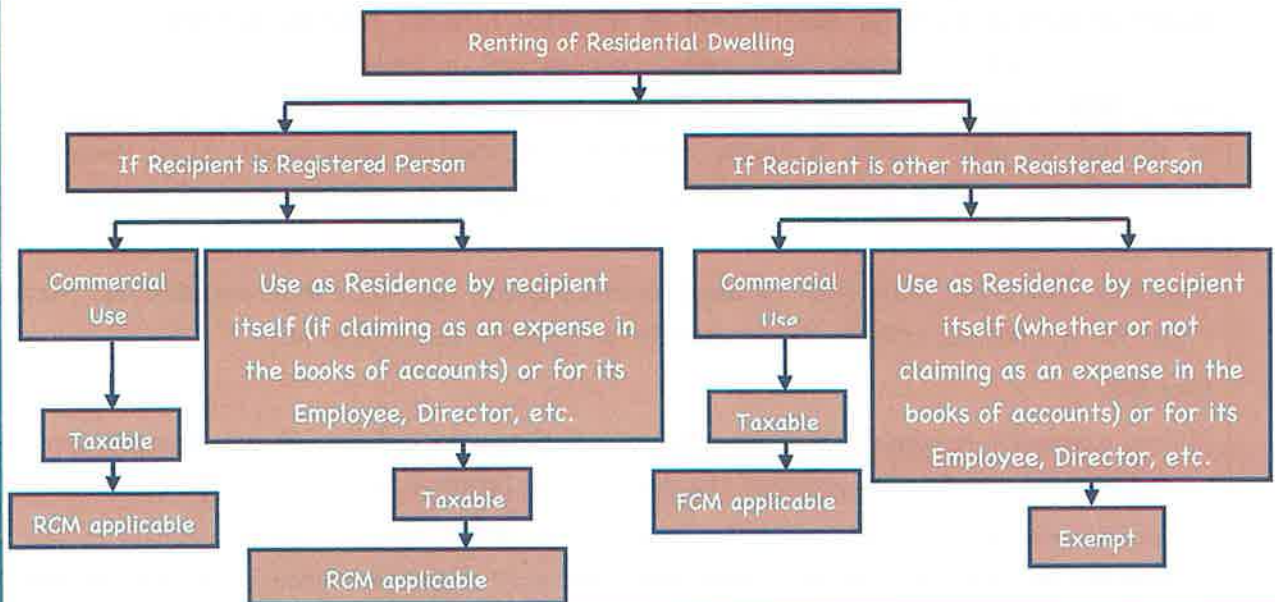
but such withdrawal shall be limited to 1% of value in case of affordable houses and 5% of value in case of other than affordable houses.

Renting of Immovable Property Related Services

- 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, –

- 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
- such renting is on his own account and not that of the proprietorship concern.



- ~~Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having Value of supply of a unit of accommodation below or equal to Rs. 1,000 per day or equivalent.~~

Analysis :

- Services by a hotel, inn, guest house, club or campsite, by whatever name called (including Hostel, Dharmshala, Ashram, etc.), for residential or lodging purposes are made taxable, irrespective of the value of supply per day per room.
- However, services by way of renting of rooms located within the precincts of a religious place are still exempt from GST, if room rent is below Rs. 1,000 per day per room (Discussed in next entry).

- Services by a person by way of –

- conduct of any **religious ceremony**;
- renting of precincts of a religious place** meant for general public, owned or managed by an

entity registered as a charitable or religious trust u/s 12AA or 12AB of the Income-tax Act, 1961 or a trust or an institution registered u/s 10(23C)(v) of the Income-tax Act or a body or an authority covered u/s 10(23BBA) of the said Income-tax Act.

However, nothing contained in entry (b) of this exemption shall apply to -

- (i) renting of **rooms** where charges are **Rs. 1,000 or more per day.**
- (ii) renting of premises, **community halls**, kalyan mandapam or open area, and the like where charges are **Rs. 10,000 or more per day.**
- (iii) renting of **shops** or other spaces for business or commerce where charges are **Rs. 10,000 or more per month.**

4. **Upfront amount** (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting **long term lease of 30 years, or more of industrial plots or 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 Central Government, State Government, Union territory directly or through an entity which is wholly owned by the Central government, State Government or Union territory to the industrial units or the developers in any industrial or financial business area.

Condition: The leased plots shall be used for the purpose for which they are allotted, that is, for industrial or financial activity in an industrial or financial business area.

Analysis:

- (i) This exemption is admissible irrespective of whether such upfront amount is payable or paid in one or more instalments, provided the amount is determined upfront. [Circular]
- (ii) Location charges or preferential location charges (PLC) paid upfront in addition to the lease premium for long term lease of land constitute part of upfront amount charged for long term lease of land and are eligible for the same tax treatment, and thus eligible for the above exemption. [Circular]

Government Related Services

1. **Services by Government :** Services by the Central Government, State Government, Union territory or local authority **excluding** the following services -
- (a) services by the **Department of Posts and the Ministry of Railways (Indian Railways);**
 - (b) services in relation to an **aircraft or a vessel**, inside or outside the precincts of a port or an airport;
 - (c) **transport of goods or passengers;** or
 - (d) **any service, other than services covered under entries (a) to (c) above, provided to business entities.**



[Entry No. 6 of NN. 12/2017 CT (R)]	
2.	Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams).
3.	<p>Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to such amount in the preceding financial year as makes it eligible for exemption from registration under GST.</p> <p>Explanation : For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to following services :</p> <p>(i) Clauses (a), (b) and (c) of Entry 6 above.</p> <p>(ii) Services by way of renting of immovable property.</p> <p>Analysis :</p> <p>Since, all the services by government or local authority to a business entity are taxable (further, these are chargeable under Reverse Charge Mechanism), therefore, by making this entry in exemption list, Government has excluded small business from the purview of GST.</p>
4.	<p>Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed Rs. 5,000.</p> <p>However, nothing contained in this entry shall apply to services referred in Clause (a), (b) and (c) of Entry 6 above.</p> <p>Further, in case where continuous supply of service is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed Rs. 5,000 in a F.Y.</p>
5.	<p>Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority.</p> <p>However, nothing contained in this entry shall apply to services referred in clauses (a), (b) and (c) of Entry 6 above.</p>
6.	Services provided by the Central Government, State Government, Union territory or local authority by way of issuance of passport, visa, driving licence, birth certificate or death certificate.
7.	<p>Services provided by the Central Government, State Government, Union territory or local authority by way of -</p> <p>(a) registration required under any law for the time being in force;</p> <p>(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.</p> <p>GST applicability on Seed Certification Tags [Circular] Seed testing and certification is a multi-stage process and qualifies as composite supply of seed testing and certification, which is exempt.</p>
8.	Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India [FSSAI] to Food Business Operators.

9.	Services by the Employees' State Insurance Corporation [ESIC] to persons governed under the Employees' State Insurance Act, 1948.
10.	Services provided by the Employees Provident Fund Organisation [PF] to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952.
11.	Services by Coal Mines Provident Fund Organisation to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948.
12.	Services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee.
13.	Services provided by the Insurance Regulatory and Development Authority [IRDA] of India to insurers under the Insurance Regulatory and Development Authority of India Act, 1999.
14.	Services provided by the Securities and Exchange Board of India [SEBI] set up under the Securities and Exchange Board of India Act, 1992 by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.
15.	Services provided by the National Centre for Cold Chain Development under the Ministry of Agriculture, Co-operation and Farmer's Welfare by way of cold chain knowledge dissemination.
16.	Services by way of providing information under the Right to Information Act, 2005 [RTI].
17.	Services by way of granting National Permit to a goods carriage to operate through-out India/contiguous States.
18.	<p>Services by governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243W of the Constitution.</p> <p>Note : "Governmental Authority" means an authority or a board or any other body -</p> <p>(i) set up by an Act of Parliament or a State Legislature; or</p> <p>(ii) established by any Government,</p> <p>with 90% or more participation by way of equity or control, to carry out any function entrusted to a municipality under article 243W of the Constitution or to a Panchayat under article 243G of the Constitution.</p>
19.	Services by a Governmental Authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.
20.	<p>Supply of service by a Government Entity to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants.</p> <p>Note : "Government Entity" means an authority or a board or any other body including a society, trust, corporation,</p> <p>(i) set up by an Act of Parliament or State Legislature; or</p> <p>(ii) established by any Government,</p>

	with 90% or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority.
21.	Services provided by the Central Government, State Government, Union territory 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 .
22.	Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.
23.	Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.
24.	Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.
25.	Services by an old age home run by Central Government, State Government or by an entity registered u/s 12AA or 12AB of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto Rs. 25,000/- per month per member , provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.
26.	Services supplied by a State Government to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders. However, if the GST deposited by mining lease holders on royalty is < GST exempted for ERCC, then, the exemption shall be restricted to such amount as is equal to the GST paid by the mining lease holder and ERCC shall liable to pay difference amount of GST.
27.	Transmission or distribution of electricity by an electricity transmission or distribution utility.
28.	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 or agriculturalist for agricultural use.
29.	Services by a foreign diplomatic mission located in India .
30.	Services by a specified organisation in respect of a religious pilgrimage facilitated by the Government of India under bilateral arrangement. Note : 'Specified organisation' shall mean, - <ul style="list-style-type: none"> • Kumaon Mandal Vikas Nigam Limited, a Government of Uttarakhand Undertaking; or • 'Committee' or 'State Committee' as defined in section 2 of the Haj Committee Act, 2002.
31.	Pure services provided to Government: <ul style="list-style-type: none"> • Pure services (excluding works contract service or other composite supplies involving supply of any goods)

	<ul style="list-style-type: none"> provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity: <ul style="list-style-type: none"> in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution
32.	<p>Composite supply provided to Government:</p> <ul style="list-style-type: none"> Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity: <ul style="list-style-type: none"> in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution. <p>[Circular] If sanitation and conservancy services (covered under articles 243W & 243G) are supplied to Indian Army or any other Government Ministry/Department, in the same manner as a local authority does for the general public, then, the same will be eligible for aforesaid exemption. Otherwise, it will be chargeable to GST.</p> <p>[Circular] Supply of pure services and composite supplies by way of horticulture / horticulture works (where the value of goods constitutes not more than 25% of the total value of supply) made to Central Public Works Department (CPWD) are eligible for aforesaid exemption from GST as these activities are also covered under Article 243G and 243W of the constitution.</p>
33.	<p>Services provided <u>to a Governmental Authority</u> by way of -</p> <p>(a) Water supply; (b) Public health; (c) Sanitation conservancy; (d) Solid waste management; and (e) Slum improvement and upgradation.</p> <p>[Circular] District Mineral Foundations Trusts (DMFTs) set up by the State Governments are Governmental Authorities and thus eligible for the same exemptions from GST as available to any other Governmental Authority.</p>
34.	<p>Services provided to the Central Government, State Government or Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government or Union territory.</p>
35.	<p>Services provided to the Central Government, State Government, Union territory administration under any training programme for which 75% or more of the total expenditure is borne by the Central Government, State Government or Union territory.</p>
36.	<p>Services provided to the Central Government, by way of transport of passengers with or without</p>

	<p>accompanied belongings, by air, embarking from or terminating at a Regional Connectivity Scheme airport, against consideration in the form of viability gap funding.</p> <p>However, nothing contained in this entry shall apply on or after the expiry of a period of 3 years from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.</p>
37.	Service provided by Fair Price Shops to Central Government, State Government or Union Territory by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System (PDS) against consideration in the form of commission or margin .
38.	Taxable services, provided or to be provided, by a Technology Business Incubator (TBI) or a Science and Technology Entrepreneurship Park (STEP) recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio-incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.
39.	<p>Services provided by an incubatee up to a total turnover of Rs. 50 lakh in a financial year subject to the following conditions, namely :</p> <p>(a) the total turnover had not exceeded Rs. 50 lakh during the preceding financial year; and</p> <p>(b) a period of 3 years has not elapsed from the date of entering into an agreement as an incubatee.</p> <p>Notes : 'Incubatee' means an entrepreneur located within the premises of a TBI or STEP.</p>

Analytical Note : Services provided by Police or security agencies of Government to PSUs/corporate entities/sports events held by private entities are not exempt from GST.

Further, recipients are required to pay the tax under reverse charge mechanism on the amount of consideration paid to Government for such supply of services.

[Circular] Accommodation services provided by Air Force Mess and other similar messes, such as, Army mess, Navy mess, Paramilitary and Police forces mess to their personnel or any person other than a business entity are covered by Sl. No. 6 of exemption notification, provided the services supplied by such messes qualify to be considered as services supplied by Central Government, State Government, Union Territory or local authority.

Banking Related Services	
1.	Services by the Reserve Bank of India.
2.	Services received by the RBI, from outside India in relation to management of foreign exchange reserves.
3.	<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 authorized dealers of foreign exchange or amongst banks and such</p>



dealers.

Note: The services in the case of the **Credit Card** are by way of levy of issuing charges or the commission charged from merchants, etc. The interest charged for failure to pay due amount at the due date have been specifically excluded from this exemption entry. Therefore, these are **taxable**.

Applicability of GST on additional / penal interest [Circular]


Penal Interest charged for delay in making payment of value of goods or services or both	Penal Interest is included in value of Supply for Charging GST
Penal Interest charged in respect of loan account	Not Taxable

4. Services provided by a banking company to **Basic Saving Bank Deposit (BSBD) account** holders under **Pradhan Mantri Jan Dhan Yojana (PMJDY)**.
5. Services by an acquiring bank, to any person in relation to settlement of an amount **upto Rs. 2,000/-** in a **single transaction** transacted through **credit card**, debit card, charge card or other payment card service.
6. Services by the following persons in respective capacities -
 - (a) **business facilitator** or a **business correspondent** to a banking company with respect to accounts in its **rural area** branch;
 - (b) any person as an **intermediary** to a **business facilitator** or a **business correspondent** with respect to services mentioned in entry (a); or
 - (c) **business facilitator** or a **business correspondent** to an **insurance company** in a **rural area**.

Insurance Related Services

1. Services of **general insurance business** provided under following schemes -
 - (a) Hut Insurance Scheme;
 - (b) Cattle Insurance under Swarnajayanti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme);
 - (c) Scheme for Insurance of Tribals;
 - (d) Janata Personal Accident Policy and Gramin Accident Policy;
 - (e) Group Personal Accident Policy for Self-Employed Women;
 - (f) Agricultural Pumpset and Failed Well Insurance;
 - (g) Premia collected on export credit insurance;
 - (h) Restructured Weather Based Crop Insurance Scheme (RWCIS), approved by the Government of India and implemented by the Ministry of Agriculture;
 - (i) Jan Arogya Bima Policy;
 - (j) Pradhan Mantri Fasal Bima Yojana (PMFBY);
 - (k) Pilot Scheme on Seed Crop Insurance;
 - (l) Central Sector Scheme on Cattle Insurance;
 - (m) Universal Health Insurance Scheme;



	<p>(n) Rashtriya Swasthya Bima Yojana;</p> <p>(o) Coconut Palm Insurance Scheme;</p> <p>(p) Pradhan Mantri Suraksha Bima Yojna;</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 [Under this scheme, the West Bengal Government will provide crop insurance coverage to farmers, especially for the Kharif season crops].</p>
2.	<p>Services of life insurance business provided 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, having maximum amount of cover of Rs. 2,00,000/-;</p> <p>(d) Varishtha Pension Bima Yojana;</p> <p>(e) Pradhan Mantri Jeevan Jyoti Bima Yojana;</p> <p>(f) Pradhan Mantri Jan Dhan Yojana;</p> <p>(g) Pradhan Mantri Vaya Vandana Yojana.</p>
	
3.	Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government , State Government, Union territory.
4.	Services by way of reinsurance of the insurance schemes specified in above 3 entries.
5.	Services by way of collection of contribution under the Atal Pension Yojana .
6.	Services by way of collection of contribution under any pension scheme of the State Governments .
7.	Services of life insurance business provided by way of annuity under the National Pension System regulated by the Pension Fund Regulatory and Development Authority of India under the Pension Fund Regulatory and Development Authority Act, 2013.
8.	Services of life insurance business provided or agreed to be provided 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 the Central Government.
9.	Services of life insurance provided or agreed to be provided by the Naval Group Insurance Fund to the personnel of Coast Guard under the Group Insurance Schemes of the Central Government.
10.	Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force.
11.	Services by the Employees' State Insurance Corporation [ESIC] to persons governed under the Employees' State Insurance Act, 1948.
12.	Services provided by the Insurance Regulatory and Development Authority [IRDA] of India to

	insurers under the Insurance Regulatory and Development Authority of India Act, 1999.
13.	Services by the business facilitator or a business correspondent to an insurance company in a rural area.

Miscellaneous Services	
1.	Services by way of transfer of a going concern , as a whole or an independent part thereof.
2.	<p>Services provided by-</p> <p>(a) an arbitral tribunal to -</p> <p>(i) any person other than a business entity; or</p> <p>(ii) 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 GST; or</p> <p>(iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;</p> <p>(b) a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to -</p> <p>(i) an advocate or partnership firm of advocates providing legal services;</p> <p>(ii) any person other than a business entity; or</p> <p>(iii) 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 GST; or</p> <p>(iv) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;</p> <p>(c) a senior advocate by way of legal services to -</p> <p>(i) any person other than a business entity; or</p> <p>(ii) 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 GST; or</p> <p>(iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.</p>
3.	Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India.
4.	Services of public libraries by way of lending of books , publications or any other knowledge-enhancing content or material.
5.	Services by an organiser to any person in respect of a business exhibition held outside India .
6.	<p>Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution -</p> <p>(a) as a trade union;</p> <p>(b) for the provision of carrying out any activity which is exempt from the levy of Goods and Services Tax; or</p>

(c) up to an amount of **Rs. 7,500 per month per member** for sourcing of goods or services from a third person for the common use of its members in a **housing society** or a residential complex.

Issues related to GST on monthly subscription /contribution charged by a RWA from its members [Circular]

Sl.	Issue	Clarification		
		Annual turnover of RWA	Monthly maintenance charge	Whether exempt?
1.	A RWA has aggregate turnover of Rs. 20 lakh or less in a financial year. Is it required to take registration and pay GST on maintenance charges if the amount of such charges is more than Rs. 7500/- per month per member?	More than Rs. 20 lakhs	More than Rs. 7500/-	No
			Rs. 7500/- or less	Yes
		Rs. 20 lakhs or less	More than Rs. 7500/-	Yes
			Rs. 7500/- or less	Yes
2.	Is the RWA entitled to take ITC of GST paid on goods and services used by it for making taxable supplies to its members ?	RWAs are entitled to take ITC of GST paid by them on capital goods (generators, water pumps, lawn furniture etc.), inputs (taps, pipes, other sanitary/hardware fillings etc.) and input services (such as repair and maintenance services).		
3.	Where a person owns 2 or more flats in the housing society, whether the ceiling of Rs. 7500/- per month per member shall be applied per residential apartment or per person?	The ceiling of Rs. 7500/- per month per member shall be applied separately for each residential apartment owned by him.		
4.	How should the RWA calculate GST payable where the maintenance charges exceed Rs. 7500/- per month per member?	In case the charges exceed Rs. 7500/- per month per member, the entire amount is taxable. For example, if the maintenance charges are Rs. 9000/- per month per member, GST shall be payable on the entire amount of Rs. 9000/- and not on [Rs. 9000 – Rs. 7500] = Rs. 1500/- .		

7. Services provided by an **unincorporated body** or a **non-profit entity** registered under any law for the time being in force, engaged in,-

- (i) activities relating to the welfare of **industrial or agricultural labour or farmers**; or
- (ii) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee upto an amount of one thousand

rupees (Rs 1000/-) per member per year.

Clarification on whether GST is applicable on reimbursement of electricity charges received by real estate companies, malls, airport operators, etc. from their lessees / occupants [Circular]

Issue: Applicability of GST on supply of electricity by the real estate companies, malls, airport operators, etc., to their lessees or occupants.

Clarification: It is clarified that whenever electricity is being supplied bundled with renting of immovable property and/or maintenance of premises, it forms a part of composite supply and shall be taxed accordingly. The principal supply is renting of immovable property and/or maintenance of premise and the supply of electricity is an ancillary supply. Even if electricity is billed separately, the supplies will constitute a composite supply and therefore, the rate of the principal supply i.e., GST rate on renting of immovable property and/or maintenance of premise would be applicable.

However, where the electricity is supplied by the Real Estate Owners, Resident Welfare Associations (RWAs), Real Estate Developers etc., as a pure agent, it will not form part of value of their supply. Further, where they charge for electricity on actual basis that is, they charge the same amount for electricity from their lessees or occupants as charged by the State Electricity Boards or DISCOMs from them, they will be deemed to be acting as pure agent for this supply.

8. Services by an intermediary of financial services located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located outside India for international financial services in currencies other than Indian rupees (INR).

Notes :

1. Above services have been exempted from CGST, SGST and IGST by virtue of notifications issued under respective Acts.
2. A "Limited Liability Partnership" formed and registered under the provisions of the Limited Liability Partnership Act, 2008 shall also be considered as a partnership firm or a firm.

Clarification on applicability of GST on payment of Honorarium to the Guest Anchors [Circular]

1. Sansad TV and other TV channels invite guest anchors for participating in their shows and pays remuneration to them in the form of honorarium. Some of the guest anchors have requested payment of GST @ 18% on the honorarium paid to them for such appearances.
2. It is clarified that supply of all goods & services are taxable unless exempt or declared as 'neither a supply of goods nor a supply of service'. Services provided by the guest anchors in lieu of honorarium attract GST liability. However, guest anchors whose aggregate turnover in a financial year does not exceed Rs 20 lakhs (Rs 10 lakhs in case of special category states) shall not be liable to take registration and hence, will not be liable to pay GST.

Clarification on GST applicability on Liquidated Damages, Compensation and Penalty arising out of breach of contract or other provisions of law - [Circular]

1. "Agreeing to the obligation to refrain from an act or to tolerate an act or a situation, or to do an act" has been specifically declared to be a supply of service in para 5(e) of Schedule II of CGST Act if the same constitutes a "supply" within the meaning of Sec. 7 of the Act. The said expression has following three limbs:
 - a. Agreeing to the obligation to refrain from an act: Example of activities that would be covered by this part of the expression would include non-compete agreements, where one party agrees not to compete with the other party in a product, service or geographical area against a consideration paid by the other party.

Another example of such activities would be a builder refraining from constructing more than a certain number of floors, even though permitted to do so by the municipal authorities, against a compensation paid by the neighbouring housing project, which wants to protect its sunlight, or an industrial unit refraining from manufacturing activity during certain hours against an agreed compensation paid by a neighbouring school, which wants to avoid noise during those hours.
 - b. Agreeing to the obligation to tolerate an act or a situation: This would include activities such a shopkeeper allowing a hawker to operate from the common pavement in front of his shop against a monthly payment by the hawker, or an RWA tolerating the use of loud speakers for early morning prayers by a school located in the colony subject to the school paying an agreed sum to the RWA as compensation.
 - c. Agreeing to the obligation to do an act: This would include the case where an industrial unit agrees to install equipment for zero emission/discharge at the behest of the RWA of a neighbouring residential complex against a consideration paid by such RWA, even though the emission/discharge from the industrial unit was within permissible limits and there was no legal obligation upon the individual unit to do so.
2. Agreement to do or refrain from an act should not be presumed to exist: Payments such as liquidated damages for breach of contract, Penalty imposed for violation of laws such as traffic violations, or for violation of pollution norms or other laws, penalties under the mining act for excess stock found with the mining company, forfeiture of salary or payment of amount as per the employment bond for leaving the employment before the minimum agreed period, penalty for cheque dishonor, etc. are not a consideration for tolerating an act or situation. Such amounts are for preventing breach of contract or non-performance and are thus mere 'events' in a contract. Further, such amounts do not constitute payment (or consideration) for tolerating an act, because there cannot be any contract: (a) for breach thereof, or (b) for violation of laws, or (c) for holding more stock than permitted under the mining contract, or (d) for leaving the employment before the agreed minimum period, or (e) for doing something leading to the dishonour of a cheque. Such payments are merely flow of money and are not a consideration for any supply. Hence, such activities will not constitute "supply" and will not be chargeable to GST.
3. Late payment fees or surcharge: The facility of accepting late payments with interest or late payment fee, fine or penalty is a facility granted by supplier naturally bundled with the main supply. Since, it is ancillary to and naturally bundled with the principal supply such as of electricity, water, telecommunication, cooking gas, insurance etc., it should be assessed at the same rate as the principal supply.

4. **Fixed Capacity charges for Power:** The minimum fixed charge or part of it is not a charge for tolerating the act of not scheduling or consuming the minimum the contracted or available capacity or a minimum threshold. Both the components of the price, the minimum fixed charges/capacity charges and the variable/energy charges are charged for sale of electricity and are thus not taxable as electricity is exempt from GST.
5. **Cancellation charges:** The amount forfeited in the case of non-refundable ticket for air travel or security deposit or earnest money forfeited in case of the customer failing to avail the travel, tour operator or hotel accommodation service or such other intended supplies are elements of composite supply and should be assessed at the same rate as applicable to the service contract, say air transport or tour operator service, or other such services.

Clarification on Taxability of No Claim Bonus offered by Insurance Companies - [Circular]

Clarification on issue 1: As per practice prevailing in the insurance sector, the insurance companies deduct No Claim Bonus from the gross insurance premium amount, when no claim is made by the insured person during the previous insurance period(s). The customer/insured procures insurance policy to indemnify himself from any loss/ injury as per the terms of the policy, and is not under any contractual obligation not to claim insurance claim during any period covered under the policy, in lieu of No Claim Bonus.

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

Clarification on issue 2 : The insurance companies make the disclosure of the fact of availability of discount in form of No Claim Bonus, subject to certain conditions, to the insured in the insurance policy document itself and also provide the details of the no claim Bonus in the invoices also. The pre-disclosure of NCB amount in the policy documents and specific mention of the discount in form of No Claim Bonus in the invoice is in consonance with the conditions laid down for deduction of discount from the value of supply under section 15(3)(a) of the CGST Act.

It is, therefore, clarified that No Claim Bonus (NCB) is a permissible deduction under section 15(3)(a) of the CGST Act for the purpose of calculation of value of supply of the insurance services provided by the insurance company to the insured and GST shall be leviable on actual Net insurance premium payable.

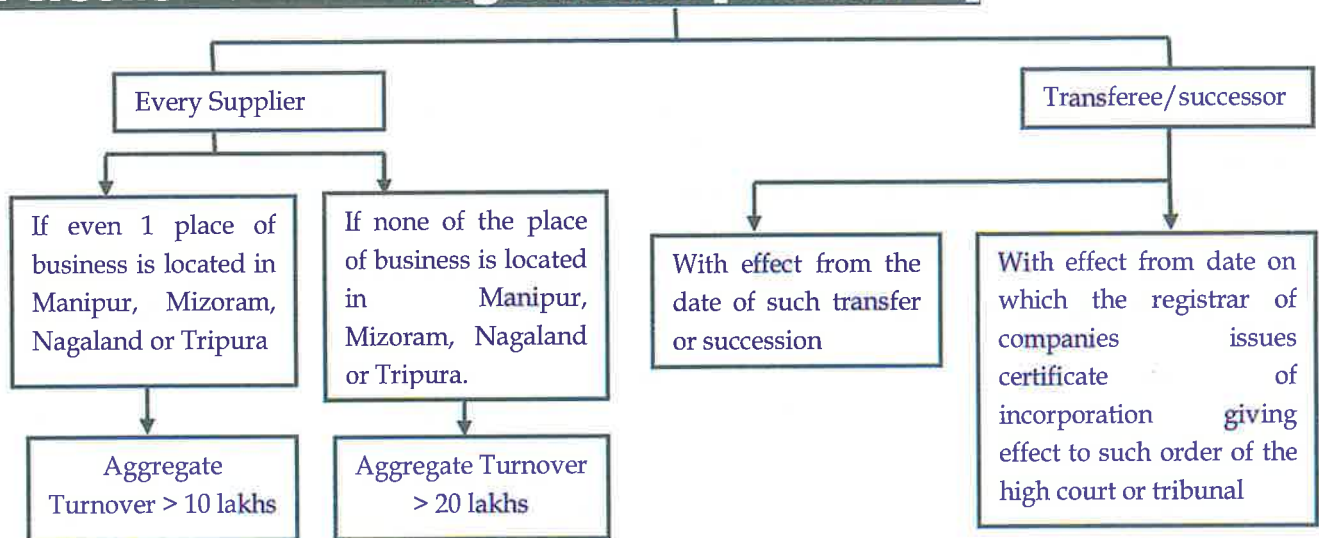
**“Don't limit your challenges,
challenge your limits.”**

REGISTRATION

CHAPTER

10

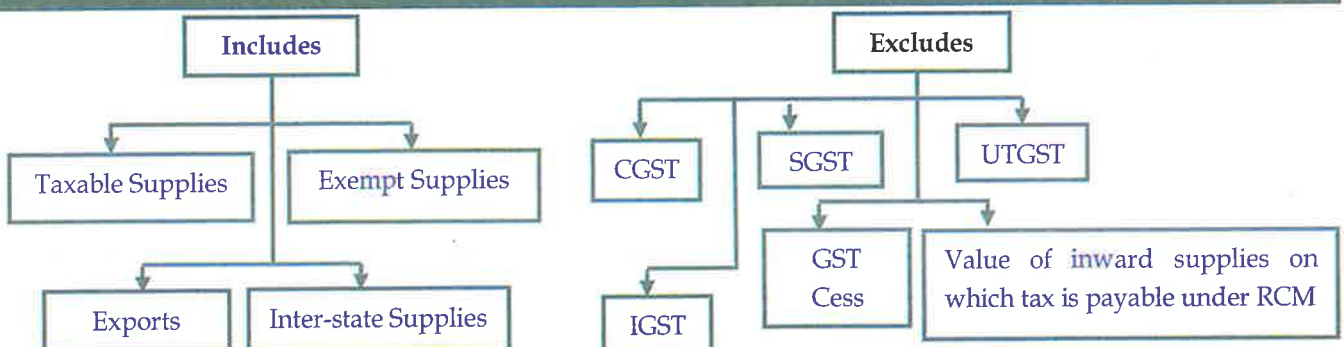
Persons Liable For Registration [Section 22]



Notes:

- Registration required only for a place of business from where taxable supply takes place: A person is required to obtain registration with respect to his each place of business in India from where a taxable supply has taken place. However, a supplier is not liable to obtain registration in those states from where he is exclusively supplying of goods or services or both which are not taxable/exempt under GST.
- If no taxable supply is made from the place of business located in Manipur, Mizoram, Nagaland or Tripura, then, the aggregate limit for registration shall be Rs. 20 lakhs (Not Rs. 10 lakhs).

Aggregate Turnover



- To be Computed on all India basis of persons having same PAN

Compulsory Registration In Certain Cases [Section 24]

Statutory Provisions	
Sec. 24	Compulsory registration in certain cases
Notwithstanding anything contained in sub-section (1) of section 22, the following categories of persons shall be required to be registered under this Act, -	
(i)	persons making any inter-State taxable supply (also refer Note 1);
(ii)	casual taxable persons making taxable supply;
(iii)	persons who are required to pay tax under reverse charge;
(iv)	person who are required to pay tax u/s 9(5);
(v)	non-resident taxable persons making taxable supply;
(vi)	persons who are required to deduct TDS u/s 51, whether or not separately registered under this Act;
(vii)	persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;
(ix)	persons who supply goods or services or both, other than supplies specified u/s 9(5), through such ECO who is required to collect TCS u/s 52; [Also refer notes 2 & 3]
(x)	every ECO who is required to collect TCS u/s 52;



ANALYTICAL VIEW OF THE TOPIC

Notes :

- (1) In exercise of the powers conferred by Sec. 20 of IGST Act read with Sec. 23(2) of the CGST Act, the Central Government, on the recommendation of the council, has exempted the persons making inter-state supplies of taxable services and having an aggregate turnover, to be computed on all India basis, not exceeding Rs. 20 lakhs in a financial year from obtaining registration under GST Act. [Aggregate turnover limit is Rs. 10 lakhs, in case of Manipur, Mizoram, Nagaland and Tripura.]
- (2) Persons making supplies of services through an ECO who is required to collect TCS u/s 52, and having an aggregate turnover upto Rs. 20 lakhs in a financial year are exempted from obtaining registration under GST. [Aggregate turnover limit is Rs. 10 lakhs in the States of Manipur, Mizoram, Nagaland and Tripura.]
- (3) Persons making supplies of goods through an ECO who is required to collect TCS u/s 52, and having an aggregate turnover upto Rs. 20 lakhs in the preceding & current financial year, are exempted from obtaining registration under GST. [Aggregate turnover limit is Rs. 10 lakhs in the States of

Manipur, Mizoram, Nagaland and Tripura.] But, this exemption is subject to the following conditions, namely :

- (i) Such persons shall not make any inter-State supply of goods;
 - (ii) Such persons shall not make supply of goods through ECO in more than one State or Union territory;
 - (iii) Such persons shall be required to have a PAN issued under the Income Tax Act, 1961;
 - (iv) Such persons shall, before making any supply of goods through ECO, declare on the common portal their PAN, address of their place of business and the State or Union territory in which such persons seek to make such supply, which shall be subjected to validation on the common portal;
 - (v) Such persons have been granted an enrolment number on the common portal on successful validation of the PAN declared as per clause (iv);
 - (vi) Such persons shall not be granted more than one enrolment number in a State or Union territory;
 - (vii) No supply of goods shall be made by such persons through ECO unless such persons have been granted an enrolment number on the common portal; and
 - (viii) Where such persons are subsequently granted registration u/s 25 of the said Act, the enrolment number shall cease to be valid from the effective date of registration.
- (4) Government has exempted Casual Taxable Persons & other persons making inter-state supplies of [notified handicraft goods, and other notified products when made by craftsmen predominantly by hand even though some machinery may also be used in the process] and having an aggregate turnover, to be computed on all India basis, not exceeding Rs. 20/Rs. 10 lakhs in a financial year, from obtaining registration under GST Act. But, these persons should have obtained a PAN and have generated an e-way bill.

CONCEPT OF TAXABLE PERSON

Taxable person means a person who is registered or liable to be registered u/s 22 or 24.

From the definition of 'taxable person' provided above, it may be inferred that even an unregistered person who is liable to be registered is a taxable person. Similarly, a person not liable to be registered, but has taken voluntary registration and got himself registered is also a taxable person.

10.5 Persons Not Liable For Registration [Section 23]

1. Persons not liable for registration u/s 23(1):

- (i) Person engaged exclusively in supplying goods/services/both **not liable to tax**
- (ii) Person engaged exclusively in supplying goods/services/both **wholly exempt from tax**
- (iii) **Agriculturist** to the extent of supply of produce out of cultivation of land



2. **Specified category of persons** notified by the Government who are exempted from obtaining registration u/s 23(2)

(i) **Persons making only reverse charge supplies**

(ii) Any person, who is engaged exclusively in supply of goods and whose aggregate turnover in the financial year does not exceed Rs. 40 lakhs is exempted from obtaining registration, except, -

- (a) persons required to take compulsory registration u/s 24 of the said Act;
- (b) persons engaged in making supplies of Ice cream and other edible ice, whether or not containing cocoa; Pan masala; Tobacco & manufactured tobacco substitutes; Fly ash bricks; fly ash aggregates; Fly ash blocks; Bricks of fossil meals or similar siliceous earths; Building bricks; or Earthen or roofing tiles.
- (c) persons engaged in making intra-State supplies in the States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura, Uttarakhand [TMMNA AUSM TP]; and
- (d) persons opting for Voluntary Registration, or such registered persons who intend to continue with their registration under GST.

Explanation.- For the this purpose, a person shall be considered to be engaged **exclusively in the supply of goods even if** he is engaged in exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of **interest** or discount.

States with threshold limit of Rs. 10 lakh for both goods and services	Manipur, Mizoram, Nagaland, Tripura [only 4 States]
States with threshold limit of Rs. 20 lakh for both goods and services	Arunachal Pradesh, Meghalaya, Sikkim, Uttarakhand, Puducherry, Telangana [only 6 States]
States with threshold limit of Rs. 20 lakh for services and Rs. 40 lakh for goods**	Jammu & Kashmir, Assam, Himachal Pradesh, All other States

Procedure For Registration [Sections 25, 26 and 27]

■ **Where and by when to apply for registration? [Section 25(1)]**

Particulars	When	Where
Person who is liable to be registered u/s 22 or section 24	within 30 days from the date on which he becomes liable to registration	in every such State/UT in which he is so liable
A casual taxable person or a non-resident taxable person	at least 5 days prior to the commencement of business	
Every person who makes a supply from the territorial	within 30 days from the date on which he becomes liable to	in the coastal State/UT where the nearest point of the

waters of India

registration

appropriate base line is located.

- Registration needs to be taken State-wise, i.e. there are no centralized registrations under GST. A business entity having its branches in multiple States will have to take separate State-wise registration.
- Further, within a State, an entity with different branches can have single registration wherein it can declare one place as principal place of business (PPoB) and other branches as additional place of business (APoB).
- A person having multiple places of business in a State or Union territory may apply for separate registration for each such place of business.
- If separate registration for each POB is taken, then, all separately registered POB shall be treated as distinct person and shall pay tax on supply of goods/services/both made to another registered POB of such person and issue a tax invoice or a bill of supply for such supply.
- A person who has more than one registration, whether in one State or more than one State shall, in respect of each such registration, be treated as **distinct persons**.
- Once a person obtains voluntary registration, he has to pay tax even though his aggregate turnover does not exceed Rs. 20 lakh/Rs. 10 lakh.
- A PAN is mandatory to be eligible for grant of registration.
- A NRTP may be granted registration on the basis of other prescribed documents.
- Any specialized agency of the United Nations Organization or any Multilateral Financial institution and organization as notified under the United Nations (Privileges and Immunities) Act, consulate or embassy of foreign countries and any other person notified by the Commissioner, is required to obtain a UIN from the GSTN portal (Valid for entire INDIA).
- **Suo - Moto Compulsory registration** (Temporary Registration) by the proper officer - Where, pursuant to any survey, enquiry, inspection, search or any other proceedings under the Act, PO finds that a person liable to registration under the Act has failed to apply for such registration, such officer may register the said person on a temporary basis.
- There may be a case where two units of a tax payer are located in same State - one in **SEZ** and another **outside SEZ**. **Separate registrations** have to be obtained for each of the two units.
- Normal procedure for registration is also applicable to a person paying tax under composition levy, person seeking voluntary registration as well as a casual taxable person.
- Different procedure for registration is prescribed for NRTP, person required to deduct TDS, person required to collect TCS, person supplying OIDAR services from outside India and person supplying online money gaming from outside India to a person in India.

Meri Marzi 😎



Proper Officer ke aage koi bol sakta hai kyaaaaaa...

Procedure for Registration



Every Person liable to get registered and person seeking voluntary registration shall, before applying for registration, declare his Permanent Account Number (PAN), State/UT in **Part A** of **FORM GST REG-01** on GST Common Portal (www.gst.gov.in).

The PAN shall be validated online by the common portal from the CBDT database and shall also be verified through separate OTPs sent to the mobile number and e-mail address linked to the PAN.

Temporary Reference Number (TRN) is generated and communicated to the applicant on the validated mobile number and e-mail address.

Using TRN, applicant shall electronically submit application in **Part B** of application form, along with specified documents at the Common Portal.

Rule 8 (4A): Where an applicant opts for authentication of Aadhaar number, he shall, while submitting the application, undergo authentication of Aadhaar number and the date of submission of the application in such cases shall be the date of authentication of the Aadhaar number, or 15 days from the submission of the application in Part B of FORM GST REG-01.

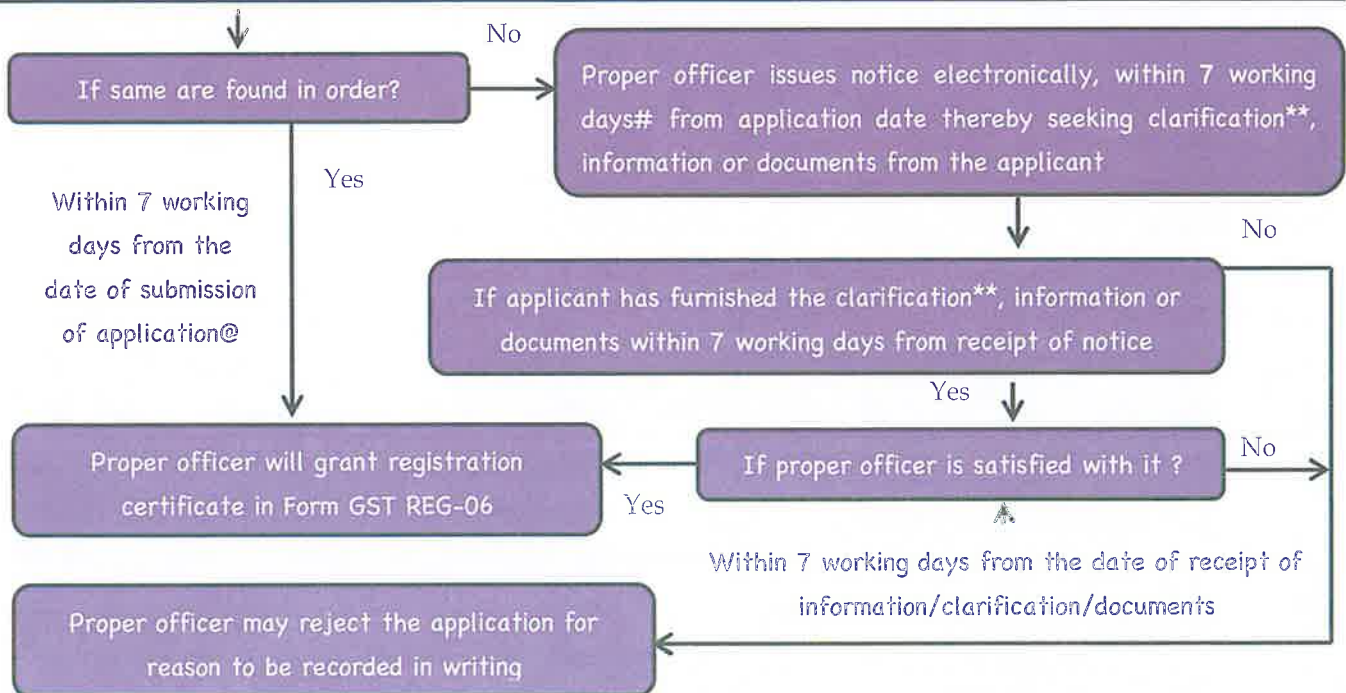
Further, if the applicant is applying for GST registration in the State of Gujarat or Puducherry, then, the following additional procedure needs to be followed by the applicant:

Every registration application made by a person, who has opted for authentication of Aadhaar number and is identified on the common portal, based on data analysis and risk parameters, shall be followed by biometric-based Aadhaar authentication and taking photograph of the applicant, along with the verification of the original copy of the documents uploaded with the application in FORM GST REG-01 at one of the Facilitation Centres notified by the Commissioner for the purpose of this sub-rule and the application shall be deemed to be complete only after completion of the process laid down under this proviso.

On receipt of such application, an acknowledgement shall be issued to the applicant electronically. A Casual Taxable Person (CTP) applying for registration get a TRN for making an advance deposit of tax in his electronic cash ledger and an acknowledgement is issued only after said deposit.

Application shall be forwarded to the proper officer

Proper officer examines the application and accompanying documents



**Clarification includes modification / correction of particulars declared in the application for registration, other than PAN, state, mobile no. and e-mail address

@ However, where –

- (a) a person fails to undergo authentication of Aadhaar number or does not opt for authentication of Aadhaar number; or
- (aa) a person, who has undergone authentication of Aadhaar number, is identified on the common portal, based on data analysis and risk parameters, for carrying out physical verification of places of business; or
- (b) the proper officer, with the approval of an officer authorised by the Commissioner not below the rank of Assistant Commissioner, deems it fit to carry out physical verification of places of business,

the registration shall be granted within 30 days of submission of application, after physical verification of the place of business, in the manner provided u/r 25 and verification of such documents as the proper officer may deem fit. [Proviso to Rule 9(1)]

#However, where-

- (a) a person fails to undergo authentication of Aadhaar number as specified in rule 8(4A) or does not opt for authentication of Aadhaar number; or
- (aa) a person, who has undergone authentication of Aadhaar number, is identified on the common portal, based on data analysis and risk parameters, for carrying out physical verification of places of business; or
- (b) the proper officer, with the approval of an officer authorised by the Commissioner not below the rank of Assistant Commissioner, deems it fit to carry out physical verification of places of business,

the notice may be issued not later than 30 days from the date of submission of the application.

[Proviso to Rule 9(2)]

Deemed Approval of Application [Rule 9(5)]

If the proper officer fails to take any action, -

- (a) within a period of 7 working days from the date of submission of the application in cases where the person is not covered under proviso to sub-rule (1); or
- (b) within a period of 30 days from the date of submission of the application in cases where a person is covered under proviso to sub-rule (1); or
- (c) within a period of 7 working days from the date of the receipt of the clarification, information or documents furnished by the applicant under sub-rule (2),

the application for grant of registration shall be deemed to have been approved.

Information required while filing application for Registration:

- (i) Valid PAN
- (ii) Valid Indian Mobile Phone Number
- (iii) Valid E-mail Address
- (iv) Prescribed documents & information on all mandatory fields of registration application
- (v) Place of Business
- (vi) Jurisdiction Details
- (vii) Valid Bank Account Number from India
- (viii) Indian Financial system code (IFSC) number of the same bank and branch
- (ix) Atleast one proprietor/partner/director/trustee/karta/member with corresponding PAN
- (x) An authorized signatory who is resident of India with valid details, including PAN

Aadhar Authentication [Sec. 25(6A), (6B), (6C) & (6D)]:

In exercise of the powers conferred by Sec. 25(6B) and (6C) of the CGST Act, 2017, w.e.f. 01.04.2020, while applying for registration, the following persons shall undergo authentication of Aadhaar number, as specified in Rule 8 of the CGST Rules, 2017, in order to be eligible for registration:

- (a) Individual;
- (b) Authorized signatory of all types;

- (c) Managing and Authorised Partner; and
- (d) Karta of an HUF.

However, if Aadhaar number is not assigned to the said persons, then, the registration shall be granted only after physical verification of the principal place of business in the presence of the said person. The said physical verification would be completed within 60 days from the date of registration application, in the manner provided under rule 25. Further, the provisions of Rule 9(5) [i.e. deemed approval of registration application] will not be applicable in this case.

Aadhaar Authentication Not Required in following cases [Sec. 25(6D)]:

The Aadhaar Authentication is not required for a person who is, -

- (a) not a citizen of India; or
- (b) a Department or establishment of the Central Government or State Government; or
- (c) a local authority; or
- (d) a statutory body; or
- (e) a Public Sector undertaking; or
- (f) a person applying for Unique Identity Number (i.e. any specialised agency of the UNO, etc.).

Aadhaar Authentication for Registered Person [Rule 10B]: The registered person, who has been issued a certificate of registration shall, undergo authentication of the Aadhaar number

In Case Of	Who Will undergo authentication of the Aadhaar number ?
Proprietorship firm	Proprietor
Partnership firm	Any partner
Hindu undivided family (HUF)	Karta
Company	Managing Director (MD) or any whole time Director
AOP, BOI or Society	Members of the Managing Committee
Trust	Trustee in the Board of Trustees
and the authorized signatory	

in order to be eligible for the following purposes:

1. For filing of application for revocation of cancellation of registration
2. For filing of refund application in FORM RFD-01 under rule 89
3. For refund under rule 96 of the integrated tax paid on goods exported out of India

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

- (a) her/his Aadhaar Enrolment ID slip; and

- (b) (i) Bank passbook with photograph; or
 (ii) Voter identity card issued by the Election Commission of India; or
 (iii) Passport; or
 (iv) Driving license issued by the Licensing Authority under the Motor Vehicles Act, 1988:

Further, such person shall undergo the authentication of Aadhaar number within a period of 30 days of the allotment of the Aadhaar number.

Physical verification of business premises in certain cases [Rule 25]:

- (1) Where the proper officer is satisfied that the physical verification of the place of business of a person is required after the grant of registration, he may get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded on the common portal within a period of 15 working days following the date of such verification.
- (2) Where the physical verification of the place of business of a person is required before the grant of registration in the circumstances specified in the proviso to sub-rule (1) of rule 9, the proper officer shall get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded on the common portal at least 5 working days prior to the completion of the time period specified in the said proviso.

15 Digit GSTIN Format

State Code	PAN										Entity Code	Check sum character		

Display of registration certificate and GSTIN on the name board : Every registered person shall display his registration certificate in a prominent location at his PPOB and at every APOB. Further, his GSTIN also has to be displayed on the name board exhibited at the entry of his PPOB and at every APOB.

Effective date of registration [Rule 10]:

Where an applicant submits application for registration	Effective date of registration is
within 30 days from the date he becomes liable to registration	the date on which he becomes liable to registration
after 30 days from the date he becomes liable to registration	date of grant of registration

- **Furnishing of Bank Account Details [Rule 10A]** – After a certificate of registration in FORM GST REG-06 has been made available on the common portal and a GSTIN has been assigned, the registered person shall furnish information with respect to details of bank account on the common portal

- within 30 days from the date of grant of registration, or
- before furnishing the details of outward supplies in FORM GSTR-1 or using invoice furnishing facility,

whichever is earlier.

However, this rule does not apply to the following persons:

- Persons who have been granted registration under rule 12 (TDS/TCS);
- Persons who have been granted registration under rule 16 (Compulsory / Suo-Motu Registration by Proper officer).

■ **Special provisions for grant of registration in case of Non-Resident Taxable Person (NRTP) and Casual Taxable Person (CTP):**

- Both CTP and NRTP have to compulsorily get registered under GST irrespective of the threshold limit, at least 5 days prior to commencement of business.
- Application will be submitted by NRTP in a different prescribed form whereas CTP will submit the application for registration in the normal form for application for registration i.e. Form GST REG 01 and his registration of CTP will be a PAN based registration.
- Period of validity of registration certificate granted to CTP/NRTP : Registration Certificate granted to CTP/ NRTP will be valid for earlier of:
 - Period specified in the registration application, or
 - 90 days from the effective date of registration [can be extended further by a period not exceeding 90 days by making an application**]

D. **Advance deposit of tax** : At the time of submitting the registration application, CTP/NRTP are required to make an **advance deposit of tax** in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought.

**Where extension of time is sought, such registered taxable person will deposit an additional amount of tax equivalent to the estimated tax liability of such person for the period for which the extension is sought.



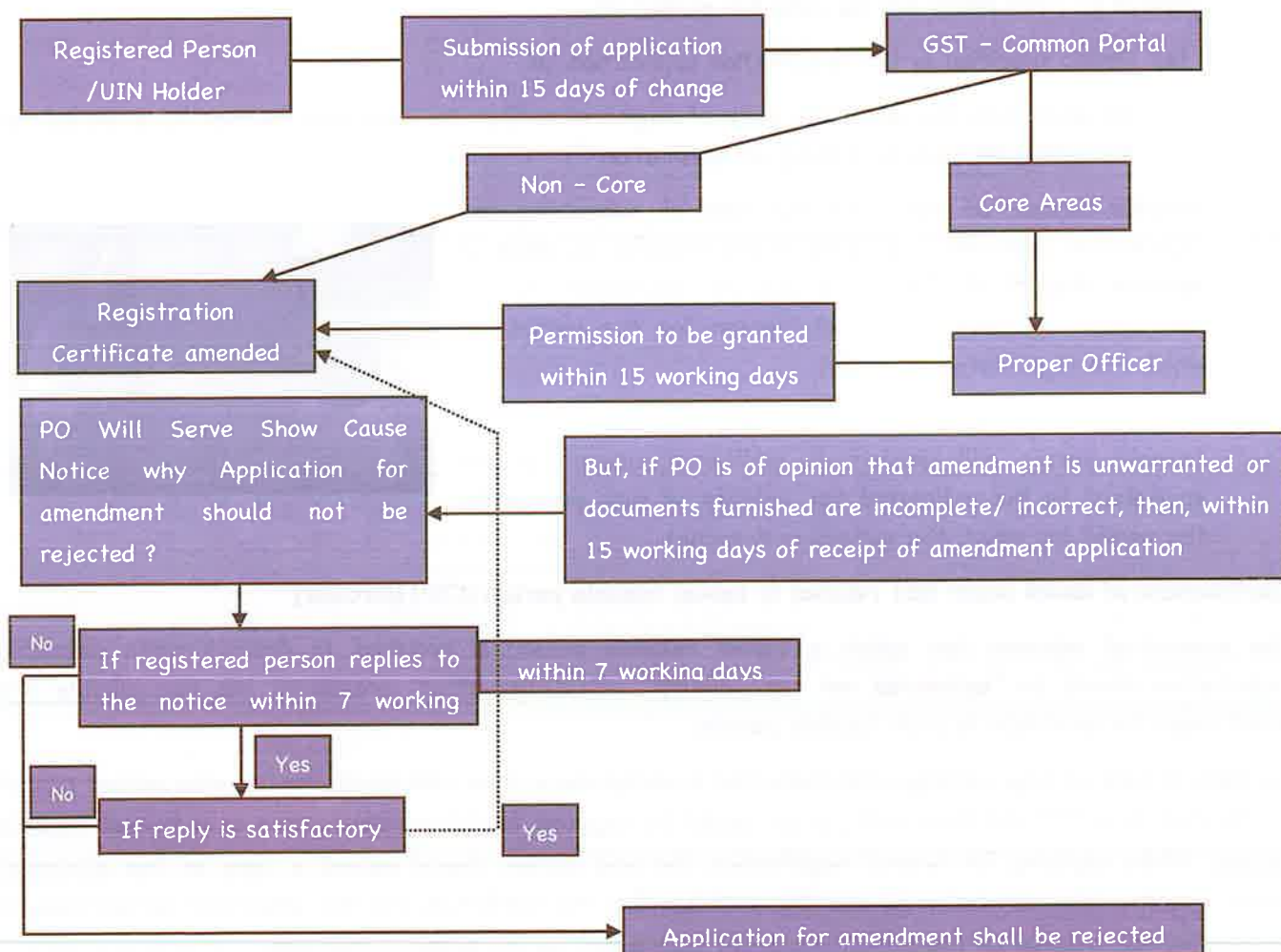
Clarifications of issues under GST related to casual taxable person (CTP) [Circular]

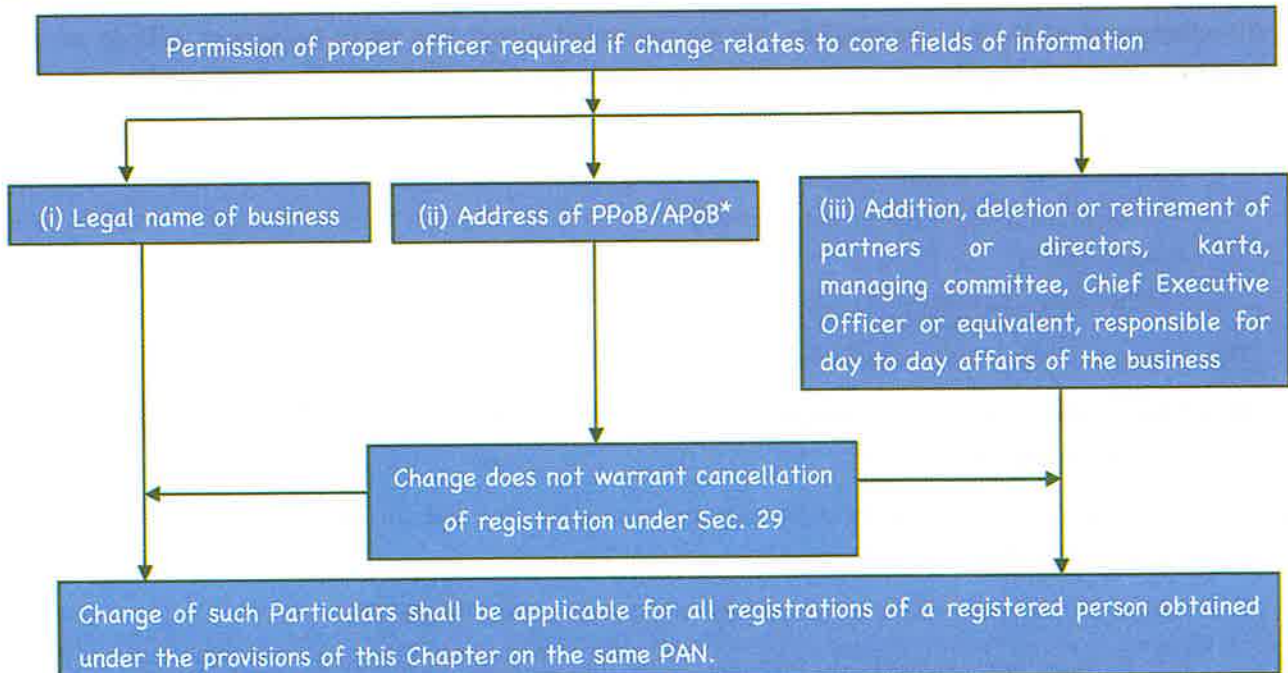
The amount of advance tax which a casual taxable person is required to deposit while obtaining registration should be **"estimated net tax liability"**, calculated after considering the due eligible ITC which might be available to such taxable person.

Further, in case of long running exhibitions (for a period more than 180 days), the taxable person cannot be treated as a CTP and thus such person would be required to obtain registration as a normal taxable person. While applying for normal registration the said person should upload a copy of the allotment letter granting him permission to use the premises for the exhibition and the allotment letter/consent letter shall be treated as the proper document as a proof for his place of business.

Casual Taxable Person	Non-resident Taxable Person
Occasionally undertakes transactions involving supply of goods or services or both in a State or Union territory where he has no fixed place of business	Occasionally undertakes transactions involving supply of goods or services or both, but has no fixed place of business or residence in India
Has a PAN Number	Do not have a PAN Number; A non-resident person, if having PAN number may take registration as a casual taxable person
Same application form for registration as for normal taxable persons	Separate application form for registration by non-resident taxable person
Has to undertake transactions in the course or furtherance of business	Business test is absent in the definition
Can claim input tax credit of all inward supplies	Can get input tax credit only in respect of import of goods

10.7 Amendment of Registration [Section 28]





*PPOB: Principal Place of Business

*APoB: Additional Place of Business

Note : Mobile no./e-mail address of authorised signatory can be amended only after online verification through GST Portal.

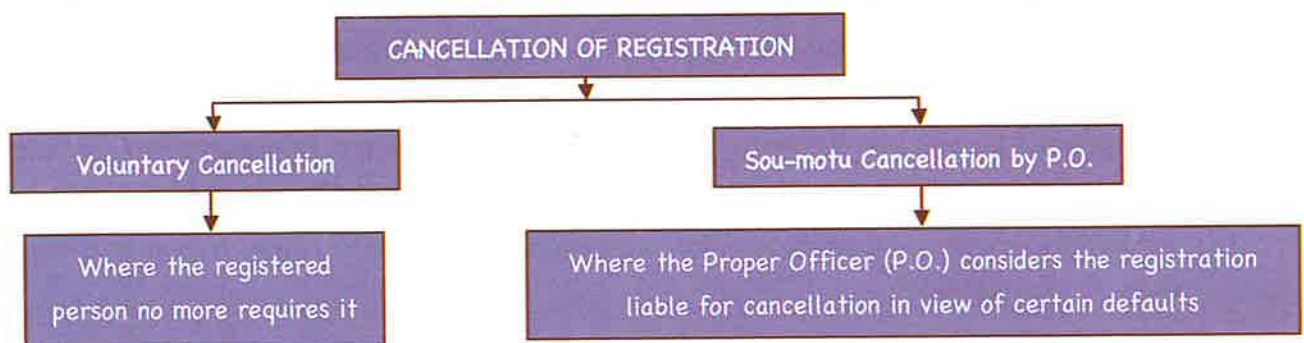
If the proper officer fails to take any action,-

- (a) within a period of 15 working days from the date of submission of the application, or
- (b) within a period of 7 working days from the date of the receipt of the reply to the show cause notice,

the certificate of registration shall stand amended to the extent applied for and the amended certificate shall be made available to the registered person on the common portal.

Where a change in the constitution of any business results in change of PAN of a registered person, the said person shall apply for fresh registration. The reason for the same is that GSTIN is PAN based. Any change in PAN would warrant a new registration.

10.8 Cancellation, Suspension of Registration And Revocation of Cancellation [Section 29 & 30]



1. Circumstances where registration is liable to be cancelled [Section 29(1) & (2)] :

A. Circumstances when the registration can be cancelled either suo motu by proper officer or on an application of the registered person or his legal heirs (In case of death of such person)

(i) Business discontinued

- Transferred fully for any reason including death of the proprietor
- Amalgamated with other legal entity
- Demerged or
- Otherwise disposed of

(ii) Change in the constitution of the business

(iii) The taxable person is no longer liable to be registered u/s 22 or 24 or intends to opt out of the voluntary registration.

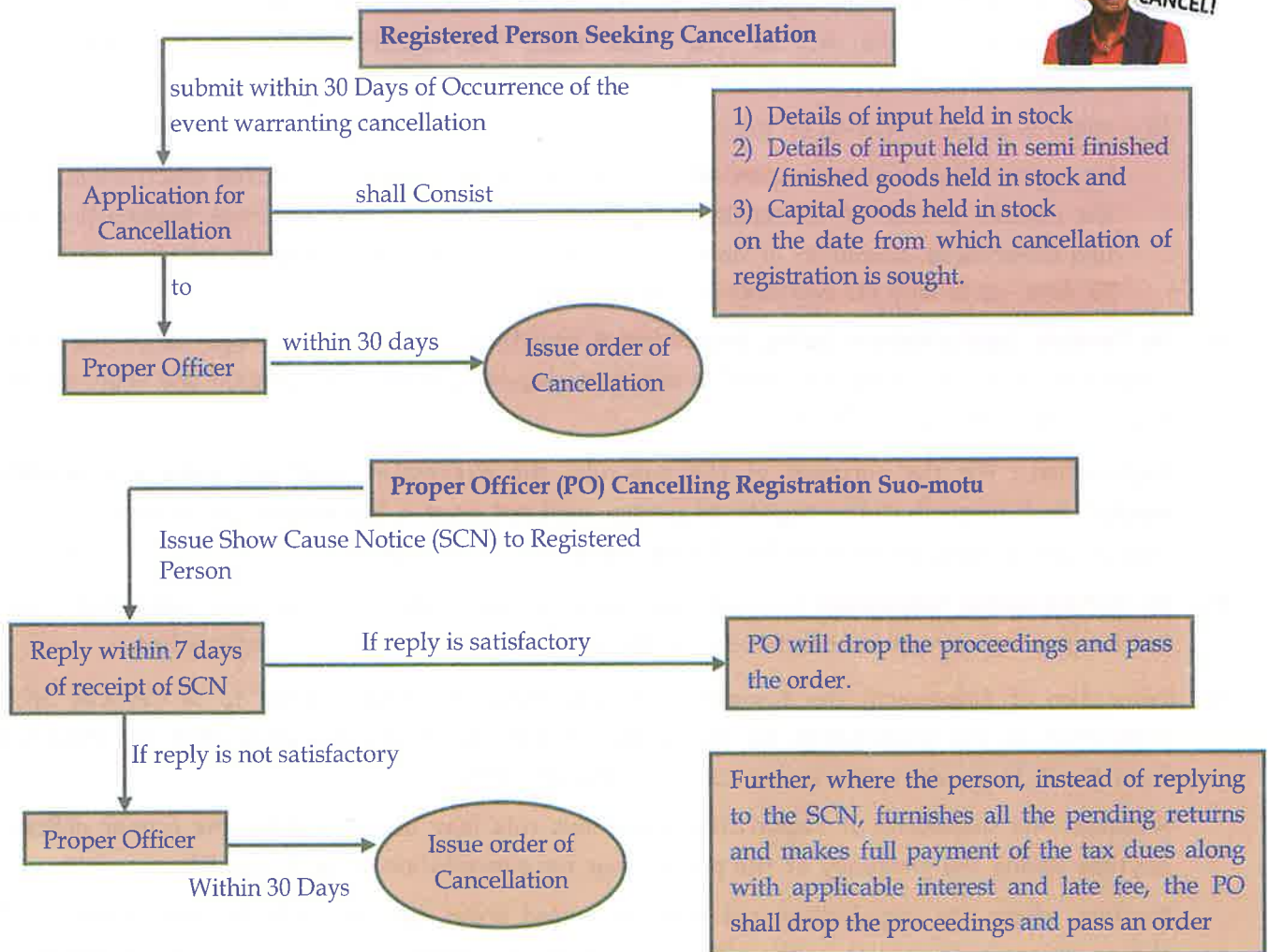
B. In the following cases, registration can be cancelled by the proper officer from such date, including any retrospective date, as he may deem fit:

(i) Following contraventions done by the registered person **[Rule 21]** :

- (a) He does not conduct any business from the declared place of business; or
 - (b) He issues invoice/bill without supply of goods or services or both in violation of the provisions of this Act, or the rules made thereunder; or
 - (c) If he violates the provisions of section 171 of the CGST Act (i.e. provisions relating to anti-profiteering measure) [Anti-profiteering measure shall be discussed at Final Level]; or
 - (d) If he violates the provisions of Rule 10A [i.e. Furnishing of Bank Account Details]; or
 - (e) avails ITC in violation of the provisions of section 16 of the Act or the rules made thereunder; or
 - (f) furnishes the details of outward supplies in FORM GSTR-1 for one or more tax periods which is in excess of the outward supplies declared by him in his valid return (i.e. GSTR-3B) for the said tax periods; or
 - (g) violates the provision of rule 86B [i.e. Restriction on use of amount available in electronic credit ledger in excess of 99% of the output tax liability]; or
 - (h) a registered person (who is required to furnish returns on monthly basis) has not furnished returns for a continuous period of 6 months; or
 - (i) a registered person (who is required to furnish returns on quarterly basis) has not furnished returns for a continuous period of 2 tax periods.
- (ii) A registered person who has opted for composition levy, has not furnished the return for a financial year beyond 3 months from the due date of furnishing the said return.
- (iii) Voluntarily registered person has not commenced the business within 6 months from the date of registration.
- (iv) Registration was obtained by means of fraud, willful misstatement or suppression of facts.

However, during pendency of the proceedings relating to cancellation of registration, the proper officer may suspend the registration for such period and in such manner as may be prescribed.

2. Procedure for cancellation of registration



3. Rule 21A. Suspension of registration :

- (1) **Period of Suspension:** Where a registered person has applied for cancellation of registration, the registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration.
- (2) **Suspension by Department:** Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled, he may, suspend the registration of such person with effect from a date to be determined by him, pending the completion of the proceedings for cancellation of registration.
- (2A) **Analysis by Department leading to Suspension:** Where,
 - (a) a comparison of the returns (i.e. GSTR – 3B) furnished by a registered person with
 - i. the details of outward supplies furnished in FORM GSTR-1; or
 - ii. the details of inward supplies derived based on the details of outward supplies furnished by his suppliers in their FORM GSTR-1,

or such other analysis, as may be carried out on the recommendations of the Council, show that there are **significant differences or anomalies** indicating contravention of the provisions of the Act or the rules made thereunder, leading to cancellation of registration of the said person, or

(b) **there is a contravention of the provisions of rule 10A by the registered person,**

his registration shall be **suspended** and the said person shall be intimated electronically, on the common portal, or by sending a communication to his e-mail address, highlighting the said differences, anomalies or non-compliances and asking him to **explain**, within a period of **30 days**, as to why his registration shall not be cancelled.

(3) **No Taxable Supply/Return during Suspension:** A registered person, whose registration has been suspended, shall not make any taxable supply during the period of suspension and shall not be required to furnish any return.

Explanation : For the purposes of this sub-rule, the expression "**shall not make any taxable supply**" shall mean that the registered person shall **not issue a tax invoice** and, accordingly, not charge tax on supplies made by him during the period of suspension.

(3A) **No Refund during Suspension:** A registered person, whose registration has been suspended, shall not be granted any refund u/s 54, during the period of suspension of his registration.

(4) **Revocation of Suspension:** The suspension of registration shall be deemed to be revoked upon completion of the proceedings by the proper officer and such revocation shall be effective from the date on which the suspension had come into effect.

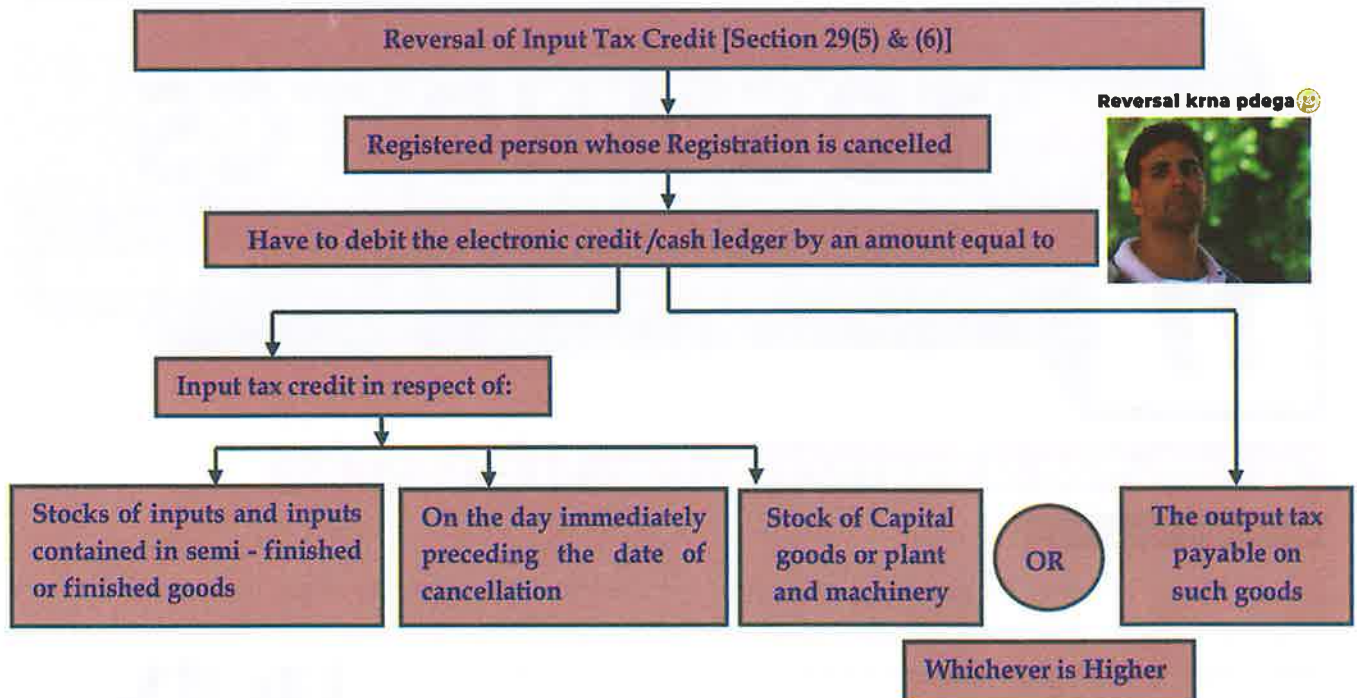
However, the suspension of registration under this rule may be revoked by the proper officer, anytime during the pendency of the proceedings for cancellation, if he deems fit.

Further, where the registration has been suspended under sub-rule (2A) for contravention of the provisions contained in section 29(2) clause (b) or clause (c) (i.e. due to non-furnishing of returns by regular or composition taxpayer for prescribed tax periods) and the registration has not already been cancelled by the proper officer, the suspension of registration shall be deemed to be revoked upon furnishing of all the pending returns.

Further, where the registration has been suspended under sub-rule (2A) for contravention of provisions of rule 10A and the registration has not already been cancelled by the proper officer u/r 22, the suspension of registration shall be deemed to be revoked upon compliance with the provisions of rule 10A.

(5) **Tax Invoice>Returns after Revocation of Suspension:** Where any order having the effect of revocation of suspension of registration has been passed, the provisions of section 31(3)(a) [i.e. **Revised Tax Invoice**] and section 40 [i.e. **First Return**] in respect of the supplies made during the period of suspension and the procedure specified therein shall apply.

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



4. Revocation of cancellation of registration:

- **Application:** Where the registration of a person is cancelled suo-motu by the proper officer, such registered person may, subject to the provisions of rule 10B, apply for revocation of the cancellation of registration to such proper officer, **within 90 days** from the date of service of the order of cancellation of registration, at the GST Common Portal.

However, such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner, for a further period not exceeding 180 days (i.e. 90 + 180 days).

- **Returns/Tax Payment:** However, in case registration was cancelled for failure of registered person to furnish returns, **before applying for revocation** the person has to **rectify the defaults** (by filing all pending returns, making payment of all dues in terms of such returns alongwith interest, penalty, late fee, etc.) for which the registration was cancelled by the officer.
- Proper officer as per prescribed manner, either revoke cancellation of the registration or reject the application.
- Application cannot be rejected without giving an opportunity of being heard.
- Revocation of cancellation under CGST will be a deemed revocation under SGST and vice-a-versa.

TDS AND TCS

CHAPTER

11

Tax Deduction at Source (TDS) [Sec. 51 of CGST Act]

Deductors of Tax at Source

Under the GST regime, section 51(1) empowers the Central Government to make it mandatory for the following persons (the deductor) to deduct tax at source (TDS) from payments to be made to the suppliers of taxable goods and/or services:

- (a) Central/State Government department or establishment;
- (b) Local Authority; and
- (c) Governmental Agencies.



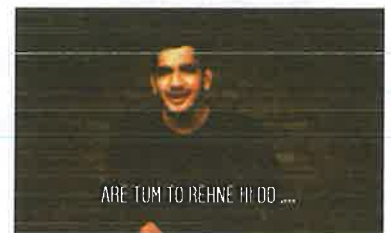
Further, the following persons are also notified u/s 51(1)(d) to deduct TDS, namely:-

- (1) an authority or a board or any other body, -
 - (i) set up by an Act of Parliament or a State Legislature; or
 - (ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function;
- (2) Society established by the Central Government or the State Government or a Local Authority;
- (3) Public Sector Undertakings (PSU).

Categories of persons not liable to deduct TDS

Tax is not liable to be deducted at source in the following cases:-

- (i) When goods or services or both are supplied to the authorities under the Ministry of Defence, other than the authorities specified in the Annexure-A and their offices.
- (ii) When goods or services or both are supplied from a PSU to another PSU, whether or not a distinct person.
- (iii) When supply of goods or services or both takes place between one person to another person specified under clauses (a), (b), (c) and (d) of sec. 51(1) of the said Act.



Circular : The provisions of section 51 of the CGST Act are applicable only to such authority or a board or any other body set up by an Act of parliament or a State legislature or established by any Government in which 51% or more participation by way of equity or control is with the Government.

Deductees

The deductees are the suppliers whose total value of supply of **taxable goods and/or services** under a contract exceeds Rs. 2,50,000/- exclusive of GST & cess as per the invoice. Further, TDS will be deducted even if supplier is a Composition Tax Payer.

Rate of Deduction = 1% (CGST) [2%(IGST)] of the payment made or credited to the supplier

No Tax to be Deducted

When the location of the supplier as well as the place of supply is in a State/ Union territory which is different from the State/Union territory of registration of the recipient, there will be no TDS.

Value of Supply : The amount indicated in the invoice excluding the CGST, SGST, UTGST, IGST and GST cess element (but inclusive of all other taxes), is the value of supply.

Deposit of TDS with the Government : By 10th of the next month. In case of delay, interest @ 18% p.a. is payable.

TDS Certificate : A TDS certificate is required to be issued by deductor (the person who is deducting tax) in prescribed form (GSTR-7A) to the deductee (the supplier from whose payment TDS is deducted).

Filing of Returns by person required to deduct tax at source (TDS)

Monthly return : Form GSTR- 7 to be furnished on / before 10th of the next month.

The deductees can take this amount of TDS, as credit in his Electronic Cash Register.

When tax deduction is not required to be made under GST

Tax deduction is not required in the following situations:

- a) Total value of taxable supply \leq Rs. 2.5 Lakh under a contract.
- b) Contract value $>$ Rs. 2.5 Lakh for both taxable supply and exempted supply, but the value of taxable supply under the said contract \leq Rs. 2.5 Lakh.
- c) Receipt of services which are exempted from GST.
- d) Receipt of goods which are exempted from GST.
- e) Goods on which GST is not leviable. [For example - petrol, diesel, petroleum crude, natural gas, aviation turbine fuel (ATF) and alcohol for human consumption]
- f) Where the location of the supplier and place of supply is in a State/UT which is different from the State/UT where the deductor is registered.
- g) All activities or transactions specified in Schedule III.
- h) Where the tax is to be paid on reverse charge by the recipient i.e. the deductor.
- i) Where the payment is made to an unregistered supplier.
- j) Where the payment relates to "Cess" component.

Collection of Tax at Source [Sec. 52 of CGST Act]

Who is liable to collect TCS?

Every electronic commerce operator (ECO), not being an agent, has been mandated to collect tax at source (TCS) from the net value of the taxable supplies made through it by the other suppliers, whenever the ECO collects the consideration on the behalf of the supplier.



Rate of TCS : 0.5 % (CGST), 1% (IGST)

Net Value of the Taxable Supplies

Net Value of the Taxable Supplies	=	Aggregate value of taxable supplies of goods and /or services [other than notified services u/s 9(5) by all registered persons through ECO]	(-)	Taxable supplies returned to suppliers
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Further, the value of a supply shall include all taxes other than GST and GST Cess.

Deposit of TCS by ECO to Government : By 10th of the next month.

Filing of Monthly & Annual Statement by ECO

- Monthly statement [in Form GSTR - 8] by 10th of the next month.
- Annual Statement [in Form GSTR - 9B] on or before 31st day of December following the end of financial year.
- Further, the ECO shall not be allowed to furnish GSTR - 8 after the expiry of a period of 3 years from the due date of furnishing the said statement, except where the Government allows.
- Rectification of errors/omissions in GSTR-8 : If after submission of GSTR-8, the ECO discovers any discrepancy therein on his own [not being the result of any scrutiny, audit, inspection or enforcement proceedings] it should rectify such discrepancy in GSTR-8 to be filed for the month during which such discrepancy is noticed, subject to payment of interest u/s 50.

The rectification is not allowed after 30th November following the end of the financial year or the actual date of filing of the relevant annual statement [GSTR-9B], whichever is earlier.

Claim of TCS amount by the supplier : The supplier can take this amount of TCS as credit in his electronic cash ledger.

Notice to Operator

- An officer not below the rank of deputy commissioner can issue notice to an operator, asking him to furnish detail relating to volume of the goods/services supplied, stock of the goods lying in the warehouse/godowns, etc.
- The operator is required to furnish such details within 15 working days.
- In case an operator fails to furnish the information, besides being liable for penal action u/s 122, it shall also be liable for penalty up to Rs. 25,000 (CGST).

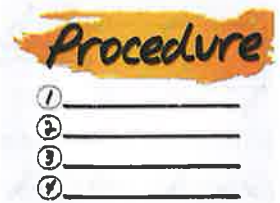


Other Key Points Relating to Registration under GST

- Every ECO who is required to collect TCS is compulsorily required to get itself registered under GST.
- Further, every person who supplies goods or services through such ECOs is also compulsorily required to get themselves registered under GST.
- However, service suppliers supplying services through such ECOs have been exempted from registration until their turnover crosses threshold limit for registration.
- Similarly, suppliers supplying goods through such ECOs have also been exempted from registration until their turnover crosses threshold limit for registration in the preceding and current financial year, subject to fulfillment of certain specified conditions.

Special procedure to be followed by ECO in respect of supply of goods made through it by the persons exempted from obtaining registration (hereinafter referred to as the said person)

- the ECO shall allow the supply of goods through it by the said person only if enrolment number has been allotted on the common portal to the said person;
- the ECO shall not allow any inter-State supply of goods through it by the said person;
- the ECO shall not collect TCS u/s 52(1) in respect of supply of goods made through it by the said person; and
- the ECO shall furnish the details of supplies of goods made through it by the said person in the statement in FORM GSTR-8 electronically on the common portal.



Further, where multiple ECOs are involved in a single supply of goods through ECO platform, “the ECO” shall mean the ECO who finally releases the payment to the said person for the said supply made by the said person through him.

Special procedure to be followed by ECO in respect of supply of goods made through it by the persons opted for Composition Scheme (hereinafter referred to as the said person)

- the ECO shall not allow any inter-State supply of goods through it by the said person;
- the ECO shall collect TCS u/s 52(1) in respect of supply of goods made through it by the said person and pay to the Government as per provisions of 52(3); and
- the ECO shall furnish the details of supplies of goods made through it by the said person in the statement in FORM GSTR-8 electronically on the common portal.

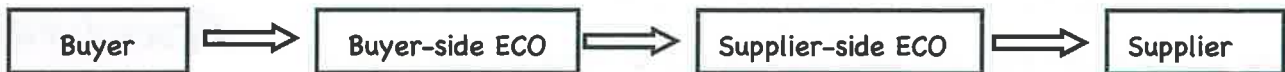
Clarification regarding GST on Services Supplied by Restaurants through E-Commerce Operators [Circular]

Sl.	Issue	Clarification
1.	Would ECOs have to still collect TCS u/s 52 ?	As 'restaurant service' has been notified u/s 9(5), the ECOs will no longer be required to collect TCS.
2.	Would ECOs have to mandatorily take a separate registration w.r.t supply of	As ECOs are already registered under GST (as a supplier of their own goods or services), there would be no mandatory requirement of taking separate registration by ECOs for payment of tax on

	restaurant service ?	restaurant service u/s 9(5).
3.	What would be the aggregate turnover of person supplying 'restaurant service' through ECOs?	The aggregate turnover of restaurant shall include the aggregate value of supplies made by the restaurant through ECOs.

Clarification on TCS liability in case of multiple E-commerce Operators in one transaction, in the context of Open Network for Digital Commerce (ONDC) [Circular]

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



Clarification: The compliances u/s 52 of CGST Act, including collection of TCS, is to be done by the supplier-side ECO who finally releases the payment to the supplier for a particular supply made by the said supplier through him.

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

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



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

"The best way to predict your future is to create it."

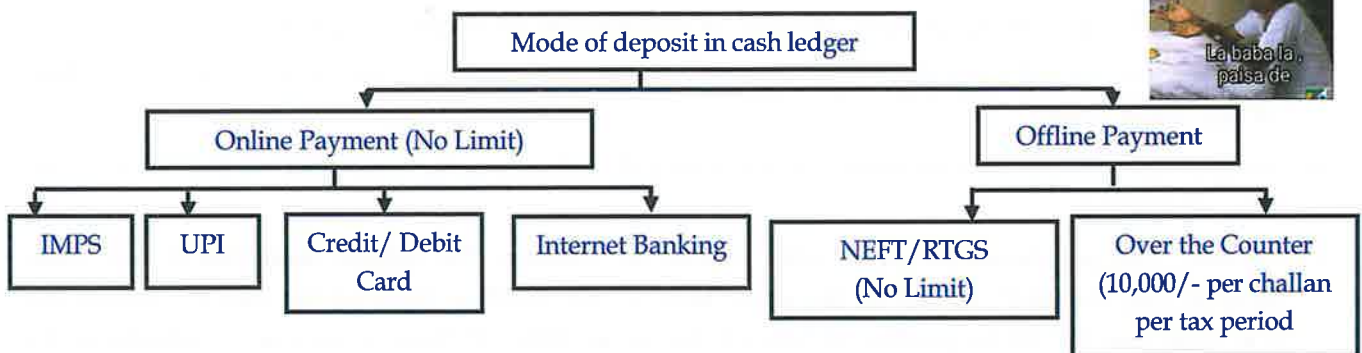
PAYMENT OF TAX

CHAPTER

12

Payment of Tax, Interest, Penalty And Other Amounts [Sec. 49]

Electronic Cash Ledger



- Manual or physical Challans are not allowed under the GST regime. It is mandatory to generate Challans online on the GST Portal.
- There is single Challan prescribed for all taxes, fees, penalty, interest, and other payments to be made under the GST regime.
- E - challan validity is for 15 days.
- The 'deposit' made by one of the modes and in the prescribed manner will be credited to the Electronic Cash Ledger of the taxable person.
- CIN is Challan Identification Number. It is generated by the banks indicating that the payment has been realized and credited to the appropriate government account against a generated challan.
- The amount reflected in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fee, or any other amount under the relevant tax head.
- In the ledger, information is kept minor head-wise for each major head. The ledger is displayed major head-wise i.e., IGST, CGST, SGST/UTGST and CESS. Each major head is divided into five minor heads: Tax, Interest, Penalty, Fee, and Others.
- Amount available under one major head (SGST/UTGST, CGST, IGST or CESS) cannot be utilised for discharging the liability under any other major head. For example, amount available in SGST/UTGST cannot be utilised for discharging liabilities under CGST, IGST, or CESS and vice versa.



Description	Cash ledger balance				
	Integrated tax (₹)	Central tax (₹)	State/UT tax (₹)	Cess (₹)	Total (₹)
Tax	0.00	0.00	0.00	95,000.00	95,000.00
Interest	99,677.00	0.00	0.00	1,00,000.00	1,99,677.00
Fee	0.00	0.00	0.00	0.00	0.00
Penalty	0.00	0.00	0.00	0.00	0.00
Others	0.00	5,000.00	5,000.00	0.00	10,000.00

■ Transfer of funds between the major and minor heads is permissible:

- (i) The amount from one major / minor head can be transferred to another major / minor head.
- (ii) The amount from one minor head can also be transferred to another minor head under the same major head.
- (iii) The amount from one major head can also be transferred to another major head.
- (iv) Further, the amount from one minor head of a major head can be transferred to any minor head of any major head.
- (v) Amount can be transferred from the head only if balance under that head is available at the time of transfer.
- (vi) Further, the registered person is also allowed to transfer the amount available in any minor head of CGST or IGST to any of the minor head of the CGST or IGST of the distinct person also (i.e. from one GSTIN to another GSTIN of the same PAN), if there is no unpaid liability in the Electronic Liability register of the transferor.

■ Transfer of Certain Amounts [Inter – Government Account Fund Transfer]:

Where any amount has been transferred from the electronic cash ledger under this Act (i.e. CGST) to the electronic cash ledger under the SGST Act or the UTGST Act, the Government shall, transfer to the State tax account or the Union territory tax account, an amount equal to the amount transferred from the electronic cash ledger.

Electronic Credit Ledger

I. Order of utilisation of ITC for payment of liabilities :

- For payment of liability of IGST – First ITC of IGST, then, ITC of CGST and then, ITC of SGST / UTGST, will be utilised.
- For payment of liability of CGST – First ITC of IGST, and then, ITC of CGST will be utilised. But, ITC of SGST / UTGST will never be utilised for payment of liability of CGST.
- For payment of liability of SGST/UTGST – First ITC of IGST, and then, ITC of SGST/UTGST will be utilised. But, ITC of CGST will never be utilised for payment of liability of SGST/UTGST.

II. Order of Utilisation of ITC:

ITC Available	First Set off (Output Liability)	Next Set off (Output Liability)	Not allowed to Set off	
IGST	IGST	CGST/SGST/UTGST (in any order, in any proportion)	NA	IGST credit is to be utilised first against IGST liability, then, against CGST/ SGST/ UTGST liability in any order, in any proportion. Taxpayer has to exhaust ITC of IGST first followed by CGST/SGST/ UTGST credit.
CGST	CGST	IGST	SGST and UTGST	
SGST	SGST	IGST	CGST	
UTGST	UTGST	IGST	CGST	

Clarification in respect of Utilisation of the amounts available in the electronic credit ledger and the electronic cash ledger for payment of tax and other liabilities [Circular]

- (1) It is clarified that any payment towards output tax, whether self-assessed in the return or payable as a consequence of any proceeding instituted under the provisions of GST Laws, can be made by utilization of the amount available in the electronic credit ledger of a registered person.

Further, as output tax does not include tax payable under reverse charge mechanism, implying thereby that the electronic credit ledger cannot be used for making payment of any tax which is payable under reverse charge mechanism.

- (2) As per Sec. 49(4), the electronic credit ledger can be used for making payment of output tax only under the CGST Act or the IGST Act. It cannot be used for making payment of any interest, penalty, fees or any other amount payable under the said acts. Similarly, electronic credit ledger cannot be used for payment of erroneous refund sanctioned to the taxpayer, where such refund was sanctioned in cash.
- (3) As per Sec. 49(3) of the CGST Act, the amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of the GST Laws.

III. Transfer of input tax credit [Inter – Government Account Fund Transfer – Sec. 53]

If CGST ITC is utilised to pay towards dues of IGST, there shall be reduction in CGST on such utilisation and the Central Government shall transfer equivalent amount to the credit of IGST account. Thus, in this manner the Central Government shall ensure due credit to IGST.

Such treatment shall be ensured by the Central Government for UTGST and SGST also in respective cases.

It may be noted that equivalent provision is there in Section 18 of IGST Act, 2017.



Electronic Liability Register

I. Order of discharge of tax and other dues

- self-assessed tax and other dues for the **previous tax periods** have to be discharged first;

- the self -assessed tax and other dues for the **current period** have to be discharged next;
- all dues including **demand determined u/s 73 or 74** to be discharged next.
- The expression "**other dues**" referred above mean interest, penalty, fee or any other amount payable under the Act or the rules made thereunder.



E-Ledgers

Electronic Cash Ledger	It will reflect all deposits made in cash, and TDS/TCS accepted by tax payer. This ledger can be used for making ANY PAYMENT towards tax, interest, penalty, fees or any other amount on account of GST.
Electronic Credit Ledger	It will reflect Input Tax Credit as self-assessed in monthly returns. The credit in this ledger can be used to make payment of ONLY TAX i.e. output tax and not other amounts such as interest, penalty, fees etc.
Electronic Liability Register	Electronic Liability Register will reflect the total tax liability of a taxpayer for the particular month.

Interest on Delayed Payment of Tax [Sec. 50]

When Interest is Payable ?

Interest is payable in following 2 circumstances:

- Delay in payment of tax, in full or in part, within the prescribed period. [Sec. 50(1)]
- Utilisation of wrongly availed Input Tax Credit. [If ITC is wrongly availed, but, not utilized, then, interest will not be payable]



Rate of Interest

- 18% in case of belated payment of tax**
- 18% on utilisation of wrongly availed input tax credit**

Computation of Period for Calculation of Interest

In case of belated payment of tax: The period of interest will be from the date following the due date of payment to the actual date of payment of tax.

In case of utilisation of wrongly availed ITC: The period starting from the date of utilisation of such wrongly availed ITC till the date of reversal of such credit or payment of tax in respect of such amount.

The ITC wrongly availed shall be construed to have been utilised, when the balance in the electronic credit ledger falls below the amount of ITC wrongly availed, and the extent of such utilisation of ITC shall be the amount by which the balance in the electronic credit ledger falls below the amount of ITC wrongly availed.

Further, the date of utilisation of such ITC shall be taken to be,

- (a) the date, on which the return is due to be furnished or the actual date of filing of the said return, whichever is earlier, if the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, on account of payment of tax through the said return; or
- (b) the date of debit in the electronic credit ledger when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, in all other cases.

Amount on which interest is payable

In case of belated payment of tax: The interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, shall be payable only on that portion of the tax which is paid by debiting the electronic cash ledger (i.e. only on net cash tax liability payable after adjusting ITC).

Exceptions: The benefit of this provision is not available in following 2 cases (i.e. in such cases, interest will be payable on the gross total tax liability):

- (i) If return is furnished after commencement of any proceedings u/s 73 or 74 in respect of the said period.
- (ii) If any tax liability of a particular tax period is declared in the return for any subsequent tax period.

In case of utilisation of wrongly availed ITC: The interest shall be payable on the amount by which the balance in the electronic credit ledger falls below the amount of ITC wrongly availed.

Clarification on charging of interest in cases of wrong availment of IGST credit and reversal thereof [Circular]

Case 1: In the cases of wrong availment of IGST credit by a registered person and reversal thereof, for the calculation of interest, whether the balance of ITC available in electronic credit ledger under the head of IGST only needs to be considered or total ITC available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has to be considered.

Clarification: Total ITC available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has to be considered.

Case 2: Whether the credit of compensation cess available in electronic credit ledger shall be taken into account while considering the balance of electronic credit ledger for the purpose of calculation of interest in respect of wrongly availed and utilized IGST, CGST or SGST credit.

Clarification: No, because, ITC in respect of compensation cess on supply of goods and services can be utilised only towards payment of compensation cess leviable on supply of goods and services.

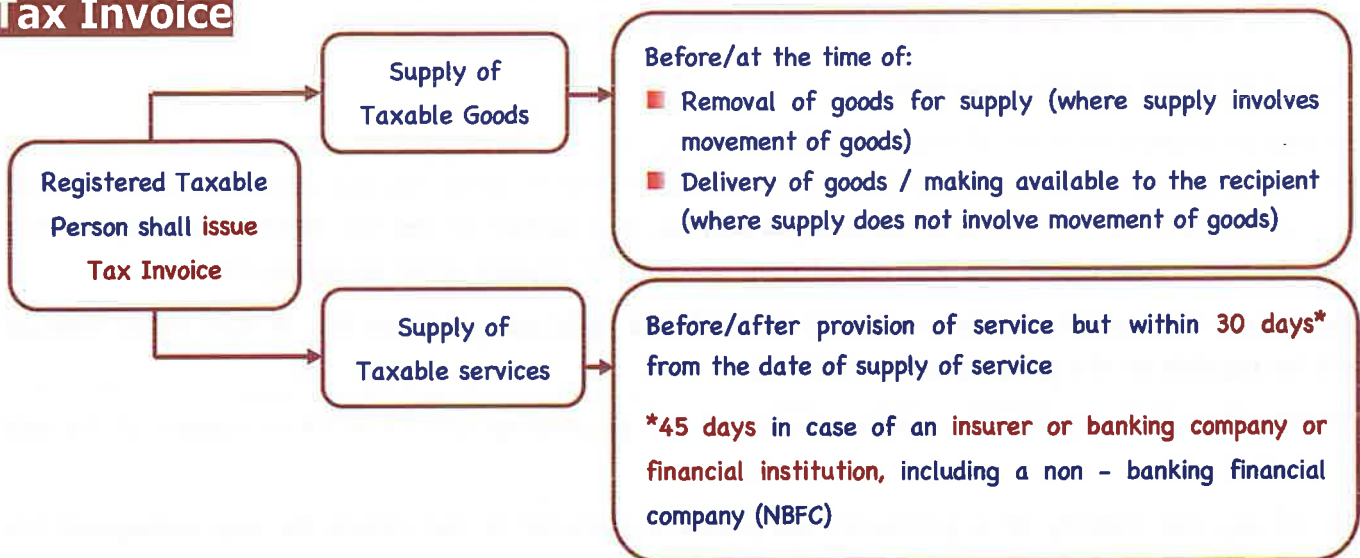
TAX INVOICE, DEBIT NOTE, CREDIT NOTE AND OTHER DOCUMENTS

CHAPTER

13



Tax Invoice



- a) No invoice required if value of goods or services or both < Rs. 200, if recipient is unregistered and does not require such invoice. Instead such registered person shall issue a Consolidated Tax Invoice for such supplies at the close of each day in respect of all such supplies. Further, in case of supply of services by way of admission to exhibition of cinematograph films in multiplex screens, invoice is required to be issued irrespective of its value.
- b) Person supplying exempted goods or services and composition taxpayer to issue a bill of supply instead of tax invoice.
- c) In case of RCM where goods / services are received from an unregistered person, the Recipient shall issue an invoice on the date of receipt of goods / services.
- d) In case of RCM: Recipient to issue payment voucher at the time of making payment.
- e) For receipts of advances on supply of goods / services: Receipt voucher.



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

- f) **Refund of advance** received in case of no supply of goods / services: **Refund voucher** against such advance.
- g) Where the goods being sent or taken on **approval for sale** or return are removed before the supply takes place, the invoice shall be issued before/at the **time of supply or 6 months** from the date of removal, whichever is **earlier**.
- h) In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.
- i) In case of **continuous supply of goods** where successive statements of accounts/ payments are involved, invoice shall be issued before or at the time of each such statements/ payment.
- j) In case of **continuous supply of services**

	Where	The invoice shall be issued
(a)	due date of payment is ascertainable from the Contract	on or before the due date of payment
(b)	due date of payment is not ascertainable from the Contract	before or at the time when the supplier of service receives the payment
(c)	payment is linked to the completion of an event	on or before the date of completion of that event .

■ **Manner of issuing the invoice:**

In case of taxable supply of goods		In case of taxable supply of services	
Invoice shall be prepared in TRIPLICATE		Invoice shall be prepared in DUPLICATE	
Original Copy	For Recipient	Original Copy	For Recipient
Duplicate Copy	For Transporter	Duplicate Copy	For Supplier
Triplicate Copy	For Supplier		

■ **Revised Tax Invoice:**

- Every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Such invoices shall be issued against the invoices already issued during said period.

- Revised Tax Invoices shall be issued **within 1 month** from the date of issuance of certificate of registration.
- A registered person may issue a Consolidated Revised Tax Invoice in respect of all taxable supplies made to unregistered recipients **during such period**. However, in case of inter-State supplies, a consolidated Revised Tax Invoice cannot be issued in respect of supplies to unregistered recipients, if the value of a supply exceeds Rs. 2,50,000.



CONTENTS OF INVOICES/VOUCHERS

Sr. No.	Particulars	Normal Tax Invoice	Revised Tax Invoice	Bill Of Supply	Dr./ Cr. Note	Receipt Voucher	Refund Voucher	Payment Voucher
1	Name, address and GSTIN of the supplier;	✓	✓	✓	✓	✓	✓	✓
2	A consecutive serial number not exceeding 16 characters, in one or multiple series	✓	✓	✓	✓	✓	✓	✓
3	Date of its issue;	✓	✓	✓	✓	✓	✓	✓
4	If recipient is registered - Name, address and GSTIN or UIN of recipient	✓	✓	✓	✓	✓	✓	✓
5	If recipient is unregistered name, Address and state (if value is Rs. 50,000 or more)	✓	✓	✓	✓	✓	✓	—
6	HSN code for goods or services;	✓	—	✓	—	—	—	—
7	Description of goods or services;	✓	—	✓	—	✓	✓	✓
8	Quantity in case of goods and unit or Unique Quantity Code thereof;	✓	—	—	—	—	—	—
9	Total value of supply of goods or services or both;	✓	—	✓	—	—	—	—
10	Taxable value of supply	✓	—	—	✓	—	—	—

11	Amount of Advance Taken	—	—	—	—	✓	—	—
12	Amount of Refund Made	—	—	—	—	—	✓	—
13	Amount Paid	—	—	—	—	—	—	✓
14	Rate of tax	✓	—	—	✓	✓	✓	✓
15	Amount of tax	✓	—	—	✓	✓	✓	✓
16	Place of supply, in case of inter-state supply	✓	—	—	—	✓	—	✓
17	Address of delivery	✓	—	—	—	—	—	—
18	Whether the tax is payable on reverse charge basis; and	✓	✓	—	—	✓	✓	—
19	Signature or digital signature of the supplier or his authorized representative	✓	✓	✓	✓	✓	✓	✓
20	Nature of Document	—	—	—	✓	—	—	—
21	Sr. No. & Date of Tax Invoice/Bill of Supply/Receipt Voucher	—	✓	—	✓	—	✓	—
22	QR Code (in case of e-invoice)	✓	—	✓	✓	—	—	—

Further, in cases involving supply of online money gaming or in cases where any taxable service is supplied by or through an ECO or by a supplier of OIDAR services to a recipient who is un-registered, irrespective of the value of such supply, a tax invoice issued by the registered person shall contain the name of the State of the recipient and the same shall be deemed to be the address on record of the recipient.

SAMPLE TAX INVOICE

ABC Enterprises Pvt. Ltd. GSTIN 22AAAAA0000A1Z5 Branch Karnataka (22) PAN AAAA0000A		Total ₹ 6500.00 Invoice Date 10/05/2017 Invoice No. CLR-00054 Reference No. PO-9987							
TAX INVOICE									
Customer Name Kantech Solutions Private Ltd. Customer GSTIN 22B88880007A1Z5		Billing Address Kantech Solutions Private Ltd. Ground Floor, Building 2A, 23 & 24 AMR Tech Park Internal Road Hongasandra, Bengaluru Karnataka 560068							
		Shipping Address Kantech Solutions Private Ltd. Ground Floor, Building 2A, 23 & 24 AMR Tech Park Internal Road Hongasandra, Bengaluru Karnataka 560068							
Payment Terms	Net 15	Due Date	19/06/2016	Place of Supply	Karnataka (22)				
Item	HSN	Qty.	Rate/Item(₹)	Discount/Item(₹)	Taxable Value(₹)	SGST	CGST	CESS	Total
Himalaya Herbal Cream Neem Edition	440003	10 kg	1000.00	30.00	970.00	970.00 @10%	970.00 @10%	00.00 @0%	11640.00
2. Himalaya Herbal Cream Neem Edition	440003	10 kg	1000.00	30.00	970.00	970.00 @10%	970.00 @10%	00.00 @0%	11640.00
3. Himalaya Herbal Cream Neem Edition	440003	10 kg	1000.00	30.00	970.00	970.00 @10%	970.00 @10%	00.00 @0%	11640.00
4. Freight Charges	—	1 no	1000.00	—	1000.00	50.00 @5%	50.00 @5%	00.00 @0%	1100.00
Total (₹)					30100.00	2960.00	2960.00	00.00	36020.00
Taxable amount									₹ 30100.00
Total Tax*									₹ 5920.00
Invoice Total									₹ 36020.00
Invoice Total (In words)									Thirty Six Thousand Twenty Only
*Tax to be paid on Reverse Charge									
Notes All payments to be made in cash. Contact us for queries on these quotations.					DUPLICATE For Transporter		or ABC Enterprises Pvt. Ltd. (Signature)		
Thank you for your business.					Powered by ClearTax				
ABC Enterprises Pvt. Ltd., Ground Floor, Building 2A, 23 & 24, AMR Tech Park Internal Road, Hongasandra, Bengaluru, Karnataka 560068 +91-9876543210, +91-9876543210, contact@abc enterprises.in									

Number of HSN digits required on tax invoice:

S. No.	Aggregate Turnover in the preceding F.Y.	Number of Digits of HSN Code
1.	Upto Rs. 5 crores	4
2.	More than Rs. 5 crores	6

Further, it is provided that a registered person whose aggregate turnover in the preceding financial year is **upto Rs. 5 crores**, may **not mention** the number of digits of **HSN Codes** as specified in the table above, in a tax invoice issued by him in respect of supplies made to **unregistered persons**. Above provisions are also applicable to Bill of Supply.

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.

Further, the said single “invoice-cum-bill of supply” shall contain the particulars as specified for Tax invoice and Bill of Supply.

Supplier permitted to issue any document other than tax invoice:

Supplier of taxable service	Document in lieu of the tax invoice
<p>Insurer/Banking company/Financial institution, including NBFC may issue a consolidated tax invoice or any other document in lieu thereof, by whatever name called for the supply of services made during a month at the end of the month. [“monthly consolidated invoice” may be issued]</p>	<ul style="list-style-type: none"> ■ Optional information <ul style="list-style-type: none"> ● Serial number ● Address of the recipient ■ Mandatory information <ul style="list-style-type: none"> ● Other information as prescribed for a Tax Invoice u/r 46 ● Such document may be issued or made available, physically/ electronically ● However, the signature or digital signature of the supplier or his authorized representative shall not be required in the case of issuance of an electronic invoice.
<p>Goods Transport Agency (GTA) supplying services in relation to transportation of goods by road in a goods carriage</p>	<ul style="list-style-type: none"> ■ Gross weight of the consignment ■ Name of the consignor and the consignee ■ Registration number of goods carriage in which the goods are transported ■ Details of goods transported ■ Details of place of origin and destination ■ GSTIN of the person liable for paying tax whether as consignor, consignee or GTA ■ Other information as prescribed for a tax invoice u/r 46

Supplier of passenger transportation service	<ul style="list-style-type: none"> ■ Optional information <ul style="list-style-type: none"> • Serial number • Address of the recipient ■ Mandatory information <ul style="list-style-type: none"> • Other information as prescribed for a Tax Invoice u/r 46 • Tax invoice shall include ticket in any form • However, the signature or digital signature of the supplier or his authorized representative shall not be required in the case of issuance of an electronic invoice.
Registered person supplying services by way of admission to exhibition of cinematograph films in multiplex screens.	<ul style="list-style-type: none"> ■ Optional information <ul style="list-style-type: none"> • Details of the recipient ■ Mandatory information <ul style="list-style-type: none"> • Other information as prescribed for a tax invoice u/r 46 • Such persons shall be required to issue an electronic ticket and the said electronic ticket shall be deemed to be a tax invoice for all purposes of the Act • However, the supplier of such service in a screen other than multiplex screens may, at his option, follow this procedure

Delivery Challan: Rule 55 specifies the cases where at the time of removal of goods, goods may be removed on delivery challan and invoice may be issued after delivery. These are provided in the following table:

Nature of supply	Delivery Challan to be issued	Particulars of Delivery Challan
(1) Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,	<ul style="list-style-type: none"> • Serially numbered not exceeding 16 characters in one or multiple series • at the time of removal of goods for transportation 	Date and number of the delivery challan
(2) Transportation of goods for job work,		Name, address and GSTIN of the consigner, if registered
(3) Transportation of goods for reasons other than by way of supply, or	Name, address and GSTIN or UIN of the consignee, if registered	
(4) Such other supplies as may be notified by the Board	HSN code and description of goods,	
	Quantity (provisional, where the exact quantity being supplied is not known)	
	Taxable value	
	Tax rate and tax amount-central	

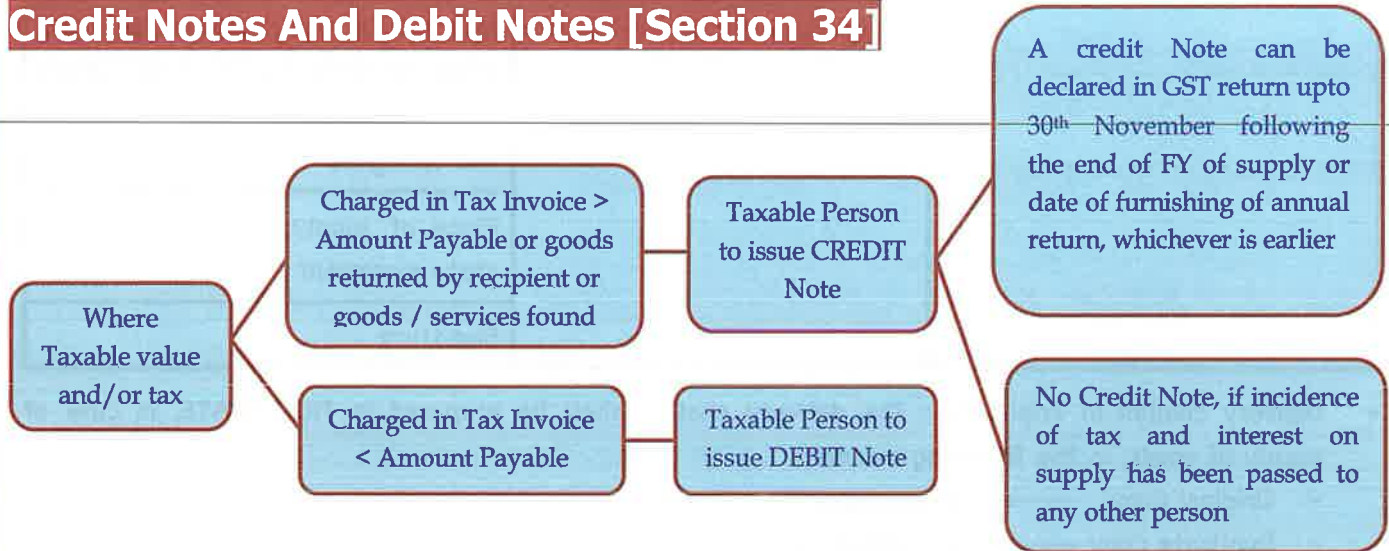
		tax, state tax, integrated tax, union territory tax or cess, where the transportation is for supply to the consignee
		Place of supply, in case of inter-state movement
		Signature

- **Delivery challan in Triplicate :** The delivery challan shall be prepared in TRIPLICATE, in case of supply of goods, in the following manner:
 - **Original Copy** —→ **For Consignee**
 - **Duplicate Copy** —→ **For transporter**
 - **Triplicate Copy** —→ **For consignor**
- **Declaration in E-way Bill :** Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared in E-Way Bill.
- **Goods transported in SKD/CKD condition or in batches or lots:** Where the goods are being transported in a semi knocked down or completely knocked down condition or in batches or lots.
 - the supplier shall issue the complete invoice before dispatch of the first consignment;
 - the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
 - Copies of the corresponding delivery challan shall accompany each consignment along with a duly certified copy of the invoice; and
 - the original copy of the invoice shall be sent along with the last consignment.

Clarification on issues wherein the goods are moved within the State or from the State of registration to another State for supply on approval basis [Circular]

- (i) The goods which are taken for supply on approval basis can be moved from the place of business of the registered supplier to another place within the same State or to a place outside the State on a delivery challan along with the e-way bill wherever applicable and the invoice may be issued at the time of delivery of goods. For this purpose, the person carrying the goods for such supply can carry the invoice book with him so that he can issue the invoice once the supply is made.
- (ii) Further, all such supplies, where the supplier carries goods from one State to another and supplies them in a different State, will be inter-state supplies and attract IGST.
- (iii) Furthermore, this clarification would be applicable to all goods supplied under similar situations.
- (iv) Similarly, same clarification will apply when the artists send their art work to art gallery for supply on approval basis.

Credit Notes And Debit Notes [Section 34]



Note: A registered person can issue consolidated credit notes or debit notes in respect of multiple invoices issued in a Financial Year.

13.4 E - invoice through Govt. notified website

As per Rule 48(4) of the CGST Rules, the registered person whose aggregate turnover in any preceding financial year from 2017-18 onwards **exceeds Rs. 5 crores**, shall, in respect of supply of goods or services or both to a registered person (i.e. B2B) or for exports, prepare invoice and other prescribed documents, by including such particulars contained in FORM GST INV-01 after obtaining an Invoice Reference Number by uploading information contained therein on the Common GST Electronic Portal.

However, this provision is not applicable to the following persons:

- (i) A Special Economic Zone unit [Not SEZ Developer]
- (ii) Insurer, Banking Company, financial institution including a NBFC;
- (iii) Goods Transport Agency;
- (iv) Passenger Transport Service Supplier;
- (v) Supplier of services by way of admission or exhibition of cinematograph films in multiplex screens;
- (vi) A Government Department or a Local Authority



However, the Commissioner may, on the recommendations of the Council, by notification, exempt a person or a class of registered persons from issuance of invoice under this sub-rule for a specified period, subject to such conditions and restrictions as may be specified in the said notification.

Further, if any person to whom provisions of e-invoice applies, issues any invoice in any manner other than e-invoice, then, such invoice shall not be treated as an invoice.

Further, the provisions of sub-rules (1) and (2) [i.e. issue of invoice in triplicate / duplicate copies] shall not apply to an e-invoice.

Further, if any person to whom provisions of e-invoice applies, issues any invoice in any manner other than e-invoice, then, the following declaration is also required to be given on the invoice:

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

Clarification on applicability of e-invoicing w.r.t an entity [Circular]

Certain entities/sectors have been exempted from mandatory generation of e-invoices as per rule 48(4). It is hereby clarified that the said exemption from generation of e-invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity.

Clarification on applicability of e-invoice w.r.t supplies made to TDS deductors [Circular]

Government Departments or establishments / Government agencies / local authorities / PSUs, etc. registered solely for the purpose of deduction of TDS under GST, are to be treated as registered persons under the GST law as per provisions of sec. 2(94) of CGST Act. Accordingly, the registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, is required to issue e-invoices for the supplies made to such Government Departments or establishments/Government agencies/ local authorities/ PSUs, etc u/r 48(4) of CGST Rules.

Tax invoice to have Dynamic Quick Response (QR) code

The Government has notified that an invoice issued by a registered person, whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds Rs. 500 crores, to an unregistered person (i.e. B2C invoice), shall have Dynamic Quick Response (QR) code.

However, this provision is not applicable to the following persons:

- (i) Insurer, Banking Company, financial institution including a NBFC;
- (ii) Goods Transport Agency;
- (iii) Passenger Transport Service Supplier;
- (iv) Supplier of services by way of admission or exhibition of cinematograph films in multiplex screens;
- (v) Supplier of OIDAR services located in non-taxable territory.

However, where such registered person makes a Dynamic Quick Response (QR) code available to the recipient through a digital display, such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic Quick Response (QR) code, shall be deemed to be having Quick Response (QR) code.

Clarification in respect of applicability of Dynamic Quick Response (QR) Code on B2C invoices [Circular]

Sl.	Issues	Clarification
1.	Whether there is a requirement of dynamic QR Code on the invoices issued for supplies made for Exports?	The supplies made for exports are treated as Business to Business (B2B) supplies, as e-invoices are required to be issued in respect of supplies for

		exports. Therefore, provisions of dynamic QR code are not applicable to them although such supplies are made by a registered person to an unregistered person.
2.	What parameters/ details are required to be captured in the Quick Response (QR) Code?	<p>Dynamic QR Code, is required, to contain the following information: -</p> <ol style="list-style-type: none"> i. Supplier GSTIN number ii. Supplier UPI ID iii. Payee's Bank A/C number and IFSC iv. Invoice number & invoice date, v. Total Invoice Value and vi. GST amount along with breakup i.e. CGST, SGST, IGST, CESS, etc. <p>Further, Dynamic QR Code should be such that it can be scanned to make a digital payment.</p>
3.	If a supplier provides/ displays Dynamic QR Code, but the customer opts to make payment without using Dynamic QR Code, then will the cross reference of such payment, made without use of Dynamic QR Code, on the invoice, be considered as compliance of Dynamic QR Code on the invoice?	<p>In cases where the supplier, has digitally displayed the Dynamic QR Code and the customer pays for the invoice, using any mode like UPI, credit/ debit card or online banking or cash or combination of various modes of payment, with or without using Dynamic QR Code, and the supplier provides a cross reference of the payment (transaction id along with date, time and amount of payment, mode of payment like UPI, Credit card, Debit card, online banking etc.) on the invoice, the said invoice shall be deemed to have complied with the requirement of having Dynamic QR Code.</p>

4.	If the supplier makes available to customers an electronic mode of payment like UPI Collect, UPI Intent or similar other modes of payment, through mobile applications or computer based applications, where though Dynamic QR Code is not displayed, but the details of merchant as well as transaction are displayed/captured otherwise, how can the requirement of Dynamic QR Code as per this notification be complied with?	In such cases, if the cross reference of the payment made using such electronic modes of payment is made on the invoice, the invoice shall be deemed to comply with the requirement of Dynamic QR Code. However, if payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.
5.	Is generation/ printing of Dynamic QR Code on B2C invoices mandatory for pre-paid invoices i.e. where payment has been made before issuance of the invoice?	If cross reference of the payment received either through electronic mode or through cash or combination thereof is made on the invoice, then the invoice would be deemed to have complied with the requirement of Dynamic QR Code.
6.	Once the E-commerce operator (ECO) or the online application has complied with the Dynamic QR Code requirements, will the suppliers using such e-commerce portal or application for supplies still be required to comply with the requirement of Dynamic QR Code?	In case, the supplier is making supply through the E-commerce portal or application, and the said supplier gives cross references of the payment received in respect of the said supply on the invoice, then such invoices would be deemed to have complied with the requirements of Dynamic QR Code. In cases other than pre-paid supply i.e. where payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.

Clarification in respect of applicability of Dynamic Quick Response (QR) Code on B2C invoices [Circular]

1.	Whether Dynamic QR Code is to be provided on an invoice, issued to a person, who has obtained a Unique Identity Number (UIN) ?	Any person, who has obtained a UIN is not a "registered person" as per the definition of registered person. Therefore, any invoice issued to such persons shall be considered as invoice issued for a B2C supply and shall be required to comply with the requirement of Dynamic QR Code.
2.	UPI ID is linked to the bank account of the payee/ person collecting money. Whether bank account and IFSC details also need to be provided separately in the Dynamic QR	No. Given that UPI ID is linked to a specific bank account of the payee/ person collecting money, separate details of bank account and IFSC may not

	Code along with UPI ID?	be provided in the Dynamic QR Code.
3.	In cases where the payment is collected by some person other than the supplier (ECO or any other person authorized by the supplier on his/ her behalf), whether in such cases, in place of UPI ID of the supplier, the UPI ID of such person, who is authorized to collect the payment on behalf of the supplier, may be provided?	Yes. In such cases where the payment is collected by some person, authorized by the supplier on his/ her behalf, the UPI ID of such person may be provided in the Dynamic QR Code, instead of UPI ID of the supplier.
4.	In some instances of retail sales over the counter, the payment from the customer is received on the payment counter by displaying dynamic QR code on digital display, whereas the invoice, along with invoice number, is generated on the processing system being used by supplier/ merchant after receiving the payment . In such cases, it may not be possible for the merchant/ supplier to provide details of invoice number in the dynamic QR code displayed to the customer on payment counter. However, each transaction i.e. receipt of payment from a customer is having a unique Order ID/ sales reference number, which is linked with the invoice for the said transaction. Whether in such cases, the order ID/ reference number of such transaction can be provided in the dynamic QR code displayed digitally, instead of invoice number.	Yes, In these cases, the unique order ID/ unique sales reference number, which is uniquely linked to the invoice issued for the said transaction, may be provided in the Dynamic QR Code for digital display, as long as the details of such unique order ID / sales reference number linkage with the invoice are available on the processing system of the merchant/ supplier and the cross reference of such payment along with unique order ID/ sales reference number are also provided on the invoice.
5.	When part-payment has already been received by the merchant/supplier, either in advance or by adjustment (e.g. using a voucher, discount coupon etc), before the dynamic QR Code is generated, what amount should be provided in the Dynamic QR Code for "invoice value"?	When the part-payment for any supply has already been received from the customer/ recipient, in form of either advance or adjustment through voucher / discount coupon etc., then the dynamic QR code may provide only the remaining amount payable by the customer / recipient against "invoice value". The details of total invoice

	value, along with details / cross reference of the part – payment / advance/ adjustment done, and the remaining amount to be paid, should be provided on the invoice.
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Prohibition of Unauthorised Collection of Tax [Sec. 32]

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

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



Amount of Tax to be indicated in Tax Invoice and Other Documents [Sec. 33]

Notwithstanding anything contained in this Act or any other law for the time being in force, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

"If you can dream it,
you can do it."

RETURNS UNDER GST

CHAPTER

14

List of Statements, returns, forms, periodicity, due dates & Persons liable to file the same

Sr. No.	Type of Taxable Person	Form No.	Periodicity	Due Date*
1.	Registered Persons having an aggregate turnover of upto Rs. 5 crores in the preceding financial year and who have opted to furnish return (i.e. GSTR-3B) on quarterly basis (including a casual taxable person)	GSTR - 1	Quarterly statement of outward supplies of goods or services or both	13 th of the month succeeding the quarter
	Other Registered Persons (including a casual taxable person)		Monthly statement of outward supplies of goods or services or both	11 th of the next month
2.	Registered Persons having an aggregate turnover of upto Rs. 5 crores in the preceding financial year and who have opted to furnish return (i.e. GSTR-3B) on quarterly basis (including a casual taxable person)	GSTR - 3B	Quarterly Return (or a part of quarter)	22 nd / 24 th day of the month succeeding such quarter (depending on prescribed States/UT)
	Other Registered Persons (including a casual taxable person)		Monthly Return (or a part of month)	20 th of the next month
<p>Note: GSTR-1 & GSTR-3B are not required to be filed by the following category of persons:</p> <ul style="list-style-type: none"> (a) Composition taxpayer (b) Non-resident taxable person (c) Person deducting tax at source (TDS) (d) ECO, requiring to collect TCS (e) Input Service Distributor (ISD) (f) Supplier of OIDAR services located in non-taxable territory 				
3.	Registered person paying tax under Composition Scheme	Statement GST CMP -	Quarterly (or a part of quarter)	18 th of the month next to relevant

		08 (For payment of liability)		Quarter
		GSTR - 4 (Return)		30 th day of April following the end of the F.Y.
4.	Registered non-resident taxable person	GSTR - 5	Monthly (or a part of month)	13 th of the next month or 7 th day after the last day of the validity of registration, whichever is earlier.
5.	Registered person deducting tax at source [TDS]	GSTR - 7	Monthly	10 th of the next month
6.	E-Commerce operator (not being an agent) [TCS]	GSTR - 8	Monthly	10 th of the next month
7.	Registered person other than an ISD, TDS deductor, TCS collector, casual taxable person, a non-resident taxpayer and OIDAR service supplier located in non-taxable territory, some govt. deptt.	GSTR - 9	Annual return	31 st December of the next financial year
8.	E-commerce operator required to collect tax at source [TCS]	GSTR -9B	Annual statement	31 st December of the next financial year
9.	Registered person whose aggregate turnover during a financial year exceeds Rs. 5 crores	GSTR-9C	Self-Certified Reconciliation Statement	To be submitted along with the annual return [GSTR-9]
10.	Taxable person whose registration has been surrendered or cancelled	GSTR -10	Final return	Within 3 months of the date of cancellation or date of order of cancellation, whichever is later
11.	Persons who have been issued a Unique Identity Number (UIN)	GSTR -11	Details of inward Supplies	-

Extension of due date : The due date of filing of the returns mentioned in the above table may be extended by the Commissioner.

Furnishing Details of Outward Supplies [Section 37]

1. **Bar on filing of GSTR-1 or using IFF [Rule 59(6)]** : Notwithstanding anything contained in this rule, a registered person shall not be allowed to furnish the details of outward supplies in FORM GSTR-1 or using the invoice furnishing facility, if -
- (i) he has not furnished the return in FORM GSTR-3B for the preceding month;
- (ii) he has not furnished the return in FORM GSTR-3B for preceding quarter (in case where a registered person is required to furnish return on quarterly basis);
- (iii) he has neither deposited the amount specified in the intimation issued u/r 88C(1) nor has furnished a reply explaining the reasons for any amount remaining unpaid;
- (iv) he has neither paid the amount equal to the excess ITC as specified in the intimation issued u/r 88D(1) nor has furnished a reply explaining the reasons in respect of the amount of excess ITC that still remains to be paid;
- (v) he has not furnished the details of the bank account as per the provisions of rule 10A.
2. **Rule 88C - Manner of dealing with difference in liability reported in FORM GSTR-1 and that reported in FORM GSTR-3B**
- (1) Where the tax payable by a registered person, in accordance with FORM GSTR-1 or IFF in respect of a tax period, exceeds the amount of tax payable by such person in accordance with GSTR-3B for that period by such amount and such percentage, as may be recommended by the Council, the said registered person shall be intimated of such difference, electronically, directing him to either pay the differential tax liability, along with interest; or explain the aforesaid difference, within a period of 7 days.
- (2) Such registered person shall, either, pay the amount of the differential tax liability, along with interest or furnish a reply electronically, within a period of 7 days. Otherwise, such amount shall be recoverable in accordance with the provisions of section 79.
3. **Rule 88D - Manner of dealing with difference in ITC available in FORM GSTR-2B and that availed in FORM GSTR-3B**
- (1) Where the amount of input tax credit availed by a registered person in the return for a tax period or periods furnished by him in FORM GSTR-3B exceeds the ITC available to such person in accordance with FORM GSTR-2B in respect of the said tax period or periods, by such amount and such percentage, as may be recommended by the Council, the said registered person shall be intimated of such difference, electronically, directing him to, either, pay the excess ITC availed along with interest, or explain the reasons for the aforesaid difference in ITC, within a period of 7 days.
- (2) Such registered person shall, either, pay the excess ITC along with interest or furnish a reply, electronically, within a period of 7 days. Otherwise, such amount shall be liable to be demanded in accordance with the provisions of section 73 or section 74.
4. **What kind of details of outward supplies are required to be furnished in GSTR-1 ?:**



S. N.	Invoice-wise Details of ALL	Consolidated Details of ALL	Debit and Credit Notes
(i)	Inter-State and Intra-State supplies made to registered persons.	Intra-State supplies made to unregistered persons for each rate of tax.	Issued during the month for invoices issued previously
(ii)	Inter-State supplies with invoice value exceeding Rs.	State-wise Inter-State supplies with invoice value	

2,50,000 made to Unregistered persons	to	upto Rs. 2,50,000 made to unregistered persons for each rate of tax
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5. **FORM GSTR-2B:** An auto-generated statement containing the details of ITC shall be made available to the registered person in FORM GSTR-2B, for every month, electronically through the common portal, and shall consist of –

- (i) the details of outward supplies furnished by his supplier (other than a supplier who has opted for QRMP Scheme) in form GSTR – 1, between 12th of the previous month to the 11th of the current month;
- (ii) the details of invoices furnished by a NRTP in FORM GSTR- 5 and details of outward supplies furnished by his supplier (who has opted for QRMP Scheme) in FORM GSTR-1 or using the IFF, –
 - (a) for the 1st month of the quarter, between 14th of the 3rd month of the preceding quarter to 13th of the 1st month of the quarter;
 - (b) for the 2nd month of the quarter, between 14th of the first month of the quarter to the 13th of the 2nd month of the quarter;
 - (c) for the 3rd month of the quarter, between 14th of the second month of the quarter to the 13th of the 3rd month of the quarter.

The Statement in FORM GSTR-2B for every month shall be made available to the registered person on 14th of the next month.

Example : If a supplier opting for QRMP files an invoice dated 15th July on 13th August, it will get reflected in GSTR-2B of July (generated on 14th August).

6. Notes:

- Furnishing of GSTR-1 for the current tax period is not allowed, if GSTR-1 for any of the previous tax periods has not been furnished except where the Government allows.
- Further, the registered person shall not be allowed to furnish GSTR – 1 for a tax period after the expiry of a period of 3 years from the due date of furnishing the said statement, except where the Government allows.
- A taxpayer cannot file GSTR-1 before the end of the current tax period. However, following are the exceptions to this rule:
 - (a) Casual taxpayers, after the closure of their business
 - (b) Cancellation of GSTIN of a normal taxpayer

Furnishing of Returns [Section 39]

2. Option to file GSTR-3B on Quarterly basis:

Registered Persons having an aggregate turnover of upto Rs. 5 crores in the preceding financial year and who have opted to furnish return (i.e. GSTR-3B) on quarterly basis have been notified as the class of persons who shall be required to furnish return for every quarter, subject to fulfillment of the following conditions, namely :

- (i) The return for the preceding month, as due on the date of exercising such option, has been furnished;

- (ii) Where such option has been exercised once, they shall continue to furnish the return as per the selected option for future tax periods, unless they revise the same.

Further, a registered person whose aggregate turnover crosses Rs. 5 crores during a quarter in a financial year shall not be eligible for furnishing of return on quarterly basis from the first month of the succeeding quarter.

Further, the Registered Persons who do not opt for this option or are not eligible for this option, shall be required to furnish their return (i.e. GSTR-3B) on monthly basis.

3. Due date for payment of tax = Due date for filing of return

However, the Registered Persons who have opted for QRMP scheme, shall also be required to pay GST on monthly basis.



Further, the composition taxpayers are required to make payment of tax on quarterly basis on or before 18th of the next month.

Further, NRTP & CTP are required to make advance deposit of their estimated tax liability.

4. Quarterly Return Monthly Payment [QRMP] Scheme [Circular]

(i) Exercising option for QRMP Scheme

- a. Facility to avail the Scheme on the common portal would be available throughout the year. A registered person can opt in for any quarter from 1st day of 2nd month of preceding quarter to the last day of the 1st month of the quarter. In order to exercise this option, the registered person must have furnished the last return, as due on the date of exercising such option.



For example: A registered person intending to avail of the Scheme for the quarter 'July to September' can exercise his option during 1st of May to 31st of July.

If he is exercising his option on 27th July for the quarter (July to September), in such case, he must have furnished the return for the month of June which was due on 22/24th July.

- b. Registered persons are not required to exercise the option every quarter. Where such option has been exercised once, they shall continue to furnish the return as per the selected option for future tax periods, unless they revise the said option.
- c. Similarly, the facility for opting out of the Scheme for a quarter will be available from 1st day of 2nd month of preceding quarter to the last day of the 1st month of the quarter.
- d. All persons who have obtained registration during any quarter or the registered persons opting out from composition scheme during any quarter shall be able to opt for the Scheme for the quarter for which the opting facility is available on the date of exercising option as in para (i)a.
- e. The option to avail the QRMP Scheme is GSTIN wise and therefore, distinct persons (different GSTINs on same PAN) have the option to avail the QRMP Scheme for one or more GSTINs. In other words, some GSTINs for that PAN can opt for the QRMP Scheme and remaining GSTINs may not opt for the Scheme.

(ii) Furnishing of details of outward supplies u/s 37 of the CGST Act [GSTR-1 & IFF]

- (a) The registered persons opting for the Scheme would be required to furnish the details of outward supply in FORM GSTR-1 quarterly.
- (b) For each of the 1st and 2nd months of a quarter, such a registered person will have the facility (Invoice Furnishing Facility- IFF) to furnish the details of such outward supplies to a registered person, as he may consider necessary, between the 1st day of the succeeding month till the 13th day of the succeeding month. The said details of outward supplies shall, however, not exceed the value of Rs. 50,00,000 in each month. It may be noted that after 13th of the month, this facility for furnishing IFF for previous month would not be available.
- (c) It is re-iterated that invoice furnishing facility is not mandatory and is only an optional facility.
- (d) The details of invoices furnished using the said facility in the first two months are not required to be furnished again in FORM GSTR-1.
- (e) Further, the following details of outward supplies of goods or services or both may be furnished using the IFF:
- invoice wise details of inter-State and intra-State supplies made to the registered persons;
 - debit and credit notes, if any, issued during the month for such invoices issued previously.

(iii) Monthly Payment of Tax

- (a) The registered person under the QRMP Scheme would be required to pay the tax due in each of the first two months of the quarter by depositing the due amount in FORM GST PMT-06, by the 25th day of the month succeeding such month. The said person can use any of the following two options provided below for monthly payment of tax during the first two months –
- Fixed Sum Method:** A facility is being made available on the portal for generating a pre-filled challan in FORM GST PMT-06 for an amount equal to 35% of the tax paid in cash in the preceding quarter where the return was furnished quarterly; or equal to the tax paid in cash in the last month of the immediately preceding quarter where the return was furnished monthly.

For easy understanding, the same is explained by way of illustration in table below:

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

Tax paid in Cash in Quarter (January - March, 2021)		Tax required to be paid in each of the months – April and May, 2021	
CGST	100	CGST	35
SGST	100	SGST	35
IGST	500	IGST	175
Cess	50	Cess	17.5

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

Tax paid in Cash in March, 2021		Tax required to be paid in each of the months - April and May, 2021	
CGST	50	CGST	50
SGST	50	SGST	50
IGST	80	IGST	80
Cess	-	Cess	-

ii. Self-Assessment Method: The said persons, in any case, can pay the tax due by considering the tax liability on inward and outward supplies and the input tax credit available, in FORM GST PMT-06.

- (b) The said registered person is free to avail either of the two tax payment method above in any of the two months of the quarter.
- (c) It is clarified that in case the balance in the electronic cash ledger and/or electronic credit ledger is adequate for the tax due for the first month of the quarter or where there is nil tax liability, the registered person may not deposit any amount for the said month. Similarly, for the second month of the quarter, in case the balance in the electronic cash ledger and/or electronic credit ledger is adequate for the cumulative tax due for the first and the second month of the quarter or where there is nil tax liability, the registered person may not deposit any amount.
- (d) Any claim of refund in respect of the amount deposited for the first two months of a quarter for payment of tax shall be permitted only after the return in FORM GSTR-3B for the said quarter has been furnished. Further, this deposit cannot be used by the taxpayer for any other purpose till the filing of return for the quarter.

(iv) Quarterly filing of FORM GSTR-3B

Such registered persons would be required to furnish FORM GSTR-3B, for each quarter, on or before 22nd or 24th day of the month succeeding such quarter. The amount deposited by the registered person in the first two months shall be debited solely for the purposes of offsetting the liability furnished in that quarter's FORM GSTR-3B. However, any amount left after filing of that quarter's FORM GSTR-3B may either be claimed as refund or may be used for any other purpose in subsequent quarters. In case of cancellation of registration of such person during any of the first two months of the quarter, he is still required to furnish return in FORM GSTR-3B for the relevant tax period.

(v) Applicability of Interest

(a) For registered person making payment of tax by opting Fixed Sum Method

- i. No interest would be payable in case the tax due is paid in the first two months of the quarter by way of depositing auto-calculated fixed sum amount by the due date. In other words, if while furnishing return in FORM GSTR-3B, it is found that in any or both of the first two months of the quarter, the tax liability net of available credit on the supplies made /received was higher than the amount paid in challan, then, no interest would be charged provided they deposit system calculated amount for each of the first two months and discharge their entire liability for the quarter in the FORM GSTR-3B of the quarter by the due date.

- ii. In case such payment of tax by depositing the system calculated amount in FORM GST PMT-06 is not done by due date, interest would be payable @ 18% p.a., from the due date of furnishing FORM GST PMT-06 till the date of making such payment.
- iii. Further, in case FORM GSTR-3B for the quarter is furnished beyond the due date, interest would be payable as per the provisions of Section 50 of the CGST Act for the tax liability net of ITC.

Illustration 1 : A registered person, who has opted for the Scheme, had paid a total amount of Rs. 100/- in cash as tax liability in the previous quarter of October to December. He opts to pay tax under fixed sum method. He therefore pays Rs. 35/- each on 25th February and 25th March for discharging tax liability for the first two months of quarter viz. January and February. In his return for the quarter, it is found that liability, based on the outward and inward supplies, for January was Rs. 40/- and for February it was Rs. 42/-. No interest would be payable for the lesser amount of tax (i.e. Rs. 5 and Rs. 7 respectively) discharged in these two months provided that he discharges his entire liability for the quarter in the FORM GSTR-3B of the quarter by the due date.

Illustration 2 : A registered person, who has opted for the Scheme, had paid a total amount of Rs. 100/- in cash as tax liability in the previous quarter of October to December. He opts to pay tax under fixed sum method. He therefore pays Rs. 35/- each on 25th February and 25th March for discharging tax liability for the first two months of quarter viz. January and February. In his return for the quarter, it is found that total liability for the quarter net of available credit was Rs. 125 but he files the return on 30th April. Interest would be payable at applicable rate on Rs. 55 [Rs. 125 – Rs. 70 (deposit made in cash ledger in M1 and M2)] for the period between due date of quarterly GSTR 3B and 30th April.

(b) For registered person making payment of tax by opting Self-Assessment Method

Interest amount would be payable as per the provision of Section 50 of the CGST Act for tax or any part thereof (net of ITC) which remains unpaid / paid beyond the due date for the first two months of the quarter.

(c) Interest payable, if any, shall be paid through FORM GSTR-3B.

- (vi) Applicability of Late Fee – Late fee is applicable for delay in furnishing of return / details of outward supply. However, no late fee is applicable for delay in payment of tax in first two months of the quarter.

5. Rectification of errors/omissions: Omission or incorrect particulars discovered in GSTR-1/returns can be rectified in the GSTR-1/return to be filed for the month/quarter during which such omission or incorrect particulars are noticed.

Any tax payable as a result of such error or omission will be required to be paid along with interest.

Exception: Rectification of error or omission is not permitted when it is discovered on account of scrutiny, audit, inspection or enforcement activities by the tax authorities. Hence, assessee may not be able to



pass on the ITC to the receiver in respect of tax payments made by him in pursuance of account of any of the aforementioned situations.

Time limit for making rectification:

- 30th November following the end of the financial year to which such details pertain; or
- Actual date of filing of the relevant annual return

Whichever is earlier.

6. **Nil GSTR-1/GSTR-3B:** Filing of GSTR-1/GSTR-3B is mandatory for all normal and casual taxpayers, even if there is no business activity in any particular tax period. For such tax period(s), a Nil GSTR-1/GSTR-3B is required to be filed.
7. **Rule 67A :** A registered person who is required to furnish a Nil GSTR-3B or a Nil GSTR-1 or a Nil GST CMP-08 for a tax period, can furnish the same through an SMS using the registered mobile number and it shall be verified by a registered mobile number based One Time Password (OTP) facility.

Explanation - For the purpose of this rule, a Nil GSTR-3B or a Nil GSTR-1 or a Nil GST CMP-08 shall mean a GSTR-3B or a GSTR-1 or a GST CMP-08, for a tax period that has nil or no entry in all the Tables in FORM GSTR-3B or FORM GSTR-1 or FORM GST CMP-08.

8. **Sec. 39(10):** A registered person shall not be allowed to furnish a return for a tax period if the return for any of the previous tax periods or the details of outward supplies u/s 37(1) for the said tax period has not been furnished by him except where the Government allows.
9. **Sec. 39(11):** A registered person shall not be allowed to furnish a return for a tax period after the expiry of a period of 3 years from the due date of furnishing the said return, except where the Government allows.

Special Returns

1. Filing of Statements / Returns by Composition Supplier

- (a) **Auto-population of inward supplies:** The inward supplies of a composition supplier received from registered persons filing GSTR-1 will be auto populated in **FORM GSTR-4A**.
- (b) The return furnished in **FORM GSTR-4** shall include the -
 - (i) **invoice wise** inter-State and intra-State **inward** supplies received from registered and un-registered persons; and
 - (ii) **consolidated** details of **outward** supplies made.
- (c) **Statements/returns for the period prior to opting for composition scheme :** A registered person who has opted to pay tax under composition scheme (goods/services) from the beginning of a financial year shall, where required, furnish GSTR-1 & GSTR-3B relating to the period prior to opting for the composition scheme.
- (d) **Statements/returns for the period prior to exiting from composition scheme :** Such registered person shall furnish FORM GST CMP-08 for the period for which he has paid tax under the composition scheme till the 18th of month next to the relevant quarter and furnish a return in FORM GSTR-4 for the said period till the 30th day of April following the end of the relevant financial year during which such withdrawal falls.

2. **Details of inward supplies of persons having UIN :** Such persons 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.**

First Return [Section 40]

When a person becomes liable to registration after his turnover crossing the threshold limit for registration, he may apply for registration within 30 days of so becoming liable. Thus, there might be a time lag between a person becoming liable to registration and grant of registration certificate. Therefore, section 40 provides that registered person shall declare his outward supplies made during said period in the first return furnished by him after grant of registration.

Annual Return [Section 44]

1. Who are required to furnish Annual Return...?

Every registered person shall furnish an annual return for every financial year. However, the following persons are not required to furnish annual return:

- (i) Casual Taxable Persons;
- (ii) Non- resident taxable person;
- (iii) Input Service Distributors;
- (iv) Persons authorized to deduct/collect tax at source under section 51/52;
- (v) Any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force; and
- (vi) Persons supplying online information and data base access or retrieval services from a place outside India to a person in India.

Further, the Commissioner may, exempt any class of registered persons from filing annual return.

2. Self-certified Reconciliation Statement:

Every registered person who is required to furnish annual return and whose aggregate turnover during a financial year exceeds Rs. 5 Crores, shall also furnish a self-certified reconciliation statement in Form GSTR-9C along with the annual return on or before 31st December of the next financial year electronically through the common portal.

Reconciliation statement reconciles the value of supplies declared in the annual return furnished for the financial year with the audited annual financial statement.

3. Further, the registered person shall not be allowed to furnish an annual return for a financial year after the expiry of a period of 3 years from the due date of furnishing the said annual return, except where the Government allows.

Default in Furnishing Return [Section 46 & 47]

1. **Notice to return defaulters [Sec. 46]:** A notice shall be issued, electronically, to a registered person who fails to furnish return under section 39 [Normal Return] or section 44 [Annual Return] or section 45 [Final Return]. Such notice shall require such registered person to furnish such return within 15 days.
2. **Late fees levied for delay in filing return [Sec. 47(1)]:** Any registered person who fails to furnish following by the due date:
 - (A) Statement of Outward Supplies [Section 37]



(B) Returns [Section 39]

(C) Final Return [Section 45],

(D) TCS Statement by ECO [Section 52]

shall pay a late fee = Rs. 100 per day (CGST Act) during which such failure continues or Rs. 5,000/- (CGST Act), whichever is lower.

However, the late fees is reduced by the Government as under:

S.	Class of Registered Person	FORM	Late Fee per day [CGST]	Max. Fee [CGST]
1.	Registered persons who have NIL outward supplies in the tax period	GSTR-1	Rs. 10/-	Rs. 250
	Registered persons whose total amount of CGST payable in the said return is NIL	GSTR-3B/ GSTR-4		
2.	Registered persons having an aggregate turnover of upto Rs. 1.5 crores in the preceding FY, other than those covered under S. No. 1	GSTR-1/ GSTR-3B/ GSTR-4	Rs. 25/-	Rs. 1,000
3.	Registered persons having an aggregate turnover of more than Rs. 1.5 crores and upto Rs. 5 crores in the preceding FY, other than those covered under S. No. 1	GSTR-1/ GSTR-3B	Rs. 25/-	Rs. 2,500
4.	Registered persons required to deduct TDS u/s 51	GSTR-7	Rs. 25/-	Rs. 1,000
5.	Input Service Distributors	GSTR-6	Rs. 25/-	Rs. 5,000
6.	Registered Non - Resident Taxable Persons whose total amount of CGST payable in the said return is NIL	GSTR-5	Rs. 10/-	Rs. 5,000
	Registered Non - Resident Taxable Persons who have CGST liability payable in the said return		Rs. 25/-	Rs. 5,000

3. **Late fees levied for delay in filing annual return [Section 47(2)] :** Any registered person who fails to furnish the Annual Return by the due date shall be liable to pay a late fee = Rs. 100 per day (CGST Act) during which such failure continues or 0.25% (CGST Act) of the turnover of registered person in the State/UT, whichever is lower.

However, the Government has reduced the late fees for delay in filing of annual return for the financial year 2022-23 onwards, as under:

S. N.	Class of Registered Person	Late Fee per day [CGST]	Max. Fee [CGST]
1.	Registered persons having an aggregate turnover of up to Rs. 5 crores in the relevant financial year.	Rs. 25	0.02% of turnover in the State or Union territory

2.	Registered persons having an aggregate turnover of more than Rs. 5 crores and up to Rs. 20 crores in the relevant financial year.	Rs. 50	0.02% of turnover in the State or Union territory
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4. It may be noted that the late fee payable by a registered person for delayed filing of a return and/or annual return, as mentioned above, is with reference to only the CGST Act. An equal amount of late fee would be payable by such person under the respective SGST/UTGST Act as well.

Goods and Services Tax Practitioners [Section 48]

1. What is the eligibility criteria for GSTP?

- (i) A person who is
 - Indian citizen
 - Person of sound mind
 - Not adjudicated as insolvent
 - Not been convicted by a competent court
- (ii) Satisfies any of the condition
 - Retired officer of Commercial Tax Department of any State Govt./CBIC who, during service under Government had worked in a post not lower than the rank of a Group-B gazetted officer for a period \geq 2 years.
 - Enrolled as a Sales Tax Practitioner or Tax Return Preparer under the earlier indirect tax law for a period of not less than 5 years.
 - Has acquired any of the prescribed qualifications (mentioned below).

Prescribed Qualification:

- (i) Graduate or postgraduate degree or its equivalent examination having a degree in Commerce, Law, Banking including Higher Auditing, or Business Administration or Business Management from any Indian University established by any law for the time being in force.
- (ii) Degree examination of any Foreign University recognised by any Indian University as equivalent to the degree examination mentioned in sub-clause (i).
- (iii) Any other examination notified by the Government, on the recommendation of the Council, for this purpose.
- (iv) Any degree examination of an Indian University or of any Foreign University recognized by any Indian University as equivalent of the degree examination.
- (v) Has passed final examination of ICAI/ICSI/Institute of Cost Accountants of India.

2. What are the activities which can be undertaken by a GSTP?

A GSTP can undertake any/all of the following activities on behalf of a registered person, if so authorised by him:

- (a) Furnish details of outward supplies
- (b) Furnish monthly, quarterly, annual or final return
- (c) Make deposit for credit into the electronic cash ledger
- (d) File a claim for refund
- (e) File an application for registration amendment/cancellation

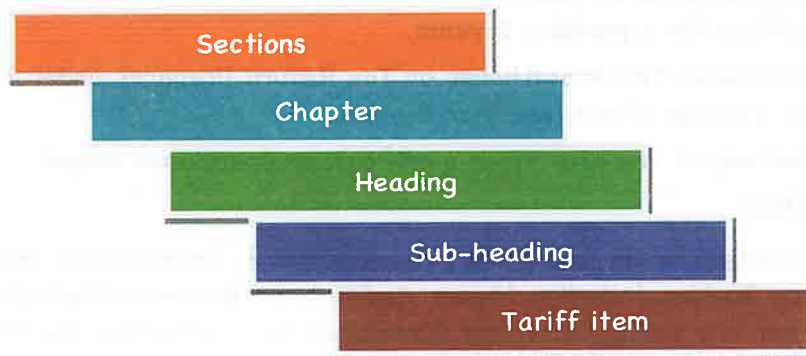
- (f) furnish information for generation of e-way bill;
- (g) furnish details of challan in prescribed form;
- (h) file an application for amendment or cancellation of enrolment of transporter and warehouse operator; and
- (i) file an intimation to pay tax under the composition scheme or withdraw from the said scheme.

(Where any application relating to cases covered in (d), (e) and (i) above has been submitted by the GSTP, a confirmation shall be sought from the registered person and the application shall not be further proceeded with until the registered person gives his consent to the same.)

Classification of goods under GST

In order to determine the rate applicable on a particular supply of goods or services, one needs to first determine the classification of such goods or services. Classification of goods and services assumes significance since there are different rates prescribed for supply of different goods and services. Therefore, classification is crucial for determining the rate of tax applicable on a particular product or service.

Classification of goods means identification of the chapter, heading, sub-heading and tariff item in which a particular product will be classified.



Chapter, heading, sub-heading and tariff item are referred in the Schedules of rate notification for goods under GST are the Chapter, heading, sub-heading and tariff item of the First Schedule to the Customs Tariff Act, 1975. Indian Customs Tariff is based on HSN. HSN stands for Harmonized System of Nomenclature. It is a multipurpose international product nomenclature developed by the World Customs Organization (WCO) for the purpose of classifying goods across the World in a systematic manner.

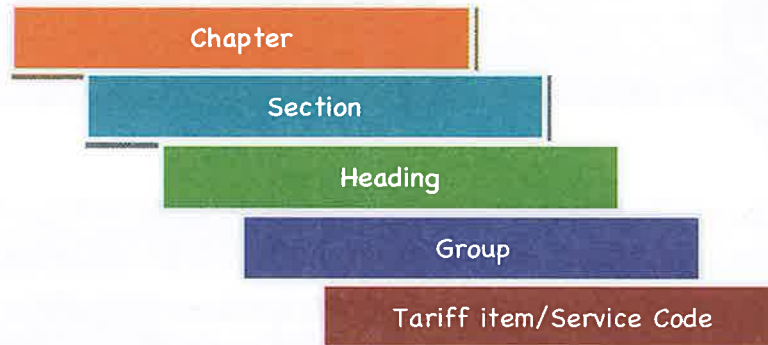
Along the lines of HSN, the Indian Customs Tariff has a set of Rules of Interpretation of the First Schedule and General Explanatory notes. These rules and the general explanatory notes give clear direction as to how the nomenclature in the schedule is to be interpreted.

Under GST, goods are classified on the basis of HSN in accordance with the Rules for the Interpretation of the Customs Tariff. Once classification for a product has been determined on this basis, applicable rate has to be determined as per the rate prescribed in the rate notification issued under GST. India has extended the HSN codes upto 8 digits.

Classification of services Under GST

A new Scheme of **Classification of Services** has been devised under GST. Under this scheme, the services of various descriptions have been classified under various sections, headings and groups. Chapter 99 has been assigned for services.

Each section is divided into various headings which is further divided into Groups. Its further division is made in the form of 'Tariff item'/ Service Codes. Rate of tax is determined in accordance with the Service Code in which the service is classified.



How's the josh...???

"High, Sir!"

CHAPTER

15

ACCOUNTS & RECORDS



Sec. 35 : Accounts and Other Records

Who is required to maintain and at which place?

- Every registered person
- At principal place of business and at respective additional place of business.
- Unless otherwise proved, documents or any books of accounts found at any other place other than mentioned in certificate of registration are deemed to be books of accounts of registered person.
- Every registered person shall keep and maintain, at his principal place of business, a true and correct account of the following :
Production or manufacture of goods; Inward supply of goods or services or both; Outward supply of goods and/or services or both; Stock of goods; Input tax credit availed; Output tax payable and paid; and Such other particulars as may be prescribed in this behalf.

Records to be maintained as prescribed by Rules

- The goods/services imported/exported,
- Details of tax paid under reverse charge mechanism
- Advance received & adjusted register
- Particulars of names and complete addresses of suppliers and recipients of goods or services
- Particulars of the complete address of the premises where goods are stored, including goods stored during transit along with the particulars of the stock stored therein.

Composition person not to maintain following two records and documents

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

Accounts to be maintained by specific persons



Manner of maintenance and Period of Maintenance

Manner of maintenance	Period of Retention (Section 36)
<ul style="list-style-type: none"> ➤ Electronic Form – Authenticated by DSC ➤ Accounts shall be maintained at all Places of Business ➤ Not to be erased or overwritten ➤ Books or Volumes shall be serially numbered ➤ Adequate Backup shall be taken for Electronic records ➤ Audit Trail shall be produced when Proper Officers demands 	<ul style="list-style-type: none"> ➤ <u>A/cs not a subject Matter of Appeal</u> 72 months from due date of annual return to which that accounts & records relate. ➤ <u>A/cs subject matter of Appeal or any proceedings</u> 72 months from due date of annual return Or 1 year after final disposal of proceeding, whichever is later

Failure to maintain the accounts [Section 35(6)]

Where the registered person fails to account for the goods or services or both in accordance with the provisions of section 35(1), the proper officer shall determine the amount of **tax payable** on the goods or services or both that are not accounted for, as if such goods or services or both had been supplied by such person and the provisions of section 73 or section 74 shall apply.

Challenges Ahead?

Huh! Who cares!

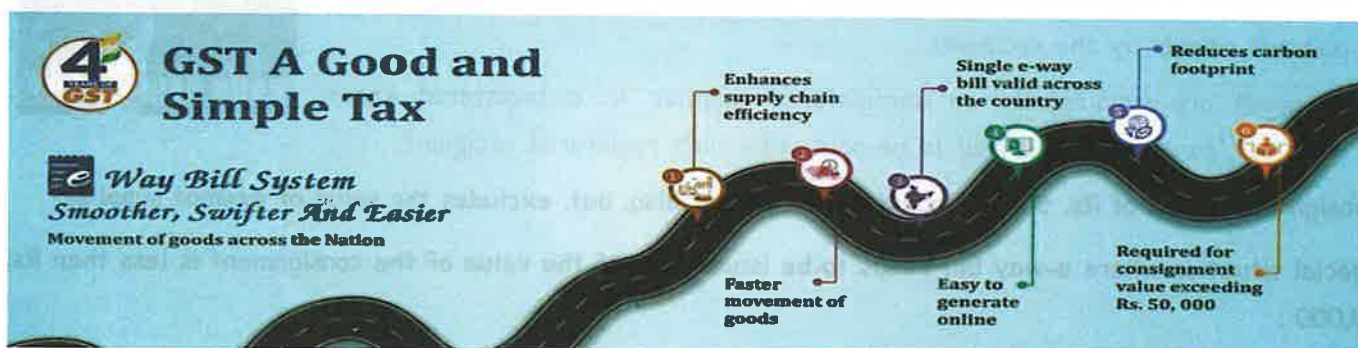
I am a CA Aspirant.

E-WAY BILL

CHAPTER

16

E-way bill is an electronic document (in Form GST EWB 01) generated on the GST portal (www.ewaybillgst.gov.in) evidencing movement of goods.



Statutory requirement

Section 68 stipulates that the Government may require the person in charge of a conveyance carrying any consignment of goods of value exceeding such amount as may be specified to carry with him such documents and such devices as may be prescribed. Rule 138 prescribes e-way bill as the document to be carried for the consignment of goods in certain prescribed cases.



E-way Bill provisions [as contained in rules 138, 138A, 138B, 138C, 138D, 138E & 138F are elaborated as under:

Every **registered person** who causes **movement** of goods of **consignment value exceeding Rs 50,000** –

- in relation to a supply; or
- for reasons other than supply; or
- due to inward supply from an unregistered person,

shall, before commencement of such movement, furnish information relating to the said goods as specified in Part A of FORM GST EWB-01, electronically, and a unique number will be generated on the said portal.

Further, the information in Part A of FORM GST EWB-01 may be furnished by the transporter, on an authorization received from the registered person.

Further, where the goods to be transported are supplied through an ECO or a courier agency, the information in Part A of FORM GST EWB-01 may be furnished by such ECO or courier agency, on an authorization received from the consignor.

Who causes movement of goods?

- If supplier is registered and undertakes to transport the goods, movement of goods is caused by the supplier.
- If recipient is registered and undertakes to transport the goods, movement of goods is caused by the recipient.
- If goods are supplied by an unregistered supplier to a registered known recipient, movement shall be said to be caused by such registered recipient.



Consignment Value of Rs. 50,000 includes GST amount also, but, excludes the value of exempt supplies.

Special situation where e-way bill needs to be issued even if the value of the consignment is less than Rs. 50,000 :

Inter-State transfer of handicraft goods by a person exempted from obtaining registration

Where handicraft goods* are transported from one State or Union territory to another State or Union territory by a person who has been exempted from the requirement of obtaining registration [under clauses (i) and (ii) of section 24], the e-way bill shall be generated by the said person irrespective of the value of the consignment.

***Handicraft goods** are the goods specified by the government which exempts the casual taxable persons making inter-State taxable supplies of such handicraft goods from obtaining registration upto specified turnover limit.

E-way Bill in case of 'Bill To Ship To' Model: Only one e-Way Bill is required to be generated.

Information to be furnished in e-way bill :

An e-way bill Form GST EWB-01 contains two parts:

- (i) **Part A** [comprising of details of GSTIN of supplier & recipient, place of dispatch & delivery (indicating PIN Code also), document (Tax invoice, Bill of Supply, Delivery Challan or Bill of Entry) number and date, value of goods, HSN code, and reasons for transportation, etc.]: to be furnished by the registered person** who is causing movement of goods of consignment value exceeding Rs. 50,000/- and
- (ii) **Part B** (transport details) [Transporter document number (Goods Receipt Number or Railway Receipt Number or Airway Bill Number or Bill of Lading Number) and Vehicle number, in case of transport by road]: to be furnished by the person who is transporting the goods.

****However, information in Part-A may be furnished:**

- by the transporter, on an authorization received from such registered person or
- by the e-commerce operator or courier agency, where the goods to be transported are supplied through such an e-commerce operator or a courier agency, on an authorization received from the consignor.

Who is mandatorily required to generate e-way bill?

- (i) Where the goods are transported by a registered person - whether as consignor or recipient as the consignee (whether in his own conveyance or a hired one or a public conveyance, by road), the said person shall have to generate the e-way bill (by furnishing information in part B on the common portal)
- (ii) Where the e-way bill is not generated by the registered person and the goods are handed over to the transporter, for transportation of goods by road, the registered person shall furnish the information relating to the transporter in Part B on the common portal and the e-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in Part A.
- (iii) Where the goods are transported by railways or by air or vessel, the e-way bill shall be generated by the registered person, being the supplier or the recipient, who shall, either before or after the commencement of movement, furnish, information in part B [viz transport document number (Goods Receipt Number or Railway Receipt Number or Airway Bill Number or Bill of Lading Number)] on the common portal.

Other important points:

- Where the goods are transported by railways: there is no requirement to carry e-way bill along with the goods, but railways has to carry invoice or delivery challan or bill of supply as the case may be along with goods. Further, e-way bill generated for the movement is required to be produced at the time of delivery of the goods. Railways shall not deliver goods unless the e-way bill required under rules is produced at the time of delivery.
- The registered person or, the transporter may, at his option, generate and carry the e-way bill even if the value of the consignment is less than Rs. 50,000.
- Where the movement is caused by an unregistered person either in his own conveyance or a hired one or through a transporter, he or the transporter may, at their option, generate the e-way bill.

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

e-way bill is valid for movement of goods by road only when the information in Part-B is furnished. However, details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of upto 50 km within the State/Union territory:

- from the place of business of the consignor to the place of business of the transporter for further transportation
- from the place of business of the transporter finally to the place of business of the consignee

Unique e-way bill number (EBN)

Upon generation of the e-way bill on the common portal, a unique e-way bill number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal [Rule 138(4)].

Transfer of goods from one conveyance to another

Where the goods are transferred from one conveyance to another, the consignor or the recipient, who has provided information in Part A of the FORM GST EWB-01, or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in Part B of FORM GST EWB-01.

Assigning the E-Way bill number to another transporter

The consignor or the recipient, who has furnished the information in Part A of FORM GST EWB-01, or the transporter, may assign the e-way bill number to another registered or enrolled transporter for updating the information in Part B of FORM GST EWB-01 for further movement of the consignment:

However, after the details of the conveyance have been updated by the transporter in Part B of FORM GST EWB-01, the consignor or recipient, as the case may be, who has furnished the information in Part A of FORM GST EWB-01 shall not be allowed to assign the e-way bill number to another transporter.

Consolidated E-way bill

After e-way bill has been generated, where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of e-way bills generated in respect of each such consignment electronically on the common portal and a consolidated e-way bill in FORM GST EWB-02 may be generated by him on the said common portal prior to the movement of goods.

Cancellation of e-way bill [Rule 138(9)]

Where an e-way bill has been generated under this rule, but goods are either not transported or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal within 24 hours of generation of the e-way bill.

An e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B.

Validity period of e-way bill / consolidated e-way bill [Rule 138(10)]

The validity of e-way bill depends on the distance to be travelled by the goods. An e-way bill or a consolidated e-way bill generated under this rule shall be valid for the period as mentioned below :-

Sr.	Distance within the country	Validity Period from relevant date*
1	Upto 200 km.	One day in cases other than Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship
2	For every 200 km or part	One additional day in cases other than Over Dimensional Cargo or

	thereof thereafter	multimodal shipment in which at least one leg involves transport by ship
3	Upto 20 km.	One day in case of Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship
4	For every 20 km. or part thereof thereafter	One additional day in case of Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship

Relevant date

*"Relevant date" shall mean the date on which the e-way bill has been generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as the period expiring at **midnight** of the day immediately following the date of generation of e-way bill.



This can be explained by following examples –

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

The validity of the e-way bill starts when first entry is made in Part-B i.e. vehicle entry is made first time in case of road transportation or first transport document number entry in case of rail/air/ship transportation, whichever is the first entry. It may be noted that validity is not re-calculated for subsequent entries in Part-B.

Example: A consignor hands over his goods for transportation on Friday to transporter. However, the assigned transporter starts the movement of goods on Monday. The validity period of e-way bill starts only after the details in Part B are updated by the transporter for the first time.

In the given situation, Consignor can fill the details in Part A on Friday and handover his goods to the transporter. When the transporter is ready to move the goods, he can fill Part B i.e. the assigned transporter can fill the details in Part B on Monday and the validity period of the e-way bill will start from Monday.

Extension of validity period

Extension by Commissioner for certain categories of goods: The Commissioner may, on the recommendations of the Council, by notification, extend the validity period of an e-way bill for certain categories of goods as may be specified therein.

EXTENSION

Extension by transporter in exceptional circumstances: The Transporter can extend the validity of the e-way bill, if the consignment is **not** being reached the destination within the validity period due to exceptional circumstance like natural calamity, law and order issues, trans-shipment delay, accident of conveyance, etc. He needs to explain this reason in details while extending

the validity period. The validity of the e-way bill may be extended within 8 hours from the time of its expiry.

Acceptance of e-way bill

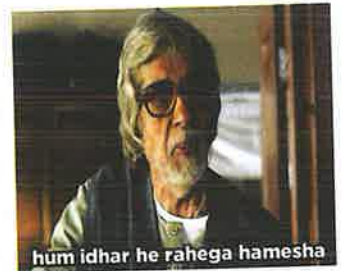
Where the person to whom the above information has been made available does not communicate his acceptance or rejection **within 72 hours** of the details being made available to him on the common portal, or **the time of delivery of goods**, whichever is **earlier**, it shall be deemed that he has accepted the said details.

E-way bill generated in one State is valid in another State

The e-way bill generated under this rule or under rule 138 of the Goods and Services Tax Rules of any State or Union territory shall be valid in every State and Union territory.

Points to remember

1. E-way bill is not valid for movement of goods without vehicle number on it.
2. Once E-way bill is generated, it cannot be edited for any mistake. However, it can be cancelled within 24 hours of generation.
3. E-Way Bill may be updated with vehicle number any number of times.
4. The latest vehicle number should be available on e-way bill and should match with the vehicle carrying it in case checked by the department.



Situations where E-way Bill is not required to be generated [Rule 138(14)]

Notwithstanding anything contained in this rule, no e-way bill is required to be generated—

- (a) where the goods being transported are specified in Annexure (given at the end of this sub-rule);
- (b) where the goods are being transported by a non-motorised conveyance;
- (c) where the goods are being transported from the customs port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs;
- (d) in respect of movement of goods within such areas as are notified under clause (d) of sub-rule (14) of rule 138 of the SGST/UTGST Rules in that particular State or Union territory;
- (e) where the goods (other than de-oiled cake), being transported, are **exempt** from GST;
- (f) where the goods being transported are alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas or aviation turbine fuel;
- (g) where the supply of goods being transported is treated as no supply under Schedule III of the Act;
- (h) where the goods are being transported—
 - (i) under customs bond from an inland container depot or a container freight station to a customs port, airport, air cargo complex and land customs station, or from one customs station or customs port to another customs station or customs port, or



- (ii) under customs supervision or under customs seal;
- (i) where the goods being transported are transit cargo from or to Nepal or Bhutan;
- (j) where the goods being transported are exempt from tax under notification No. 7/2017-Central Tax (Rate), [i.e. Supply of goods by the Canteen Stores Department (CSD) to the Unit Run Canteens or to the authorized customers and the supply of goods by the Unit Run Canteens to the authorized customers] and notification No. 26/2017-Central Tax (Rate) [i.e. Supply of Heavy water and nuclear fuels by the Department of Atomic Energy to the Nuclear Power Corporation of India Ltd. (NPCIL)];
- (k) any movement of goods caused by defence formation under Ministry of defence as a consignor or consignee;
- (l) where the consignor of goods is the Central Government, Government of any State or a local authority for transport of goods by rail;
- (m) where empty cargo containers are being transported; and
- (n) where the goods are being transported upto a distance of 20 kilometers from the place of the business of the consignor to a weighbridge for weighment or from the weighbridge back to the place of the business of the said consignor subject to the condition that the movement of goods is accompanied by a delivery challan.
- (o) where empty cylinders for packing of liquefied petroleum gas (LPG) are being moved for reasons other than supply.

ANNEXURE [(See Rule 138(14))]

Sr. No.	Description of Goods
1	Liquefied petroleum gas (LPG) for supply to household and non domestic exempted category (NDEC) customers
2	Kerosene oil sold under PDS
3	Postal baggage transported by Department of Posts
4	Natural or cultured pearls and precious or semi-precious stones; precious metals and metals clad with precious metal (Chapter 71)
5	Jewellery, goldsmiths' and silversmiths' wares and other articles (Chapter 71) excepting Imitation Jewellery (7117)
6	Currency
7	Used personal and household effects
8	Coral, unworked (0508) and worked coral (9601)

Rule 138A : Documents and devices to be carried by a person-in-charge of a conveyance

- (A) The person in charge of a conveyance shall carry—
- (a) the **invoice** or bill of supply or delivery challan, as the case may be; and
- (b) a copy of the **e-way bill** in physical form or the e-way bill number in electronic form or mapped to a radio frequency identification device



embedded on to the conveyance [except in case of movement of goods by rail or by air or by vessel].

- (B) In case, if e-invoice is issued, the QR code may be produced electronically, for verification by the proper officer in lieu of the physical copy of such tax invoice.
- (C) In case, if e-invoice is issued, the information in Part A of FORM GST EWB-01 shall be auto-populated by the common portal on the basis of the information furnished in e-invoice.
- (D) Where circumstances so warrant, the Commissioner may, by notification, require the person-in-charge of the conveyance to carry the following documents instead of the e-way bill
- (a) tax invoice or bill of supply or bill of entry; or
 - (b) a delivery challan, where the goods are transported for reasons other than by way of supply.

Rule 138B : Verification of documents and conveyances

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

Rule 138C : Inspection and verification of goods

- (1) A **summary report** of every inspection of goods in transit shall be recorded online by the proper officer within **24 hours** of inspection and the **final report** shall be recorded within **3 days** of such inspection.

However, where the circumstances so warrant, the Commissioner, or any other officer authorised by him, may, on sufficient cause being shown, extend the time for recording of the **final report**, for a further period **not exceeding 3 days**.

Explanation.- The period of 24 hours or, 3 days shall be counted from the **midnight** of the date on which the vehicle was intercepted.

- (2) Where the physical verification of goods being transported on any conveyance has been done during transit at one place within the State or Union territory or in any other State or Union territory, **no further physical verification** of the said conveyance shall be carried out again in the State or Union territory, unless a specific information relating to evasion of tax is made available subsequently.

Rule 138D : Facility for uploading information regarding detention of vehicle

Where a vehicle has been intercepted and detained for a period exceeding **30 minutes**, the transporter may upload the said information on the common portal.

Explanation: For the purposes of E-Way Rules, the expressions 'transported by railways', 'transportation of goods by railways', 'transport of goods by rail' and 'movement of goods by rail' does not include cases where leasing of parcel space by Railways takes place.

Rule 138E : Blocking of e-way bill generation facility

No person (including a consignor, consignee, transporter, an e-commerce operator or a courier agency) shall be allowed to furnish the information in PART A of FORM GST EWB-01, in respect of any outward movement of goods of a registered person, who,—

- (a) being a person paying tax under Composition levy scheme, has not furnished the statement in FORM GST CMP-08 for 2 consecutive quarters; or
- (b) being a person other than a person specified in clause (a), has not furnished the returns for a consecutive period of 2 tax periods; or
- (c) being a person other than a person specified in clause (a), has not furnished GSTR-1 (statement of outward supplies) for any 2 months or quarters, as the case may be; or
- (d) being a person, whose registration has been suspended under the provisions of rule 21A.

However, the Commissioner (jurisdictional Commissioner) may, on receipt of an application from a registered person, on sufficient cause being shown and for reasons to be recorded in writing, by order, allow furnishing of the said information in PART A of FORM GST EWB 01.

Further, no order rejecting the aforesaid request of such person shall be passed without affording the said person a reasonable opportunity of being heard.

Important Note : Blocking of e-waybill generation facility means disabling a taxpayer from generating the e-way bill. Blocking of GSTIN for e-way bill generation would only be for the defaulting supplier GSTIN and not for the defaulting Recipient or Transporter GSTIN. Suspended GSTIN cannot generate e-way bill as supplier. However, the suspended GSTIN can get the e-way bill generated as recipient or as transporter.

Rule 138F : Information to be furnished in case of intra-State movement of gold, precious stones, etc. and generation of e-way bills thereof

(1) Where -

- (a) a particular state government or union territory mandates furnishing of information regarding intra-State movement of gold, precious stones, etc. specified against serial numbers 4 and 5 in the Annexure appended to rule 138(14), and
- (b) the consignment value of such goods exceeds Rs. 2,00,000 or any other higher limit, as may be notified by the respective states or union territories,



then, notwithstanding anything contained in Rule 138, every registered person who causes intra-State movement of such goods, -

- (i) in relation to a supply; or
- (ii) for reasons other than supply; or
- (iii) due to inward supply from an un-registered person,



shall, before the commencement of such movement within that State or Union territory, furnish information relating to such goods electronically, as specified in Part A of FORM GST EWB-01, against which a unique number shall be generated.

However, where the goods to be transported are supplied through an e-commerce operator or a courier agency, the information in Part A of FORM GST EWB-01 may be furnished by such e-commerce operator or courier agency.

- (2) Further, the information as specified in PART B of FORM GST EWB-01 shall not be required to be furnished in respect of movement of these goods and after furnishing information in Part-A, the e-way bill shall be generated in FORM GST EWB-01, electronically on the common portal.
- (3) Further, remaining all other provisions of e-way bill rules, as they apply in case of other goods, shall also apply in respect of these goods also.

Tax Invoice or bill of supply to accompany transport of goods [Rule 55A]

The person-in-charge of the conveyance shall carry a copy of the tax invoice or the bill of supply issued in accordance with the provisions of rules 46, 46A or 49 in a case where such person is not required to carry an e-way bill under these rules.

Illustration 2 : In case of transportation of goods by railways, whether goods can be delivered even if the e-way bill is not produced at the time of delivery?

Solution : As per proviso to rule 138(2A) of the CGST Rules, 2017, the railways shall not deliver the goods unless the e-way bill is produced at the time of delivery. [Circular]

Illustration 3 : Whether e-way bill is required in the following cases (assuming value of goods exceeding Rs. 50,000) -

- (i) Where goods transit through another State while moving from one area in a State to another area in the same State.
- (ii) Where goods move from a DTA unit to a SEZ unit or vice versa located in the same State.

Answer : [Circular]

- (i) It may be noted that e-way bill generation is not dependent on whether a supply is inter-State or not, but on whether the movement of goods is inter-State or not. Therefore, if the goods transit through a second State while moving from one place in a State to another place in the same State, an e-way bill is required to be generated.
- (ii) Where goods move from a DTA unit to a SEZ unit or vice versa located in the same State, there is no requirement to generate an e-way bill, if the same has been exempted u/r 138(14)(d) & if it is not exempted u/r 138(14)(d), then, the e-way bill will be required to be generated.

Latest Selected Circulars issued under GST

Clarification on taxability of shares held in a subsidiary company by the holding company [Circular]

Issue: Whether the activity of holding shares by a holding company of the subsidiary company will be treated as a supply of service or not and whether the same will attract GST or not.

Clarification: Securities are considered neither goods nor services under GST. Further, purchase or sale of shares or securities, in itself is neither a supply of goods nor a supply of services. Therefore, the activity of holding of shares of subsidiary company by the holding company per se cannot be treated as a supply of services by a holding company to the said subsidiary company and cannot be taxed under GST.

Clarification regarding applicability of GST on certain services [Circular]

Clarification 1: Services supplied by a director of a company or body corporate to the company or body corporate in his private or personal capacity such as services supplied by way of renting of immovable property to the company or body corporate are not taxable under RCM. Only those services supplied by director of company or body corporate, which are supplied by him as or in the capacity of director of that company or body corporate shall be taxable under RCM in the hands of the company or body corporate.

Clarification 2: Supply of food or beverages in a cinema hall is taxable as 'restaurant service' as long as:

- a. the food or beverages are supplied by way of or as part of a service, and
- b. supplied independent of the cinema exhibition service.

It is further clarified that where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.

Clarification on issues pertaining to taxability of personal guarantee and corporate guarantee in GST [Circular]

Clarification on personal guarantee:

1. The activity of providing personal guarantee by the Director to the banks/ financial institutions for securing credit facilities for their companies is to be treated as a supply of service, even when made without consideration because director and company are related persons.
2. Rule 28 of CGST Rules prescribes value of the supply between related parties, which is the open market value of such supply.

3. As per mandate provided by RBI, no consideration by way of commission, brokerage fees or any other form, can be paid to the director by the company, directly or indirectly, in lieu of providing personal guarantee to the bank for borrowing credit limits.
4. Therefore, there is no question of such supply/ transaction having any open market value. Accordingly, the open market value of the said transaction/ supply may be treated as zero and therefore, no tax is payable on such supply of service by the director to the company.

Clarification on corporate guarantee:

Clarification:

1. Where the corporate guarantee is provided by a company (say, holding company) to the bank/financial institutions for providing credit facilities to the other company (say, subsidiary company), where both the companies are related, the activity is to be treated as a supply of service between related parties as per provisions of Schedule I of CGST Act, even when made without any consideration.
2. The taxable value of such supply of services, will be determined as per the provisions of the sub-rule (2) of Rule 28 of CGST Rules, irrespective of whether full ITC is available to the recipient of services or not.

Clarification on availability of ITC in respect of warranty replacement of parts and repair services during warranty period [Circular]

S.N.	Issue	Clarification
1	Whether GST would be payable on such replacement of parts or supply of repair services by original equipment manufacturer, without any consideration from the customer, as part of warranty?	The value of original supply of goods (provided along with warranty) by the manufacturer to the customer includes the likely cost of replacement of parts and / or repair services to be incurred during the warranty period, on which tax would have already been paid at the time of original supply of goods. Therefore, no further GST is chargeable on such replacement of parts and/ or repair service during warranty period. However, if any additional consideration is charged by the manufacturer from the customer, either for replacement of any part or for any service, then GST will be payable on such supply with respect to such additional consideration.
2	Whether in such cases, the manufacturer is required to reverse the ITC in respect of such replacement of parts or supply of repair services as part of warranty, in respect of which no additional consideration is charged from the customer?	In such cases, the value of original supply of goods (provided along with warranty) by the manufacturer to the customer includes the likely cost of replacement of parts and/ or repair services to be incurred during the warranty period. Therefore, these supplies cannot be considered as exempt supply and accordingly, the manufacturer is not required to reverse the ITC in respect of the said replacement parts or on the repair services provided.

<p>3</p>	<p>Whether GST would be payable on replacement of parts and/ or repair services provided by a distributor without any consideration from the customer, as part of warranty on behalf of the manufacturer?</p>	<p>In such cases, as no consideration is being charged by the distributor from the customer, no GST would be payable by the distributor on the said activity of providing replacement of parts and/ or repair services to the customer.</p> <p>However, if any additional consideration is charged by the distributor from the customer, either for replacement of any part or for any service, then GST will be payable on such supply with respect to such additional consideration.</p>
<p>4</p>	<p>In the above scenario where the distributor provides replacement of parts to the customer as part of warranty on behalf of the manufacturer, whether any supply is involved between the distributor and the manufacturer and whether the distributor would be required to reverse the ITC in respect of such replacement of parts?</p>	<p>a. There may be cases where the distributor replaces the part(s) to the customer under warranty either by using his stock or by purchasing from a third party and charges the consideration for the part(s) so replaced from the manufacturer, by issuance of a tax invoice, for the said supply made by him to the manufacturer. In such a case, GST would be payable by the distributor and the manufacturer would be entitled to avail the ITC of the same. In such case, no reversal of ITC by the distributor is required in respect of the same.</p> <p>b. There may be cases where the distributor raises a requisition to the manufacturer for the part(s) to be replaced by him under warranty and the manufacturer then provides the said part(s) to the distributor for the purpose of such replacement to the customer as part of warranty.</p> <p>In such a case, where the manufacturer is providing such part(s) to the distributor for replacement to the customer during the warranty period, without separately charging any consideration at the time of such replacement, no GST is payable on such replacement of parts by the manufacturer. Further, no reversal of ITC is required to be made by the manufacturer in respect of the parts so replaced by the distributor under warranty.</p> <p>c. There may be cases where the distributor replaces the part(s) to the customer under warranty out of the supply already received by him from the manufacturer and the manufacturer issues a credit note in respect of the parts so replaced subject to provisions of section 34(2) of the CGST Act. Accordingly, the tax liability may be adjusted by the manufacturer, subject to the condition that the said distributor has reversed the ITC availed against the parts so replaced.</p>

5	Where the distributor provides repair service, in addition to replacement of parts or otherwise, to the customer without any consideration, as part of warranty, on behalf of the manufacturer but charges the manufacturer for such repair services either by way of issue of tax invoice or a debit note, whether GST would be payable on such activity by the distributor?	Yes, GST would be payable on such provision of service by the distributor to the manufacturer and the manufacturer would be entitled to avail the ITC of the same.
6	Sometimes companies provide offers of Extended warranty to the customers which can be availed at the time of original supply or just before the expiry of the standard warranty period. Whether GST would be payable in both the cases?	<p>a. If a customer enters in to an agreement of extended warranty with the manufacturer at the time of original supply, then the consideration for such extended warranty becomes part of the value of the composite supply, the principal supply being the supply of goods, and GST would be payable accordingly.</p> <p>b. However, in case where a consumer enters into an agreement of extended warranty at any time after the original supply, then the same is a separate contract and GST would be payable by the service provider, whether manufacturer or the distributor or any third party, depending on the nature of the contract (i.e. whether the extended warranty is only for goods or for services or for composite supply involving goods and services)</p>

Clarification regarding Place of supply in case of supply of services in respect of advertising sector [Circular]

Issue: Advertising companies are often involved in procuring space on hoardings/ bill boards erected and mounted on buildings/land, in different States, from various suppliers ("vendors") for providing advertisement services to its corporate clients. There may be variety of arrangements between the advertising company and its vendors as below:

Case 1: There may be a case wherein there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/ structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/ structure. What will be the place of supply of services provided by the vendor to the advertising company in such case?

Case 2: There may be another case where the advertising company wants to display its advertisement on hoardings/ billboards at a specific location availing the services of a vendor. The responsibility of arranging the hoardings/ bill boards lies with the vendor who may himself own such structure or may be taking it on rent or rights to use basis from another person. The vendor is responsible for display of the

advertisement of the advertisement company at the said location. During this entire time of display of the advertisement, the vendor is in possession of the hoarding/structure at the said location on which advertisement is displayed and the advertising company is not occupying the space or the structure. In this case, what will be the place of supply of such services provided by the vendor to the advertising company?

Clarification:

Place of supply in Case 1: The hoarding/structure erected on the land should be considered as immovable structure or fixture as it has been embedded in earth. Further, place of supply of any service provided by way of supply (sale) of space on an immovable property or grant of rights to use an immovable property shall be governed by the provisions of section 12(3)(a) of IGST Act. Therefore, the place of supply of service provided by way of supply of sale of space on hoarding/ structure for advertising or for grant of rights to use the hoarding/ structure for advertising in this case would be the location where such hoarding /structure is located.

Place of supply in Case 2: In this case, as the service is being provided by the vendor to the advertising company and there is no supply (sale) of space/ supply (sale) of rights to use the space on hoarding/structure (immovable property) by the vendor to the advertising company for display of their advertisement on the said display board/structure, the said service does not amount to sale of advertising space or supply by way of grant of rights to use immovable property. Accordingly, the place of supply of the same shall not be covered under section 12(3)(a) of IGST Act. Vendor is infact providing advertisement services by providing visibility to an advertising company's advertisement for a specific period of time on his structure possessed/taken on rent by him at the specified location. Therefore, such services provided by the Vendor to advertising company are purely in the nature of advertisement services in respect of which Place of Supply shall be determined in terms of Section 12(2) of IGST Act.

Clarification regarding Place of supply in case of supply of the "co-location services" [Circular]

Issue: Co-location is a data center facility in which a business/company can rent space for its own servers and other Computing hardware along with various other bundled services related to Hosting and information technology (IT) infrastructure.

A business/company who avails the co-location services primarily seek security and up keep of its server/s, storage and network hardware; operating systems, system software and may require to interact with the system through a web- based interface for the hosting of its websites or other applications and operation of the servers.

In this respect, various doubts have been raised as to

- i. whether supply of co-location services are renting of immovable property service (as it involves renting of space for keeping /storing company's hardware/servers) and hence the place of supply of such services is to be determined in terms of provision of clause (a) of sub- section (3) of Section 12 of the IGST Act which is the location where the immovable property is located; or
- ii. whether the place of supply of such services is to be determined by the default place of supply provision under sub-section (2) of section 12 of the IGST Act as the supply of service is Hosting and Information Technology (IT) Infrastructure Provisioning services involving providing services of

hosting the servers and related hardware, security of the said hardware, air conditioning, uninterrupted power supply, fire

Clarification:

It is clarified that the Co-location services are in the nature of “Hosting and information technology (IT) infrastructure provisioning services” (S.No. 3 of Explanatory notes of SAC- 998315). Such services do not appear to be limited to the passive activity of making immovable property available to a customer as the arrangement of the supply of co-location services not only involves providing of a physical space for server/network hardware along with air conditioning, security service, fire protection system and power supply but it also involves the supply of various services by the supplier related to hosting and information technology infrastructure services like network connectivity, backup facility, firewall services, and monitoring and surveillance service for ensuring continuous operations of the servers and related hardware, etc. which are essential for the recipient business/company to interact with the system through a web based interface relating to the hosting and operation of the servers.

In such cases, supply of co-location services cannot be considered as the services of supply of renting of immovable property. Therefore, the place of supply of the co-location services shall not be determined by the provisions of clause (a) of sub-section (3) of Section 12 of the IGST Act but the same shall be determined by the default place of supply provision under sub-section (2) of Section 12 of the IGST Act i.e. location of recipient of co-location service.

However, in cases where the agreement between the supplier and the recipient is restricted to providing physical space on rent along with basic infrastructure, without components of Hosting and Information Technology (IT) Infrastructure Provisioning services and the further responsibility of upkeep, running, monitoring and surveillance, etc. of the servers and related hardware is of recipient of services only, then the said supply of services shall be considered as the supply of the service of renting of immovable property. Accordingly, the place of supply of these services shall be determined by the provisions of clause (a) of sub-section (3) of Section 12 of the IGST Act which is the location where the immovable property is located.

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जी तोड़ मेहनत से मंजिल की कठिनाई को
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Nitin Chhikara	79	Raghav Jain	71	Pooja Ramchandani	68	Ca Rakshat Jindas Jain	66
Mohit Delawat	79	Chetany Agarwal	71	Mohammed Varaiya	68	Santosh Sonkawade	66
Nikhil Patel	79	Sukhi Pawar	71	Shiva Mahaldar	68	Rajesh Kumar	66
Gaurav Agarwal	77	Kritika Sankhla	71	Sarabjit Yadav	68	Kritarth Gupta	66
Ujjwal Jajodia	77	Savitri Parmar	71	Ziya Sharma	68	Mohammed Ayaz Khan	66
Arihant Singh Bhadoriya	77	Khushi Agarwal	71	Shailesh Sanya	68	Ca Ayush Goyal	66
Shadab Shalkh	77	Sapna Sharma	70	Harsh Kamat	68	Pankaj Gurjar	66
Sanskar Mangal	76	Mihir Dasadiya	70	Nidhi Toshniwal	68	Henil Dawda	66
Harsh Patel	76	Umang Mistry	70	Preetika Dadheech	68	Aditya Parakh	66
Aastha Vikas Aggarwal	76	Vipul Singhal	70	Dhruv Aggarwal	68	Devanshi Sarraf	66
Sonali Jaiswal	76	Megha Chourasia	70	Shyam Jain	68	Ritika Jain	66
Hardik Shetty	76	Sanjyot Bhide	70	Sudipt Garg	68	Urmi Shah	66
Ayush Mahajan	75	Mufaddal Ali Bohra	70	Saloni Rajyaguru	68	Ajay Kumar Shah	66
Ananya Gupta	75	Ranjeet Singh Shekhawat	70	Atul Mohammad	68	Manisha Soni	66
Siddharth Sood	75	Shailesh Chechani	70	Nikita Jha	68	Padam Chand Jain	66
Atul Sharma	75	Misha Jain	70	Dev Mittal	68	Shubadi Dhanoki	66
Ronak Gupta	75	Ekansh Rajdev	70	Neha Das	68	Pradyumna Ravindra Gahankari	66
Sahil Gohil	75	Caroline Ferrao	70	Monisha Gokani	68	Surbhi Agarwal	66
Varun Gupta	74	Sanil G. Jail	70	Divya Soni	68	Amisha Jain	66
Yash Singhal	74	Kirti Nandawat	70	Manasvi Pahwa	68	Himanshu Grover	66
Mayur Anil Sapkale	74	Eushi Surana	70	Arti Batwara	68	Vishwajeet Aher	66
Disha Shah	74	Suraj Pandurang Patil	70	Barsha Das	67	Ekta Upadhyay	66
Aishwarya Dharewa	74	Kashish Bajirao	70	Ravi Bhambhani	67	Nitish S Jahagirdar	66
Bhavika Bhanushali	74	Abhinav Dayal	70	Ajith Rajaram Mayya	67	Ca Payal Girishbhai Mlrani	66
Purushottam Agrawal	74	Kratika Dayal	70	Mayuri Krishnamoorthi	67	Sahil Thakkar	66
Prateek Jain	74	Khushi Bhagwan	70	Nabila Khan	67	Ishtia Mittal	66
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Adarsh Agrawal	73	Shantanu Parakh	70	Mohammed Sohel Mansuri	67	Bhushan Kapoor	66
Manmeet Kaur Adulkar	73	Ashish Sharma	69	Abhinandan Jain	67	Naman Rawal	66
Lokesh Sharma	73	Kritika Bansal	69	Sunny Allaudin Lakhani	67	Rohit Agrawal	66
Hardik Kothari	73	Subham Kumar Singh	69	Sujal Kaklotar	67	Gopal Sa	66
Prakhar Jagannath	73	Priyanshi Goyal	69	Pooja Ratilal Rathod	67	Nishi Parwani	66
Kanisha Mahindroo	73	Amaan Shaikh	69	Harsha Harwani	67	Shimi Singal	66
Ravi Bhansali	73	Fatema Sadiwala	69	Labdhi Bafna	67	Jainam Santra	66
Malhar Kaur	73	Kanhaiya Pal	69	Akshay Ananda Kale	67	Nisha Sanjay	66
Kevin Gupta	73	Liza	69	Sachin Gour	67	Jaylta Goyal	66
Shreya Nare	73	Shreyans Jain	69	Tanisha Jain	67	Garima Khatri	66
Ekansh Milind	73	Muskan Beriwal	69	Sulabh Sharma	67	Sheetal Sarda	66
Kumar Sharma	73	Shamika Dhaneshwar	69	Ca Prince Mandal	67	Sonal Virtuals	66
Priyansh Changoiwala	72	Naitik Vora	69	Shubham Bajpai	67	Chinmay Bhootra	66
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Naresh K	72	Jugal Kishor Sharma	69	Hritik Mittal	67	Rishu Goel	65
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Archana Dilip Gawade	72	Abhishek Jain	69	Mukul Singhal	67	Prajwal Garg	65
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Kushangl Singh	72	Mansi Srivastava	69	Deepak Rajbahadur Yadav	67	Dinal Rawal	65
Vicky Surykant Pawar	72	Ravishanker Lodha	69	Khushbu N Patel	67	Aneri Shah	65
Suresh Narni	72	Rajan Jain	69	Aish Likhari	67	Karan Shankar Munankar	65
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Leena Suryakant Jungade	71	Vinay Parihar	68	Kunal Hede	66	Priyanka Rajendra Nirgude	65
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Bilal Ahmed	71	Altaf Chhlimpa	68	Aman Jain	66	Amarjeet Singh	65
Kush Khair	71	Ayushi Singhal	68	Vrushal Yashodhan Hatkar	66	Vishesh Porwal	65
Pulkit Soni	71	Shahrukh Khan Salfi	68	Shreem Mansoorl	66	Rashi Agarwal	65
Ashutosh Vyas	71	Palkin Karodiya	68	Ronit Perelra	66	Nikhil Pavankumar Nagdev	65
Aditya Chhawacharia	71	Avnsh VJjaywargiya	68	Pratvi Akshay Katira	66	...	and many more

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live example is too good
Small motivation between class
also works alot
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Ye hoshiyar!
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Manio
Thik se hmm nal kare etc
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is also too good

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pdhne me bht maza saye...bht
sacha understanding mila get
ka...alaa exam me gat ka lol
question ni tha Jeka concept
mroko naa aate ho...all because of
you sir... last attempt I got 28 in
taxation but this time 80 all
because of you...thank you so much
... need you blessings for
future and hope ki jilll CA final me
apne pdhne ka wapus mauka mile...
love you sir

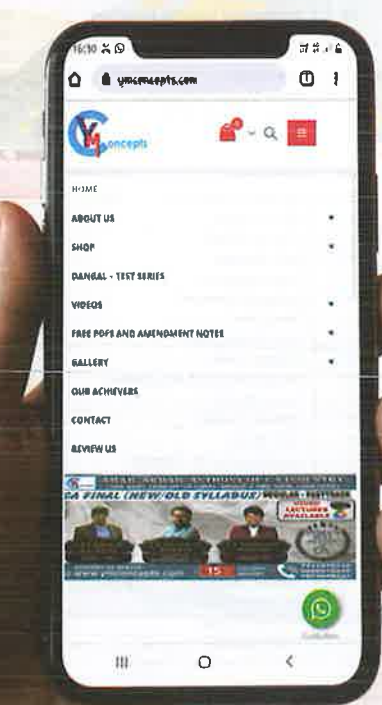
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from you. Aap sachl mahool create
kar dete ho. It is only because of
the way you teach that IDT had
become one of my favourite
subjects.
Thank you for always inspiring,
guiding and motivating me. CA
would not have been possible
without you. I am very grateful to
you Sir 🙏🙏

Hi sir
Mangal sir With great emotion and
feeling I am proud to announce I am
a Chartered accountant
Sir in IDT I secured exemption
marks and without your support
and help it would've been
impossible to achieve the same
Thank u
Sir I wish to meet u in class mumbai
Hope u will be there
Thank u
MaasaHool

Hi sir...sir from bottom of my heart
thank you thank you soooooo much
sir for such an amazing
bookaapki book ne difficulty kafi
had tk kam kar di h..
And sir tysm for always being there
for your students....like literally I
enjoy reading your book...
Tysm tysm tysm 🙌🙌🙌

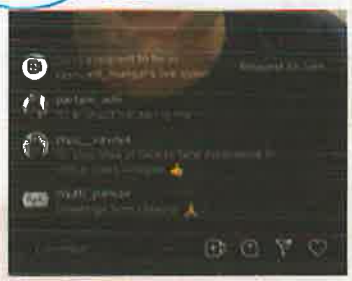


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you so much sir. Your lectures were
truly amazing and even the notes
were so easy to understand and
covered everything.

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Thank you so much for the constant
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