

GST in India - An Introduction

* What is Tax ?

- A Pecuniary burden laid upon individuals or property owners to support the Govt., a payment exacted by legislative authority.
- It is not a voluntary payment or donation, but an enforced contribution.

TAX

DIRECT TAX

- * The person paying the tax to the Government directly bears the incidence of the tax.
- * Progressive in nature - high rate of taxes for people having higher ability to pay.



Burden of tax borne by the person himself

INDIRECT TAX

- * The person paying the tax to the Government collects the same from the ultimate consumer. Thus, incidence of the tax is shifted to the other person.
- * Regressive in nature - All the consumers equally bear the burden, irrespective of their ability to pay.



Burden of tax shifted to another person.

Major direct and indirect taxes

Indirect taxes

Goods and Services Tax

Customs Duty

Direct taxes

Income tax

* Genesis of GST in India

GST was launched on "1/7/2017"

- France was the first country to implement GST
- Presently > 160 countries have adopted GST
- **Genesis of GST In India:**

2000:- The then P.M mooted the concept of GST and set up a committee

2006-07:- Union Finance Minister P. Chidambaram announced in budget that GST be introduced from 1 April 2010

December 2014: The **Constitution (122nd Amendment) Bill** was Introduced in Lok Sabha

6th May 2015:- Lok Sabha Passed the Bill

3rd Aug 2016:- Rajya Sabha Passed the Bill

8th Sept 2016:- President Assent

The **Constitution (101st Amendment) Act** was enacted

Sept. 2016:- 1st GST council meeting

April 2017: - GST Council recommends C/S/I/U/cess bill

April 2017:- CGST/SGST/UTGST/ comp. Cess Act passed

May 2017: - GST Council recommends all the rules

30th June 2017:- All states except J & K passed their SGST Act

8th July 2017:- SGST Act passed by J&K; CGST and IGST ordinances promulgated to extend GST to J & K.

Presently. GST Applicable to **whole of India**

What is GST??



Goods and Services Tax



* Concept of GST:

1. Value added Tax
2. Continuous chain of tax credits
3. Burden borne by final consumer
4. No cascading of taxes

* Need for GST in India:

GST - cure for ills in erstwhile value added taxation.

Deficiencies included:

1. Cascading effect of Tax i.e. Tax on tax
Eg: VAT charged on Excise
2. Distinction between goods and services blurred. ∴ certain transactions subject to double taxation.
Eg: Software, Restaurant
3. CENVAT (central levy) and VAT (state levy) were essentially value added tax but set off against each other was not possible
4. Multiple taxes were to be paid as VAT, service tax, luxury tax, entertainment tax, etc. were not integrated.



* Under earlier tax regime, if goods were manufactured for ₹ 1000/- and excise duty was payable @ 12.5% and VAT was payable @ 14.30%, the billing was being done as under:

Assessable value of goods under excise law	₹ 1000
Excise duty @ 12.5%	₹ 125
Taxable value for VAT	₹ 1,125
VAT @ 14.30%	₹ 160.88
Total invoice value	₹ 1,285.88

* Chain of credit under GST:

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

* GST is a destination based tax on consumption of G/S/B. Tax revenue would accrue to the place of consumption state/UT.

* Framework of GST in India : Dual GST

Due to country's federal structure, dual GST model is adopted. i.e. Centre + State/UT Concurrently impose taxes.

Benefits of GST

Benefits to Economy	Simplified Tax Structure	Easy Tax Compliance	Advantages for Trade and Industry
↓		↓	
1. Creation of unified national Market	1. Ease of doing business	1. Automated procedure with greater use of IT.	1. Benefits to industry
2. Boost to "Make in India" initiative	2. Certainty in Tax Administration	2. Reduction in compliance costs	2. Mitigation of ill effects of cascading
3. Boost to investments, exports and employment			

* States and UTs for GST Purpose

28 States ⊕

3 UTs with legislature

- Delhi

- J&K

- Puducherry



CGST + SGST

5 UTs without

legislature (ALL CD)

A - Andaman & Nicobar

L - Lakshadweep

L - Ladakh

C - Chandigarh

D - Dadra & Nagar Haveli and Daman & Diu

Other - Other Territory (eg: EEZ)



CGST + UTGST

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* 11 Special Category States in GST:

(No ASTHMA in Uttarakhand and J&K)

N - Nagaland

A - Assam

S - Sikkim

T - Tripura

H - Himachal Pradesh

M - Manipur, Mizoram, Meghalaya

A - Arunachal Pradesh

U - Uttarakhand

J - Jammu & Kashmir

* Classification under GST:

Harmonised System of
Nomenclature (HSN)
For Goods

Scheme of Classification
of Services
For Services

* Taxes Subsumed in GST:

Central Taxes

- Excise
- Service Tax
- CVD & Special CVD
- CST
- Surcharges and cesses
relating to supply of
Goods and Services

State Taxes

- Luxury Tax
- Tax on lottery, betting
and gambling
- Purchase Taxes
- VAT/Sales Tax
- Tax on advertisement
- Entertainment Tax (except
by local bodies)
- Surcharges and cesses
relating to supply of
Goods and Services

* Taxes not subsumed in GST:

Alcoholic liquor for human consumption



Outside GST (Power to tax remains with States)

State excise + VAT (intra) / CST (inter)

HM NAP

- High Speed Diesel
- Motor Spirit
- Natural Gas
- Aviation Turbine Fuel
- Petroleum Crude

GST Council to decide the date from which GST will be applicable

Central excise + VAT (intra) / CST (inter)

• Entertainment Tax (By local bodies)

Power still remains with local bodies

• Tobacco



Central excise Duty + GST

• Opium, Indian Hemp, Other narcotics



State excise Duty + GST

• Real Estate Sector



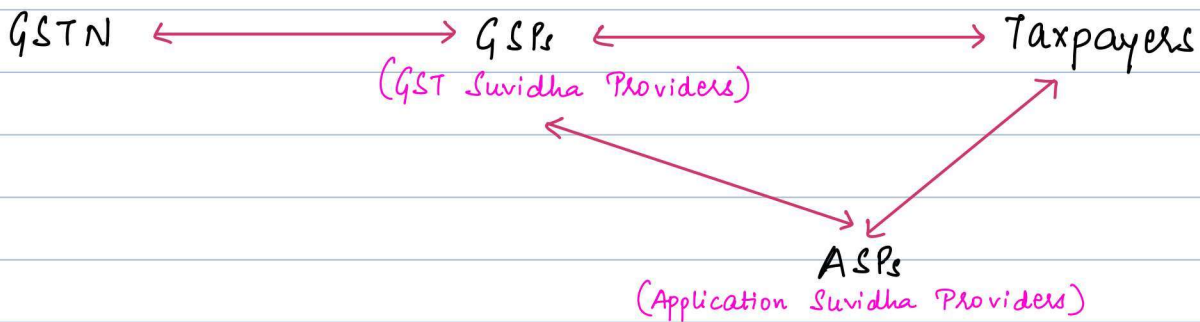
(Sale / Purchase of immovable property)

Out of GST (Stamp Duty, Property Tax)

* GST Common Portal:

- www.gst.gov.in [Common portal for all services] → Website managed by GSTN (Goods and Services Network) [Sec 8 company]
- www.ewaybillgst.gov.in [portal for e-way bill generation] → Managed by:
 - National Informatics Centre
 - Ministry of Electronics and Information Technology
 - Government of India
- www.einvoice1.gst.gov.in (Invoice generation portal for e-invoices) → Managed by GSTN

* GSPs / ASPs :



GSP is an additional channel being made available for facilitating the tax-payers for performing some of the functions* and use of their services is optional. GSPs may take help of ASPs who act as a link between taxpayers and GSPs.

* Functions include :

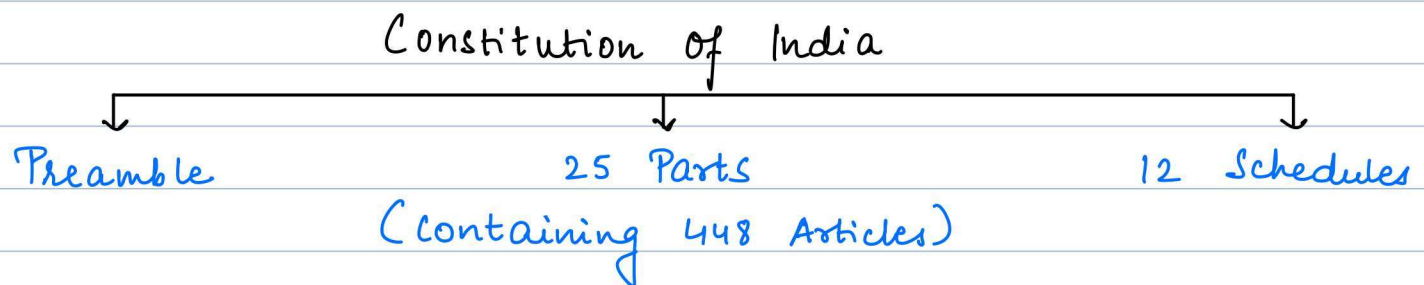
- Return filing
- Quick monitoring of GST Compliances
- Reconciliation of Purchase Register with auto populated data

* Compensation cess:

To provide for compensation to the states for the loss of revenue arising on account of GST implementation.

Imposed on specific luxury items or demerit goods
Eg: Tobacco, pan masala, motor cars, aerated waters, etc.
(Provided for a period of 5 years from date on which state brings SGST Act into force)

* Constitutional Provisions:



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.

Article 246: - Respective authority to Union and state Government for levying tax.

Seventh Schedule to Article 246:-

↓ Union List List I	↓ State List List II	↓ Concurrent list List III
<ul style="list-style-type: none">Income TaxCustom DutyExcise DutyCSTAny otherNot in II/III	<ul style="list-style-type: none">Taxes on agricultural incomeExcise on alcohol opium & narcoticsVATLuxury entertainment, betting, gambling	<ul style="list-style-type: none">Criminal LawStamp Duties

Need for
Constitutional
Amendment?

To enable integration of various taxes in GST and to empower both Centre and State to levy and collect it.

* **Article 246A**: Simultaneous power with Parliament and State legislature to make laws with respect to GST.
Exception: Parliament has exclusive powers with respect to interstate supplies

* **Article 269A**: Levy and collection of GST on Inter-State Supply

* Tax collected on inter-state supplies by Central Govt. shall be apportioned between union and States as provided by Parliament by law on recommendation of GST Council

• Import: deemed interstate

• Amount apportioned to states: Not form part of Consolidated Fund of India

* Parliament empowered to formulate principles regarding place of supply and when to be considered interstate.

* **Article 279A**: GST Council

President Constitutes the Council (33 members)
Chairperson: Union Finance Minister

2 Members
(Union)

31 Members

(Minister in charge of finance or taxation or any other minister nominated by each state)

- ↓
1. Chairperson
 2. Union minister of State in charge of Revenue or finance

↓
Choose vice-president among themselves

• For Quorum: Half (i.e. 17) members

• Decision: Majority not less than $\frac{3}{4}$ th of members present and voting

weights $\left\{ \begin{array}{l} \rightarrow \frac{1}{3}^{\text{rd}} \text{ Centre} \\ \rightarrow \frac{2}{3}^{\text{rd}} \text{ State} \end{array} \right\} \therefore \text{No Decision unless CG Assents}$

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* Council shall make recommendation to Union/States on:

- Taxes/Cesses/Surcharge to be subsumed in GST.
 - Goods/Service to be subject to/exempted from GST.
 - Model laws, principles of levy, Apportionment of IGST
 - Threshold limits
 - Rates of GST
 - Special provisions with respect to SCSs.
 - Special Rates to raise additional resources during calamities/disaster.
 - Any other matter as Council may decide
- Council shall also recommend the date from which GST to be levied on HMNAP.

* No act or proceedings of the Council shall be invalid merely by reason of -

- (a) Any vacancy/defect in constitution of Council OR
- (b) Any defect in appointment of person as member of Council OR
- (c) Any procedural irregularity not affecting merits of case.

* GST Council shall establish mechanism to adjudicate any dispute between -

- (a) GOI & one/more states
 - (b) GOI + State/States & one/more states
 - (c) Two or more states
- } arising out of recommendations of Council or implementation thereof.

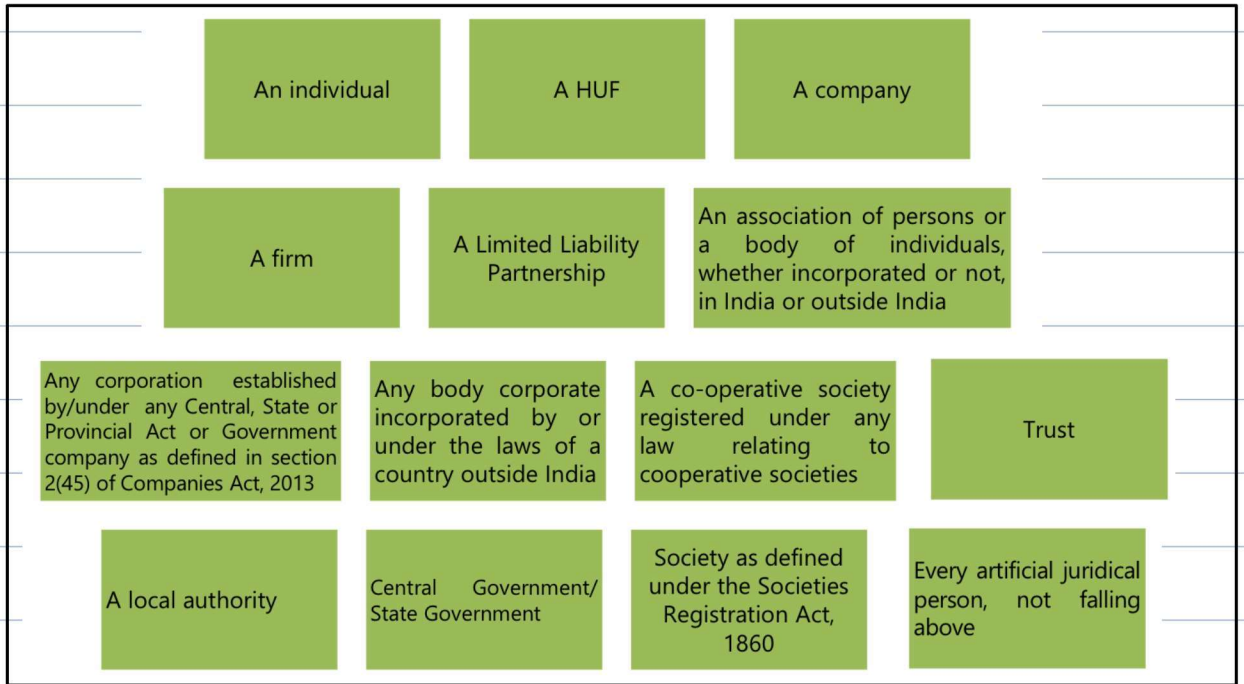
* **CBIC [Central Board of Indirect Taxes and Customs]:**
Administrative Body responsible for administration of GST law. Also administers the work related to levy and collection of excise on petroleum products, Tobacco and also Custom Duty.

Important Terms

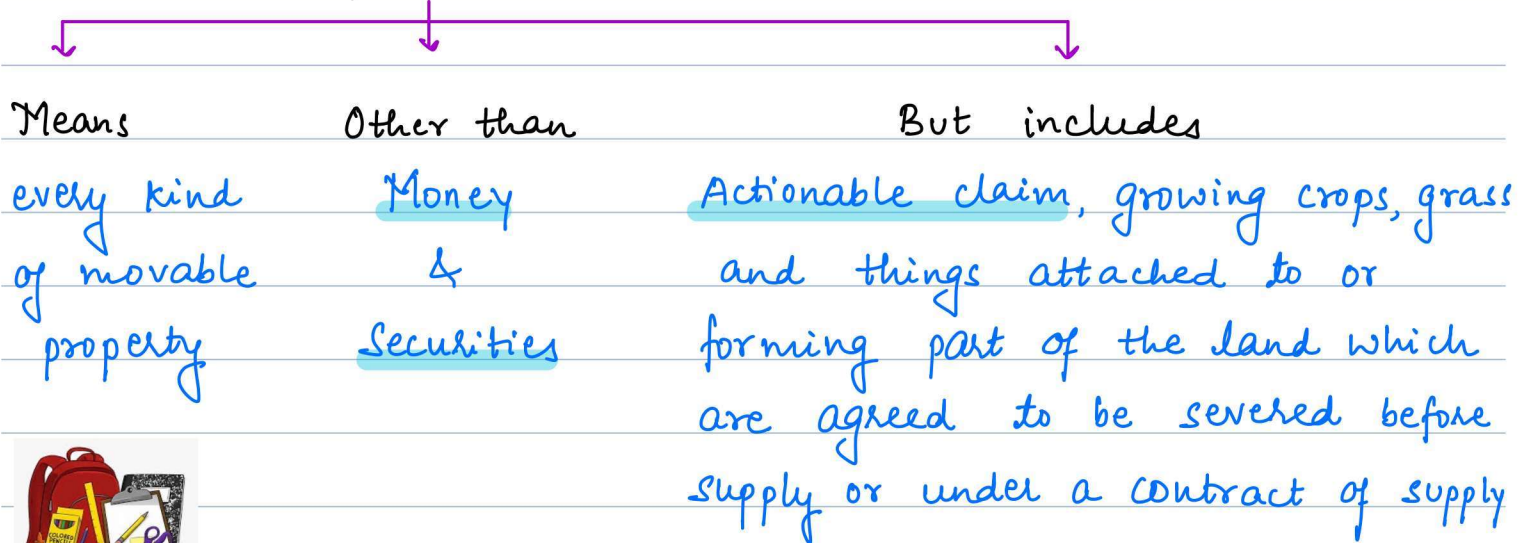
- Taxable event: Any transaction or occurrence that results in a tax consequence.

In GST, one comprehensive taxable event: SUPPLY

• Person:



• Sec 2(52) : Goods



* Money:

- (i) Indian legal tender, foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order
- (ii) Any other instrument recognised by RBI.
- (iii) But shall not include currency held for its numismatic value.

[Circular: Money includes commercial paper and certificate of deposit].



- * Securities
- shares, stock, bond, debentures, Mutual Fund
 - Govt. securities
 - Rights/Interest in securities



Securities include: Derivatives } But, GST leviable if
Forward } settled by delivery
Futures }

* Actionable Claim:

means a claim to any debt (other than a debt secured by mortgage of immovable property or by hypothecation or pledge of movable property, or to any beneficial interest in movable property not in the possession, either actual or constructive, of the claimant) which the civil courts recognise as affording grounds for relief, whether such debt or beneficial interest be existent, accruing, conditional or contingent.



• Specified Actionable Claim [sec 2(102A)]: means the actionable claim involved in or by way of -

- (i) Betting
- (ii) Casinos
- (iii) Gambling
- (iv) Horse Racing
- (v) Lottery
- (vi) Online Money Gaming

• Sec 2(102) : Services

Means - anything
Other than - Goods,
money & securities

But includes: activities relating to the use of money or conversation by cash or by any other mode from one form, currency or denomination to another form, currency or denomination for which separate consideration charged.

* Services include facilitating transactions in securities.

• Related Person: (SoFa COPEs)

So Sole Agent / Sole Distributor

Fa Family → Spouse / Children - Always

→ Parents / Grand Parents / Brother / Sister - If dependent

C Control (2 entities controlled by same person)

O Officer / Director in one another's business

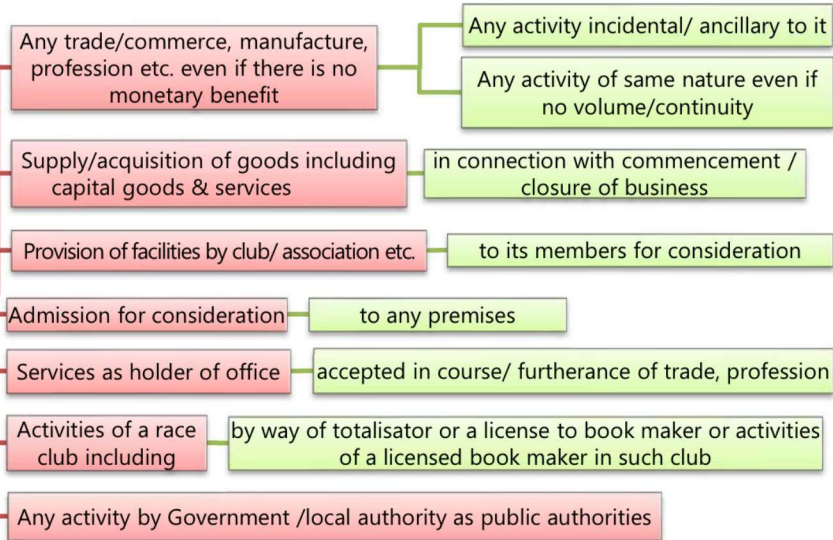
P Legally recognised Partners

E Employer and employee

S Shares \geq 25%. (including third person holding in both of them)



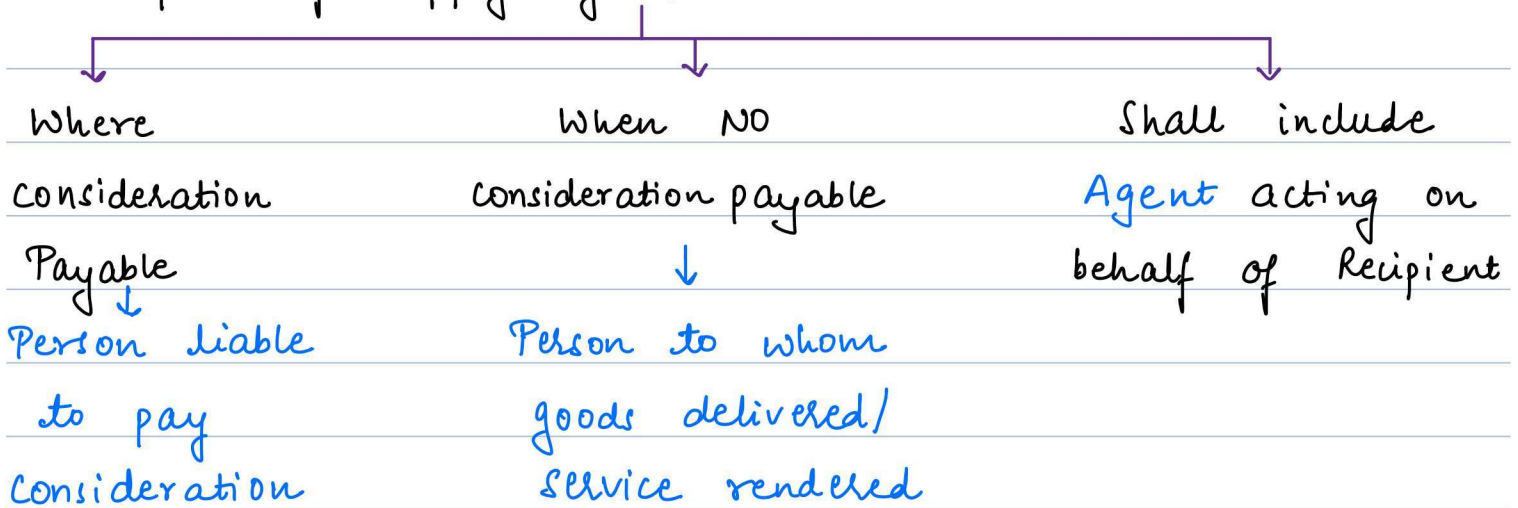
• Business →



* Frequency, volume, continuity, regularity is NOT a pre-requisite

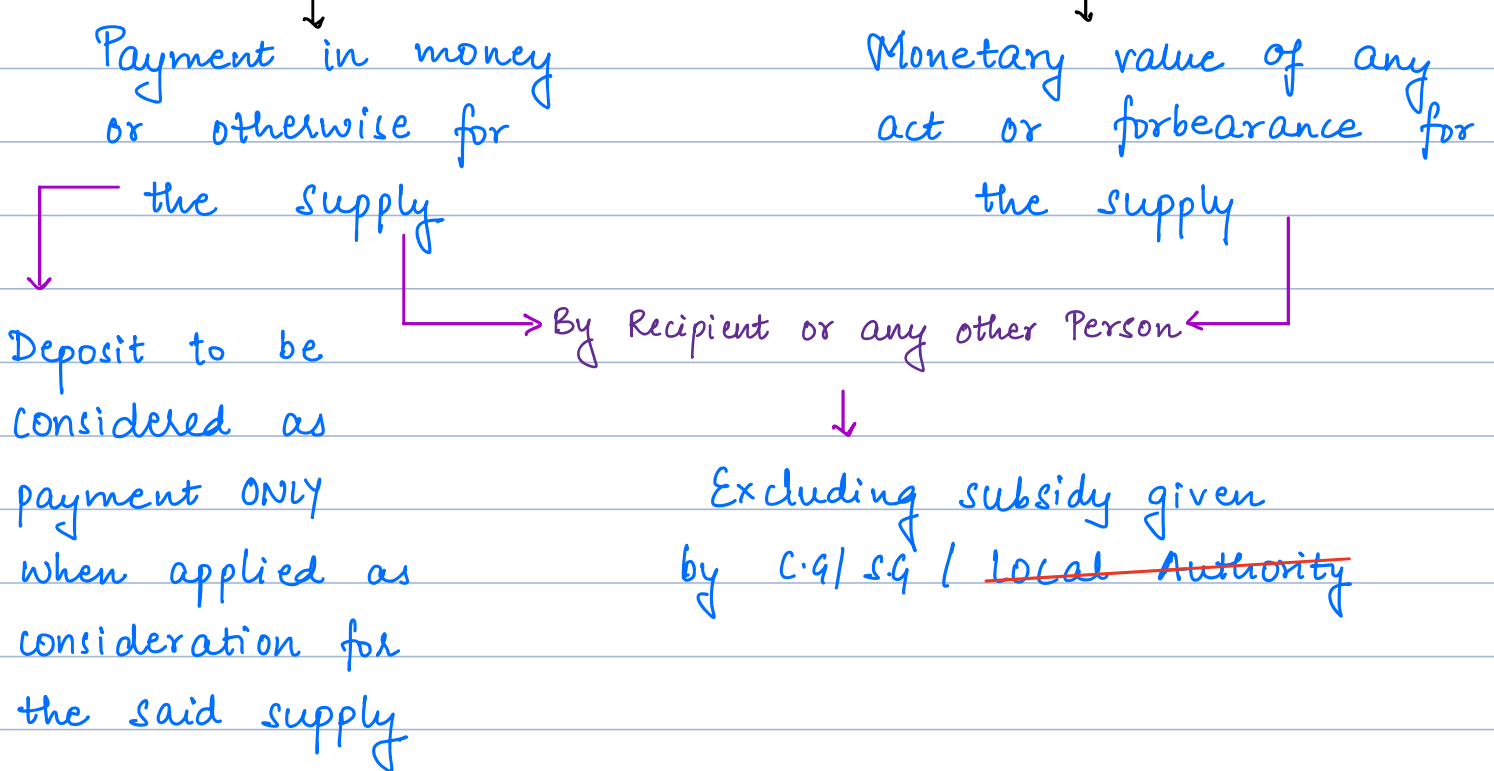
• Supplier: in relation to any goods / services / both shall mean the person supplying the said goods / services / both and shall include an agent acting on behalf of such supplier in relation to the goods / services / both supplied.

• Recipient of supply of G/S/B means:



* Any reference to a person to whom a supply is made shall be construed as a reference made to recipient of supply.

• Sec 2(31) Consideration



• Sec 25 Distinct Persons :

Separate Registration (same PAN) → whether same state/UT or different states/UTs.

Eg: ① Stock transfer from Ahmedabad to Surat Branch under same Registration — NOT Distinct Person

② If Surat and Ahmedabad were separately registered (even though same state) — Distinct person

• Establishments of Distinct Persons :

One registered establishment in a State/UT ← these establishments are establishments of distinct persons → Another establishment in diff. State/UT (not necessarily Registered)

Eg: A Registered Restaurant in Surat and an unregistered liquor shop in Goa.

Supply under GST

Sec 7: Scope of Supply

Sec 7(1): Supply includes

If for a consideration

7(1)(a) All forms of supply of Goods/Services/both such as sale, transfer, barter, exchange, licence, rental, lease or disposal - made or agreed to be made by a person - in the course or furtherance of business.

7(1)(b) Importation of services

- Business OR
- Personal purpose

7(1)(caa) Activity / Transaction

BY Person (Other than individual) \longrightarrow TO its members/constituents

FOR: Cash, Deferred Payment or other valuable consideration

Explⁿ: Person and its constituents treated as separate persons.

Without Consideration

7(1)(c) Activities specified in Schedule I

1) Permanent Transfer/disposal of business Asset (ITC must be availed on such business Asset)

Eg: Holding Co. $\xrightarrow{\text{Asset transf. for NIL consider.}}$ Subsidiary Co.

2) Supply between related/distinct person; only if business purpose

Eg: Stock transfer between branches
Exception: Employer \longrightarrow Employee gifts upto ₹ 50,000

3) Goods transferred between Principal and Agent (Only goods, not services)

4) Import of services from related person/own establishment in course or furtherance of business

* **Sale**: Transfer of ownership of or title to property from one person to another for a price eg: A shopkeeper selling a pen ₹ 20 to the buyer. This is sale transaction, after sale seller has no right on the pen.

* **Transfer**: Pass possession or control eg: Company transferring goods from factory to depot, for the purpose of sale. Sale has not taken place yet.

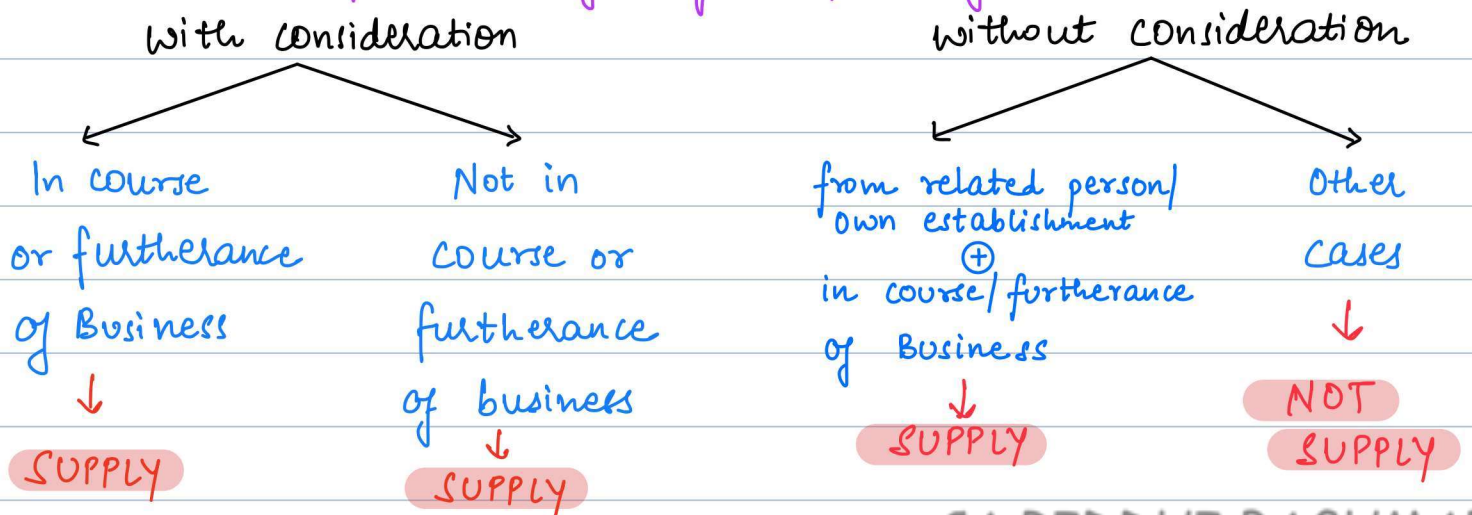
* **Barter**: Goods/services for goods/services eg: Doctor providing medical consultancy to a barber for haircut in return.

* **Exchange**: $\left(\begin{array}{l} \text{Goods/services} \\ + \text{Money} \end{array} \right)$ for $\left(\begin{array}{l} \text{Goods/services OR} \\ \text{Goods/services} + \text{Money} \end{array} \right)$

eg: New car worth ₹ 10,00,000 sold in exchange of ₹ 700,000 and an old car.

* **Licence**: Permission granted by competent authority to engage in a business/occupation/activity.

* **Clarification regarding Import of Services: ~~Goods~~**



Examples: (i) Babu bhaiya received interior design service for residential house from Japan for ₹ 10,000

→ It is supply under 7(1)(b)

(ii) Babu Co. received legal services for office from USA for \$150

→ It is supply under 7(1)(b)

(iii) Kiti obtained consultancy services from her son staying in Germany for her office purpose without any consideration.

→ It is supply under 7(1)(c)

(iv) Capture digital studio donated its old camera to charity (ITC was taken on such camera)

→ It is supply under 7(1)(c)

(v) Latika gifted an old car [ITC blocked u/s 17(5)] which was used for business purpose to her friend

→ NO supply as ITC not availed on free Asset gifted.

(vi) Richie Rich Pvt. Ltd. sold old car for ₹ 5 lakh

→ It is supply under 7(1)(a)

(v) Priyanka gifted an outfit worth ₹ 60,000 to her husband Nick

→ Nick is Priyanka's related person but gift is not in course or furtherance of business. Hence does not fall under Sch I. ∴ NO consideration, NO supply

Sec 7(IA): Supply of Goods or Services (Schedule II)

1) Transfer

- Title in goods - Goods
- Right/undivided share in goods without transfer of title - Services
- Title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration Eg: Hire purchase, - Goods
sale on Return Basis

2) Land & Building → Lease, tenancy, easement, - Services
licence, letting out

3) Treatment/Process applied on another person's goods - Services
Eg: Job work

4) Transfer of Business Assets

- Permanent transfer/disposal - Goods
- Temporary transfer for use - Services
- Deemed transfer when person ceases to be taxable person - Goods
- Exception: (i) Transfer as going concern
(ii) Business carried on by representative who is deemed to be taxable person.

5) (a) Renting of immovable property - Services

(b) Construction of complex, building, civil structure - Services

Consideration should be received before:

- issuance of completion certificate
 - first occupation
- ↑ w.e. is earlier

* Here "before" word is important as "after" would be treated as sale of land/bldg which is outside scope of GST.

- (c) Temporary transfer or permitting use or enjoyment of intellectual property right - Services
- (d) Development, Design, programming, customisation, adaptation, upgradation, enhancement, implementation of IT software - Services
- (e) Agreeing to obligation to refrain from an act or to tolerate an act or situation or to do an act Eg: Non compete agreements, Late delivery charges, security deposit forfeited for cancellation of tour package by customer - Services
- (f) Transfer of Right to use any goods for any purpose for consideration - Services
- 6) Composite Supplies $\left\{ \begin{array}{l} \rightarrow \text{works contract} \\ \rightarrow \text{Restaurant} \end{array} \right\}$ Services

Sec 7(3) Govt. may, on recommendation of council, notify transactions to be treated as

Supply of goods & not supply of services OR Supply of services & not supply of goods

Sec 7(2) Supply Excludes

7(2)(a) Negative list (Schedule III) [Govt. CAFES]

- Govt.
- Functions performed by Members of Parliament, State legislature, Panchayat, Municipality, local authorities
 - Duties performed by constitution post holders
 - Duties performed by any person as Chairperson/

Member/ Director in a body established by CG/SG/LA
(not deemed to be employee)

C Services by any Court/Tribunal established under any law for time being in force.

* Any amount/fees charged by consumer disputes Redressal Commission not leviable to GST as it is deemed as Tribunal.

A Actionable Claims, other than specified actionable claims.

F Services of funeral, mortuary, Burial, crematorium (including transportation of deceased)

E Services by employee to employer in course or relation to employment (includes premature termination compensation, wages to casual workers)

* Does not include services provided outside ambit of employment i.e. principal-to-principal basis.

S Sale of Land/Building (subject to Sch. II)

* 3 more points - High sea sale, Bond to Bond transfer, non-taxable territory to another non-taxable territory
- covered at CA FINAL level

7(2)(b) Govt. may notify on recom. of council, certain activities undertaken by CG/SG/LA as neither supply of goods nor services

Two Activities notified upto now

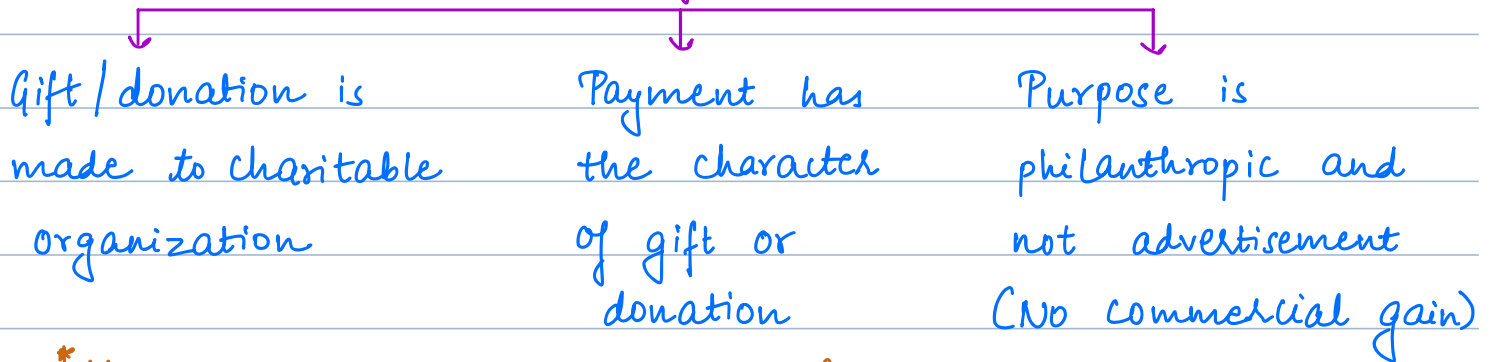
Activities in article 243G (Panchayat) & 243W (Municipality)
Grant of Alcoholic liquor licence by State Govt.

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* Clarifications & Circulars:

① Donations received by charitable institutions from individual donors without quid pro quo i.e. nothing is to be done by donee in return

GST not leviable when following 3 cumulative conditions satisfied



* Merely displaying name plate for gratitude is no consideration \therefore NO GST.

② Clarity on course or furtherance of business:

GST is essentially a tax on commercial transactions

- Selling personal car after use — NOT SUPPLY
- Selling old jewellery after use — NOT SUPPLY
- A famous actor paints paintings & sells them and donates the earnings to a trust — SUPPLY (Donating will have no impact)

③ Perquisites by employer to employee:

Services by an employee to employer in course of or in relation to employment is outside the scope of GST.

Any facility/perquisite/payment provided in terms of contract between employer-employee and is part & parcel of cost-to-company c2c shall not be leviable to GST.

④ Art works sent by artists to galleries for exhibition
 NOT a supply as no consideration flows from gallery to artists. Actual supply takes place when buyer selects the art work at exhibition.

⑤ Clarification regarding Distinct Persons:

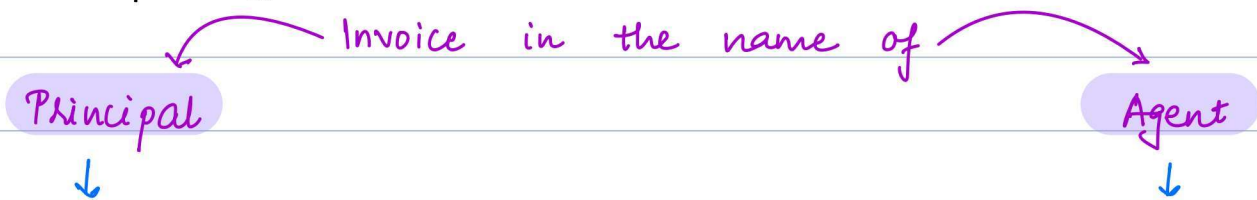
Same PAN, Separate Registration - Distinct Person ✓

If two establishments in same state under same registration, they are not treated as Distinct Persons.

Eg: Pune Factory stock transfer → Mumbai Shop } Both in Maharashtra

- But if both are separately registered - Deemed Supply
- SEZ unit is always a Distinct person even if in same state

⑥ Principal-Agent (Para 3 - Schedule I)

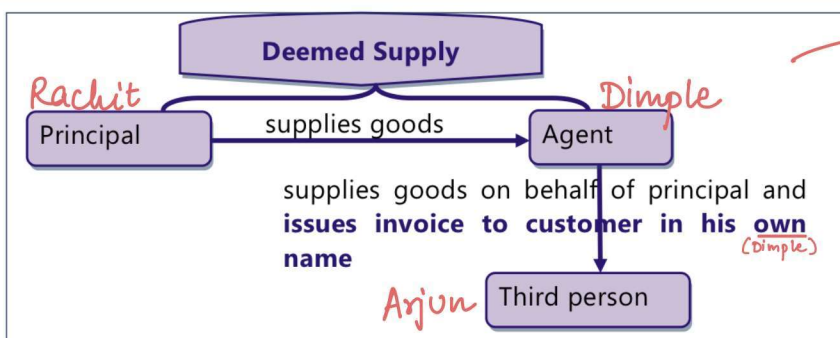


No Agent

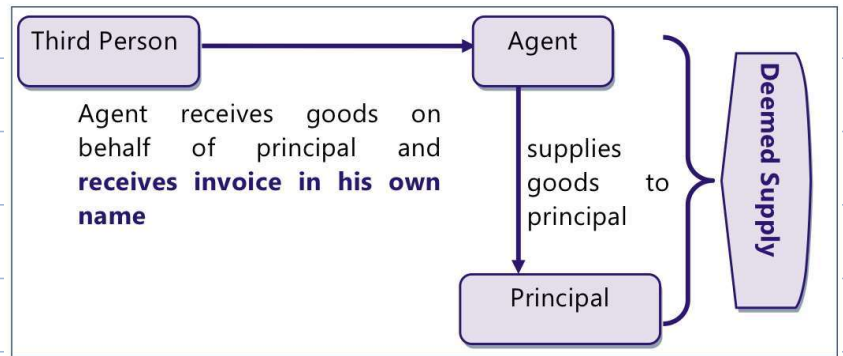
∴ Normal provisions to apply

Agent covered under Sch. I.

∴ Supply of goods (not services) without consideration treated as supply



→ Eg: Miss Dimple sold goods to Mr. Arjun on behalf of Mr. Rachit by issuing invoice in own name. Supply b/w Dimple & Rachit covered under Sch I.



Eg ① Mr. Kirit appoints Abhishek to procure certain goods from Market. Abhishek identifies various suppliers and asks them to directly supply goods and issue invoice to Mr. Kirit.

In this case, Abhishek is not an Agent as per Sch. I.

② Malamaal bank appoints Akshay (an auctioneer) to auction certain goods and identify potential bidders. Goods are sold to highest bidder by issuing the invoice directly by the bank. Akshay is merely providing auctioneering service.

∴ Akshay is not Bank's Agent as per Sch I.

⑦ Del-Credere Agent : A selling agent engaged by principal to assist in supply of goods/services by contacting potential buyers on behalf of principal. DCA guarantees the payment.

DCA
Arrangement

In order to guarantee timely payment to the supplier, the DCA can resort to various methods including extending short-term transaction-based loans to the buyer or paying the supplier himself and recovering the amount from the buyer with some interest at a later date. This loan is to be repaid by the buyer along with an interest to the DCA at a rate mutually agreed between DCA and buyer.

* How is the interest treated in such cases?



Invoice of Original Supply in whose name?

Principal

Agent

Loan given by Agent is an independent supply and thus outside purview of GST

Interest on loan will form part of value of original goods supplied and not considered as a separate supply.

⑧ Sale Promotion:

- Free samples & gifts - NO consideration, no supply (Except Sch. I)
- Buy one get one free offer - This is not without consideration as two or more goods supplied at single price. (Apply provisions of Composite & Mixed Supply)

⑨ Tenancy Rights: Transfer of tenancy rights against consideration (i.e. Tenancy Premium) shall be treated as supply of service even though registration fees and stamp duties have been paid. (Renting of Residential dwelling for residential purpose - Exempt) link with Charge & Exemption

⑩ Financial Transactions:

- Definition of goods and services exclude money and securities. But, GST would be levied on service charges charged for transactions in money. Eg: Issuance charge for letter of credit, charges for making drafts, etc.

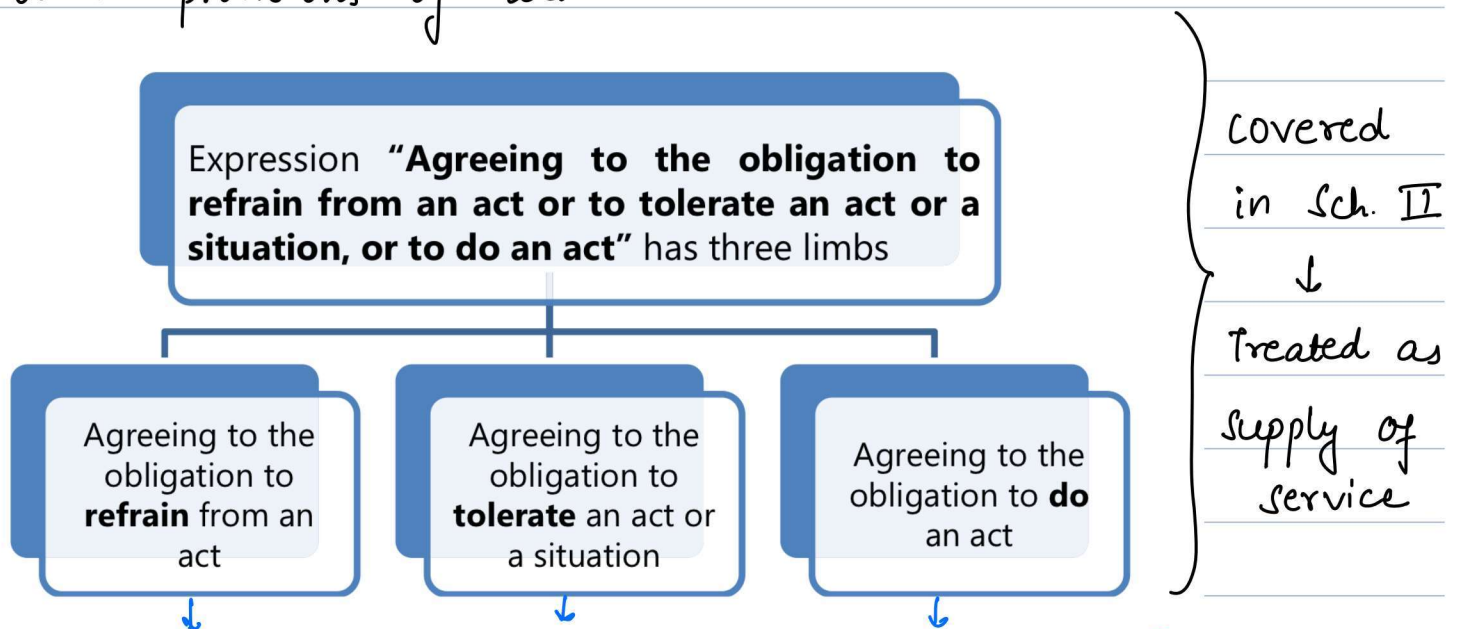
* Lending of securities under security lending scheme:

- lending is not disposal of securities

∴ **lending fees** paid by borrower to lender is a consideration and **taxable** under GST.

- Commission charged by approved intermediaries is also taxable under GST.

⑪ Clarification regarding liquidated damages, compensation and penalty arising out of breach of contract or other provisions of law:



Eg: Non-Compete agreements, even after having permission builder not building more floors against compensation from neighbours

Eg: Shopkeeper allowing Hawker to operate for a monthly payment, Society tolerating loud speakers for compensation

Industry agrees to install zero emission equip (no legal requirement) against a sum paid by neighbours

There should be **Contract** (Express/Implied) + **consideration**

* Taxability of some transactions in this regard:

(A) Liquidity Damages: Compensation payable to aggrieved party for breach of contract.

- Where amount is paid only to compensate for injury, loss or damage suffered by aggrieved party, there is no agreement by aggrieved and hence not taxable.

Eg: i) Damages resulting from damage to property, negligence, piracy, unauthorized use of trade name, copyright

2) Penalty stipulated in a contract for delayed construction of houses.

3) Forfeiture of earnest money by a seller in case of breach of an "agreement to sell" an immovable property by the buyer or by Govt. or local authority in the event of a successful bidder failing to act after winning the bid, for allotment of natural resources.

On the contrary, consider the following examples:

[Supply Taxable @ principal Rate]

(1) A contract may provide that payment by the recipient of goods or services shall be made before a certain date and failure to make payment by the due date shall attract late fee or penalty.

(2) A contract for transport of passengers may stipulate that the ticket amount shall be partly or wholly forfeited if the passenger does not show up.

(3) A contract for package tour may stipulate forfeiture of security deposit in the event of cancellation of tour by the customer.

(4) A contract for lease of movable or immovable property may stipulate that the lessee shall not terminate the lease before a certain period and if he does so he will have to pay certain amount as early termination fee or penalty.

(5) Some banks similarly charge pre-payment penalty if the borrower wishes to repay the loan before the maturity of the loan period.

(B) Cheque Dishonor fine/ Penalty :

Not taxable, no contract (∵ Supplier wants to receive payment, there is no implied/express willingness of supplier)

(C) Penalty imposed for violation of laws : Not taxable

Eg: Traffic/ Pollution violation

(D) Forfeiture of salary or payment of bond amount in the event of employee leaving employment before minimum agreed period:

Not taxable, (∵ imposed to discourage non-serious employees & also the employee does not get anything in return against payment of such amount)

(E) Late Payment surcharge/ fees charged by the supplier : Taxable @ same rate as of Principal supply Eg: late payment fees for water bill.

(F) Fixed Charges for power:

Minimum amount payable even if '0' units electricity consumed. Not taxable as electricity is exempt from GST.

(12) Clarification regarding applicability of GST on sale of land after levelling, laying down of drainage lines, etc. - Land may be sold either as it is or after some development, it is covered by Sch. III

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and accordingly does not attract GST.

However, it may be noted that any service provided for development of land like levelling, laying of drainage pipes, etc. shall attract GST at applicable rate for such service.

⑬ Interstate movement of various modes of conveyance between distinct persons including Trains, Buses, Trucks, Tankers, Trailers, Vessels, Containers, Aircrafts -

a) Carrying passengers/goods/both OR

b) for repairs and maintenance

(Except in cases where such movement is for further supply of the same conveyance) shall be neither treated as supply of goods nor services. ∴ No GST However, applicable CGST/SGST/IGST as the case may be shall be leviable on repairs and maintenance done for such conveyance.

* Above circular mutatis mutandis apply to inter state movement of rigs, tools, spares and all goods on wheels (like cranes)

⑭ Taxability of share capital held in subsidiary company by the parent company:

The activity of holding shares of subsidiary company by holding company cannot be treated as supply of service and cannot be taxed under GST as securities are neither goods nor services.

* Supply leviable to GST (Two conditions)

Supply must be made
by taxable person
(Recipient may be taxable or
non-taxable)

Supply must be a
taxable supply

- Supply between 2 non-taxable person - NO GST

Composite and Mixed Supply

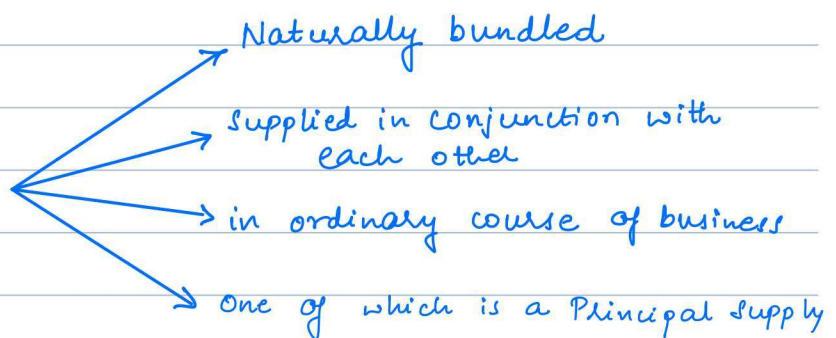
- When goods or services are supplied in combination, each individual component may attract a different rate of tax, creating challenges for decision of rate of tax.
- GST law identifies composite and mixed supplies and provides certainty in respect of tax treatment.

Sec 8(a) Composite Supply

Supply made by taxable person to recipient



Comprising two or more taxable supplies of G/S/B or any combination thereof



Treated as supply of Principal Supply and taxed @ of Principal supply

* **Principal Supply**: means supply of G/S which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary.

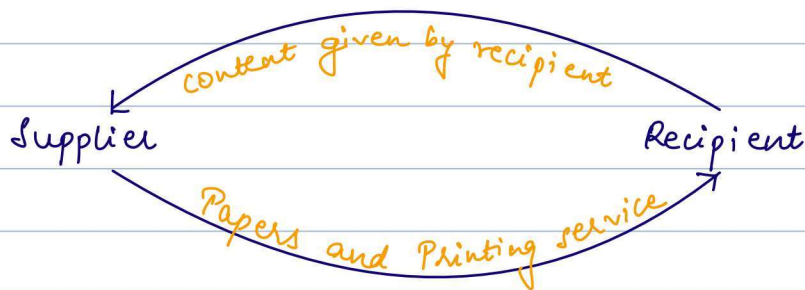
* How to determine whether bundled in ordinary course of business?

- Large number of customers/ recipients have such perception
- Majority suppliers provide similar bundle
- Nature is such that incidental service helps in better enjoyment of main services
- Other indicators like elements normally advertised as package, not available separately, etc.

- Examples:
- i) Television set with mandatory warranty
 - ii) Travel tickets with food service on board
 - iii) Stay in hotel with breakfast
 - iv) A laptop (taxed @ 18%) worth ₹ 50,000 supplied with laptop bag (taxed @ 28%) worth ₹ 3000. As laptop is principal supply and both are naturally bundled, entire ₹ 53000 will be charged @ 18%.

* Clarifications:

① Printing services:



CASE 1

Books, pamphlets, reports, brochures, etc. where content is principal



Supply of service

CASE 2

Envelopes, logos, tissues, etc. where logo/design is ancillary to supply of physical inputs



Supply of goods

② Activity of Bus body building - Determined on the basis of facts and circumstances of each case.

③ Retreading of Tyres

Tyre belongs to recipient



Supply of service

Tyre belongs to Supplier



Supply of goods

④ Supply of food/beverages in cinema hall

If food/beverages are supplied by way of / as a part of service AND supplied independent of cinema exhibition service

↓
It is taxable as "Restaurant service" independently.

Where the sale of cinema ticket and supply of food/beverages are clubbed together, then such bundled supply is composite supply chargeable @ of exhibition of cinema service.

"Restaurant Service" means supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied."

⑤ Applicability of GST on supply of electricity by real estate companies, malls, airport operators, from lessees/occupants

Whenever electricity is bundled with renting of immovable property and/or maintenance of premises

↓
It is composite supply, even if electricity is billed separately, GST Rate as on renting of immovable property/ Maintenance shall be applicable

Where electricity is supplied by Real estate owners/developers, Resident welfare associations as pure agents - charging on actual basis as the same amount charged by Electricity board/ DISCOMS

↓
It will not form part of value of supply.

* Section 8(b) Mixed Supply

Two or more individual supplies of G/S made by taxable person

- For single price
- Does not constitute composite supply
- Supplies independent of each other
- Not naturally bundled.

↓
Treated as supply of that particular item with attracts highest rate and Taxed @ Highest Rate Supply

- Eg: i) Hamper of perfume, cosmetics and chocolates
ii) In a complex, Residential (Exempt) + Commercial (taxed @ 18%) unit rented out together under single contract for single price then entire amount shall be taxed @ 18% considering it as mixed supply irrespective of the fact that residential unit is exempt.

* More than one supply made together and taxed at individual rates:

- When both supplies carry independent significance
- Separate consideration is indicated and charged against each supply
- Neither categorised as composite nor mixed

↓
Shall be charged @ respective applicable rates to particular supply

Example: Car serviced and separate amount charged for spare parts and labour

Levy and Collection [sec 9 of CGST Act / sec 5 of IGST Act]

(1) (2) (3) (4) (5)

Normal
levy

GST on
HM NAP

↓
To be levied from a
date notified by
Govt. on recom.
of council

RCM on
notified
categories
of G/S/B

RCM on
supplies
by URP

Electronic
Commerce
Operator

* Section 9(1)/5(1) : Normal levy :

- CGST (IGST) shall be levied on all intra-state (interstate) supplies of goods / services / both.
- Tax shall be collected in manner prescribed and paid by taxable person.
- Except: Alcoholic liquor for human consumption
- Value for levy: Transaction value v/s 15
- Rate: As notified by Government on recommendation of GST council. Max Rate: 20%. (40%)

* Reverse Charge Mechanism:

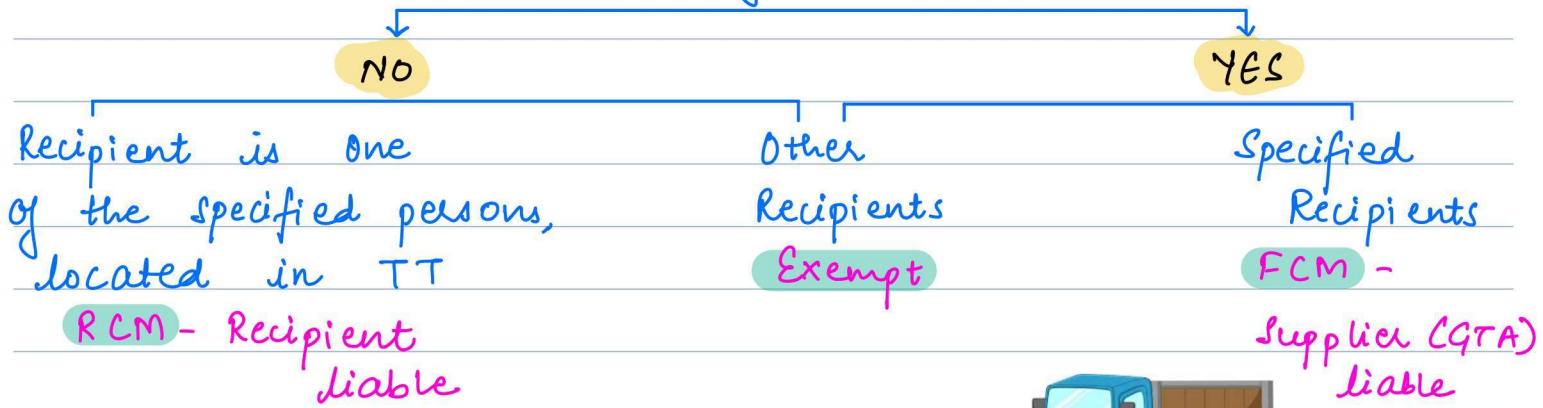
The statutory liability to deposit GST and undertaking compliance requirements shifts from supplier to recipient.
(RCM in case of goods: Not Applicable for exams)

Sec 9(3) Supply of Services taxable under RCM:

1. Supply of services by Goods Transport Agency (GTA) in respect of transportation by Road:

Supplier has taken registration under CGST Act and exercised the option to pay tax under FCM AND supplier has issued tax invoice to recipient charging GST @ applicable rates

as has made a declaration as prescribed in Annexure III on such invoice issued by him.



Specified Persons: [CF SCRUB]

- C** Co-operative society established by/under any law.
- F** Factory registered under or governed by factories Act, 1948.
- S** Society registered under Societies Registration Act, 1860 or under any other law for time being in force in India.
- C** Casual taxable Person (CTP).
- R** Registered Person under CGST/SGST/UTGST/IGST Act.
- U** Unregistered/Registered Partnership firm including AOP.
- B** Body Corporate established by/under any law.

* RCM not applicable for service by GTA to: (Exempt)

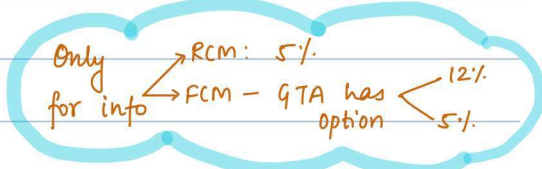
- 1. Dept./establishment of CG/SG/UT
 - 2. Local authority
 - 3. Govt. Agencies
- which has taken registration only for TDS u/s 51 and not for making taxable supply

• Who is Recipient of GTA service?

The person liable to pay the freight (consignor/consignee)

* The option by GTA to itself pay GST shall be exercised on/after 1st Jan of PFY but not later than 31st March of PFY.

→ Annexure V



For new reg: Before expiry of 45 Days from applying for regⁿ or 1 month from date of obtaining Reg - w.e. is LATER

2. Legal services (advice, consultancy, assistance in branch of law, representational service) by individual advocate or firm of advocates to:

- Advocate
 - Firm of Advocate
 - CG/SQ/UT/LA
 - Govt. Agency/ Govt. Est.
 - Person other than Business Entity
- ↓
- Exempt

Business Entity in TT

Previous FY TLO > Regn Limit

YES

RCM

NO

Exempt

- Senior Advocate
 - CG/SQ/UT/LA/GA/GE/ Person other than BE - Exempt
 - BE with PFY TLO > Regn Limit - RCM
- Representational services given to advocate/ firm of advocates in relation to Bus. Entity, such BE shall be liable to pay 2 RCM.
- 1) For Senior Advocate → Advocate/ firm of Advocates
- 2) For Advocate/ firm → Bus. Entity

* services by Senior Advocate to Advocate/ Firm of Advocates (PFY TLO > Regn Limit) is taxable under RCM.

3. Service by Arbitral Tribunal to business entity in TT

- CG/SQ/UT/LA
 - Govt. Agency/ Govt. Est
 - Person other than Business Entity
- ↓
- Exempt

Business Entity in TT

Previous FY TLO > Regn Limit

YES

RCM

NO

Exempt

4. Services provided by way of sponsorship to any Body Corporate or partnership firm in TT.

Eg: IPL
(Supplier of sponsorship service - can be ANY Person)

Riddhi Ltd. - RCM
Riddhi Baghmara - FCM
(Recipient has to be BC/PF)

5. Services by CG/SQ/UT/LA to Business Entity in TT

Excluding: MY P services by Dept. of Post & Ministry of Railways

MY PATI

A Services in relation to aircraft/vessel, inside/outside the precincts of airport/port

↓

Link with

T Transport of goods/passengers

Exemption Chapter

I Renting of Immovable Property

5A. Renting of Immovable Property by CG/SQ/UT/LA (excluding Ministry of Railways) to any Reg. Person. (upto 5000 - Exempt)

5AA. Service by way of Renting of residential dwelling by any person to any Registered Person.

5B. Any Person Transfer of Development Rights / → Promoter
Floor Space Index (FSI) including Addⁿ FSI

5C. Any Person Long term lease of land (≥ 30 Yrs) → Promoter
against consideration in the form of:

• Upfront amount (salami, premium, cost, price, development charges, any other name)

AND/OR

• Periodic Rent for construction of project by Promoter

6. Director → Company/Body Corporate in TT

• Whole Time / Executive Director — TDS u/s 192 - Salary - GST x

• sitting fees/professional fees → TDS u/s 194J - GST under RCM ✓

• Services by director in personal/private capacity to Co./BC are not taxable under RCM (Eg: Renting of imm. property)

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Only those services supplied in capacity of director shall be taxable under RCM.

7. Insurance Agent → Person carrying on insurance business in TT. (Life/general)

8. Recovery Agent → Banking Co. / FI / NBFC in TT

9. Music composer / Photographer / Artist / like permitting the use or enjoyment of copyright relating to original work. → Music company / Producer / like in TT.

9A. Author permitting the use or enjoyment of copyright relating to original work. → Publisher located in TT

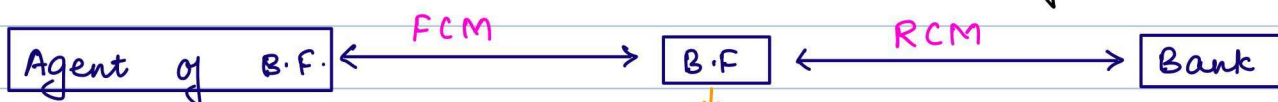
Exception: Where author has taken GST Registration and declared to pay tax under FCM AND He makes declaration on the invoice issued by him in prescribed form to publisher

(Author cannot withdraw the said option within a period of 1 year from date of exercising such option)

10. Members of overseeing Committee → RBI

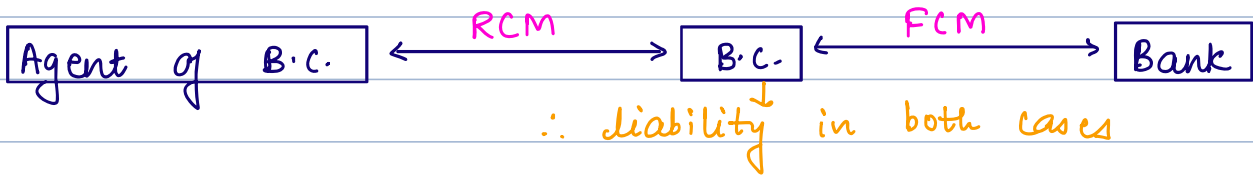
11. Individual Direct selling Agent → Banking Co. / NBFC in TT (Other than Body corporate, partnership, LLP)

12. Business Facilitator → Banking Company



∴ No liability in either case

13. Agent of Business correspondent → Business Correspondent



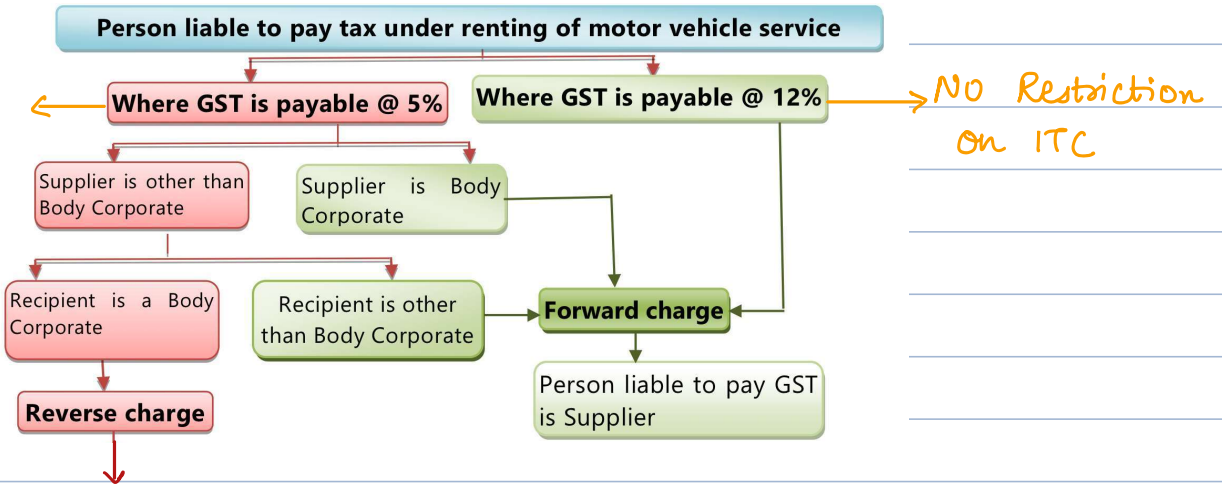
14. Any Person Security services → Registered Person located in TT except Body Corporate

* This entry shall not apply to: (FCM)

- | | | |
|--|---|--|
| <ol style="list-style-type: none"> 1. Dept./ establishment of Cg/SG/UT 2. Local authority 3. Govt. Agencies 4. Composition Taxpayer u/s 10 | } | which has taken registration only for TDS u/s 51 and not for making taxable supply |
|--|---|--|

15. Service by way of Renting of motor vehicle designed to carry passengers where cost of fuel is included in consideration:

Limited ITC on input service



RCM - Recipient Liable

16. Lender (security lending scheme) → Borrower of security
 Transaction takes place through approved intermediary of SEBI; borrower does not know the supplier and hence RCM on interstate basis i.e. 1%ST.

* Issue: Service provided by Non-body Corporate to Body Corporate for passenger transport service is chargeable under RCM?

There is a distinction b/w
 Renting of motor vehicle designed to carry passengers - RCM 9(3) ✓
 Service of Transportation of Passengers - RCM x

Eg: RCM shall be levied when a company hires a bus on rent for transportation of employees & NOT when the company buys ticket in a bus.

* Additional RCM services notified under IGST Act:

1. Services by any person who is located in NTT $\xrightarrow{\text{To}}$ Any person located in TT other than NTOR

* With effect from 1/3/23, RCM provisions, in so far as they apply to CG/SG, shall also apply to Parliament, State Legislatures, Courts and Tribunals. (Eg: Renting of chambers to lawyers, renting of premises to telecom co. for installation of towers, etc.)

* Sec 9(4) Unregistered Supplier $\xrightarrow{\text{supply of specified category of G/S}}$ Specified class of Registered Recipients (RCM)

Notified in this section: Real Estate Sector

• Effective rate of GST on real estate sector for new projects by Promoters:

Construction of Affordable Houses

17% without ITC

Construction of all houses other than Affordable Houses

5% without ITC

Commercial apartments in a RREP (Residential Real Estate Project)

[Commercial Carpet Area \leq 15% of total carpet area]

5% without ITC

* Affordable Houses : Area 60 sqm in Metros **AND** value upto ₹ 45 lakh
 90 sqm in Non-Metro

• Purchase Input / Input services
at least 80% from RP
(Excluding TOR/FSI, HMPN,
Electricity)

If Not → RCM @ 18%
on shortfall

• Cement purchased from URP → RCM @ applicable Rate
i.e. 28%

• Capital Goods purchased from URP → RCM @ Applicable Rate

* Sec 9(5): Notified Services on which tax payable by ECO
if such services provided through it:

Electronic Commerce operator means any person who owns, operates or
manages digital/electronic facility or platform for electronic commerce

Notified Services

Always ECO liable
even if supplier
liable for regⁿ u/s 22(1)

↓
Services by way of
transportation of
passengers by Radio
taxi, motor cab,
maxi cab, motor cycle,
omnibus, other motor
vehicle.

Eg: OLA, Uber

ECO liable;
except when supplier
liable for regⁿ u/s 22(1)

↓
Services by way
of providing
accommodation
for residential/lodging
purpose in hotels,
inns, guesthouse, club,
campsite, etc.

Eg: Trivago, OYO

↓
House keeping
services.
(like plumber,
carpenter, etc.
not person keeping
services like
makeup artist)

Eg: Urbanclap

* Restaurant Services

↓
Other than service from
specified premises -
Premises providing hotel
accommodation service having
declared tariff > 7500 Rs.
per unit per day

Eg: Swiggy,
Zomato

* For transportation by omnibus - 9(5) applies to all suppliers
except a "company" (As per sec 2(20) of Companies Act).

Proviso: ECO has physical presence in TT?

YES - ECO liable NO - Representative in TT liable

No Representative - Appoint for tax purpose & make such person liable
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* Clarification Relating to Restaurant Services:

- When ECO liable u/s 9(5), no need to collect TCS u/s 52
- No separate registration to be taken by ECO for 9(5) purpose
- ECO liable for both registered/unregistered restaurant
- Supplies made through ECO included in ATO of Restaurant
- Liable u/s 9(5) to be paid in cash by ECO
- Not to be recorded as inward supply by ECO, No RCM, No need to reverse ITC on account of 9(5) Restaurant service.
- Other supply of G/S/B under same order, advisable to bill separately, normal TCS provisions applicable on supply other than Restaurant services.

* GST Rates Prescribed for various goods: 6 Rates Notified
0.25% , 3% , 5% , 12% , 18% , 28%
Certain specified goods have been exempted.

* Classification of goods under GST:

Based on HSN as per Customs Tariff Act, 1975:
The first schedule and rules for interpretation applies to GST also. India has extended HSN (Harmonized System of Nomenclature) upto 8 digits.
Section → Chapter → Heading → Sub Heading → Tariff Item

* GST Rates prescribed for various services:

Broadly Four: 5% , 12% , 18% , 28%. (Nil Rate for certain specified)

↓
18% applicable to services not covered under any specific heading

* Classification of services under GST:

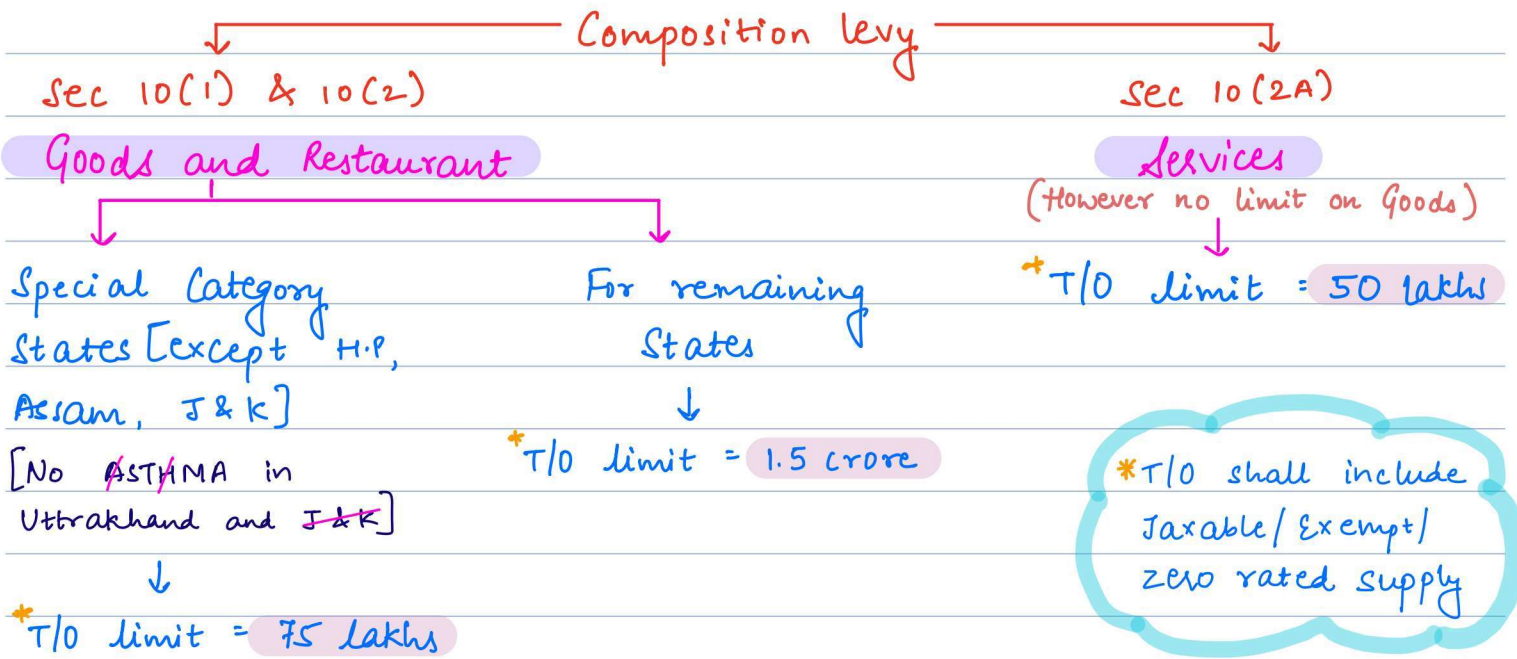
Based on new scheme of Classification of services.
Chapter 99 has been assigned for services.

Chapter → Section → Heading → Group → Tariff Item/
service Code

Composition Levy

Voluntary and optional scheme for small taxpayers to make compliance simple and hassle free.

* **Quarter:** Period comprising 3 consecutive calendar months, ending on last day of March, June, September and December of a calendar year.



While computing the threshold limit of ₹ 1.5 crore/ ₹ 75 lakh / ₹ 50 lakh, inclusions in and exclusions from 'aggregate turnover' are as follows:



Includes
Value of all outward supplies

- Taxable supplies
- Exempt supplies
- Exports*
- Inter-State supplies*

of persons having the same PAN be computed on all India basis.

These also include

Value of supplies made by registered person from 1st April of a FY up to the date when he becomes liable for registration under CGST Act

Excludes

- CGST/ SGST/ UTGST/ IGST/ Cess
- Value of inward supplies on which tax is payable under reverse charge.
- Value of 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

* The value of exports and inter-state supplies are relevant only for determining ATO for P.F.Y as composition taxpayer is not eligible to make inter-state supplies in the said P.Y.

- For Applicability: Panwise ATO
- For Payment: Statewise T/O, Compliances to be done statewise (exclude supplies from 1st April to Date of becoming liable)

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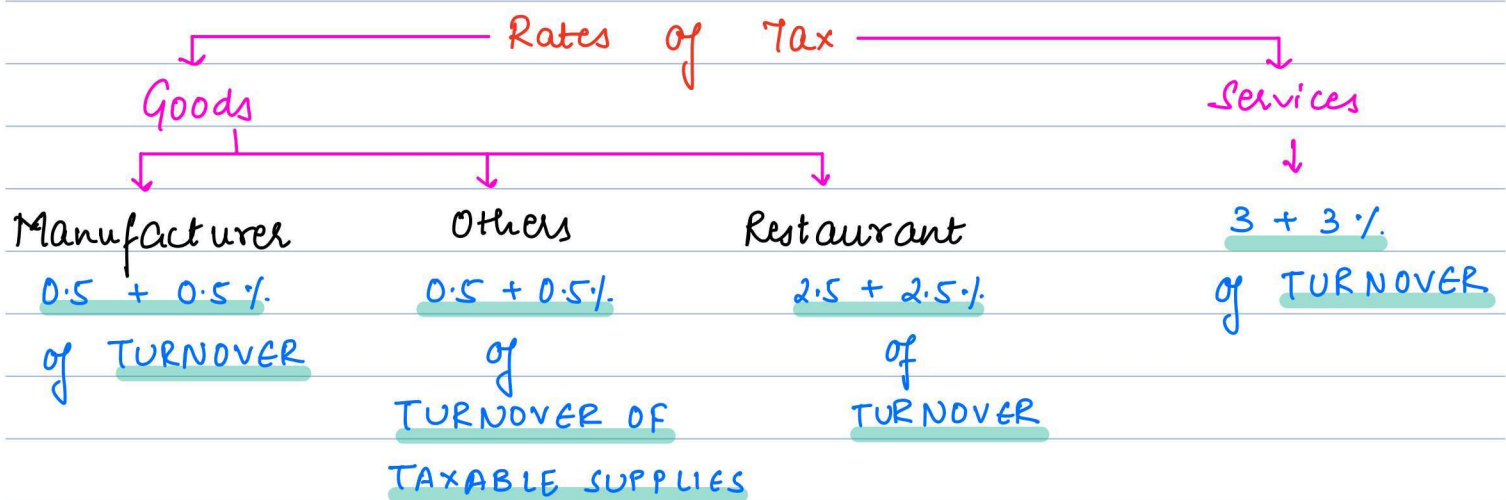
→ Procedure for opting for the scheme:

① New Registration: Intimation while applying for registration in PART B of Registration Form viz. Form GST REG 01. The option to pay tax under composition levy shall be effective from the date from which registration is effective.

② Registered Person opting for Composition: File intimation prior to commencement of financial year.

Effective Date: Beginning of F.Y.

File GST ITC 03 - within 60 DAYS of commencement of F.Y. for reversal of ITC (Rule 44)



→ Other points:

- Bill of Supply to be issued (~~Tax Invoice~~) mention "Composition Taxable Person, not eligible to collect tax on supplies".
- ITC for inward supplies not allowed. No tax to be collected from customers. Pay liability by cash.
- 'Composition Taxable Person' - mention of notice board/ sign board at PPOB/APOB.
- Composition scheme, if availed, shall include all registered persons having same PAN.
- Intimation (CMP02): not required to be filed every year to continue composition.

- **Payment**: Quarterly by 18th of month succeeding quarter [CMP 08]
- **Return**: GSTR 4 annually by 30th April after end of F.Y.
- **Annual Return**: by 31st Dec after end of F.Y. [GSTR 9A]

→ Persons not eligible to opt for composition scheme:

1. CTP and NRTP
2. Supplier of goods/services which are not leviable to tax (HM NAP, Alcoholic liquor for human consumption)
3. Supplier engaged in making any inter-state outward supplies. (Not even exempt supply or branch transfer)
4. Person supplying ~~Goods~~* services through ECO liable to deduct TCS u/s 52 (own portal ✓)

5. Manufacturer (~~Trader~~) of:

- Ice cream and other edible ice, whether or not containing COCOA.
- Pan Masala
- Aerated water
- Tobacco & Substitutes
- Fly ash bricks or fly ash aggregates, Fly ash blocks.
- Bricks of fossil meals or similar siliceous earths
- Building bricks
- Earthen or roofing tiles

6. For sec 10(1) & 10(2): Supplier of service

~~10(2A)~~

Allowed: upto 10% of TIO of P.F.Y (OR) 5 lakh ↑ w.e. is HIGHER

Do not consider Interest/Disc. on loans/advances/deposits.

* ECO to follow special procedure in respect of supply of Goods made through it by person paying tax u/s 10:

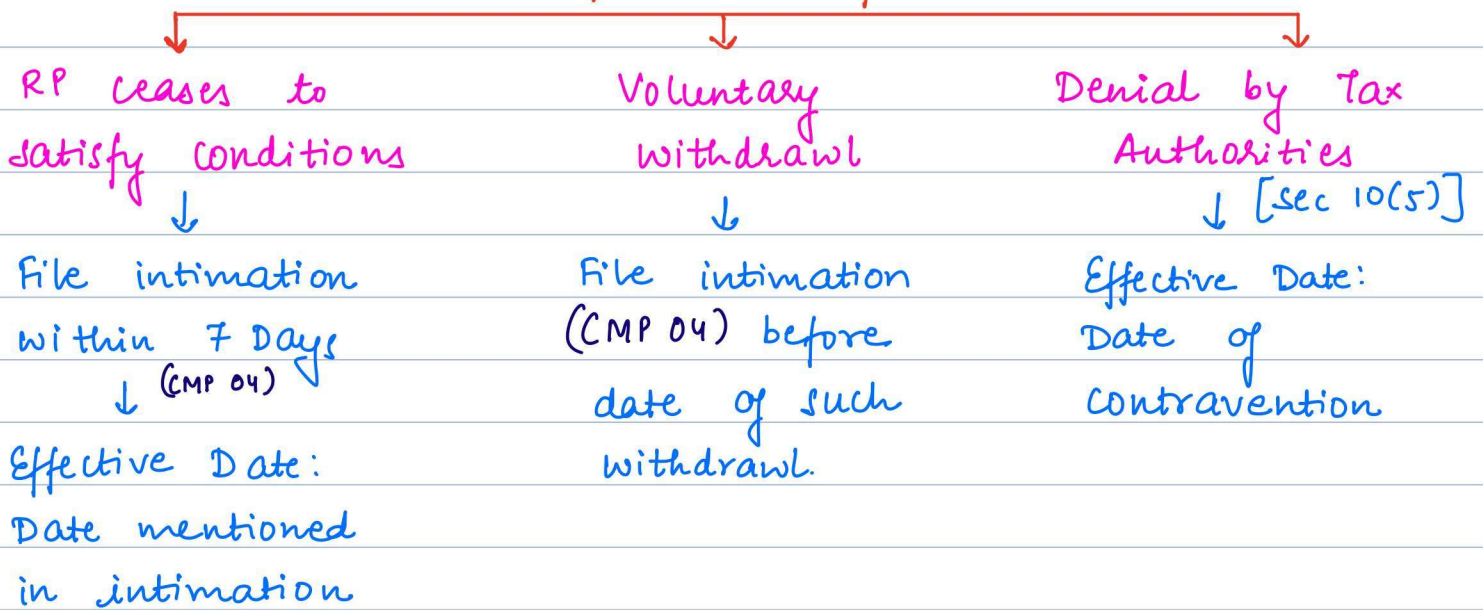
- (i) NO inter state supply
- (ii) Collect TCS and pay to Govt. as per sec 52
- (iii) ECO shall furnish details in GSTR 8 w.r.t. such supplies

sec 10(5): PO has reasons to believe that RP ineligible under Composition or doing some contravention:

Issue SCN (CMP 05) → RP reply (15 Days) (CMP 06) → PO issue order in 30 Days from Receipt of reply (CMP 07)

- If Composition denied: Pay differential tax + Penalty
- Provisions of sec 73/74 shall apply

Withdrawal from Composition Scheme



* File **GST ITC 01**: details of inputs in stock / semi-finished goods / finished goods and Capital Goods (sec 18 r.w. rule 40) within **30 DAYS** from when option withdrawn / date of denial order.

Registration

- GST Registration is PAN based and State specific
- NO Tax Specific Registration required. Single registration for all taxes i.e. CGST/SGST/UTGST/IGST/cess.

• One registration per State/UT. However voluntary separate registration can be taken for separate PoB in same State.

Place of business: includes [Section 2(85)]:



a place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, supplies or receives goods or services or both; or



a place where a taxable person maintains his books of account; or



a place where a taxable person is engaged in business through an agent, by whatever name called.

* **Registered Person:** means a person who is registered under Sec 25, but does not include a person having UIN (Unique Identity Number)

* **Taxable Person:** A person who is registered OR liable to be registered u/s 22/24.

i.e. URP, but threshold limit crossed OR

Below threshold limit but taken voluntary registration.

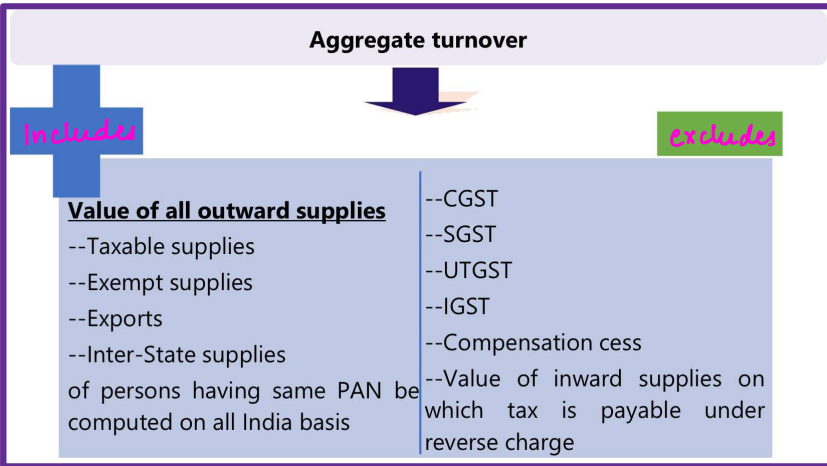
Both of above are taxable person.

Sec 22: Persons liable for Registration

22(1) Registration on crossing ATO limit

Every supplier of G/S/B is required to obtain registration in the State/UT from where he makes Taxable Supply if his ATO exceeds specified threshold limit in a F.Y.

* Aggregate Turnover (ATO) :-



• Value of goods, after completion of job work, supplied directly from the premises of jobworker shall form part of ATO of principal, not jobworker (even if jobworker is Registered)

• ATO exclude inward supplies on which tax is payable under RCM. It would form part of ATO of supplier of such RCM supplies.

Eg: Rishi Pvt. Ltd. pays sitting fee to its Director Riddhi under RCM. Value of services provided by director shall form part of ATO of Riddhi & not Rishi Pvt. Ltd.

• ATO to include total turnover of all branches under same PAN.

• Supplies between distinct persons under same PAN also to be included in ATO (if inter state OR intra state with voluntary separate registration)

• ATO to include all supplies made by taxable person, whether on his own account or on behalf of all his principals.

* Registration required only for a PoB where taxable supplies takes place.

* No liability to obtain registration in State/UT from where exempt / non-taxable supplies made.

* For sec 22(1), person considered to be engaged exclusively in supply of goods even if engaged in supply of exempt service of extending deposits, loans, advance where consideration is represented by interest / discount.

Specified Threshold Limits for Registration



* Following are not eligible for 40 lakh threshold even if engaged exclusively in supply of Goods:

(i) Person required to take compulsory registration u/s 24.

(ii) Supplier of ice cream, pan masala, tobacco, fly ash bricks / aggregates / blocks, Bricks of fossil meals or similar siliceous earths, Building bricks, earthen / roofing tiles ~~Aerated water~~

(iii) Person opting for voluntary registration or such RPs who intend to continue with their registration.

* If person has multiple PoBs across India, and if any one PoB is in SCSs making taxable supplies, overall threshold limit will be reduced.

① Diya Traders of has one shop in Manipur (TO = ₹ 7 lakh) and another shop in Chennai (TO = ₹ 5 lakh) for supply of shoes.

As one shop is in Manipur making taxable supplies, entire limit will fall to 10 lakh. \therefore Regⁿ required in both states.

② Rutvi Enterprise supplies taxable goods intra-state in Maharashtra (TO = ₹ 34 lakh) and has a shop for alcoholic liquor for human consumption in Nagaland (TO = ₹ 8 lakh)

Since taxable supplies not made from Nagaland, threshold limit will not fall to 10 lakh.

Applicable limit = 40 lakh in this case.

\therefore Regⁿ required in Maharashtra (ATO = 34 + 8 = 42) but no Regⁿ in Nagaland as taxable supplies not made from there.

22(2) Every person registered under previous law on the day immediately preceding the appointed day, liable to get registered from the appointed day \rightarrow (22/06/2017)

22(3) Transferor/successor taxable and business transferred as going concern $\xrightarrow[\text{liable}]{\text{transferee}}$ From date of transfer/succession.

22(4) In case of amalgamation/
de-merger $\xrightarrow{\text{Transferee}} \text{liable}$ from date on which ROC issues COI (Certificate of incorporation)

Sec 23: Persons not liable for Registration

23(1): Following persons shall not be liable to registration:

(a) Person engaged exclusively in the business of supplying G/S/B that are not liable to tax or are wholly exempt from tax.

Eg: Person supplying Alcoholic liquor for HC, HMNAP, etc.

(b) An agriculturist, to the extent of supply of produce out of cultivation of land.

* Agriculturist means: Individual/HUF who undertakes cultivation of land: (a) By own labour/labour of family or (b) By servants on wages or (c) hired labour under personal/family supervision.

Eg: Particulars

Regn Required?

1) Agriculturist engaged in cultivation of wheat + Runs a dairy

YES

2) Agriculturist takes land on Rent & cultivation done by servants on wages

NO

3) Petrol pump selling engine oil along with Petrol

YES

23(2): Notwithstanding anything contrary to sec 22(1)/sec 24, Govt. may, on recom. of council, by notification, subject to conditions and restrictions, specify category of persons who may be exempted from obtaining registration.

(a) Persons making only RCM supplies

(b) Persons making inter state supply of:

- taxable SERVICES upto 20/10 lakh

- Notified handicraft goods upto 20/10 lakh (e-way Bill ✓)

(c) CTP making inter state supply of Notified handicraft goods upto 20/10 lakh (e-way Bill shall be generated)

(d) Persons making supply of SERVICES through an ECO with aggregate T10 upto 20/10 lakh [other than specified services of 9(5)]

e) Person making supply of Goods through an ECO who is required to collect TCS u/s 52 and having ATO in PFY and CFY not exceeding the registration threshold u/s 22 (10/20/40 lakh) Subject to following conditions:

(i) Such person shall not make Inter State Supply of Goods

(ii) Not make supply of Goods through ECO in more than one State / UT.

(iii) Required to have PAN issued under Income Tax Act, 1961

(iv) Before making supply of Goods through ECO, declare on common portal - PAN, address of PoB, State/UT in which such person seek to make supply - subjected to validation on common portal.

(v) After successful validation, enrolment number granted.

(vi) Not to be granted more than one enrolment number in a State/UT.

(vii) No supply of Goods shall be made through ECO unless enrolment no. granted on common portal.

(viii) If subsequently granted registration u/s 25, enrolment number cease to be valid from effective date of registration.

- No TCS collected in this case and the ECO shall furnish details of such supplies in GSTR 8.

Sec 24: Compulsory Registration [I9 CREATION]

I Person making any Inter-state taxable supply

Exception: (a) Taxable service upto 20/10 lakh

(b) Notified handicraft goods upto 20/10 lakh

9 Person required to pay tax u/s 9(5)

C Casual Taxable Person [CTP] making taxable supply

Exception: Notified handicraft goods upto 20/10 lakh

R Person liable to pay tax under RCM on inward supplies received.

E • Every ECO required to collect TCS u/s 52

• Person supplying G/S through ECO where ECO required to collect TCS. [other than 9(5)]

Exception: Supplier of service upto 20/10 lakh.

Supplier of Goods upto 10/20/40 lakh subject to fulfilment of conditions

A Persons making taxable supplies of G/S on behalf of other taxable persons whether as agent or otherwise

(Commission Agent under APMC Act not liable as his Commission from Agriculturist is exempt and he is not agent of a taxable person)

T TDS deductor u/s 51

* Discussed at CA
FINAL level

* I Input service Distributor

* O Person supplying OIDAR services from a place o/s India to person other than RP.

* O Person supplying Online money gaming from a place outside India to a person in India

N NRTP making taxable supply

→ Other such persons as notified.

Sec 25: Procedure for Registration

WHO

WHERE

WHEN

25(1) Person liable to be registered u/s 22/24	In every state/UT in which he is so liable	within <u>30 DAYS</u> from date on which he becomes liable
--	--	--

Person making supply from TWI	Nearest coastal State/UT on Baseline	within <u>30 DAYS</u> from date on which he becomes liable
-------------------------------	--------------------------------------	--

CTP/NRTP	In every state/UT in which he is so liable	Atleast <u>5 DAYS</u> prior to commencement of business
----------	--	---

* SEZ unit/developer - separate Registration.

25(2) r.w. Rule 11

- Single Regn for a State/UT (No central Registration)
- Voluntary separate Regn may be obtained for multiple PoB in a single State.

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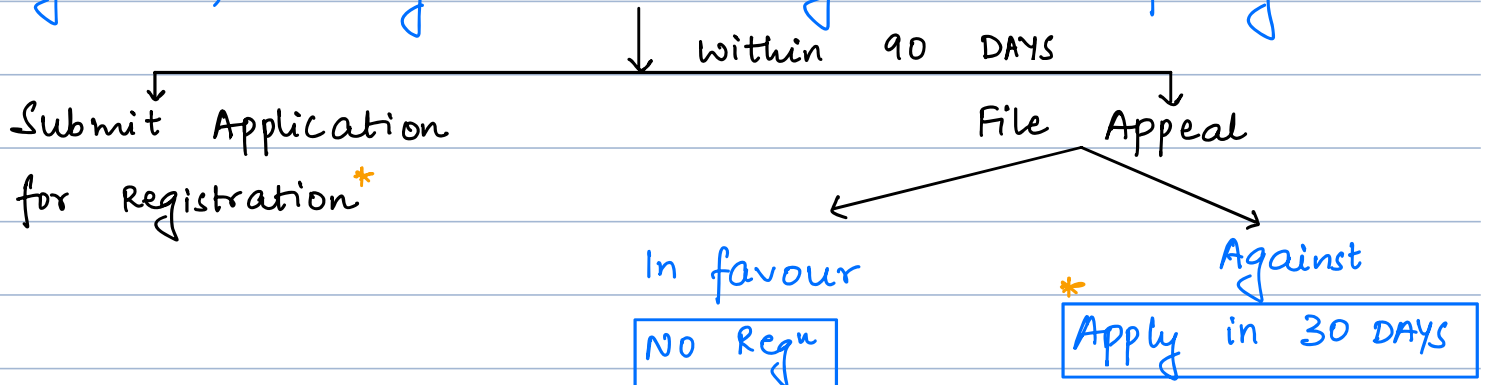
• If a person opts for composition levy, he has to apply same for all registrations under same PAN (whether same or different State/UT)

25(3) A person, though not liable, may obtain voluntary registration and all provisions of the Act shall apply to such person. (No Lockin Period)

25(6) PAN mandatory for grant of Registration
TDS deductor u/s SI may use TAN.

25(7) NRTP may be granted Regn on basis of other prescribed documents (eg: Passport)

25(8) r.w. Rule 16 If a person liable but fails to get registered, PO may suo moto register on temporary basis



* Registration effective from date of order by PO granting Regn.

25(9)/(10) r.w. Rule 17 Specialized Agency of UNO/ Multilateral Financial Institution/ Consulate or Embassy of foreign countries → Obtain Unique Identity Number (UIN) from GSTN Portal for claiming refund of taxes paid

on notified supplies. UIN is centralized UIN applicable to territory of India and a person having UIN is not a registered person and thus not a TP.
 → Certificate (GST REG 06) is issued within 3 working days from submission of application.

* Procedure for Registration :

- Procedure applies to every person except NRTP, TDS deductor u/s 51, TCS collector u/s 52

Application to be made in GST REG 01

PART A : - PAN : Validated online by CBDT Database and shall also be verified through separate OTP sent to mobile no. & e-mail address linked to the PAN.

- select state / UT

Upon submission of Part A, Temporary Ref. No. (TRN) generated

PART B : Use TRN to open Part B and fill details relating to constitution of Business, PPOB, APOB, G/S, Authorized signatory, Bank Details, Aadhar Authentication

Sl No	Name	Citizen/ Resident of India	Promoter/ Partner	Authorized Signatory	Designation	Email Address	Mobile Number	Status
1		Yes	Yes	Yes				Authentication Required

Rule 10A:

Bank A/c details may be furnished after obtaining RC⁺

- within 30 days from grant of registration
- Furnishing details of outward supply in GSTR1/ IFF

w.e. is earlier

* NOT for TDS/ TCS / suo moto regⁿ (Rule 16) - They have to furnish at the time of Registration.

Aadhar Authentication (AA)

Sec 25(6A)

For RP

Every RP shall undergo AA/ furnish proof of possession of Aadhar No.



In case of failure: Regⁿ invalid AND Provisions of this Act shall apply as if no Regⁿ.

For New Registration

25(6B)

Individual

↓
undergo AA/ furnish proof with Regⁿ Application

25(6C)

* Other than Individual

- ↓
- Authorised Signatory
 - Managing/ Auth. Partner
 - Karta of HUF

↓
undergo AA/ furnish proof with Regⁿ Application

25(6D)

Non-Applicability of AA:

- Not citizen of India
- Dept/Est. of CG/SG
- Local Authority
- Statutory Body
- PSU
- UIN holder [25(9)]

Failure to furnish:

- Physical verification OR
- Deemed fit documents as per PO.

* Not mandatory for every auth. signatory/ Partner to get Aadhar Authenticated. Needed only for 1 Primary Auth. Sig. & 1 Partner/ Karta/ Director/ Member.

Rule 10B: Aadhar Authentication for Registered Persons:

- RP other than person u/s 25(6D), issued a RC shall undergo AA of Proprietor/ Any partner/ Karta/ MD or WTD/ Member of managing comm. of AOP/ BOI/ society/ Trustee in case of Trust & of the Authorised Signatory for:
 - (i) Filing Revocation Application GST REG 21 under Rule 23
 - (ii) Filing refund application GST RFD 01 u/r 89 or for refund applⁿ u/r 96.

• If no Aadhar, furnish Aadhar Enrolment ID slip ⊕

Bank Passbook with photo or voter ID/Passport/ Driving license

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- Such person shall undergo AA within a period of 30 DAYS of allotment of Aadhar No.

Rule 8 & 9: Application & Approval for Registration:

① Applicant opted for AA

Date of Application: • Date of AA
• 15th Day from submission

↑ w.e. is Earlier

Provided that every application made by a person who has opted for AA, and is identified on the Common portal, based on data analysis and risk parameters, shall be followed by biometric-based AA and taking photograph of the applicant where the applicant is an individual or of such individuals as notified in sec 25(6C) where applicant is not individual, along with the original copy of the docs uploaded with application & application shall be deemed to be complete only after completion of the process laid down under this proviso.

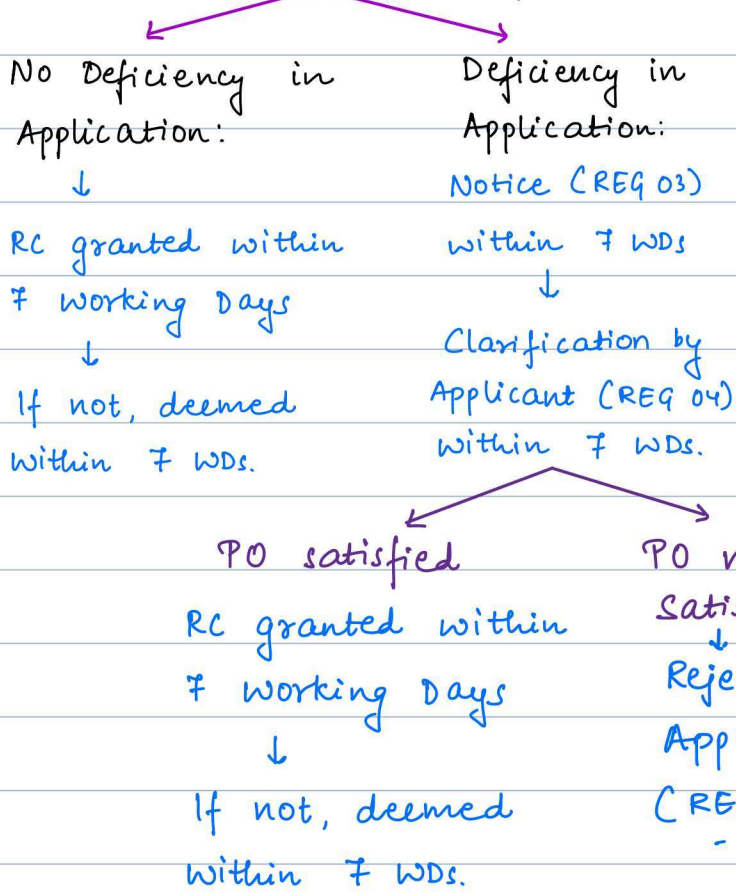
However, Cg on Recommendation of Council specifies that this proviso shall not apply in all State/UT except the state of Gujarat and Puducherry.

* How AA is done?

New Registrants: GST system sends "authentication link" on mobile and email. Enter Aadhar Number & OTP received.

Existing Registrants: Either using "Authentication link" or uploading E-KYC documents.

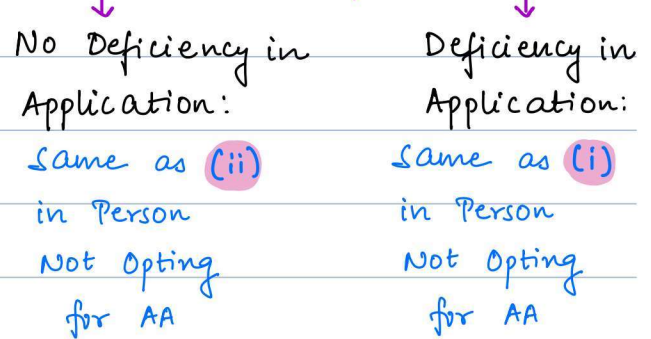
Authentication Successful



Authentication Failed/

No authentication within 15 Days / identified on

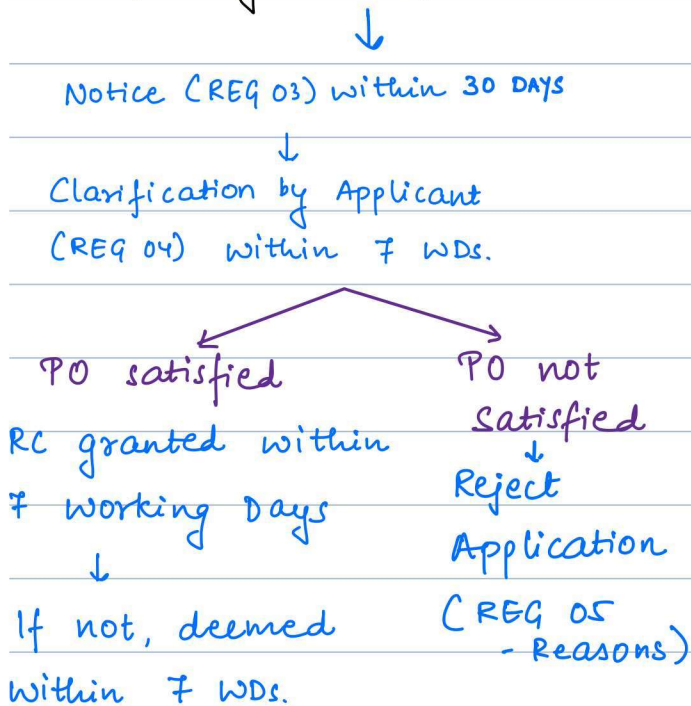
Common portal



② Applicant Does not opt for AA:

Date of Application : Date of submission of PART B

(i) Deficiency in Application:



(ii) No Deficiency in Application:

Physical Verification of POB
~~in presence of said person -~~

OR

Verification of Other Docs.
as deemed fit by PO
(Record reason and seek approval from \geq JC)

Grant RC - 30 DAYS

If not, deemed within 30 Days

Rule 25: Physical verification of business premises in certain cases

PO satisfied that verifⁿ
required AFTER grant of
registration



PO shall get verification done
and report + other docs
including photographs uploaded
on portal in GST REG 30
within **15 working days**
following the date of
verification

Required BEFORE grant of regⁿ
in Rule 9(c) Proviso cases -
No AA/AA failed/ Risk parameter/ deficiency



PO shall get verification done
and report + other docs
including photographs uploaded
on portal in GST REG 30
atleast **5 working days** prior
to completion of time
period specified in proviso.

* For non-tech savvy people, physical documents can be submitted at Facilitation Centres, who then upload them online.

* Rule 10: Effective Date of Registration:

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

* In case of voluntary
Regⁿ: Date of Grant
of RC is effective
date

Eg: Shiv Ltd. Crossed 20 lakh turnover on 5/1/24.

Applied for regⁿ on 28/1/24. RC granted on 14/2/24

Effective Date of Regⁿ = 5/1/24

• If application made on 10/2/24, effective date = 14/2/24.

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* Goods and Services Tax Identification Number (GSTIN):

Issued within 3 DAYS after Grant of RC

State Code	PAN										Entity Code	Check character	sum	
02												02	01	

= 15

* Rule 18: Display RC in a prominent location at PPOB/APOB and display GSTIN on the name board at PPOB & APOB.

* Special Provisions for Grant of Registration to TDS Deductor (sec 51) & TCS collector (sec 52) :-

- Application to be submitted in GST REG OF.
- PO to take action within 3 working Days
- If no physical presence in state/UT:
 - Mention name of said state in PART A
 - Name of state of PPOB in PART BBoth may be different
- Registration may be cancelled on request made by RP or when PO satisfied that the person no longer liable to deduct TDS/collect TCS

Sec 26: Deemed Registration:

RC under SGST/UTGST — Deemed under CGST

Cancellation under SGST/UTGST — Deemed under CGST [29(4)]

Sec 27: Special Provisions for CTP & NRTP:

A person who occasionally undertakes transactions involving supply of G/S/B, whether as principal/Agent/other capacity

in course/furtherance of business



In a state/UT where he has no fixed place of business



Casual Taxable Person (CTP)

No fixed PoB/residence in India



Non-Resident Taxable Person (NRTP)

Business Test present in CTP, not in NRTP

27(1) CTP/NRTP has to apply for registration at least 5 days in advance before making any supply.

RC valid till: • Period specified in application ↑ w.e. is Earlier
• 90 DAYS

PO may extend the period for further 90 DAYS.

In such case, application has to be made before original regⁿ expires. (GST REG 11)

NOTE: Period cannot be extended more than 180 DAYS (90 + 90). In such case, obtain registration as normal person and surrender when fair is over.

(c) No longer liable to be registered u/s 22/24 or intends to opt out of voluntary registration.

Registration may be suspended during the pendency of proceedings of cancellation of Regn.

29(2) PO may cancel Registration of a person from such date (including any retrospective date), where:

(a) RP has contravened Rule 21:

i) Does not conduct any business from the declared POS.

ii) Issue Invoice / Bill without supply of G/S/B in violation of Provisions/Rules of Act.

iii) Violates Anti-profiteering provisions

iv) Violates Rule 10A (Bank A/c Details)

v) Avails ITC in violation of sec 16 or rules thereunder.

vi) Furnishes details of outward supply u/s 37 (GSTR 1) in excess of outward supplies declared by him u/s 39 (GSTR 3B) for one/more tax periods.

vii) Violates provision of Rule 86B.

viii) Being a RP required to file return u/s 39(1) for each month or part thereof, has not furnished returns for a continuous period of 6 months.

ix) Being RP required to file return under proviso to sec 39(1) for each quarter or part thereof, has not furnished returns for a continuous period of 2 tax periods.

(b) Composition Supplier not furnished return for a F.Y. beyond 3 months from due date of furnishing return.

(c) Any RP, other than person specified in clause (b), has not furnished returns for such continuous tax period as may be prescribed. (Rule 21)

(d) Taken voluntary registration v/s 25(3) - not commenced business within 6 months from the date of registration.

(e) Registration has been obtained by means of fraud, wilful misstatement or suppression of facts.

* PO shall not cancel without OBH

* PO may suspend registration till cancellation

* Suspension: (Rule 21A)

(1) Where RP has applied:

Date of submission of Application

OR

Date from which cancellation is sought

W.e. is

LATER

(2) Where cancellation initiated by Department:

With effect from date to be determined by P.O.

(2A) Where - (a) A comparison of GSTR 1 and GSTR 2A/2B or other such analysis show that there are significant differences/anomalies indicating contravention of Act/Rules, leading to cancellation of Registration OR

(b) There is contravention of Rule 10A

Registration of such person shall be suspended (Intimation in GST REG 31 electronically or communication on e-mail) asking for explanation within 30 DAYS.

(3) During suspension period - No taxable supply, no furnishing of Returns (Tip: No taxable supply means not to issue a tax invoice and not to charge tax during suspension)

(3A) No refund u/s 54 during suspension

(4) Upon completion of cancellation proceedings, suspension shall be deemed revoked effective from the date when suspension came into effect.

Provided that PO may revoke suspension anytime during pendency of proceedings, if he deems it

Provided that where registration suspended for contravention of sec 29(2)(b)/(c) - non filing of returns or Rule 10A - Bank details, and registration has not already been cancelled suspension shall be deemed revoked upon furnishing of pending returns / Bank Details.

(5) Upon revocation of suspension, provisions of 31(3)(a) - Revised Tax invoice and 40 - First Return shall apply in respect of supplies made during suspension period.

29(3) Person liable to pay tax and other dues for any period prior to cancellation - whether or not such dues are determined before/after date of cancellation.

* Procedure for cancellation: (Rule 20 & 22)

① Voluntary by RP: Subject to Rule 10B (Aadhar Auth)

- Apply electronically in REG 16 within 30 DAYS of occurrence of event.

- Details of inputs held on stock or input contained in FG/SQ/CG on the date from which cancellation is

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sought, liability thereon, details of payment, relevant docs. to be furnished.

* When application made where person no longer liable u/s 22/24 - PO shall issue cancellation order within **30 DAYS** of application.

② Suo moto Cancellation by Dept:

PO shall not cancel without issuing SCN (OBH)



RP - Reply within **7 DAYS**

Satisfactory

Reply



PO shall drop the proceedings

Non-satisfactory

Reply



Cancel within **30 DAYS** from Reply

NO Reply when failure to furnish returns



RP to furnish all returns with all dues and then PO shall drop proceedings.

* Effective Date of Cancellation:

Determined by PO & mentioned in cancellation order

Sec 29(5)/(6): Amount Payable on Cancellation of Regn:

* Amount to be reversed for INPUTS:

(a) ITC computed proportionately on corresponding invoices
(b) Output tax payable on such goods

↑ w.e is HIGHER

* Amount to be reversed for Capital Goods / Plant - Machinery :

- (a) Reduced ITC [for remaining life taking life of 60 months - Ignore part of month & consider full month used only]
 - (b) Tax on transaction value v/s 15
- ↑
w.e. is
HIGHER

* Other points: 1) Intimation of cancellation - on mail & mobile

2) VIN holder cannot apply for cancellation of Regn

3) Not allowed to file returns after cancellation date -

Returns pertaining to period prior to cancellation can be filed.

4) Regn may be cancelled by PO from a retrospective date

Sec 30: Revocation of Cancellation of Registration:

(Read with Rule 23)

Procedure for Revocation when suo-moto cancelled by PO

↓ within 90 DAYS (+ 180 DAYS extⁿ by Comm. or authorize ≥ AC/SC)

Apply for Revocation to PO

↓ 30 DAYS

PO satisfied

Revoke cancellation

PO not satisfied

Issue SCN 7 DAYS → Reply by TP

↓ 30 DAYS

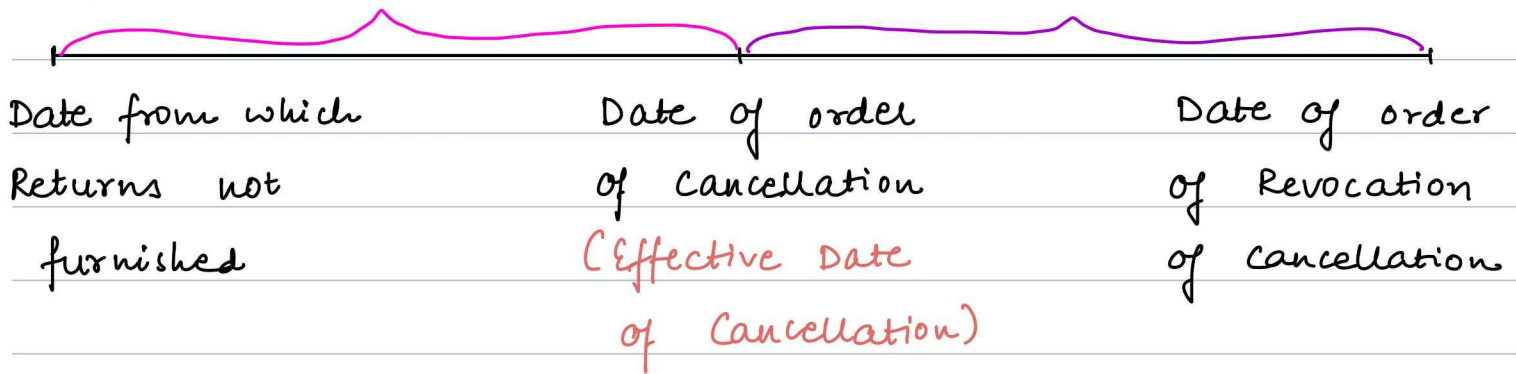
PO to accept/dispose the application

* If regn cancelled on request of TP / legal heir, no revocation of cancellation

CASE 1: Date of order is effective cancellation date:

Returns for this period to be filed before applying for Revocation

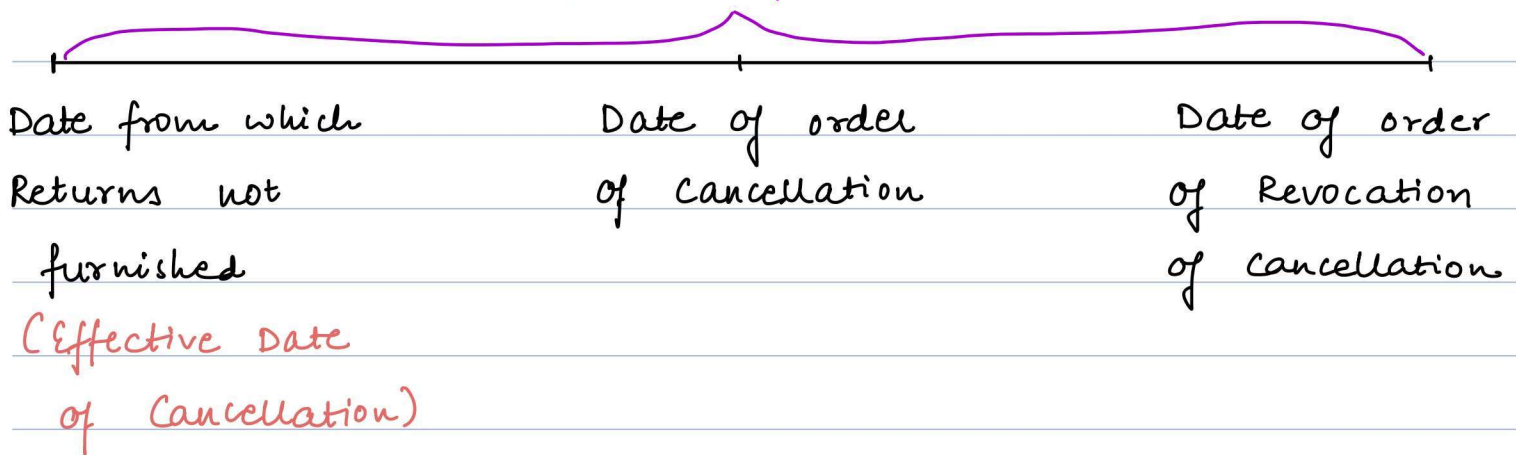
Returns for this period to be filed within 30 DAYS from revocation order



CASE 2: Regn cancelled with Retrospective Effect:

Returns for entire period to be filed

within 30 DAYS from revocation order



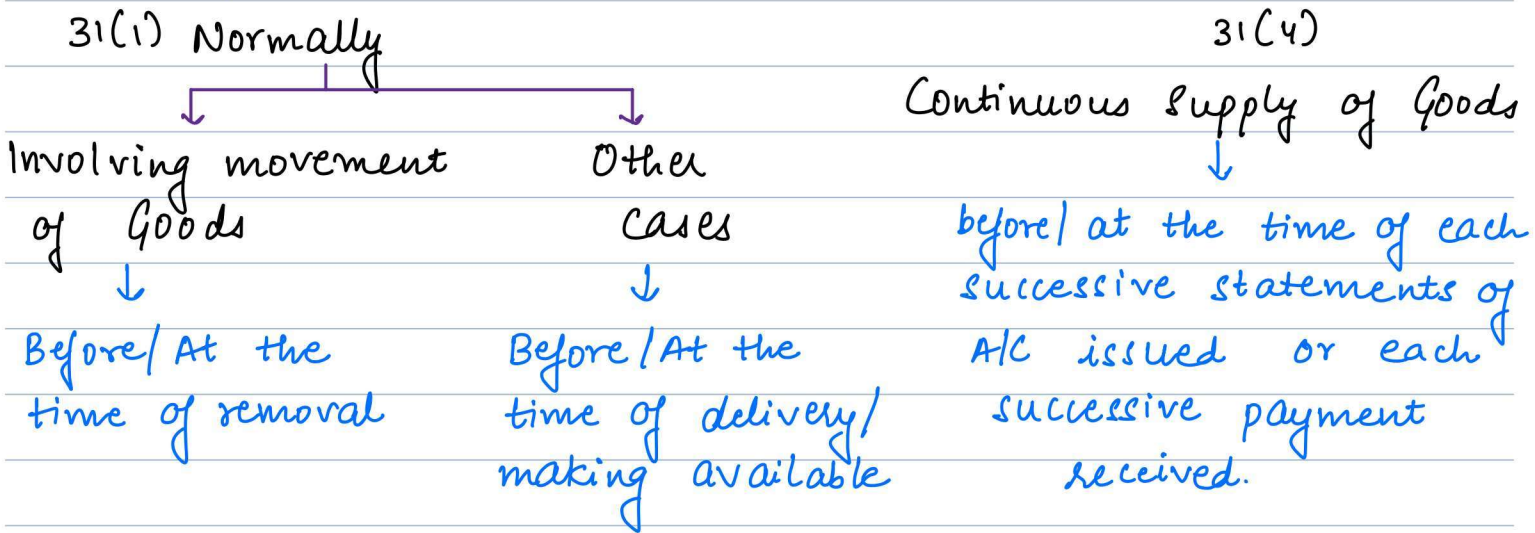
Tax Invoice, Credit and Debit Notes

Who can raise a tax invoice?

RP $\begin{cases} \rightarrow \text{Supplying taxable goods or services} \\ \rightarrow \text{Receiving taxable goods or services from URP.} \end{cases}$

Sec 31: Tax Invoice (Read with Rule 47)

RP supplying taxable Goods



31(7) Goods on Approval or Return Basis:

Before/At the time of supply OR

6 months from Removal



Same provision applies to goods taken out of/sent out of India for exhibition or on consignment basis for export promotion when it does not constitute supply u/s 7 mainly due to absence of consideration.

RP supplying Taxable services

31(6) Supply of services ceases before completion:
At the time of cessation to the extent of supply before cessation

↓
31(2) Normally
Before/After provision
of service but within
30 DAYS* from supply
of services

↓
*45 DAYS for Bank,
NBFC, Insurance, FI

31(5) ↓
Continuous supply of service
(Period > 3 months)

Due date of payment ascertainable	On/before due date
Not ascertainable	on/before payment
Payment linked to completion of event	on/before completion of event

Proviso to Rule 47:

Insurer / Banking Co. / NBFC / FI / Telecom operator making
Supply of services to Distinct Persons

↓
may issue invoice $\begin{cases} \text{OR} \\ \text{Before/At the time supplier records in books} \\ \text{Before expiry of quarter in which supplies made} \end{cases}$

* Particulars of Tax Invoice (Read with Rule 46)

There is no prescribed format for an invoice, but following fields wherever applicable are mandatory:

- (i) Name, Address, GSTIN of supplier
- (ii) Consecutive serial number (not exceeding 16 characters) unique for a F.Y.
- (iii) Date of issue
- (iv) Name, Address, GSTIN/UID of registered recipient
- (v) For unregistered recipient:

Value of Supply	Particulars of Invoice
₹ 50,000 or more	Name & Address of recipient, Address of delivery with State name & code
less than ₹ 50,000	Unreg. Recipient may still request above details

Provided that where any taxable service is supplied by or through an ECO or by a supplier of OIAR services

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to a recipient who is unregistered, irrespective of the value of such supply, a tax invoice issued by the registered person shall contain the name and address of recipient along with PIN code and the name of the state and the said address shall be deemed to be the address on record of recipient.

(vi) HSN code (Rule 46)

- ATO (PFY) \leq 5 crores
 - B2B - 4
 - B2C - 4 (Optional)
- ATO (PFY) $>$ 5 crores → B2B & B2C - 6

(vii) Description of goods/services

(viii) Quantity / Unique Quantity code

(ix) Taxable value, Rate of Tax, Tax Amount

(x) Total value of goods/services

(xi) Place of supply

(xii) Address of delivery

(xiii) Whether tax payable on RCM basis?

(xiv) Signature of supplier

(xv) In case of e-invoice, QR code having embedded IRN.

(xvi) Rule 46(5): In case taxpayer has ATO $>$ 10 crore in any PFY from 2017-18 onwards and e-invoicing not required as per rule 48(4), invoice should have following declaration:

"I/we hereby declare that though our ATO in any PFY from 2017-18 onwards is more than ATO specified in rule 48(4), we are not required to prepare an invoice in terms of provisions of said sub-rule."

* Manner of issuing Invoice (Rule 48)

Taxable supply of Goods
TriPLICATE

Taxable supply of Services
DUPLICATE

Original - Recipient

Duplicate - Transporter

TriPLICATE - Supplier

Original - Recipient

Duplicate - Supplier

* In case of export of Goods/Services:

Invoice shall carry following endorsement -

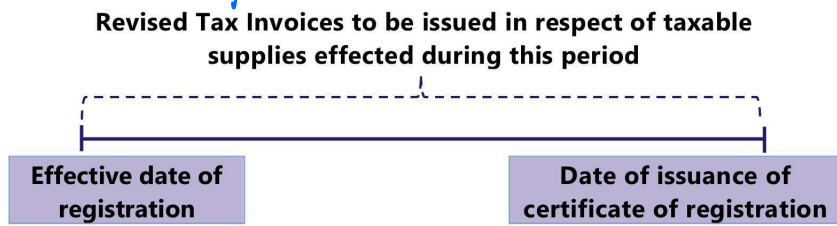


Same particulars of Export Invoice as Tax Invoice. However, when recipient is unreg. and value $\geq ₹ 50,000$. Name of country of destination to be mentioned.

31(3) Special Cases

(a) Rule 53: Revised Tax Invoice

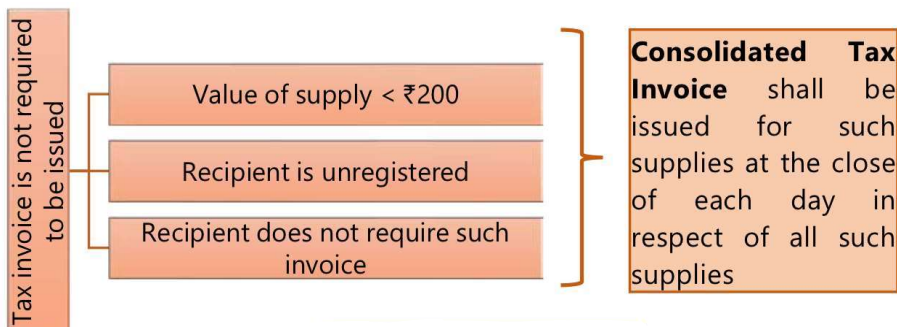
- Issued by RP within 1 month from date of issuance of Registration Certificate.



- For Intra state supplies: Consolidated Revised Tax Invoice (CTRI) may be issued for all taxable supplies made to URP.
- For Inter state supplies: No CTRI in respect of all URP if value of supply exceeds ₹ 250,000

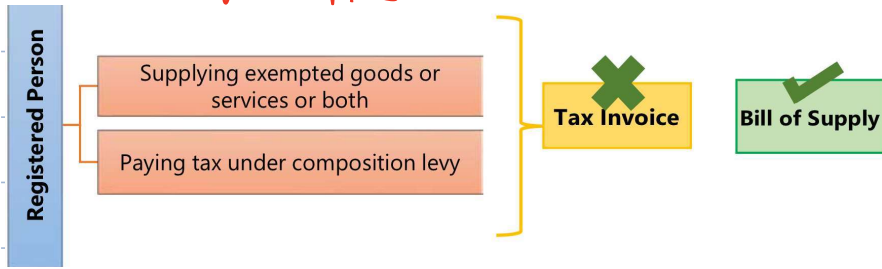
* CTRI can never be issued to RP whether supply is Inter / Intra state.

(b) No Tax Invoice required



- This option is not available to Multiplex screens
- Provision also applicable to Bill of Supply

(c) Bill of Supply



Person opting for composition scheme mention the words "Composition Taxable Person, not eligible to collect tax on supplies" at the top of bill of supply issued by him

Rule 46A: Issue "Invoice cum Bill of Supply" for supplying both taxable and exempted G/S/B to URP.

Provided that the said single "invoice-cum-bill of supply" shall contain particulars as specified under Rule 46/54 (Tax Invoice/ISD) as the case may be, and Rule 49 (Bill of supply)

(d) Receipt Voucher (Rule 50)

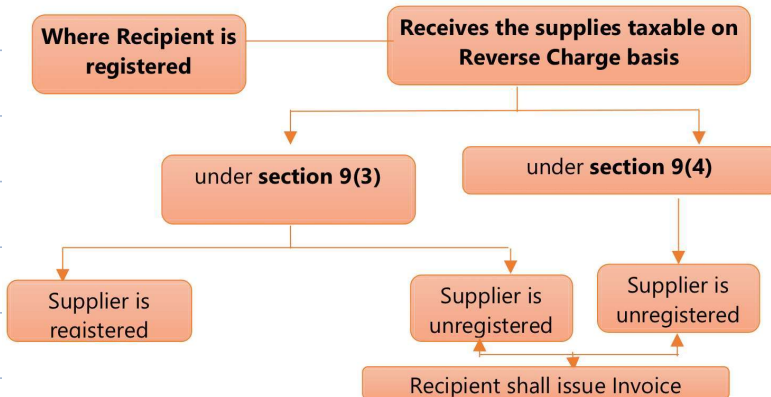
RP shall, on receipt of advance w.r.t. G/S/B, issue Receipt Voucher.

If supply not determinable - Inter State
If Rate not determinable - 18%.

(e) Refund Voucher (Rule 51)

If no supply or Tax Invoice against the advance received, issue refund voucher.

(f) RP to issue invoice in case of RCM (Rule 52)



Invoice to be issued on date of receipt of G/S/B.

(g) Payment Voucher:

To be issued by RP when payment made for RCM supplies to Registered or Unregistered supplier.

* Any invoice or Debit Note in accordance with sec 74 (Fraud), 129 (Detention/seizure of conveyance in transit), 130 (Confiscation of goods) shall contain words "INPUT TAX CREDIT NOT ADMISSIBLE."

* Rule 55 Delivery Challan

(i) Delivery challan to be issued:

- Serially numbered (Max. 16 characters)
- in one/multiple series
- At the time of removal of goods for transportation

(ii) Nature of Supply

- Supply of liquid gas (quantity not known at the time of removal)
- Transportation of goods for jobwork
- Transportation of goods for reasons other than supply
- Such other as notified

(iii) Triplicate copies 1. Consignee 2. Transporter 3. Consignor

(iv) Declare in e-way bill: when goods transported on delivery challan in lieu of invoice.

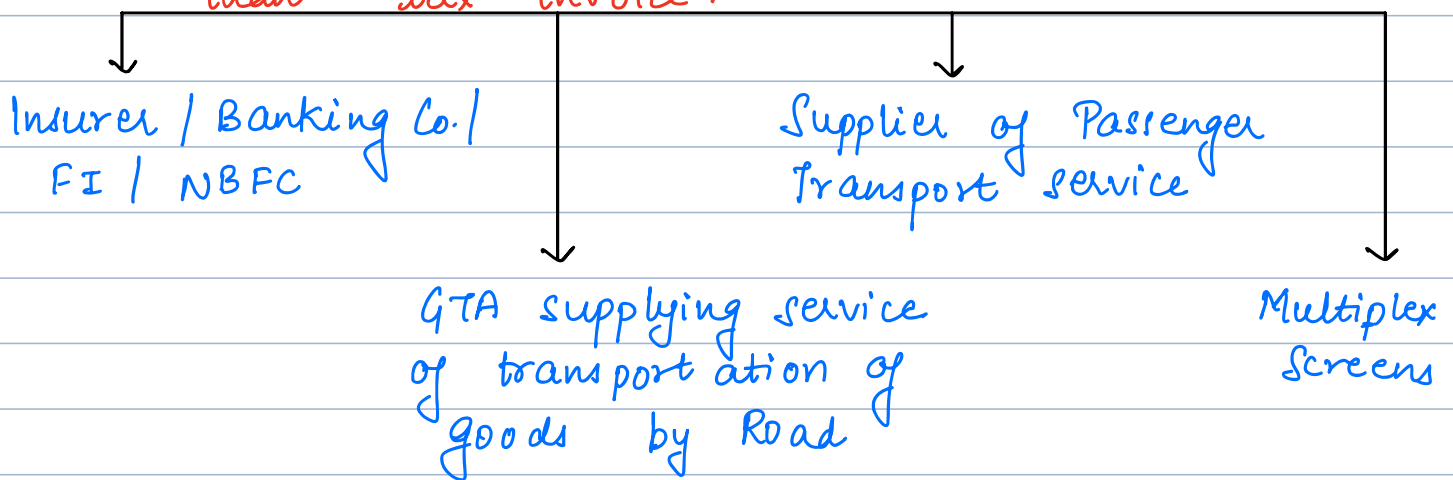
(v) Tax invoice to be issued after delivery of goods

(vi) Goods transported in semi knocked down or completely knocked down condition or in batches/lots!

- Complete invoice to be issued before dispatch of first consignment
- Delivery challan for each subsequent consignment giving reference to invoice shall accompany the consignment along with duly certified copy of original invoice.
- Original copy of invoice to be sent with last consignment.

(vii) Goods may be moved for supply on approval basis and artworks may be sent by artists to gallery for exhibition on delivery challan along with e-way bill wherever applicable. Invoice to be issued at the time of actual supply.

Rule 54: Suppliers permitted to issue any document other than tax invoice:



* Tax Invoice in case of ISD:

ISD to issue Tax Invoice / Credit Note for transfer of common credit. Bank / NBFC / FI may issue any document in lieu of Tax Invoice / Credit Note.

Rule 55A: Tax Invoice / Bill of supply to accompany goods in transportation when e-way bill not required.

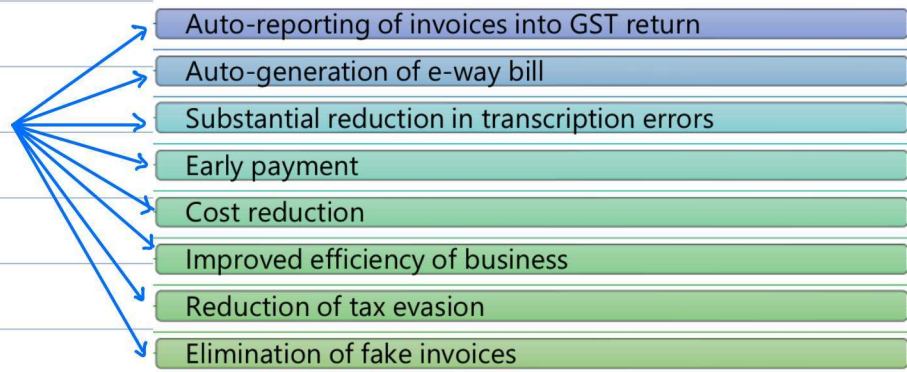
Sec 32: Prohibition of unauthorised collection of tax
URP - Not to collect tax

Sec 33: Amount of Tax to be indicated in tax invoice and other documents.

* E-Invoicing

- Invoices, credit note, debit notes when issued by notified persons are covered under e-invoice
- Notified Persons: All registered businesses with aggregate turnover (based on PAN) in any preceding F.Y. from 2017-18 onwards > 10 CRORE
- Notified IRP (Invoice Registration Portal):
www.einvoice1.gst.gov.in (1 to 10 notified)

• Advantages of e-invoicing



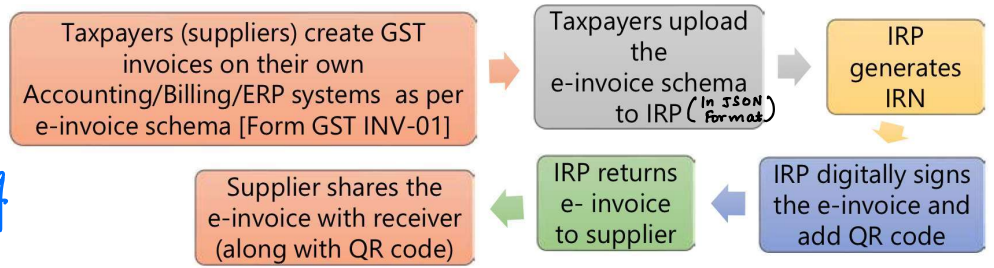
• Situations in which e-invoicing is Applicable

* e-invoicing also applicable to e-commerce operator [Eco].

Supply of goods and/or services to a registered person by notified person [B2B supplies]	•Applicable
Exports by notified persons	•Applicable
B2C supplies by notified persons	•Not applicable
Invoices issued by Input Service Distributor	•Not applicable
Supplies made by notified person, tax on which is payable under reverse charge under section 9(3)	•Applicable
Where specified category of supplies are received by notified persons from unregistered persons [attracting reverse charge under section 9(4)] or through import of services	•Not applicable
Import of goods (Bills of Entry)	•Not applicable

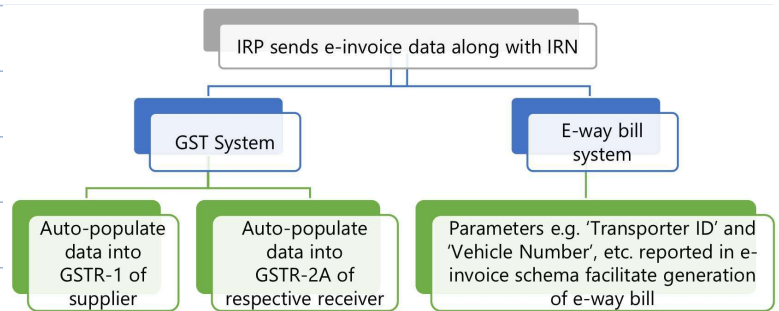
- When e-invoicing is applicable, there is no need to issue Duplicate / TriPLICATE invoices

- Overall workflow of e-invoice
(Bulk uploading possible)



- e-invoice is valid only with a valid IRN (Invoice Reference Number)

- Generation of e-way bill / populating relevant parts of GST return through e-invoicing data



- Cancellation of Reported Invoice is allowed by seller on IRP by reporting IRN within specified time

- Amendment of Reported Invoice
 - Possible only on GST Portal
 - Not Possible through IRP

- Exemption from e-invoicing:

- SEZ units (not SEZ developers)
- Insurer / Bank / FI / NBFC
- GTA supplying service of transportation of goods by Road.
- Supplier of Passenger Transport service
- Multiplex Screens
- Government Department
- Local Authority

* Clarification on applicability of e-invoicing w.r.t. an entity:
Issue: Whether exemption from mandatory generation of e-invoices is available for the entity as whole or only in respect of certain supplies made by the said entity?

→ The exemption is for entity as whole and not restricted by nature of supply being made by said entity.

Eg: A banking company providing banking services may also be involved in making supply of some goods, including bullion. The said banking company will not be required to issue e-invoice w.r.t. any supply made by it.

• E-invoice Schema: Uniform standard format (containing specified fields) applicable for all businesses across the country. It is notified in GST INV-1 and mandates what particulars shall be reported in electronic format to IRP.

• IRN: Unique Reference Number (hash) generated and returned by IRP on successful registration of e-invoice.

• Quick Response (QR) code: Upon successful registration on IRP, signed e-invoice with IRN and QR code (embedded on invoice) is returned to the supplier. The digitally signed QR code will have unique IRN which can be verified on central portal as well as by an offline app by officers. This will be helpful for tax officers checking the invoice offline on roadside where internet may not be available.

* **Dynamic QR code:** Registered person (A.T. > 500 cr) to have dynamic QR code for B2C/VIN supplies so that recipient can scan and pay in one go. When QR code made available on screen at counter, invoice to have payment details (Deemed dynamic QR).

When supplier provides dynamic QR but customer opts to make payment without using Dynamic QR

Supplier makes available electronic mode of payment (eg: UPI) & details of merchant as well as transaction are displayed/ captured

Payment made before issuance of invoice (Pre-paid)

Eco / online application complied with dynamic QR code

Supplier gives cross reference of payment

↓

Dynamic QR code requirements deemed complied

* **Non-Applicability of Dynamic QR code:**

- Insurer / Bank / FI / NBFC
- GTA supplying service of transportation of goods by Road.
- Supplier of Passenger Transport service
- Multiplex Screens
- OI DAR services
- In case of exports (However, for exports, e-invoice applicable)

Sec 34: Credit and Debit Notes

* When one/more tax invoice issued for supply



- Taxable value/Tax charged in excess
- Goods received in less quantity by recipient
- Goods returned by recipient



Supplier may issue one/more "Credit Note"

* No GST credit note in case of secondary discounts.
Commercial C.N. can be issued.

Last Date to furnish particulars of C.N. in Return:

(a) 30th November following the end of FY } w.e. is
in which supply was made } Earlier

b) Date of filing Annual Return

* No reduction in output tax liability of supplier shall be permitted if the incidence of tax and interest on such supply has been passed on to any other person.

* When one/more tax invoice issued for supply



Taxable value/Tax charged is less



Supplier may issue one/more "Debit Note"

* No time limit for Debit Note

Time of Supply

Sec 12: Time of Supply in case of Goods:

12(1): Liability to pay tax on goods - shall arise at the TOS.

12(2): Forward Charge Time of Supply:

Composition Supplier

(a) Date of issue of invoice
OR

Last Date of issue of
invoice v/s 31

(b) Date of Receipt of Payment
whichever is EARLIER

↓

Small advances upto ₹1000

TOS = (a) or (b) at the
option of supplier

Normal supplier

(Other than RP making supply of
specified Actionable Claims)

(a) Date of issue of invoice
OR

Last Date of issue of
invoice v/s 31

(Tip: Date of Payment is
irrelevant here, means
no tax on receipt of
advances)

* Date of Receipt
of Payment

Supplier makes entry in books
Amount credited in bank

↑ w.e. is
EARLIER

12(3): TOS in case of Reverse Charge:

(a) Date of Receipt of Goods

(b) Date of Payment

(c) Day following 30th Day (i.e. 31st Day)
from date of invoice / other doc.
by supplier

↑ w.e. is
EARLIER

→ When 12(3)(a)/(b)/(c) not available,

TOS = Book entry in books of Recipient (i.e. Purchase Entry)

* Date of Payment: a) Book Entry
b) Amt. Debited in Bank

↑
w.e. is
Earlier

(Tip: No relaxation of small advances \therefore GST payable on all advances under RCM)

12(4): Vouchers

(i) When identifiable: TOS = Date of issue

(ii) When not identifiable: TOS = Date of Redemption

12(5): Residuary cases where 12(2)/(3)/(4) N.A.:

TOS: For RP - Due Date of Return

For URP - Date of Payment of Tax

12(6): Interest / Penalty / Late fees:

TOS = Date of Receipt of such interest / penalty / late fees

Sec 13: Time of supply in case of services

13(1) Liability to pay tax on services - shall arise at TOS.

13(2) TOS in case of Forward Charge

Is invoice issued on time?

YES - 13(2)(a)

NO - 13(2)(b)

Date of invoice
OR

Date of Provision of service
OR

Date of Receipt of Payment

Date of Receipt of Payment

w.e. is EARLIER

w.e. is EARLIER

13(2)(c): If 13(2)(a)/(b) N.A., TOS = Book Entry Date of Recipient

* Small advances upto ₹1000 are at the option of supplier

13(3) TOS in case of RCM

(a) Date of Payment

(b) Day following 60th Day (i.e. 61st Day)
from date of invoice/other doc.

↑ w.e. is
EARLIER

→ When 13(a)/(b) not available,

TOS = Book entry date of Recipient (i.e. Expense Entry)

* Date of Payment: a) Book Entry

b) Amt. Debited in Bank

↑ w.e. is
Earlier

(Tip: No relaxation of small advances ∴ GST payable on all advances under RCM)

* Special Provision for import of service if supplier and Recipient are Associate Enterprise :-

TOS = Date of entry in books of Recipient
OR

Date of Payment

↑ w.e. is
EARLIER

(Tip: Proviso is not for all imports, it applies only for imports from associate ent. ∴ For normal imports, simple provisions of 13(3) shall apply - Payment/61st Day ↑)

13(4): Vouchers

(i) When identifiable: TOS = Date of issue

(ii) When not identifiable: TOS = Date of Redemption

13(5): Residuary cases where 13(2)/(3)/(4) N.A.:

TOS: For RP - Due Date of Return

For URP - Date of Payment of Tax

13(6): Interest / Penalty / Late fees:

TOS = Date of Receipt of such interest/penalty/late fees

Value of Supply

- GST is payable on 'ad-valorem' basis, i.e. percentage of value of the supply of goods or services.

Sec 15: VOS = Transaction value + inclusions (→ Exclusions
15(1) 15(2) 15(3)

15(1) VOS = Transaction Value → Price actually paid or payable, where Recipient is not related AND Price is the sole consideration

15(2) Inclusions:

(a) Taxes, Duties, fees, cess (other than GST), if charged separately [TCS under Income Tax Act - not included]

(b) Obligation of supplier met by recipient not included in price.

(c) Incidental expenses charged by supplier including Commission and Packing

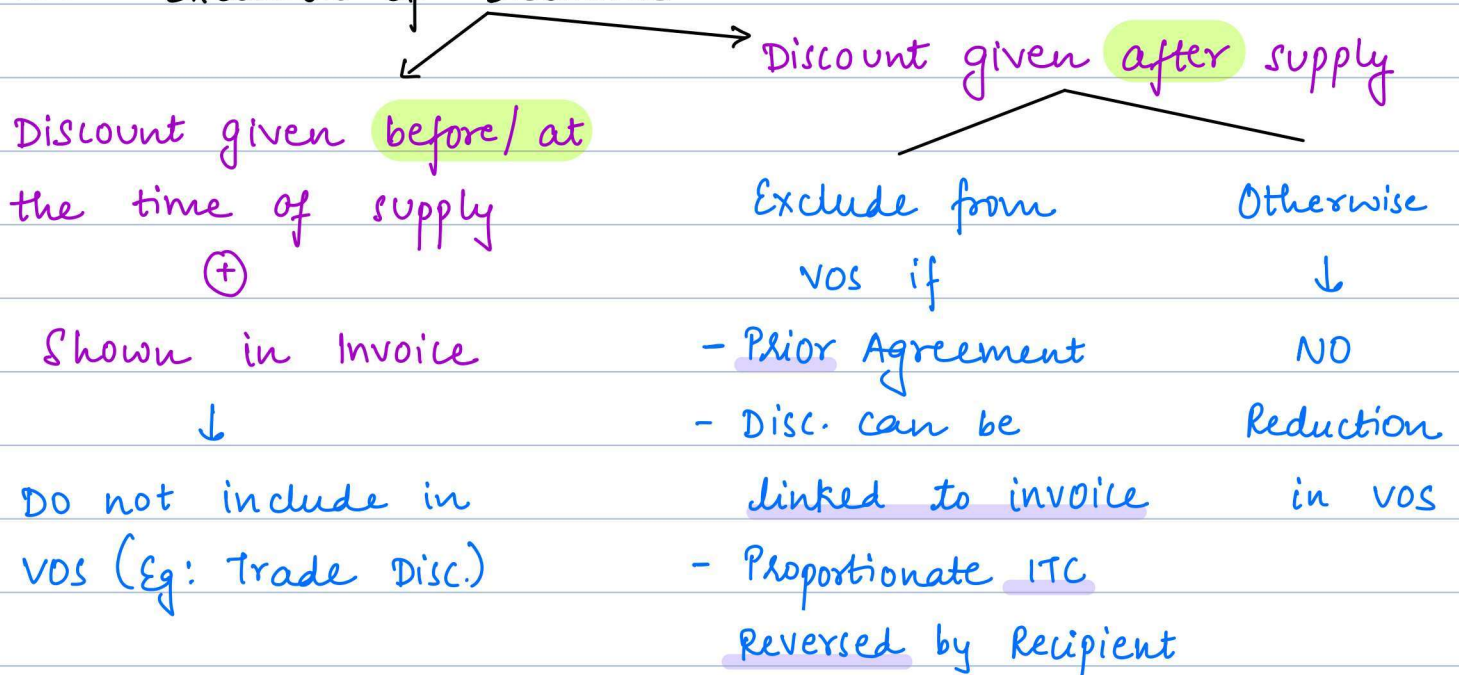
- Commission paid to agent and recovered from buyer forms part of VOS.
- Incidental expenses include weight charges, loading, unloading, designing, inspection, certification, testing, etc. when done by supplier AND billed to recipient.

- When supplier pays for freight / insurance of supply & recovers from buyer → Composite supply ∴ GST @ applicable rates on relevant goods
- Supply on ex-factory basis (Buyer pays freight & insurance) → Freight / insurance not to be included in VOS

(d) Interest, late fees, penalty for delayed payment same rate of tax applicable as on main supply of goods / service

(e) Subsidies directly linked to Price (Exclude Govt. subsidy)

15(3) Exclusion of Discounts



NOTE: In cases where discount cannot be deducted from VOS, commercial credit notes can still be issued but it should not have GST.

* Clarification on Discounts:

Staggered Discounts
(Buy more save more offers)

↓
Discount shown in Invoice, hence exclude from VOS

Periodic/ Volume/
Year End Discounts

↓
Exclude from VOS if 3 conditions satisfied
(prior agreement, linked to invoice, Proportionate ITC reversed)

Secondary Discounts not known at the time of Contract subsequently given due to price revaluation or other reasons

↓
No Deduction from VOS, GST to be paid on original value

* Taxability of NO CLAIM BONUS offered by Insurance Co.:

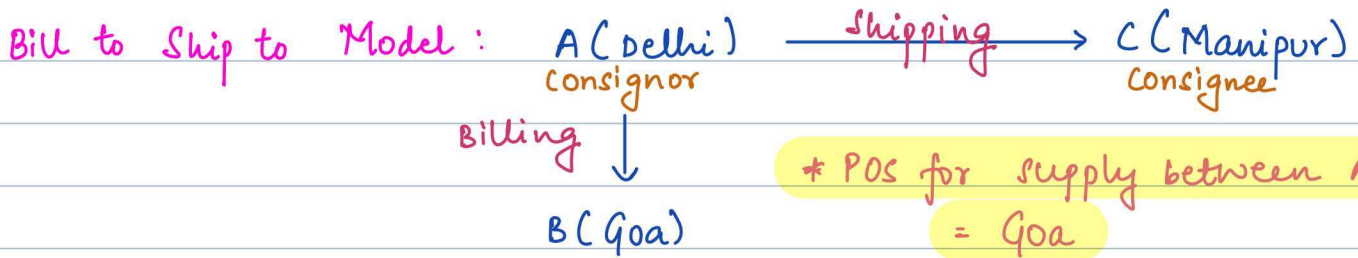
- 1) No Claim Bonus is not consideration and there is **no supply** involved as customer procures insurance policy to indemnify himself from loss/injury and there no contractual obligation to refrain from lodging insurance claim in lieu of no claim bonus.
- 2) No claim bonus is admissible as discount u/s 15(3) as it is pre-agreed. ∴ GST shall be levied on 'Net premium' paid actually after deduction of no claim bonus.

Place of Supply



- GST is a destination based consumption tax. The Place of Supply (POS) denotes the place where supply is consumed, determining the jurisdiction where the tax revenue should reach.




Sec 10 of IGST Act: POS of Goods other than supply of Goods imported into or exported from India

Situation	POS
a) Supply involves movement of Goods	Destination of goods
b) Goods delivered on 'Bill to Ship to' Model	Location of third person (original buyer)
c) Supply does not involve movement of Goods	Location of goods at the time of delivery
ca) Notwithstanding (a)/(c), supply made to URP	Address of person recorded in invoice (State name shall be deemed address) ↓ Not available Location of supplier
d) Goods assembled/ installed at site	Place of such installation or assembly
e) Supply on board on conveyance	Location where goods taken on board.



Sec 12 of IGST Act: POS of Services when location of Supplier and Recipient are in India

Sec	Situation	POS	Example
12(2)	POS generally [except 12(3) to 12(14)]	<p>Supply to</p> <p>Reg. Person \downarrow Pos = location of RP</p> <p>URP</p> <p>Address Available?</p> <p>YES \downarrow Address on record of recipient</p> <p>NO \downarrow location of supplier</p>	<p>CA Riddhi (Reg. in Gujarat) supplies Service to MNO Ltd. (Reg. in Delhi)</p> <p>POS = Delhi; If MNO Ltd. is URP then POS = Delhi; If address of MNO Ltd. is not available, then POS = Gujarat</p>
12(3)	Service in relation to immovable property or accommodation in hotel/boat/vessel, etc	<p>Where property is located or intended to be located</p> <p>Exception: Property located outside India but both supplier and recipient in India, POS will be location of recipient</p>	<p>Pro Ltd. (Reg. in Kolkata) provided engineering services to PLM Ltd. (Reg. in Gujarat) for a building in Mumbai.</p> <p>POS = Maharashtra</p>
	 <p>When property/vessel in more than one state / UT</p>	Determine POS on proportionate basis	<p>[Rs 30000]</p> <p>Combo for a chain hotel 2 nights in Delhi and 1 night in Agra. Apportion 2:1 (20000:10000) in respective states</p>
12(4)	Restaurant & catering, Personal Grooming, Fitness, Beauty and Health services 	Location where service actually performed	<p>Ms. Parul (Makeup Artist from Chennai) goes to Indore for makeup of Ms. Seema, heroine from Mumbai. POS = Indore</p>

12(5)	<p>Training & Performance Appraisal Services</p> 	<p style="text-align: center;">Supply to</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>RP (B2B)</p> <p>↓</p> <p>Location of RP</p> </div> <div style="text-align: center;"> <p>URP (B2C)</p> <p>↓</p> <p>Place where service performed</p> </div> </div>	<p>Training service provided by Smart Tutors (Reg. in Gujarat) to M/s XYZ (Reg. in Delhi). Training conducted at Rajasthan. POS = Delhi</p>
12(6)	<p>Admission to events/ Amusement park / Other places</p> 	<p>Place where event actually held or park / other place located</p>	<p>Muskan of Chennai buys a ticket for circus organised at Haryana by a circus Co. registered in Goa. POS = Haryana</p>
12(7)	<p>Organisation of events or assigning Sponsorship to such events</p> <p>Eg: cultural/Scientific/sporting event or conference, fair, etc</p>	<p style="text-align: center;">Supply to</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>RP</p> <p>↓</p> <p>Location of RP</p> </div> <div style="text-align: center;"> <p>URP</p> <p>↓</p> <p>Event actually held</p> </div> </div> <p style="color: orange;">But: If event held outside India, POS = Location of Recipient</p>	<p>Shaadi Mubarak Ltd. (Pune) hired by Mr. Ankit (Hyderabad) ^{URP from} to organise wedding at Jaipur. POS = Rajasthan</p> <p>If wedding at Italy, POS = Hyderabad</p>
12(8)	<p>Transportation of goods including mail or Courier</p> 	<p style="text-align: center;">Supply to</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>RP</p> <p>↓</p> <p>Location of RP</p> </div> <div style="text-align: center;"> <p>URP</p> <p>↓</p> <p>Location where goods are handed over for their transportation</p> </div> </div> <p style="color: orange;">Note: If goods are transported outside India, POS = Destination of Goods (Omitted)</p>	<p>M/s Virat Ltd. (Reg. in Mumbai) sends courier to Ahmedabad through ABC courier service. POS = Mumbai.</p>
12(9)	<p>Passenger Transportation Service</p> <p>(Return journey treated separate journey even if tickets issued at same time)</p>	<p style="text-align: center;">Supply to</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>RP</p> <p>↓</p> <p>Location of RP</p> </div> <div style="text-align: center;"> <p>URP</p> <p>↓</p> <p>Location where passenger embarks</p> </div> </div> <p style="color: orange;">Issue of Right to passage where point of boarding not known at time of issue :-</p> <p style="color: orange;">a) If address available, Location</p>	<p>Mr. Seenu (URP from Manipur) pre-buys travelling vouchers from Udaan Ltd. (Chandigarh) to travel anywhere in Country.</p> <p>If address of Mr. Seenu available, POS = Manipur</p>



Advst. ^u	Method	
Newspaper	No. of editions	entered with Parada Cinema
Utilities	No. of consumers	Separate invoices has to
Hoardings (other than those on train)	Amount payable for each hoarding	be issued state/UT wise based on halls/screens in multiplex.
Advt. on Train	length of Track	
Railway Ticket	No. of Stations	

* Clarification : POS in case of supply of services in respect of advertising sector :

CASE 1: If there is supply/sale of space or right to use the space on the hoarding/structure (immovable property) for display of advertisement
↓

POS shall be governed by sec 12(3) as it is directly in relation to immovable property.

CASE 2: Advertising company wants to display advertisements at specific location availing the services of vendor and the responsibility of arranging hoarding/bill board lies with vendor (who may own it or take on rent). The advertising company is not occupying space/structure
↓

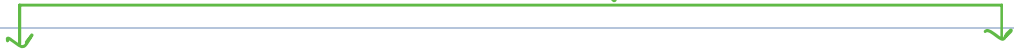
General Provisions of sec 12(2) shall apply

* Clarification: Supply of co-location services

It 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 relating to hosting & IT infrastructure.

CA RIDDHI BAGHMAR

What is the nature of supply of colocation services?



The agreement is restricted to providing physical space on rent along with basic infra. without components of hosting & IT infra and the responsibility of running, monitoring, surveillance of servers and hardware is of recipient only



It is mere renting of immovable property
POS as per sec 12(3)

Contract involves providing physical space along with A.C, security, fire protection, backup, monitoring, surveillance, etc. which are essential for recipient to interact with the system through a web based interface



It is not mere renting of immovable property, hence POS to be determined as per sec 12(2) only.

Exemptions from GST

Exempt Supply has been defined as supply of any G/S/B which attracts nil rate of tax or which may be wholly exempt from tax and includes non-taxable supply.

Sec 11 of CGST / Sec 6 of IGST Act grants power to exempt -

Sec 11(1) : General Exemption

Govt. in public interest on recommendation of council, by notification, exempt generally either absolutely or conditionally from whole/part of GST.

Sec 11(2) : Special Exemption

Govt. by notification on recommendation of council by special order in each case under exceptional circumstances exempt G/S/B from GST.

Sec 11(3) : Govt. may insert explanation in notification/order within 1 year of issue of notification/order and such explanation shall have retrospective effect.

Eg: Notification dated 28/06/2017 came into force with effect from 01/7/2017; new entry was inserted w.e.f. 21/9/17. An explanation relating to this entry was inserted on 26/7/18 (i.e. within 1 year of insertion of entry). The said explanation will be effective retrospectively from 21/9/17.

* Exemption may be provided in any of following manner:

↓
Exemption to specified activities/ transactions

↓
Exemption to specified suppliers

↓
Exemption to specified Recipients

↓
specified suppliers & specified Recipients

* Charitable and Religious Activities:

① Services by an entity registered u/s 12AA/12AB of Income Tax Act, 1961 by way of Charitable Activities relating to:

(i) Public health by way of:

Care/Counseling of: terminally ill/ severe physically or mentally disabled/ HIV or AIDS afflicted/ narcotics drugs or alcohol addicts



Public awareness of: preventive health, family planning or prevention of HIV infection



(ii) Advancement of Religion, spirituality or yoga.*

(iii) Advancement of Educational programmes/ skill development relating to: abandoned, orphan or homeless children/ physically or mentally abused and traumatized persons/ prisoners/ persons > 65 age residing in Rural area.

(iv) Preservation of Environment including watershed, forests and wildlife.



② Running Old Age Home by Entity u/s 12AA/12AB or Cg/Sg: for Residents ≥ 60 years where consideration (for boarding, lodging, maintenance) is upto 25000 per member per month

③ Religious pilgrimage service by Kumaon Mandal Vikas Nigam Ltd. (KMNVL) for Kailash Mansarovar Yatra AND HAJ Committee for Haj.

④ → Training/coaching in sports by Entity u/s 12AA/12AB
→ Training/coaching in recreational activities relating to arts/culture by Individual is exempt.

- ⑤ Services by Rehabilitation Professionals by way of Rehabilitation, therapy, counselling at -
- medical establishments
 - educational institutions
 - Rehabilitation centres established by CG/SG/LA
 - Entity u/s 12AA/12AB

⑥ Renting of Precincts of a religious place meant for general public by Trust/institution u/s 10(23C)(v) of IT Act, body/authority u/s 10(23BBA) of IT Act, Entity u/s 12AA/12AB.

When: Room rent upto 999/day

Premises/Kalyan Mandapam rent upto 9999/day

Shops rent upto 9999/month.

* Renting of Room in any normal Hotel - Always Taxable

⑦ Conduct of Religious ceremony by any person.
(Eg: Panditji doing Hawan)



* Circular on Residential programmes/camps:

- If primary/predominant objective is religion, spirituality, yoga - exempt.
- If merely accomodation services/food/drinks provided against consideration (in any form including donation) provided - taxable
- Fitness camps, dance/music class, aerobics - taxable

* Agriculture Related services :

① Services relating to cultivation of plants and rearing of all life forms of animals (except horses)

for food, fibre, fuel, raw material, other similar products/ agricultural produce, by way of :-

a) Agricultural operations directly related to production of agricultural produce including cultivation, harvesting, threshing, plant protection/ testing.

[Carrying out an intermediate process as jobwork in relation to cultivation of plant and rearing of all life forms of animals except horses - exempt]

b) Supply of farm labour

c) Process of agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, curing, fumigating, sorting, grading, cooling, bulk packaging, etc. that do not alter the essential characteristics but make it marketable for primary market.

(Milling of paddy into rice - not an intermediate product - hence not exempt)

d) Renting/ leasing of agro machine or vacant land with/ without incidental structure.

e) loading, unloading, packing, storage or warehousing of agricultural produce / rice.

f) Agricultural extension services. Eg: Provide knowledge/ training to farmers)

g) Services by APMC/ Commission agent for sale or purchase of agricultural produce.



② Warehousing:

- warehousing of agri. products / rice
- warehousing of minor forest produce (honey, tamarind, bamboo, curry leaf, etc.)
- warehousing of cereals, pulses, fruits, vegetables
- + warehousing of other items like nuts, spices, tea, etc. is taxable.
- * Fumigation in a warehouse — Taxable

③ Others:

- Transportation of agricultural produce / rice by GTA / vessel / rail.
- Artificial insemination of livestock (except horses)
- services by NCCO (Ministry of Agriculture) by way of Cold chain knowledge dissemination.
- services supplied by electricity distribution utilities by way of construction, erection, commissioning, installation of infrastructure for extending electricity distribution networks upto the tubewell of the farmers or agriculturist for agricultural use.

* Education Services:

- IIMs: • Long duration programmes (≥ 1 yr) - Exempt (Diploma / degree)
- Short duration programmes (< 1 yr) - Not exempt (Participation certificates)

Type of educational institution			
	Educational institution providing pre-school education and education up to higher secondary school or equivalent	Educational institution providing education as a part of a curriculum for obtaining a recognised qualification <i>(recog. by Indian law)</i>	Educational institution providing education as a part of approved vocational education course
Exempt input services	(i) transportation of students, faculty and staff; (ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory; (iii) security or cleaning or	(i) services relating to admission to, or conduct of examination by, such institution (ii) supply of online educational journals or periodical	Services relating to admission to, or conduct of examination by, such institution.
	house-keeping services performed in such educational institution; (iv) services relating to admission to, or conduct of examination by, such institution		
Exempt output services	Services provided by an educational institution - (a) to its students, faculty and staff; (aa) by way of conduct of entrance examination against consideration in the form of entrance fee.		



* Exemption available to edu. institutions & Central/State educational boards for conduct of entrance exam, also extended to any authority/board/body set up by CG/SG including National Testing Agency for conduct of entrance examination for admission to edu. institutions.

Others:

- Services by training providers under Deen Dayal Upadhyaya Grameen Kaushalya Yojna offering skill/vocational courses.
- Services by assessing bodies empanelled by Directorate General of Training by way of assessment under skill development initiative scheme.

• Serving of food to Anganwadi [a pre-school] covered by exemption entry whether sponsored by Govt. or through donation from Corporates.

• Fees charged for entrance or the fees charged for issuance of eligibility certificate for admission or for issuance of migration certificate by educational institutions — Exempt

• Services provided by National Skill Development Corporation, a sector skill council approved by NSDC, assessment agency (approved by NSDC/SSC), a training partner approved by NSDC/SSC.

* Healthcare Services:

Healthcare services means any service by way of diagnosis / treatment / care for illness, injury, pregnancy, abnormality, deformity (IPAD) in recognised system of medicines in India. (Yoga, Unani, Homeopathy, Ayurveda, Naturopathy, Siddha, Allopathy - YU HANSA)

* Acupuncture, Reiki, Chinese medicine — GST Payable

includes service by way of transportation of patient to and fro clinical establishment.

does not include hair transplant or cosmetic surgery
(Exception: Restore / Restructure due to defect / injury)

① Services by way of healthcare services by

Clinical Establishment	Authorized Medical Practitioner	Para-Medics
Hospital, Nursing home, Clinic, sanatorium or any other institution that offer diagnosis/treatment/care for "IPAD" in "YU HANSA"	Individual doctors registered with Councils	Trained healthcare professionals. Eg: Physiotherapist, Nurse, technician, etc.



Proviso: Clinical establishment providing rooms having room charges > 5000 per day per person - Taxable
But, ICU (Intensive care unit), ICCU (Intensive Cardiac Care Unit), NICU (Neo Natal Intensive care unit) - Exempt (Any Amt)

② Transportation of patient in Ambulance

③ Services by veterinary clinic in relation to healthcare of Animals/Birds.

④ IVF (In vitro Fertilization) services - Exempt

Circulars:

- 1) Doctor/Consultant hired by hospitals and remuneration paid by hospital to them - exempt
- 2) Food to in-patient [composite supply] - exempt
- 3) Food to outpatient, attendant, visitors - Taxable
- 4) Retention money charged from patient - exempt
- 5) Clinical establishments giving shop/auditorium on Rent or for advertisement displays - Taxable.

*** Legal Services:**

① Service by Arbitral Tribunal to business entity in TT

- CG/SG/UT/LA
- Govt. Agency/ Govt. Est
- Person other than Business Entity

Exempt

Business Entity in TT
Previous FY TLO > Regn Limit

YES

RCM

NO

Exempt

② Legal service by Advocate/firm of Advocate to

- Advocate
- Firm of Advocates
- CG/SG/UT/LA
- Govt. Agency/ Govt. Est.
- Person other than B:E

Exempt

Business Entity in TT
PFY TLO > Regn Limit

YES

RCM

NO

Exempt

* Senior Advocate: to CG/SG/UT/LA/GA/GE, Person other than Business Entity, B:E with PFY TLO < Regn limit - Exempt

*** Events:**

① Services provided TO FIFA & Asian Football confederation & its subsidiaries [certified by Director (sports)] BY Services provided

② Services by an Artist by way of:



• Brand Ambassador - Fully Taxable

• Performance in folk or classical art forms (dance, music, theatre) - Exempt if consideration upto 1.5 lakh.

* Performance on bollywood songs - Fully taxable

③ Services by organiser to any person for business exhibition held o/s India.

* Admission:

① No value limit: Any amount entry ticket exempt:

• Museum

• National Park

• Wildlife sanctuary

• Tiger Reserve

• Zoo



Protected

Monuments

(under Arch. sites & remains Act, State Act)



• FIFA U-17 world cup 2017

• FIFA U-17 Women world

Cup 20 (whenever rescheduled)

• Asian football confederation women's Asia Cup 2022

② Exempt only if consideration upto 500 per person:

• Circus, dance, theatrical performance including Drama/Ballet

• Award function, concert, Pageant, Musical performance,

Any sporting event (other than RSE)

• Recognised sporting event

• Planetarium

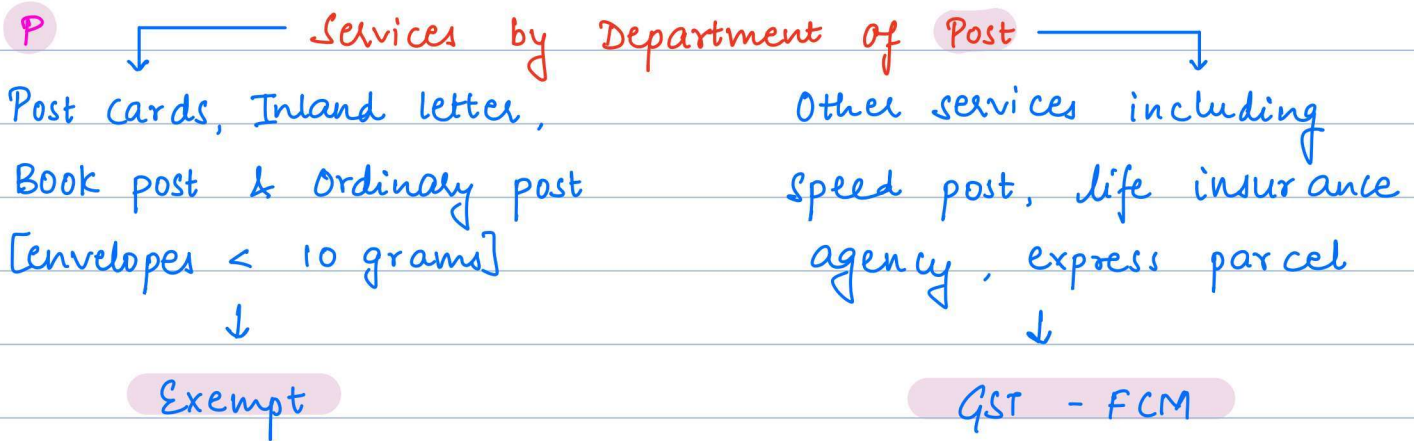


* Cinema hall, film city, water/amusement park, theme park, etc. - Fully Taxable.

* Government Services:

① MY PATI (link with charge Chapter - RCM)

MY services by Ministry of Railways (Indian Railways) - FCM



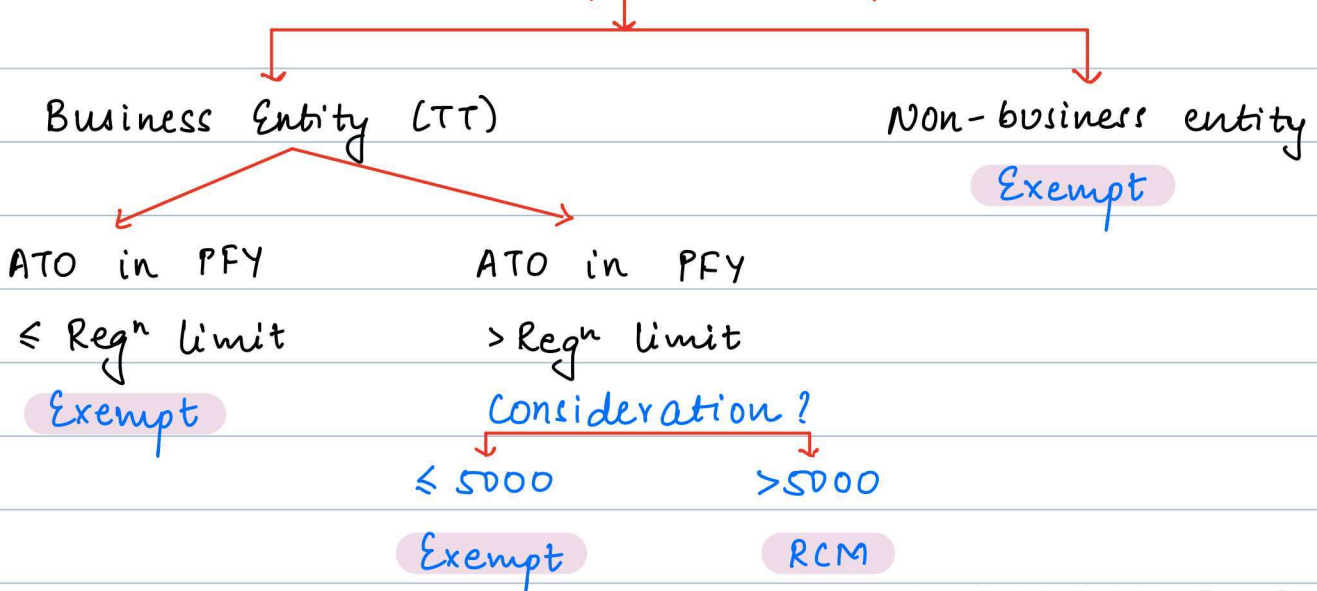
A/T services in relation to Aircraft/vessel inside or outside airport/port. AND Transport services (goods/passengers) - GST - FCM

I Renting of immovable property

- RP - RCM
- URP - FCM

Upto 5000 Exempt

② All other services (except "PATI") provided to



③ Services by CG/SQ/LA/UT by way of:

- Passport / visa / Driving license / Birth or death certificate - Issuance certificate
- Merchant overtime fees
- Tolerating non performance of contract against fines / liquidated damage
- Assignment of rights to use natural resource to individual farmer for cultivation of plant & rearing all life forms of animals (except horses)
- Guaranteeing loans of their undertakings / PSUs (from Bank / FI) (Applicable for CG/SQ/UT only)
- Telecom operator / radio frequency license fees (Prior to 1/4/16)
- Providing legⁿ required under law, testing, calibration, safety check, certification relating to protection of workers / public at large / consumers including fire license required under law.
- CG/SQ/UT/LA \xrightarrow{To} CG/SQ/UT/LA (Any service exempt, exception - Railway, Post, Aircraft/vessel inside/outside port, Transportation of G/P)

(4) Others:

- Services provided by fair price shops to CG/SQ/UT under PDS (Public distribution system)
- Training programme for which $\geq 75\%$ expense borne by Govt.
- Pure services / composite upto value of goods 25% in relation to 243G / 243W given to CG/SQ/UT/LA.

(Exemption also available if such supplies by way horticulture made to CPWD - Central Public Works Dept.)

- Any service by Govt. Authority to CG/SQ/UT/LA by way of any activity under 243G / 243W.

④ DMFT - District Mineral Foundations Trust - set up by State Govt. are Govt. Authorities, ∴ eligible to all exemptions as available to a Govt. Authority)

- Govt. entity to CG/SG/UT/LA for consideration in form of grants
- Govt's share of profit petroleum (link with "Supply" chapter)
- GST on sanitation & conservancy service supplied to Army and other central/State Govt. Depts.

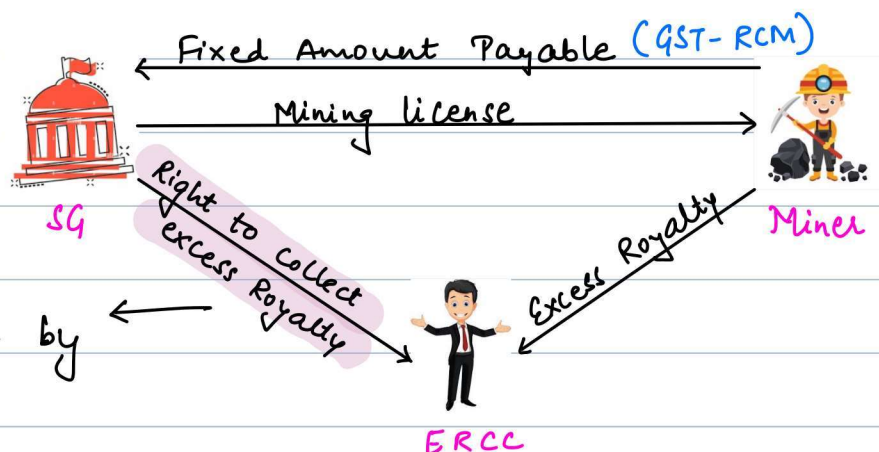
If not related to 243W/243G - Not exempt

* Services provided TO Govt. Authority by way of -

- a) water supply
- b) Public health
- c) Sanitation conservancy
- d) solid waste mgmt.
- e) Slum improvement & upgradation

• Applicability of GST on milling of wheat into flour or paddy into rice for distribution by State Govt. under Public Distⁿ System (PDS): PDS is covered under Article 243G of constitution and hence exemption would depend on case to case basis whether the goods in composite supply of milling/fortification exceed 25% of value or not.

⑤ Assigning the right to collect Royalty to ERCC (excess royalty collection contractor) on behalf of SG on mineral dispatched by mining lease holders:



Example: Miner did contract with Govt. for mining 100000 ton for fixed 1 crore payable. Right to collect royalty bought by ERCC 2.5 crore. Actually mined 200000 tons.

$$\rightarrow \text{Excess mined} = 200000 - 100000 = 100000 \text{ ton @ } 100/\text{ton} \\ = \boxed{1 \text{ crore}}$$

$$\therefore \text{GST Paid by miner (on excess royalty)} = 1 \text{ Cr} \times 18\% = \boxed{18L}$$

$$\therefore \text{GST (RCM) to be paid by ERCC} = 2.5 \text{ Cr} \times 18\% = \boxed{45L}$$

18L exempted
(paid by miner)

27L GST to be paid
by ERCC on RCM basis.

* Passenger Transportation Services:

① **Air:** Journey embarking from / terminating in **'BATSMAN'**

- B Bagdogra (West Bengal)
- A Assam
- T Tripura
- S Sikkim
- M Manipur, Meghalaya, Mizoram
- A Arunachal Pradesh
- N Nagaland

exempt if
"economy class"



② **Rail:** Metro, Monorail, Tramway, Non A/C Railway - Exempt
First Class / A/C Rail - Taxable

- ③ **Water:**
- Inland waterways - Exempt
 - Public Transport (vessel-sea) in India - Exempt
 - Tourism, transportation (O/s India) - Taxable

- ④ Road: [Non A/C contract / stage carriage - Exempt
 Metered cabs, Autorickshaw, e-rickshaw - Exempt
 [Exemption N.A. if supplied through ECO - 9(5)]

• Contract / Stage A.C. carriage, Radio Taxi, Charter on hire, tourism, tour - Taxable

⑤ Giving on Hire -

• Motor vehicle to carry > 12 passengers \xrightarrow{To} State Transport Undertaking

• Electronic vehicle to carry > 12 passengers \xrightarrow{To} Local Authority

* Goods Transport Service:

- ① Air $\begin{cases} \rightarrow \text{Domestic} - \text{Taxable} \\ \rightarrow \text{International} - \text{from o/c India to India} - \text{Exempt} \\ \text{from India to o/c India} - \text{Exempt upto } 30/9/22 \end{cases}$

② Rail - Taxable

Except: Milk, salt, pulses, flour, rice, foodgrains, organic manure, Defence / Military equipments, Relief materials, agricultural produce, Reg. newspapers and magazines,

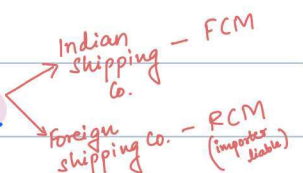
- ③ Water: • Inland waterways - Exempt
 • Coastal transport (within India) - same provision as "Rail". (Taxable with exceptions)



• International Transportation

from o/c India to India [customs station] - Taxable

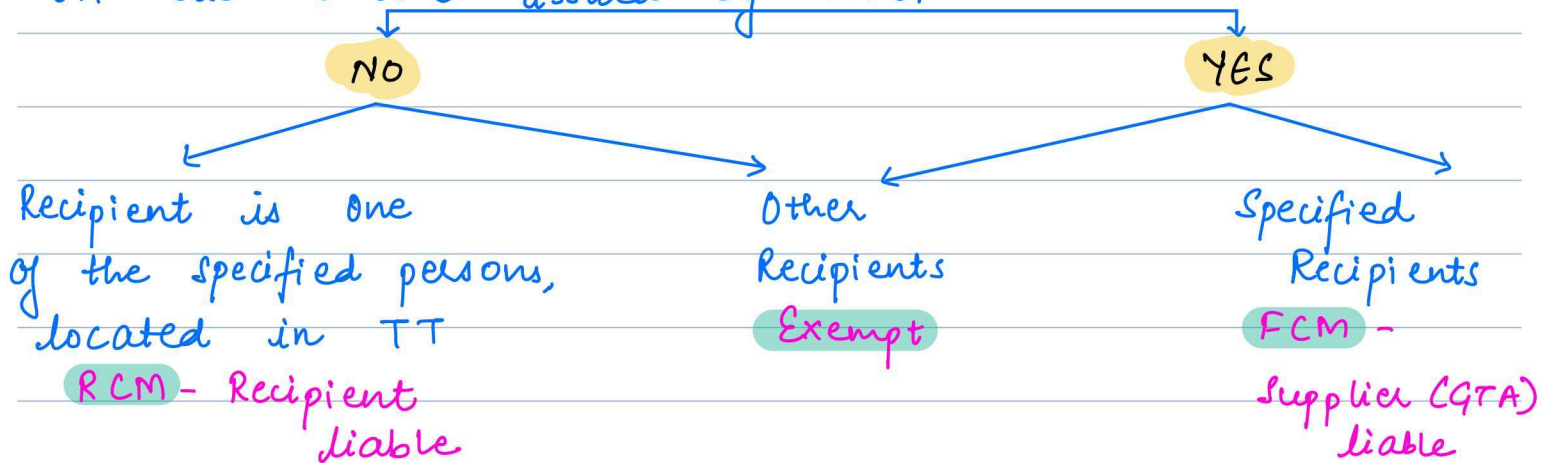
from India to o/c India - Exempt upto 30/9/22



4) Road

- Supply of services by Goods Transport Agency (GTA) in respect of transportation by Road:

Supplier has taken registration under CGST Act and exercised the option to pay tax under FCM AND supplier has issued tax invoice to recipient charging GST @ applicable rates as has made a declaration as prescribed in Annexure III on such invoice issued by him.



* Specified Persons: [CF SCRUB] (link 'Charge' Chapter)

* RCM not applicable for service by GTA to: (Exempt)

1. Dept./ establishment of CG/SG/UT
 2. Local authority
 3. Govt. Agencies
- which has taken registration only for TDS u/s 51 and not for making taxable supply

• Specified Goods

Exempt - Milk, salt, pulses, flour, rice, foodgrains, organic manure, Defence/Military equipments, Relief materials, agricultural produce, Reg. newspapers and magazines

• Door-to-door courier - Taxable

• Individual truck, bullock cart, tempo, cart - Exempt

⑤ Others:

- Giving on hire (renting) - means of transportation of goods to GTA.
- Granting National permit to goods carriage to operate throughout India or contiguous states.
- Transportation Services by Airlines to Cg for Regional connectivity scheme. - viability funding gap exempt for 3 years.
- Satellite launch services by ~~ISRO, Antrix, NSIL~~.
- GST exempt for services associated with transit cargo both to and from Nepal and Bhutan.
Also, movement of empty containers from Nepal/Bhutan after delivery of goods is associated with transit cargo and \therefore exempt.
- Transport of Minerals from mining pit head to railway siding, beneficiation plant, etc. by vehicles deployed with driver for a specific duration of time.
These are not transportation services, it is renting services of vehicle with operator & hence NOT exempt.

* Insurance:

① Life Insurance Business:

- Janashree Bima Yojna, Aam Aadmi Bima Yojna, Varistha Pension Bima Yojna, PM Jeevan Jyoti Bima Yojna, PM Jan Dhan Yojna, Life micro-insurance product (Max cover 2lacs), PM Vaya Vandana Yojna. \rightarrow Including reinsurance

- Life Insurance business provided by way of annuity under National Pension Scheme.
- Life insurance service to Army, Navy, Air force, Coastal guard, CAPF under Group Insurance scheme

- ② • Universal Health Insurance
- PM Suraksha Bima Yojna

③ General Insurance under following scheme: (+ Reinsurance)

- Tribal Insurance
- Hut insurance scheme
- Janta Personal Accident Policy
- Gramin Accident Policy
- Coconut Palm Insurance
- Cattle insurance scheme
- Rashtriya Swasthya Bima Yojna
- Central sector scheme on Cattle Insurance
- Pilot scheme on seed crop insurance
- Agricultural pumpset and failed well insurance
- Bangla Shasya Bima Yojna
- PM Fasal Bima Yojna
- Rashtriya Krishi Bima Yojna
- Modified National Agri. scheme
- Export credit Insurance
- Jan Arogya Bima
- Nirmaya Health Insurance

- ④ Service provided to CGLI/UT where total premium is paid by Govt. (+ Reinsurance)

* Non Profit Entity :

- ① Services by NPE engaged in welfare activities of Industrial/ Agricultural labour / farmer / promotion of trade, commerce, industry, agriculture, art, science, literature, sports, education, social welfare, charitable activities, protection

of environment, to its own members against membership fee upto ₹ 1000 per member per year.

② Service by Non-Profit Entity to its own members by way of reimbursement of charges or share of contribution:

(a) As a trade union

(b) For carrying out any exempt activity

(c) Upto ₹ 7500 per month per member for sourcing of G/S from 3rd person for the common use of its members in a housing society.

Circular: GST on monthly subscription charged by Residential Welfare Association to its members :-

1) If amount exceeds ₹ 7500, GST payable on entire amt.

2) Ceiling of ₹ 7500 to be checked separately for each residential apartment.

3) RWA required to take Regn only if ATO \geq 20 Lakhs (No MMT - 10 Lakh), which means even if monthly amount $>$ ₹ 7500 but turnover threshold not crossed, no GST.

4) RWA would be entitled to take ITC of GST Paid.

* Construction:

① Transfer of TDR/FSI/Upfront amount payable in respect of service by way of granting of long term lease of \geq 30 yrs on/after 1/4/19 for construction of residential apartment by promoter intended for sale to buyer before CC/FO (w.e. earlier).

- ② Pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to single Residential unit.
- ③ Pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation/alteration pertaining to beneficial led individual house construction/enhancement under Housing for All (Urban) Mission or PM Awas Yojna.
- ④ Upfront amount payable for granting LTL ≥ 30 yrs of industrial plot/plots for development of infra. for financial business provided by SIDCs/Undertakings/by an entity having $\geq 20\%$ ownership of CG/SG/UT to the industrial units in any business area. *Location charges/Preferential location charges collected with lease premium shall have same treatment.

* Others :

- 1) Transfer of Going concern (whole/independent part)
- 2) Services by CMPF (Coal mines provident fund), ESI (Employee State Insurance), EPFO (Employee Provident Fund Organisation)
- 3) Interest on loans/advances/forex conversion bank to bank or dealer to bank, etc. other than interest on credit card services.
- 4) PM Jan Dhan Yojna - services to saving A/c holders
- 5) Transmission/Distribution of electricity by T/D utility (Application fees, testing/shifting fees, meter rent - Taxable)
- 6) Collection of contribution under Atal Pension Yojna/any SG Pension scheme.

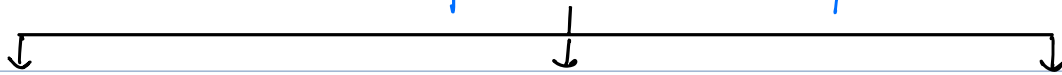
- 7) Services by Bus. Facilitator/ correspondent to Bank/Insurance Co. or intermediary to BC/BF; w.r.t. to Rural Branch
- 8) Intermediary financial services located in a multi services SEZ with IFSC status to customer o/s India.
- 9) Collecting/providing News by independent journalist, PII, UNI. (However, honorarium to Guest Anchors - Taxable)
- 10) Sponsorship of sporting events organised by National Sports federation, Indian Universities, inter University sports board.
- 11) Services by Foreign Diplomatic Mission located in India.
- 12) Providing Information under RTI, 2005.
- 13) Services provided by intermediary when LOS & LOE of goods is outside TT.
- 14) Services provided by Tour Operator to foreign tourist for a tour wholly outside India.
- 15) Import of services in relation to temporary transfer/ permitting use or enjoyment of IPR.
- 16) Services imported by unit/ developer of SEZ for authorised operations.
- 17) Import of service by UN / specified international organisation for official use / Foreign Diplomatic Mission/ consular post in India / Diplomatic Agents/ career consular officers.
- 18) Services supplied by est. of person in India to any est. of person of that person o/s India.

19) Services provided to Recognised Sports Body by Player, Referee, Umpire, Coach, team manager, another Recog. Sports Body for recog. sporting event (Commentator, selector, etc. — Taxable)

20) Services provided by an incubatee within premises of Technology Business Incubator/ Science & Technology Entrepreneurship Park upto T/O of ₹ 50 lakh in FY, provided PFY T/O ≤ 50 lakh and 3 yrs has not elapsed. (Only upto ₹ 50 lakh exempt, excess taxable)

21) Services of Public conveniences and Public library

22) Services Received from service provider in NTT by



CG/SG/UT/LA/GA/

12AA

a person in

Individual for

entity

NTT

non-business purpose

Exception: O/DAR, Transportation by vessel from o/s India to India

23) Accommodation services by Air Force Mess and other similar Army/Navy/Paramilitary/Police force mess to its personnel or any person other than business entity are exempt (considered as services supplied by CG/SG/UT/LA)

24) GST on tickets of Private Ferry used for passenger transportation — ferry may be govt ferry or privately owned does not make a difference, if used for public transportation (other than tourism) — It is exempt

25) Access to road / bridge on payment of toll charges / ~~annuity~~ (+ Addⁿ Fastag charges also exempt)

* Access to road / bridge on payment of toll is exempt, not the construction of Road services. Hence GST not exempt on deferred payment or annuity paid for construction of Roads.

26) Services by way of letting of Residential dwelling for use as residence is exempt, except letted to RP.

Explanation: when letting is in personal / own capacity on own account and not that of proprietorship concern, it is exempt.

27) Bank Charges on Cr/Dr Card - Exempt upto 2000 / transactⁿ

* Clarification on applicability of GST on incentive paid by MeitY (Ministry of Electronics & Information Technology) to acquiring banks under Incentive scheme for promotion of RuPay Debit Cards and low value BHIM UPI transactions upto ₹ 2000 :-

Such incentives are in the nature of subsidy and thus not taxable, also not considered as consideration to form part of value of supply u/s 15.

(For understanding: For RuPay debit card / BHIM UPI transactions, charges instead of being paid by merchant / user, are being paid by G in form of incentive).

Input Tax Credit

* Input: Any goods other than Capital Goods

* Capital Goods: Goods, value of which is capitalized in the books of accounts

* Input Service: Any service

Used or intended to be used in the course or furtherance of business.

* Input Tax: Input Tax in relation to a registered person, means central/state/integrated/UT tax charged on any supply of G/S/B made to him and

Includes

- a) IGST charged on import of goods
- b) RCM tax paid u/s 9(3)/9(4) of CGST/SGST/UTGST Act and u/s 5(3)/5(4) of IGST Act.

Does not include

Tax paid under composition levy

* Input Tax Credit: Credit of Input Tax

Sec 16 Eligibility and Conditions for taking ITC

16(1) Registered person entitled to take ITC of G/S/B used or intended to be used in course or furtherance of business. Said amount shall be credited to Electronic Credit ledger.

16(2) Conditions for Claiming ITC:

- a) Possession of tax invoice/debit note/such other tax paying document as per Rule 36.
 - aa) Details of invoice/debit note furnished by supplier as per sec 37 (GSTR 1)
- b) He has received G/S/B.

- ba) The details of ITC in respect of said supply communicated to such RP v/s 38 has not been restricted.
- c) Tax charged has been actually paid to Govt. (either through cash/credit) subject to sec 41
- d) Recipient has furnished the return v/s 39 (GSTR 3B)

Sec 41: Recipient can take ITC of eligible input tax on self assessment basis in his Return and such amount shall be credited to his e-credit ledger

However, if such tax is not paid by Supplier to Govt, ITC should be reversed by Recipient along with Interest (Only if ITC utilized).

If supplier subsequently makes payment - Re-avail ITC.

Rule 37A:

- Recipient availed ITC in GSTR 3B for a tax period in respect of which supplier furnished statement of outward supplies (GSTR 1/IFF)
- Supplier does not furnish return in Form GSTR 3B for tax period corresponding to the said statement of outward supplies till 30th Sept following end of FY in which ITC availed.

NOW WHAT?

→ Recipient has to reverse such ITC while furnishing GSTR 3B on or before 30th November following the end of FY during which such ITC has been availed. However, where said amount of ITC not reversed such amount shall be payable along with interest v/s 50

Further, if the said supplier subsequently furnishes the return in GSTR 3B, RP may re-avail the ITC.

- Explanations:
- RP deemed to have received the G/S when Supplier delivers to recipient or other person on direction of RP (Bill-to-ship-to)
 - If goods received in lots/instalments; ITC can be taken only after receipt of LAST lot/instalment.

Rule 37: Recipient to pay consideration to supplier within **180 DAYS** from invoice. If RP fails to pay wholly or partly within the time limit, RP shall pay or reverse an amount equal to ITC availed proportionate to the amount not paid to supplier along with 18% Interest (if utilised) while furnishing GSTR 3B for the tax period immediately after expiry of 180 DAYS

* ITC not required to be reversed in following cases:

- (i) Tax Paid under RCM
 - (ii) Deemed Supply without consideration (Sch. I)
 - (iii) Third party payment on account of Supplier's liability met by recipient.
- Re-avail ITC subsequently if payment made to the supplier.

Example: (1) Mr. Free received invoice and goods on 27/4/23. He availed and utilized ITC in April month return filed on 20/5/23. ITC amount = ₹ 10,000. Payment was made to supplier on 26/1/24. Determine interest payable on reversal of ITC:

→ Date of Invoice = 27/4/23

Date of availing & utilizing ITC = 20/5/23

180 Days expire = 24/10/23

∴ Date of Reversal of ITC = 20/11/23 (Oct Month Return)

$$\therefore \text{Interest} = 10,000 \times 18\% \times \frac{184}{365} \quad (\text{from } 20/5/23 - 20/11/23)$$

$$= \text{Rs. } 907$$

ITC can be re-availed once payment is done (Interest Gone)

② M/s Suman availed services of contractor and withheld 10% retention money from invoice value which is to be paid after 1 year as per contract. No ITC Reversal required, as there is no "Failure" to make payment.

16(3) Depreciation u/s 32 of Income Tax Act, 1961 should not be claimed on GST component.

If Depreciation claimed on GST component, then ITC will not be available

16(4) Last Date for taking ITC in respect of invoice/debit note:

- a) 30th Day of November of Next F.Y.
 - b) Date of filing Annual Return
- } w.e. is Earlier

Rule 36: Documentary Requirements for claiming ITC

- ITC can be availed on basis of
 - Invoice issued by supplier of G/S/B
 - Self invoice in case of RCM
 - Debit Note
 - Bill of Entry
 - Revised Invoice
 - Document issued by ISD

- Document should contain at least
 - Amount of tax charged
 - Description of goods or services
 - Value of supply
 - GSTIN of supplier and recipient
 - Place of supply (for inter state supply)

- No ITC of tax paid towards demand involving fraud, willful misstatement or suppression of facts.

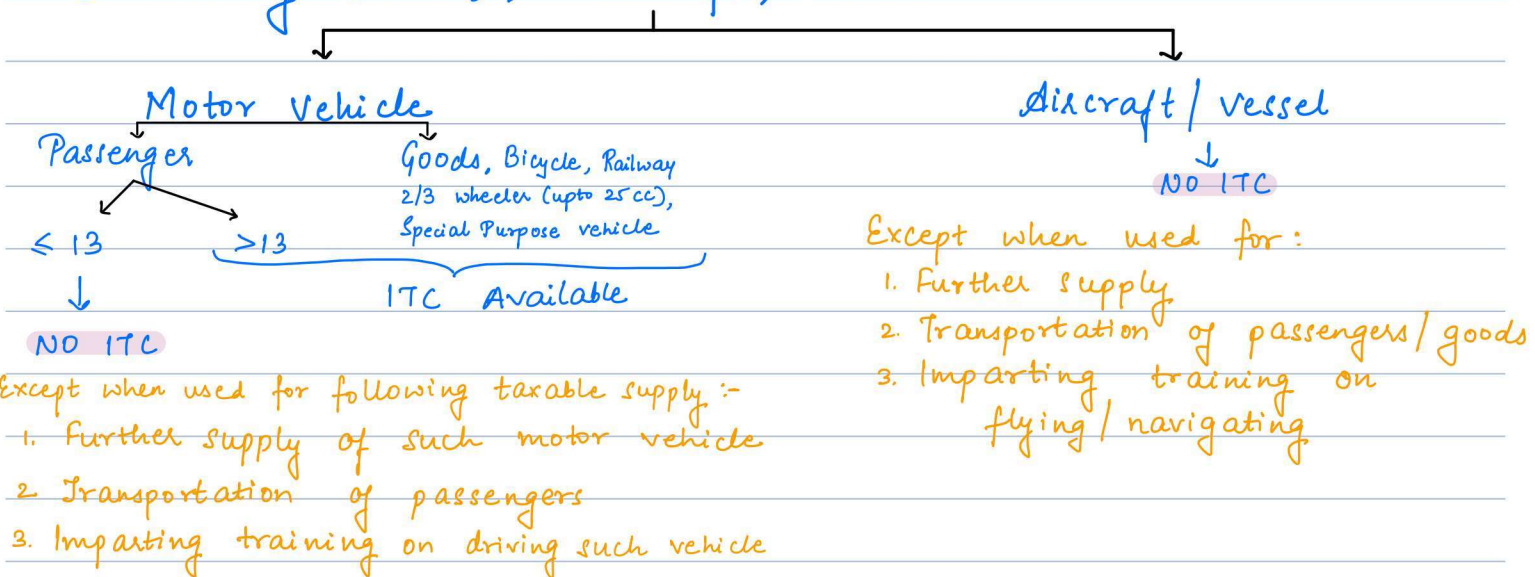
- No ITC shall be availed by RP unless:
 - Details of such invoices / debit note have been furnished by supplier in GSTR1 or IFF.
 - Details of ITC in respect of such invoices / debit notes have been communicated to RP in GSTR 2B under Rule 60(F).

Sec 17: Apportionment of Credit and Blocked Credits

17(5): Blocked Credits

List of goods / services on which ITC cannot be claimed even if it is for business purpose:

- Motor vehicle designed to carry upto 13 passengers (including driver), Aircraft, vessel



Insurance, service, repair, maintenance (ISRM)

Is motor vehicle / aircraft / vessel eligible?
 YES (for motor vehicle) / NO (for aircraft/vessel)

ISRM eligible for ITC

ISRM not eligible for ITC

However, ISRM eligible in following cases:

- Availed by manufacturer of vehicle / aircraft / vessel for manufacture
- Insurance company for vehicle / aircraft / vessel insured by them.

2. Food, beverages/outdoor catering
 - Beauty treatment
 - Health services
 - Cosmetic/plastic surgery
 - Life/health insurance
 - Leasing/Renting/hiring of vehicle/aircraft/vessel specified above

However, ITC available if used for same category of outward supply including composite/mixed supply OR

Provided under any statutory obligation by Employer

* For Renting of motor vehicle designed to carry passengers where cost of fuel is included in consideration, ITC allowed if in same line of business provided it is not in excess of tax paid. Eg: 'A' engages 'B' for transport (₹1000 @ 2.5%) and 'B' engages 'C' (₹800 @ 6%). ITC for 'B' will be restricted to $(800 \times 2.5\% = 20)$ and not $(800 \times 6\% = 48)$ because 'B' is collecting tax @ 2.5% from its recipients.

(Applicable when renting is done with operator. For leasing of motor vehicle without operator - same GST rate applies as sale of motor vehicle)

3. Membership of clubs, health and fitness centres

- Travel benefits to employees on vacation such as leave or home travel concession

However ITC available if Provided under any statutory obligation by Employer

4. Any ITC used for personal consumption.

5. Tax paid u/s 10 (composition levy)

6. Goods lost, destroyed, stolen, written off or disposed by way of gift/sample.

7. Tax paid under sec 74 (fraud), 129 (search during transit) or 130 (confiscation of goods).

8. Any goods/services purchased by NRTP, except goods imported by NRTP (Only goods, not services)

9. G/S/B received by taxable person which are used or intended to be used for activities relating to CSR obligations u/s 135 of Companies Act, 2013.

10. Construction and works contract :

- Any goods/services used for construction of an immovable property (except Plant & Machinery) for own account even in course / furtherance of business is NOT eligible for ITC.
- Works contract used for construction of an immovable property (except Plant & Machinery) is NOT eligible for ITC. However, if used for same category of outward supply, ITC available.

* Plant and Machinery excludes :

- i) Land, building and other civil structure
- ii) Telecommunication Towers
- iii) Pipeline outside the factory

* Repair, renovation, etc. which is not capitalized in the books is eligible for ITC.

Section 18 : Special Circumstances :

(i) Composition Scheme to Regular Scheme

- A person can shift from Composition scheme to Regular scheme at any time during the F.Y. In such case, he can take ITC on stock of Inputs and Capital Goods as on date immediately preceding the date of shift.

* ITC cannot be taken for invoices older than 1 year.

* ITC cannot be availed for input services

- ITC to be taken:

Inputs: Tax paid at the time of purchase

C.G: [Tax paid at the time of purchase \rightarrow 5% per quarter or part of quarter]

- Application to be filed within **30 DAYS** from date of shift (GST ITC 01)

- If ITC > 2 lakhs, it has to be certified by CA/CMA.

② Regular to Composition Scheme

- A person can shift from regular to composition scheme only at the beginning of F.Y. In such case, he is required to reverse ITC on stock of inputs and Capital goods.

- ITC to be reversed:

Inputs: Full ITC taken

C.G: Proportionate ITC relating to remaining life in months (Total life = 60 months)

- Application to be filed within **60 Days** from date of shift [GST ITC-03]

- Any balance ITC after above reversals will lapse.

③ Exempt goods/services made taxable

Follow entire procedure of shift from composition to regular scheme.

④ Taxable goods/services made exempt

Follow entire procedure of shift from regular to composition scheme.

* Treatment of ITC in case of Fresh Registration:

• ITC on stock of inputs (~~1.5/cg~~) on the date immediately preceding the "Effective Date of Registration" can be availed.

• NO ITC for invoice older than 1 year

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

* Treatment in case of sale / disposal of Capital Goods:

Amount payable in case of sale / disposal of capital goods is

a) Tax on transaction value
OR

b) ITC taken at the time of purchase \rightarrow 5% per quarter or part of quarter

W.e. is
HIGHER

Example: Mr. Kullu purchased machine for 10 Lakh @ 18% GST on 14/9/21. He sold this machine on 7/5/23 for 5 Lakh.

a) Tax on transaction value = $5,00,000 \times 18\% = 90,000$

b) $(10,00,000 \times 18\%) - (1,80,000 \times 5\% \times 8 \text{ quarters})$

= $1,80,000 - 72,000 = 1,08,000$ ✓ higher of two

\rightarrow In case of sale of moulds, dies, jigs, fixtures as scrap - amount payable will be tax on transaction value.

Rule 41: Transfer of ITC on account of Change in constitution [sale, merger, demerger, amalgamation, transfer / change in ownership of business, etc.]

• In such case, the balance in e-credit ledger can be transferred to new entity by filing Form GST ITC-02

- In case of demerger, ITC will be transferred to each of demerged entities in ratio of value of assets transferred (irrespective of whether ITC availed or not on such Asset). Calculation need to be carried out state wise and no separate calculation for IGST, CGST, SGST, UTGST required.
- Transfer of ITC is permitted only if business is transferred along with liabilities.
- Value of Asset to be taken as on appointment date

Eg: A company XYZ is registered in two states:

M.P: Assets 60 cr (30 cr transferred to ABC Ltd)

UP: Asset 40 cr (10 cr transferred to ABC Ltd)

Total: Assets 100 cr (40 crore transferred to ABC Ltd.)

Owing to above demerger, proportion of ITC transferred to ABC Ltd. shall be calculated state wise

\therefore M.P = $\frac{30}{60} = 50\%$ ITC transferred in M.P

U.P = $\frac{10}{40} = 25\%$ ITC transferred in U.P

(DO NOT calculate on all India basis $\frac{40}{100} = 40\%$)

Rule 41A: Transfer of ITC on obtaining separate registrations for multiple places of business within a state / UT

ITC can be transferred to any/all newly registered places in ratio of value of assets by filing Form **GST ITC - 02A** within a period of **30 days** from obtaining registration.

* Manner of utilisation of ITC [sec 49, 49A, 49B & Rule 88A]

① Utilise the entire available IGST balance to first set off against IGST. Then remaining IGST balance can be set off against CGST/SGST/UTGST in any order, any proportion.

(Taxpayer has to exhaust entire IGST credit balance first)

② Utilise CGST balance against CGST output liability first. Next set off can be done against IGST.

③ Utilise SGST balance against SGST output liability first. Next set off can be done against IGST.

Remember: ① SGST can be used to set off IGST output liability only when IGST and CGST are exhausted.

② CGST and SGST can never be used to set off each other.

* Rule 86A: Conditions of use of amount available in Electronic Credit Ledger:

Commissioner or officer \geq Ass. Comm. authorised by him is empowered to impose restrictions on utilization of ITC if reasons do believe that ITC fraudulently availed or is ineligible

(i) When ITC availed on basis of documents :

- issued by non-existent supplier or person not conducting business from registered POB.
- Without receipt of G/S/B.
- Tax not paid to govt.

* Restrictions can be imposed upto 1 year. Officer can withdraw anytime if conditions no longer exist.

(ii) Person availing ITC found non-existent or not conducting business from registered POB.

(iii) Not in possession of valid invoice/tax Doc.

* Restrictions on use of amount available in electronic credit ledger (Rule 86B) :

Registered Person shall not use ITC balance in e-credit ledger to discharge more than 99% of output liability, when value of taxable supply (other than exempt and ZRS) in a month exceeds Rs. 50,00,000.

Restrictions shall not apply when:

(a) said person/ proprietor/ karta/ M.D/ any 2 partners/ whole time director/ Members of Managing Committee of Associations or Board of Trustees have paid more than Rs. 10,000 Income Tax in each of last 2 F.Y. for which time to file return has expired.

(b) RP has received refund of more than Rs. 10,00,000 in preceding F.Y. relating to unutilized ITC due to ZRS made without payment of Tax or relating to inverted Duty structure.

(c) RP has discharged his liability towards output tax through the electronic cash ledger for an amount which is excess of 1% of the total output tax liability applied cumulatively upto said month in current F.Y. starting from April.

(d) RP is Govt. Dept. / PSU / LA / Statutory Body

* Clarification on availability of ITC in respect of warranty replacement of parts and repair services during warranty period:

① Whether GST would be payable on replacement of parts or supply of repair services, without any consideration from customer, as part of warranty?

→ NO GST to be charged on such free repairs/spare parts during warranty period as the value of original supply includes the likely cost to be incurred during warranty period and tax would already have been paid at the time of original supply. However, if any additional consideration is charged from customer for repair/replacement, then GST payable on such additional consideration.

② Whether in such cases, manufacturer is required to reverse ITC in respect of such free repair/replacement?

→ NO need to reverse ITC.

③ Whether GST would be payable on repair/replacement provided by Distributor without any consideration from customer, as a part of warranty on behalf of manufacturer?

→ No consideration is being charged from customer, No GST payable by distributor. However, if any additional consideration is charged from customer for repair/replacement, then GST payable on such additional consideration.

④ In above scenario where distributor provides replacement of parts to customer as a part of warranty on behalf of manufacturer, whether any supply is involved between distributor and manufacturer and whether distributor would be required to reverse ITC in respect of such replacement of parts?

Three possible scenarios

(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 on the said supply by him to the manufacturer and the manufacturer would be entitled to avail the input tax credit of the same, subject to other conditions of CGST Act. In such case, no reversal of input tax credit by the distributor is required in respect of the same.

(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. 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.

(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 sub-section (2) of section 34 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.

⑤ Where distributor provides repair service, in addition to replacement of parts or otherwise to customer without consideration as a part of warranty on behalf of manufacturer but charges the manufacturer for such repair by way of tax invoice/debit note, whether GST would be payable on such activity by distributor?
→ There is supply of service by distributor to manufacturer, GST would be payable and manufacturer would be entitled to avail ITC.

⑥ GST in case of extended warranty

(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.

(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)

* Clarification related to Time Expired medicines/drugs:

By Treating fresh supply



Issue invoice / bill of supply



Recipient of Return supply eligible to claim ITC subject to sec 16



When such drugs are destroyed, ITC shall be reversed.

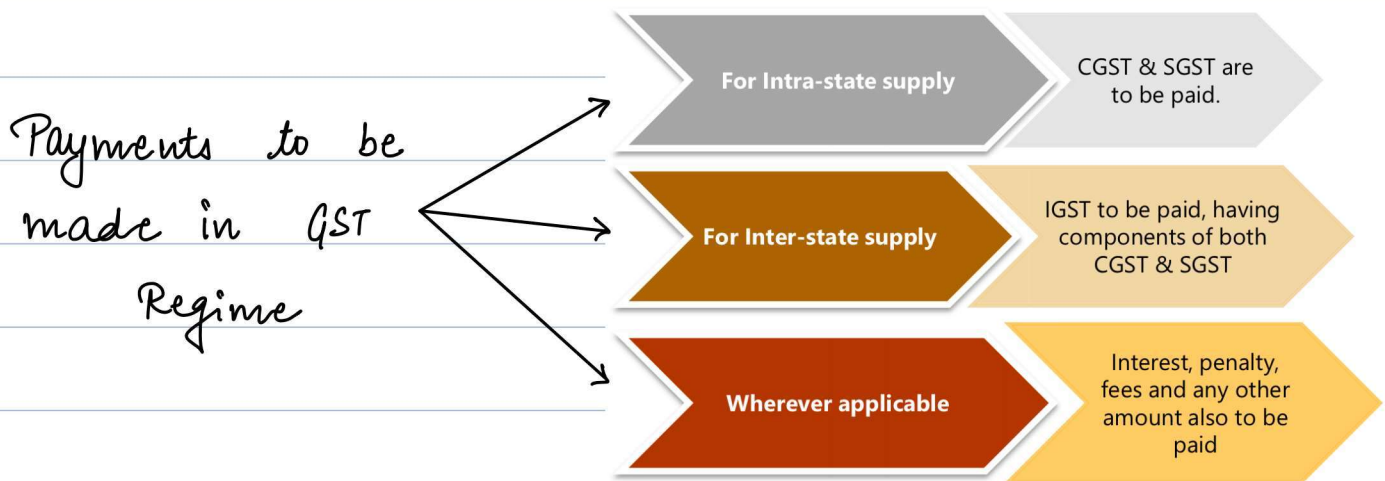
By issuing credit note



(i) If within time limit (30th November / Annual Return) issue credit note and reduce output liability. Recipient shall also reverse ITC.

(ii) If time lapsed, Commercial C.N. can still be issued but no reduction in output liability

Payment of Tax



* Key features of Payment process:

- Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan;
- Facilitation for the tax payer by providing hassle free, anytime, anywhere mode of payment of tax;
- Convenience of making payment online;
- Logical tax collection data in electronic format;
- Faster remittance of tax revenue to the Government Account;
- Paperless transactions;
- Speedy Accounting and reporting;
- Electronic reconciliation of all receipts;
- Simplified procedure for banks;
- Warehousing of Digital Challan.

Section 49: Payment of Tax, Interest, Penalty and Other Amounts:

Rule 85: Electronic Liability Register (Form GST PMT-01)

- All amounts payable by person for tax, interest, penalty, late fees, any other amount on the common portal shall be debited to this register:

- (a) As per returns furnished by the person
- (b) As determined by PO in pursuance of any proceedings or as ascertained by said person
- (c) — Omitted —
- (d) Any interest that may accrue from time to time

• Payment of liabilities shall be made by debiting electronic credit ledger and electronic cash ledger.

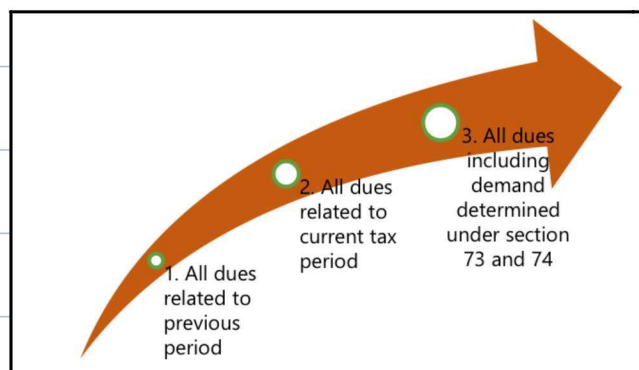
However, following are to be paid by electronic cash ledger only:

1. TDS u/s 51
2. TCS u/s 52
3. Amount payable under RCM
4. Amount payable u/s 10 (Composition)
5. Interest, penalty, fee, other amount

∴ For payment of tax dues both credit & cash ledger can be used.

- If for any demand debited in Liability Register, relief is given by Appellate Authority or Tribunal or Court, such amount shall be credited accordingly
- If any discrepancy in register — Communicate to PO in Form **GST PMT-04**

• Order of Discharge of liability by Taxable Person:



Rule 86: Electronic Credit Ledger (Form GST PMT 02)

- All claim of ITC credited to this ledger
- Debited to the extent of discharge of any liability
- If any refund claimed u/s 54, amount to such extent shall be debited. If the refund so filed is rejected (either fully or partially), the amount to the extent of such rejection shall be re-credited by PO by an order made in Form GST PMT-03
- If refund claimed of any amount paid as tax wrongly paid / paid in excess, amount shall be re-credited if found admissible by PO by an order made in Form GST PMT-03
- Where RP deposits the amount of erroneous refund sanctioned to him u/s 54(3) or under rule 96(3), in contravention of Rule 96(10), along with interest and penalty through DRC-03 by debiting e-cash ledger on his own / on being pointed out, an amount equivalent to the erroneous refund deposited by RP shall be re-credited to e-credit ledger by PO by an order in GST PMT 03A.
- If any discrepancy in ledger - Communicate to PO in Form GST PMT-04

* Procedure for re-credit of amount in e-credit ledger:

- 1) Tax Payer deposit amount through DRC-03 by debiting e-cash ledger.

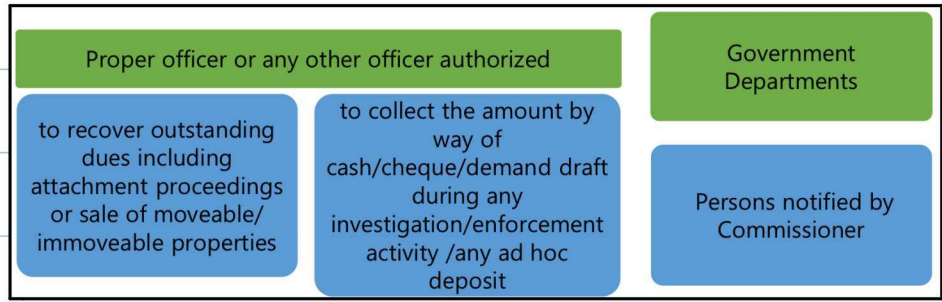
- 2) While making payment, TP shall clearly mention the reason for making payment
- 3) TP shall make written request to jurisdictional PO to re-credit the amount equivalent to the amount of refund paid back through DRC-03
- 4) PO, on being satisfied that full amount along with applicable interest and penalty have been paid by way of DRC 03, he shall re-credit the amount by passing order in GST PMT 03A preferably within 30 DAYS from receipt of request or date of payment of full amount, w.e. is LATER.

Rule 87: Electronic Cash Ledger (Form GST PMT - 05)

- All amounts deposited on common portal are credited.
- Payment towards tax, interest, penalty, fees, any other amount - Debited
- ~~Challan~~ (Manual Challan) generated on common portal in Form GST PMT - 06 shall be valid for a period of 15 Days.
- Mode of Deposit in electronic Cash Ledger
 - Online payment : Internet Banking, Cr/Dr Cards, IMPS, UPI
 - Offline Payment : NEFT, RTGS, Over the Counter [OTC - ₹ 10,000 per challan, per tax period by cash / cheque / Demand Draft

For payment of Challan Amount, if any commission is payable - It shall be borne by person making such payment.

• Restriction of ₹ 10,000 not applicable on deposits made by:



• Upon successful generation of challan, CPIN (Common postal Identification number) is generated. This 14 digit unique number remains valid for 15 Days.

Date of deposit of tax dues

Which date is considered as date of deposit of the tax dues ?		
(i)	Date of presentation of cheque	×
(ii)	Date of payment	×
(iii)	Date of credit of amount in the account of government by Debit of Electronic Cash Ledger/Electronic credit ledger	✓

• Once the payment is successful, CIN (Challan Identification Number) is generated by Bank.

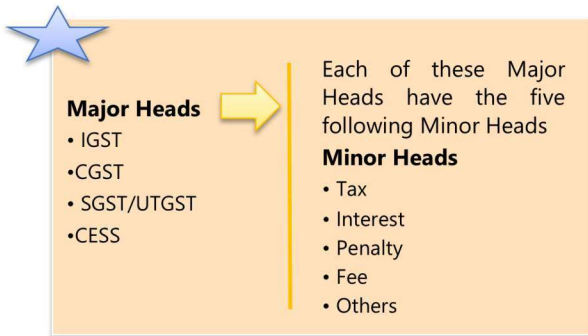
$$\text{CIN (18 Digits)} = \text{CPIN (14 Digits)} + \text{Bank Code (4 Digits)}$$

* Where the bank fails to communicate CIN to the common portal, the e-cash ledger may be updated on the basis of e-scroll of the RBI in case the details of the e-scroll are in conformity with the details in challan generated in Form GST PMT 06 on common portal.

- BRN (Bank Reference Number) is the transaction number given by the bank for a payment against a challan.
- E-FPB (Electronic Focal Point Branch) are branches of bank authorized to collect GST Payment. Each bank nominates 1 branch on PAN India basis as E-FPB. For NEFT/RTGS transactions, RBI act as E-FPB.

- E-FPB will have to open accounts under each major head for all Governments. The amount received towards GST, shall be credited to appropriate account.

Major and Minor Heads of Payment



RP may transfer amounts internally from one head to another (minor/major) by filing **GST PMT - 09**.

- There is a single Challan prescribed for all taxes, fees, penalty, interest, other payments.
- RP may transfer any amount available in e-cash ledger to the e-cash ledger for CGST/IGST of a Distinct Person [as specified u/s 25(4)/(5)] by filing GST PMT - 09. Provided that: no such transfer shall be allowed if said RP has any unpaid liability in his electronic liability ledger.
- Amount transferred from one head to another would be considered as amount refunded and amount brought by transfer to one head from another shall be considered as amount deposited.

Sec 53A: When amount is transferred by filing PMT-09, Govt. shall transfer the equal amount in prescribed manner and time.

- If payer's bank A/c debited but CIN not generated or communicated → Represent in form **GST PMT - 07**
- When refund claimed - e-cash ledger debited
If refund rejected - e-cash ledger re-credited.
- Any amount deducted u/s 51 or 52 (TDS/TCS) and claimed by RP shall be credited to e-cash ledger.
- If any discrepancy in ledger - Form **GST PMT - 04**

Rule 88 : Identification number for each transaction

A unique identification no. shall be generated at common portal for each debit/credit to any of the 3 ledgers.

Sec 50: Interest on Delayed Payment of Tax

- Interest on delayed payment = **18% p.a.**
- ITC wrongly availed & utilised = **18% p.a.** (~~24% p.a.~~)
- * No Interest on wrongly availed credit but not utilised.

Rule 88B: Manner of Calculating interest

(1) Where supplies made during a tax period are declared
* in the return after due date u/s 39, int @ 18% p.a. shall be calculated on tax paid by debiting e-cash ledger

(2) In all other cases, interest shall be calculated on the "gross" amount unpaid from due date till date of payment.

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* Eg: Output Tax liability 100
 (-) Input Tax Credit (30)
 Paid from cash ledger (Net Amount) 70

Interest to be levied on this amount from Date following due date of payment to Actual Date of Payment

(3) Interest on ITC wrongly availed and utilised shall be calculated from the date of utilisation till the date of reversal/payment of tax.

Explanation:

① ITC wrongly availed shall be construed to have been utilised, when the balance in e-credit ledger falls below the amount of ITC wrongly availed, and the extent of utilisation would be the amount by which balance falls short.

② Date of utilisation of such ITC:

(A) When balance falls below the amount of ITC wrongly availed on account of payment of tax through return:

Due Date to furnish return u/s 39 } w.e. is
 Actual Date of filing said return } EARLIER

(B) In all other cases, the date of debit of e-credit ledger when the balance falls below the amount of ITC wrongly availed.

* Clarification on charging interest:

① Issue: In cases of wrong availment of IGST credit by RP and reversal thereof, for interest calculation whether balance of only IGST credit needs to be considered or total ITC available in e-credit ledger under IGST, CGST and SGST taken together has to be considered?

→ Total ITC under IGST, CGST & SGST taken together has to be considered as balance in any of the heads can be utilized for payment of IGST liability. Thus in cases where IGST credit has been wrongly availed and subsequently reversed, there will not be any interest liability u/s 50(3) if, during the time period starting from availment to reversal, the balance of ITC under IGST, CGST & SGST taken together has never fallen below the wrongly availed ITC even if balance of IGST individually falls below such amount. Interest will be applicable if the total balance (I+c+s) falls below the wrongly availed ITC on the extent of utilization by which balance falls short.

② Issue: Whether credit of compensation cess available in credit ledger shall be taken into account while considering balance for purpose of interest calculation in respect of wrongly availed & utilized I/C/SGST?

→ NO, as Compensation cess cannot be utilized for payment of I/C/SGST.

Sec 51 Tax Deduction at Source

Supplier
(Deductee)



Supply > 2.5 lakh*

Recipient
(Deductor)



→ Take separate and
compulsory registration



Deduct 2% (1+1)

TDS on value of Supply

* Total value of taxable supply (excluding taxes and cess leviable under GST) > 2.5 lakh under a single contract, TDS is required to be deducted.

* Value is to be checked total contract wise and not single invoice wise. If contract value > 2.5 lakh, tax deduction is required irrespective of single invoice value.

* Person liable to deduct TDS: [CG/SQ No LoGo]

CG/SQ

Central/State Government
department or establishment
[Section 51(1)(a)]

Lo

Local Authority [Section 51(1)(b)]

Go

Governmental Agencies [Section
51(1)(c)]

No

Notified Persons/category of
persons [Section 51(1)(d)]

a) An authority, board, any other body
(i) Set up under Act of Parliament/legislature
(ii) Establishment where equity/control
≥ 51% is with Govt.

b) Society (Registered) established by CG/SQ/LA.
c) Public Sector Undertaking (PSUs)

- No TDS if supply made between above persons only
- Ministry of Defence - Not to deduct TDS.

* Procedure:

• Deduction at the time of Payment

OR

Credit

w.e. is
Earlier

∴ Applicable on advances also

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• After deducting TDS, Deductor to pay to Govt. via Challan



File TDS Return (GSTR 7) by 10th of next month (which will be made available to deductee and credited to his e-cash ledger after validation)



Issue TDS Certificate (GSTR 7A) within 5 DAYS of depositing TDS to Government.

TDS Certificate

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

The content of Form GSTR 7A (TDS Certificate) are given below:

1. TDS Certificate No.
2. GSTIN of deductor
3. Name of deductor
4. GSTIN of deductee
5. (a) Legal name of the deductee
(b) Trade name, if any
6. Tax period in which tax deducted and accounted for in GSTR-7
7. Details of supplies
8. Amount of tax deducted

• The deductor/ deductee can claim refund of excess / erroneous deduction. However, if the deducted amount is already credited to e-cash ledger of supplier, the same shall not be refunded.

→ Failure to deduct or pay TDS to Govt.

TDS to be paid along with interest, else recovery proceedings can be initiated u/s 73/74.

★ No TDS in following cases:

- Nil Rated/ exempted/ non-taxable supply or transaction on which tax paid under RCM.
- Tax Invoice issued before 1/10/2018.
- Supplier and POS in different State from Recipient.
- Payment made to unregistered Supplier.

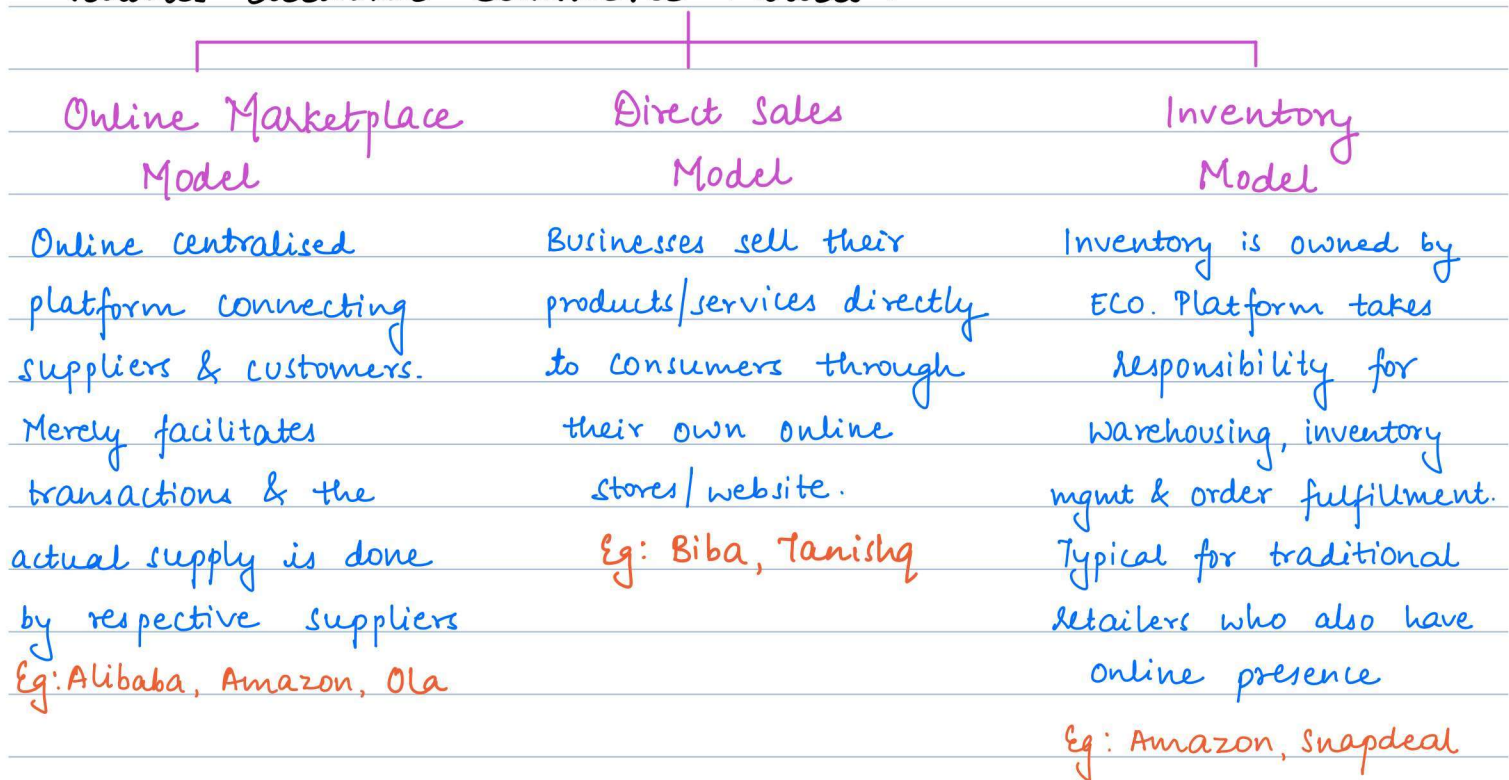
Location of Supplier	Place of Supply	Registration of Recipient	TDS u/s 51
State A	State A	State A	Yes (C+S)
State A	State A	State B	No
State A	State B	State B	Yes (I)

∴ in such case supplier would charge C+S (State A) whereas Recipient would deduct C+S (State B), hence set off won't be possible

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Electronic Commerce Transactions & TCS u/s 52

- Electronic Commerce means the supply of G/S/B, including digital products over digital or electronic network.
- Electronic Commerce Operator (ECO) means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.
- Various Electronic Commerce Models :



- Above models are not exhaustive. Also a combination of these may exist. Another way of classifying is on the basis of supplier-recipient combination.

Eg: B2B, B2C, C2C, C2B, C2G, G2C, B2G

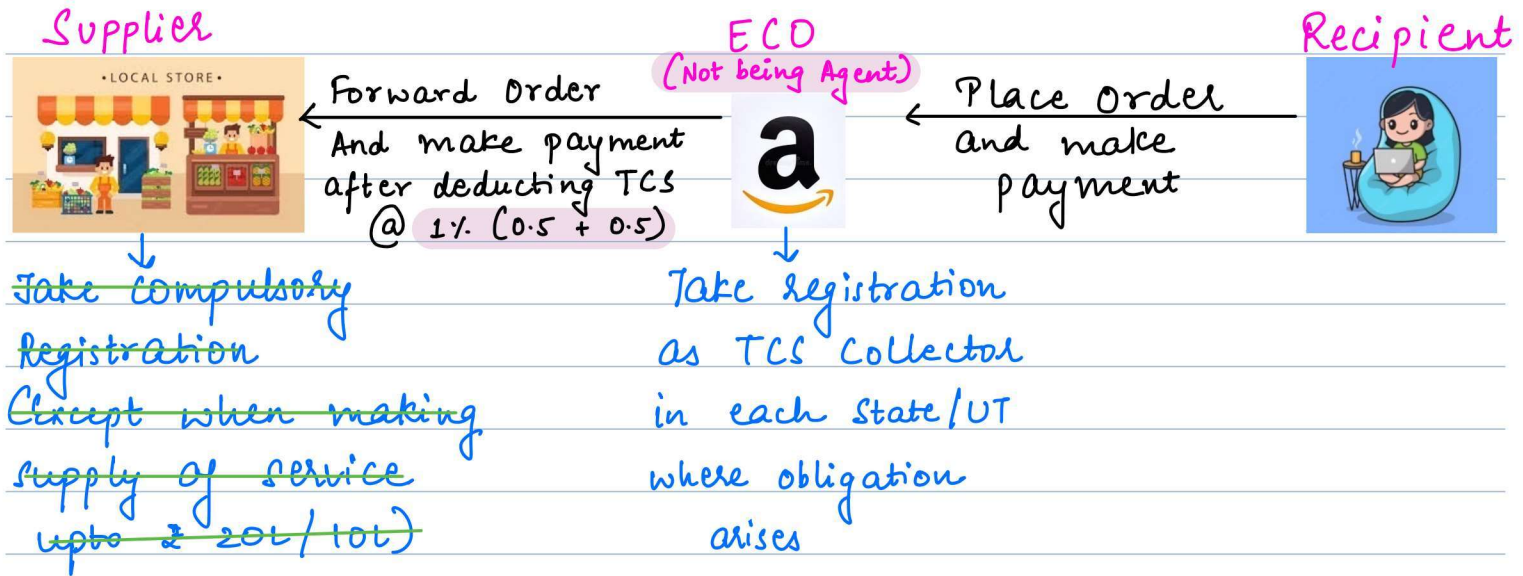
* ECO provisions are covered under sec 9(5) & sec 52.

sec 9(5) covered with "CHARGE of GST"

Now, lets understand sec 52. Also remember a transaction cannot fall under both sections. Any 1 compliance will only be required

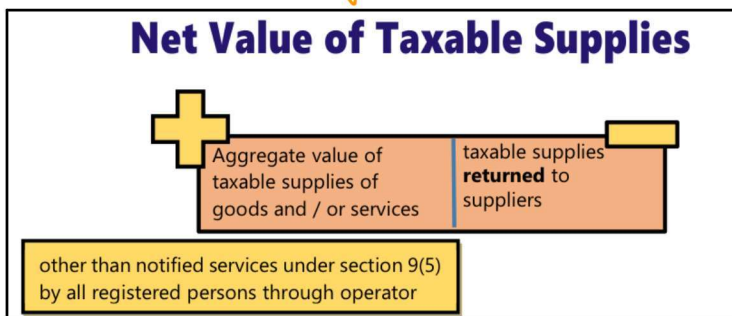
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Sec 52: Collection of Tax at Source



Every e-commerce operator, not being an agent, has been mandated to collect tax at source on the net value of taxable supplies made through it by suppliers, where the ECO collect consideration on behalf of supplier. If the amount is directly collected by supplier from recipient then TCS would not apply.

Eg: A product is sold at ₹1120 (including GST @ 12%) through an ECO by supplier. ECO would collect tax @ 1% of net value of ₹1000 i.e. ₹10 (Assuming inter state supply)



TCS collected on net T/O (i.e. Sale - sale return) and there is no threshold limit for TCS

If in any month, there is negative amt. (Sale Return > Sale) such amount shall be ignored. It will have no impact in current/future tax periods

* Procedure:

ECO to collect and pay TCS to Govt.



File **GSTR 8** monthly by **10th** of next month (Extⁿ by Commissioner)
 (The details made available to each of the registered suppliers on the common portal after filing GSTR 8 for claiming the amount of TCS in e-cash ledger after validation)

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- Annual Return to be filed by ECO in form **GSTR 9B** by **31st December** following the end of such F.Y.
(Extension possible by Commissioner)

- Supplier's GSTR 1 to be matched with ECO's GSTR 8 and if any discrepancy found, it shall be communicated to both parties.

Rectification should be done by Supplier/Operator in the same month of communication, otherwise the differential higher amount added to the output tax liability of Supplier in succeeding month along with 18% p.a. Interest from due date to date of payment.

* Rectification of Error / Mistakes:

If ECO discovers any discrepancy on his own (not being result of any scrutiny, inspection or enforcement proceeding) rectification can be done along with Interest @ 18% p.a.

Time limit for rectification :- **13th Day of November following the end of F.Y.** OR **Actual Date of furnishing Annual Return** w.e. is **EARLIER**

- Supplier may also mention stock in ECO's warehouse, in that case he should declare such warehouse as his Additional Place of Business.

- Non collection of TCS attracts penalty u/s 122 (₹10000 OR TCS Amount w.e. is HIGHER)

* No TCS in following cases:

- Nil Rated/ exempted/ non-taxable supply or Transaction on which tax paid under RCM.
- Payment made to unregistered Supplier
- Services covered under Sec 9(5) [Housekeeping, accomodation, taxi, restaurant]

* Notice by GST authority \geq Deputy Commissioner requiring ECO to furnish details of:

- a) Supplies of G/S/B effected through ECO
- b) Details of stock maintained by ECO

ECO shall furnish required information within **15 working days** of date of service of such notice.

Failure to furnish information - Penalty may extend upto **Rs. 25000**

* Clarifications:

- 1) Is it mandatory for every ECO to get registered?
NO, only the ECO liable to collect tax at source shall obtain separate compulsory registration.
- 2) If supplier selling goods/services through 'own' online platform: NO TCS required.
eg: Tanishq selling jewellery through own website.
- 3) Whether ECO required to obtain registration in each State / UT where suppliers listed on their e-commerce platform are located?

YES. Registration is required in each such state/UT. However, if it does not have a physical presence there it may declare its head office as PoB for obtaining registration. For foreign e-commerce operators, Agent has to be appointed if no physical presence.

* Each State/UT has indicated one administrative jurisdiction where all ECOs having business but no physical presence shall get registered.

4) Will TCS be collected for a composition supplier?

→ For supplier of goods - YES

For supplier of services - Not Allowed (Refer "Composition levy")

5) Can TCS payment be made by utilising ITC? NO

6) At what time ECO is required to collect TCS?

Earlier of Supply made or consideration collected.

Eg: If supply has taken place through ECO on 30/10/22 but consideration for the same is collected in the month of November'22; TCS has to be collected and reported for the month of Oct'22 only.



⊛ In case of Multiple E-Commerce Model where a customer orders supplies via ECO-1 who in turn is integrated with ECO-2 who has agreement with the supplier. In this case, ECO-1 will not have any GST information of the supplier. TCS is to be collected by that ECO who is making payment to the supplier for the particular supply happening through it, which is in this case will be ECO-2.

Accounts and Records

* Sec 35: Accounts and Other Records

1.

Who should maintain?

35(1) Every Registered Person

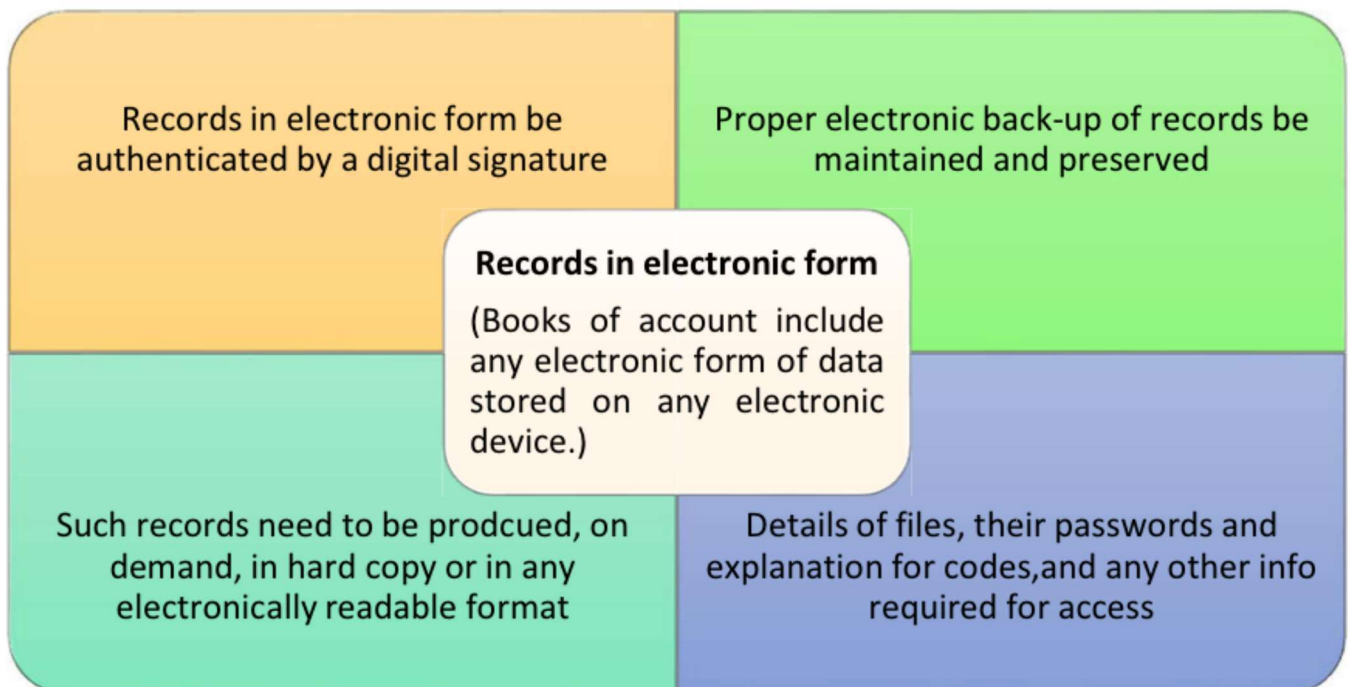
35(2) Owner/Operator of warehouse/godown and every transporter (RP & URP)

Where? At Principal Place of Business (PPOB) mentioned in Certificate of Registration.

If more than one PoB, accounts relating to such Additional Place of Business (APOB) to be maintained at such APOB.

* In case of auction of tea/coffee/rubber, no need to maintain at APOB, maintain at PPOB and intimate jurisdictional officer.

How? Either electronically or physically



No entry to be erased/overwritten

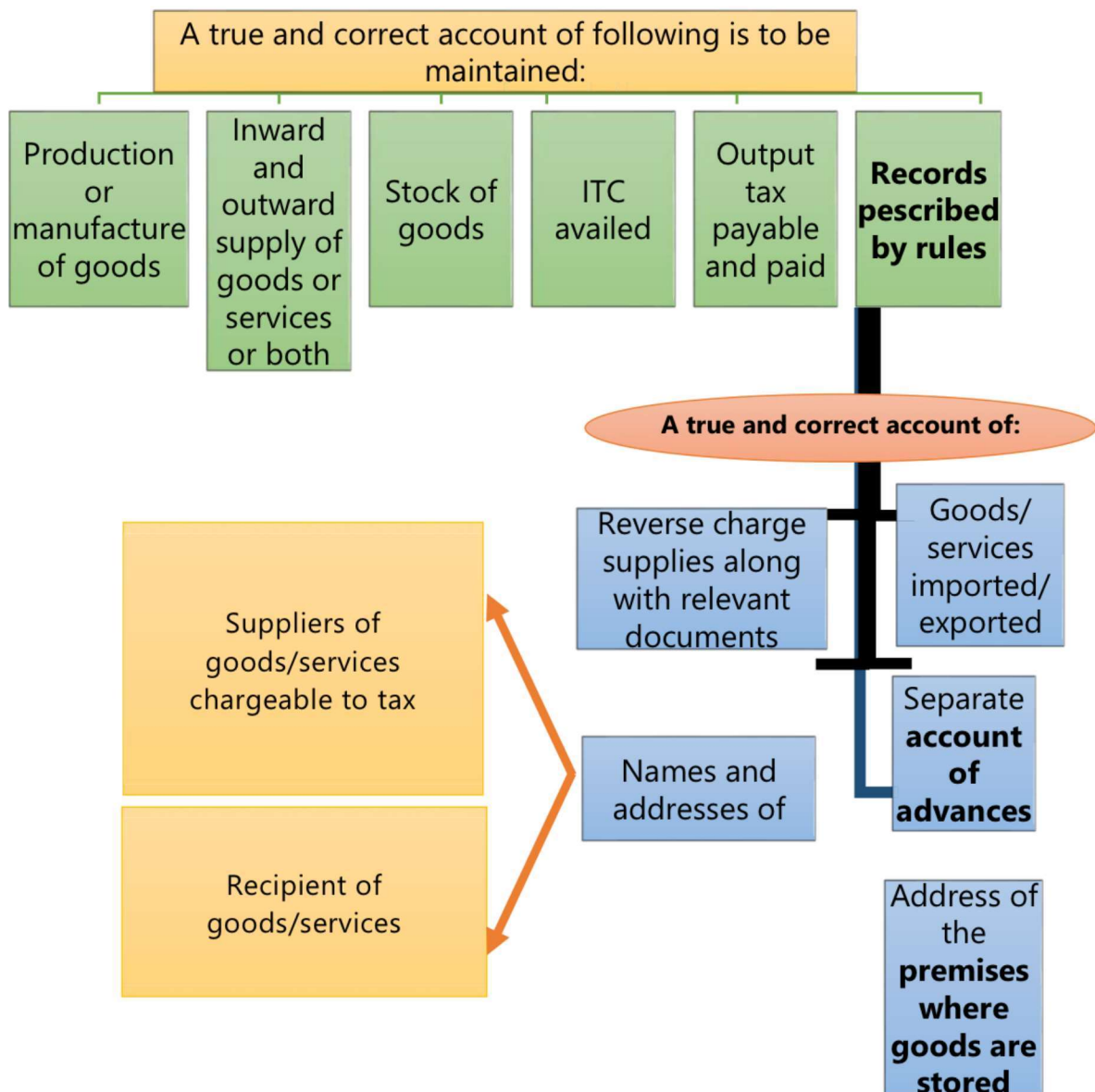
Incorrect entries, other than those of clerical nature, be scored out under attestation and there after correct entry be recorded.

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

Books of account maintained manually be serially numbered

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

2. Accounts and records required to be maintained



Records which are to be maintained only by a supplier other than a supplier opting for composition levy

Account of stock of goods received and supplied including opening balance, receipt, supply, goods lost/stolen, destroyed, written off, gifted, free samples, stock balance.

Account of details of tax payable, collected and paid, ITC claimed, together with register of tax invoice, credit-debit notes, delivery challan issued/received during any tax period

3. Records to be maintained by agent

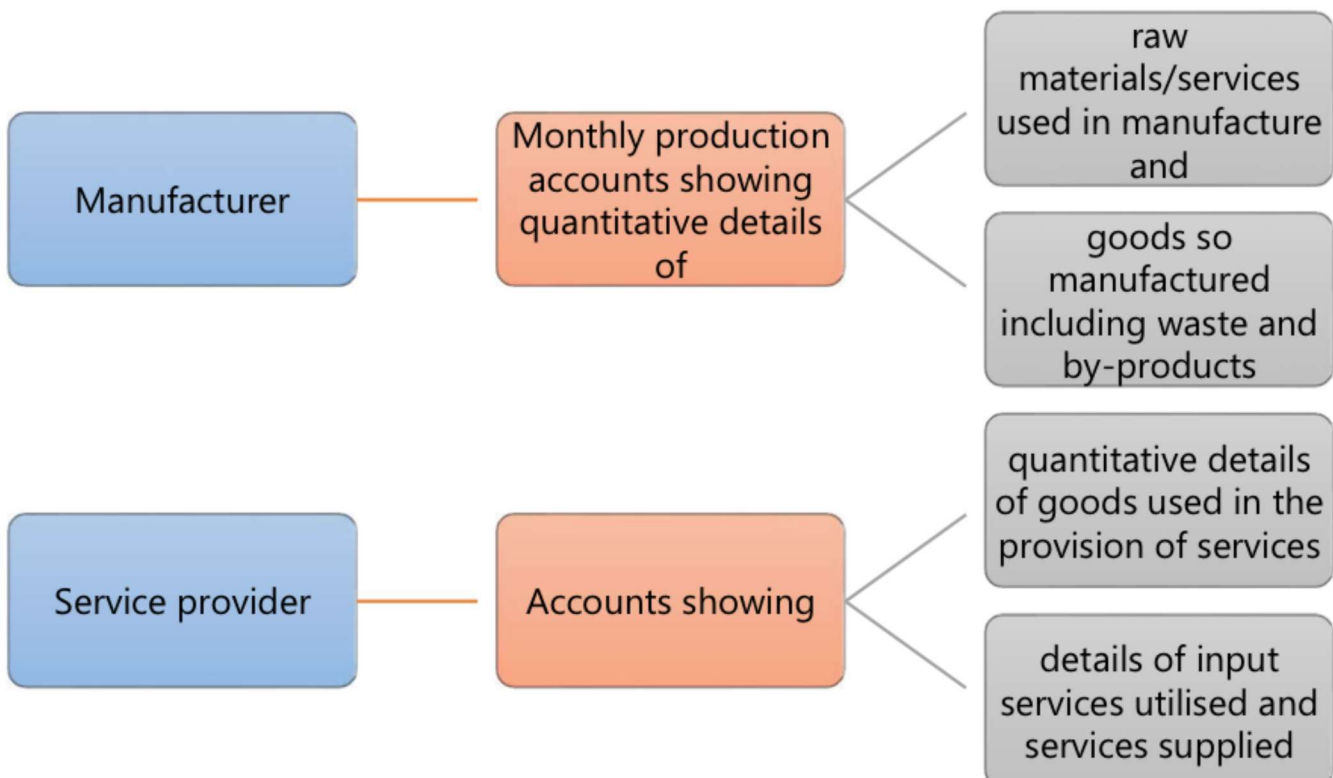
Authorisation received from each principal to receive/supply goods/services on behalf his behalf;

Particulars of goods/services received/supplied on behalf of every principal

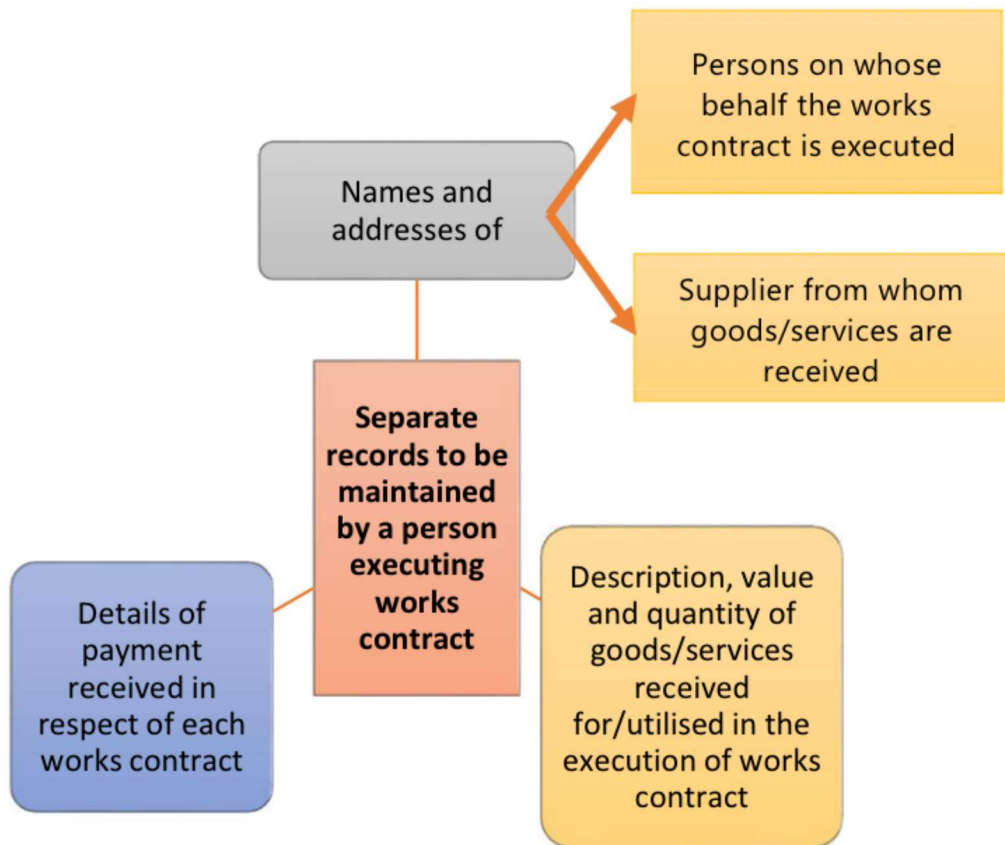
Details of accounts furnished to every principal

Tax paid on receipts/supply of goods/services effected on behalf of every principal

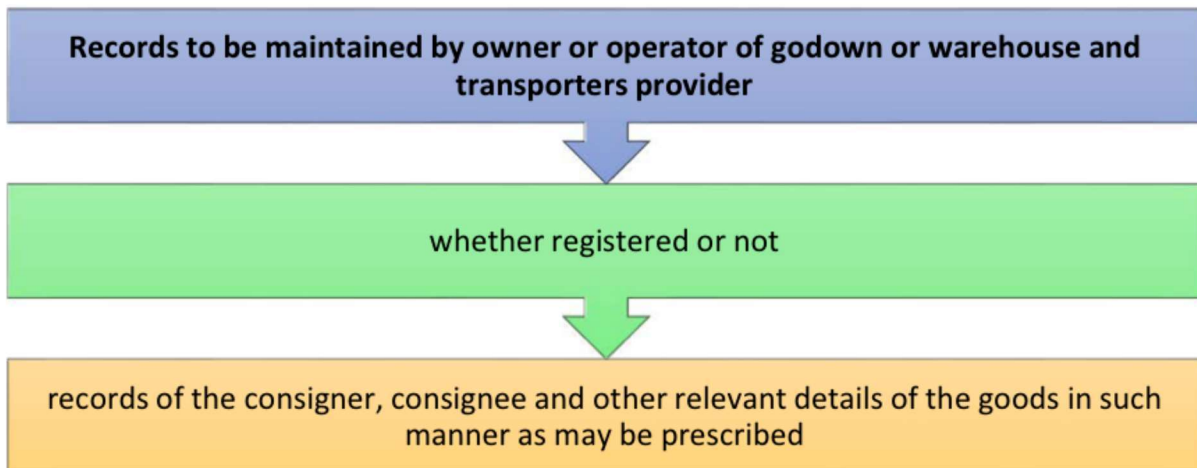
4. Records to be additionally maintained by a manufacturer and service provider



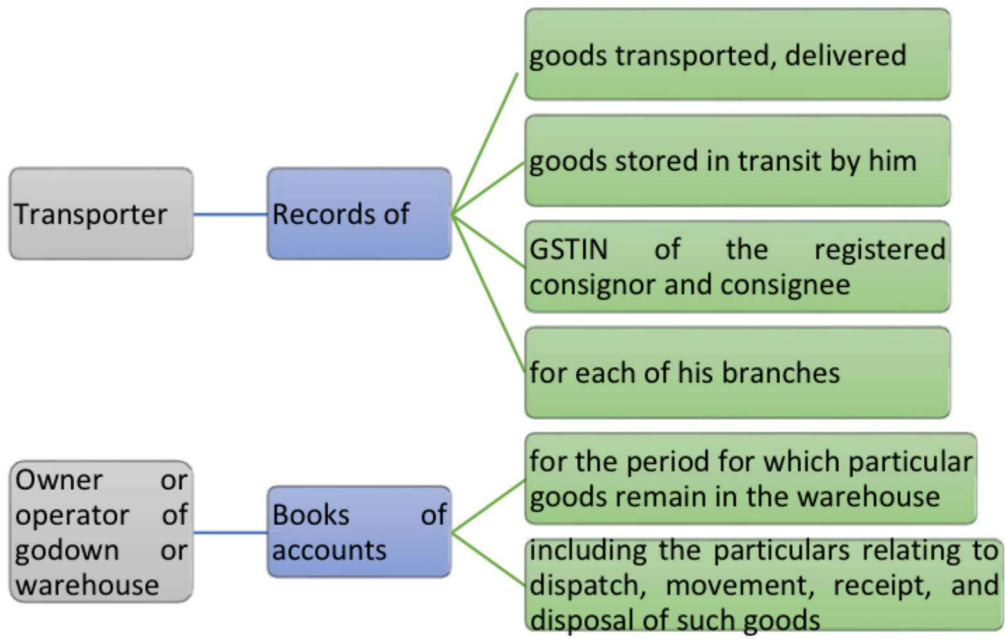
5. Separate records for works contract to be maintained by a person executing works contract



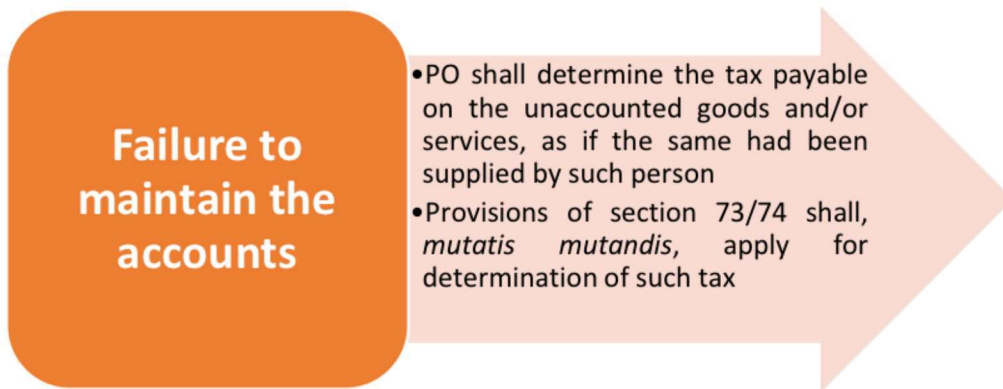
6. Records to be maintained by owner or operator of godown or warehouse and transporters provider



* Enrolment, if not already registered in GST: Obtain unique enrolment number by applying electronically at the GST common portal.



7.



8.

Period of Retention of Accounts:
(sec 36)

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

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

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

E-way Bill

Section 68 r.w. Rule 138

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

* Benefits of e-way bill:

- Elimination of state boundary check posts.
- Facilitate faster movement of goods
- Improve turnaround time of trucks

* Who generates e-way bill ?

RP Causing movement of goods

in relation to supply

Reasons other than supply

Due to inward supply from URP

Voluntary even if Consignment value $\leq 50,000$

Consignment value $> 50,000$

Mandatorily Interstate movement

- By Principal to Jobworker
- By handicraft supplier exempt from Registration

irrespective of Consignment Value

Meaning of consignment value of goods

Consignment value of goods shall be the value:

- ✓ determined in accordance with the provisions of section 15,
- ✓ declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and
- ✓ also includes the Central tax, State or Union territory tax, integrated tax and cess charged, if any, in the document and
- ✓ shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

• E-way bill shall be generated prior to causing movement of goods in form **GST EWB-01**.

Unique e-way bill number (EBN): Upon successful generation of e-way bill, a unique EBN shall be made available to supplier, recipient and transporter on common portal.

Clarification Regarding 'Bill to Ship to' Model:

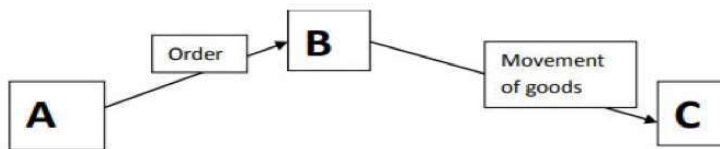
E-way Bill in case of 'Bill To Ship To' Model

In a "Bill To Ship To" model of supply, there are three persons involved in a transaction, namely:

'A' is the person who has ordered 'B' to send goods directly to 'C'.

'B' is the person who is sending goods directly to 'C' on behalf of 'A'.

'C' is the recipient of goods.



In this complete scenario, two supplies are involved and accordingly two tax invoices are required to be issued:

Invoice -1: which would be issued by 'B' to 'A'.

Invoice -2: which would be issued by 'A' to 'C'.

It is clarified that as per the CGST Rules, 2017, for the movement of goods which is taking place from "B" to "C" on behalf of "A", either A or B can generate the e-way bill but it may be noted that **only one e-Way Bill** is required to be generated [Press Release dated 23.04.2018].

* Information to be furnished in e-way bill:

PART A

Details of supplier, recipient, description of goods, HSN, Reason for transportation.

PART B

Motor vehicle details / goods receipt no. or railway receipt no.

If transportation done by own/hired conveyance → PART A & PART B furnished by RP (person causing movement)

If transported through third party (i.e. transporter) → PART A : RP normally ^{**}
PART B : Transporter

**However, information in Part-A may be furnished:

- by the transporter if so authorised or
- by the e-commerce operator/courier agency, where the goods are supplied through them.

• If neither consignor nor consignee generates the e-way bill and consignment value > Rs. 50,000 it shall be responsibility of transporter to generate it.

If transporter has

- Single Registration: GSTIN
- Multiple Registration: Common UEN
- Unregistered : Unique no. "TRANSIN"

→ Details of conveyance may not be furnished in PART B :

In case of intra-State movement of goods upto 50 km distance:

- ❖ from place of business (PoB) of consignor to PoB of transporter for further transportation or
- ❖ from PoB of transporter finally to PoB of the consignee.

→ Goods transported by Railways/Air/Vessel:

No need to carry e-way bill during transportation. However, goods shall not be handed over unless e-way bill produced at the time of delivery.

PART B may be generated before/after commencement of movement

→ Transporter can generate Consolidated e-way Bill for multiple consignments when aggregate value > Rs. 50,000 in Form GST EWB-02.

- Acceptance / Rejection of e-way bill recipient / supplier
- Within 72 hours
 - Before delivery
- ↑ w.e. is earlier
or deemed acceptance

→ Validity of e-way bill:

Over-dimensional cargo

Upto 20 km - 1 day
Addⁿ 20 km/part - Addⁿ 1 day

Other than over dimensional cargo

Upto 200 km - 1 day
Addⁿ 200 km/part - Addⁿ 1 day

* for multimodal shipment where one leg in ship, both above options available

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

- (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 on⁹.

Cancellation of e-way bill

Where an e-way bill has been generated, 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 [Rule 138(9)].

However, an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B [First proviso to rule 138(9)].

Further, unique EWB number generated is valid for a period of 15 days for updation of Part B [Second proviso to rule 138(9)].



Points to remember

1. E-way bill is not valid for movement of goods without vehicle number on it.
2. If there is a mistake, incorrect or wrong entry in the e-way bill, then it cannot be edited or corrected. Only option is cancellation of e-way bill within 24 hours of generation and generate a new one with correct details.
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.
5. If multiple invoices are issued by the supplier to recipient, that is, for movement of goods of more than one invoice of same consignor and consignee, multiple e-way bills have to be generated. That is, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved. Multiple invoices cannot be clubbed to generate one e-way bill. However, after generating all these e-way bills, one Consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle.

* Inspection of e-way bill

Rights of Commissioner/ authorised inspector

- Right to inspect e-way bill, documents, conveyance
- Right to install RFID (Radio Frequency Identification Device Reader)

Rights of Person

If vehicle detained for > 30 mins, transporter may upload the information in Form **GST EWB 04** on common portal.

After inspection/verification by PO - **GST EWB-03**

PART A (summary)

within 24 hours of inspection.

PART B (Final)

within 3 days of inspection
(+ 3 days extn)

CA RIDDHI BAGHMAR

* No further physical verification of goods again except on specific "intelligence information".

If any breakdown in conveyance or some other reason: Transporter may seek extension of e-way bill within 8 hours from the time of its expiry

If there is change in conveyance (transshipment)

Same transporter
↓

Update Part B

Different transporter
↓

Assign e-way bill
(He shall update Part B)

Situations where e-way bill is not required to be generated

Notwithstanding anything explained above, no e-way bill is required to be generated in the following cases:

(a) where the goods being transported are the ones given below:

S. No.	Description of Goods
1.	Liquefied petroleum gas 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) [Except: Imitation Jewellery (7117)]
6.	Currency
7.	Used personal and household effects
8.	Coral, unworked (0508) and worked coral (9601)]

Eway Bill
→ required for
Imitation Jewellery

- (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 of rule 138(14)(d) of the State or Union territory GST Rules in that particular State or Union territory
- (e) where the goods [other than de-oiled cake], being transported, are exempt from tax¹²
- (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 CGST Act¹³
- (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 CT (R) 28.06.2017* [Supply of goods by the CSD to the Unit Run Canteens or to the authorized customers and supply of goods by the Unit Run Canteens to the authorized customers] and *Notification No. 26/2017 CT (R) 21.09.2017* [Supply of heavy water and nuclear fuels by Department of Atomic Energy to 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
- (n) where the goods are being transported upto a distance of 20 km 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 issued in accordance with rule 55.
- (o) where empty cylinders for packing of liquefied petroleum gas are being moved for reasons other than supply

* Blocking of e-way bill:

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

- (i) Composition supplier not furnished statement for payment of tax (CMP 08) for 2 consecutive quarters OR
- (ii) Regular Taxpayers not furnished return for consecutive 2 tax periods OR
- (iii) Regular Taxpayer not furnished GSTR 1 for 2 months/ quarters as the case may be.
- (iv) Person whose registration has been suspended

* However, Commissioner may, on sufficient cause and reasons in writing, allow furnishing of info. in Part A of EWB 01, subject to conditions and restrictions

* Clarification relating to e-way bill in case of storing goods in godown of transporter:

- Recipient taxpayer has to declare transporter's warehouse as APoB.
- When APoB declared and goods reach such warehouse, no e-way bill extension required.
- e-way bill provisions applicable for movement from APoB to other PoB.
- Accounts and records to be maintained by transporter as well as recipient taxpayer.
- The recipient taxpayer may maintain accounts in relation to goods stored at the transporter's godown at his PPoB.

Returns under GST

RETURNS UNDER GST				
Section No.	Return	Who Files	Periodicity	Due date
Section 37 r.w. Rule 59	GSTR-1	RP having A.T upto Rs. 5 crore in PFY, who opts to furnish return on quarterly basis (including CTP) {QRMP}	Quarterly statement of outward supplies of goods and/or services	13th day of the month succeeding the quarter
		Other RP under regular scheme (including CTP)	Monthly statement of outward supplies of goods and/or services	11th day of the next month
		GSTR-1 not required to be filed by: a) OIDAR b) Composition taxpayer c) NRTP d) ISD e) TDS deductor f) TCS collector (ECO)		A taxpayer cannot file GSTR-1 before end of current tax period, except: a) CTP - after closure of business b) Cancellation of GSTIN
Section 39(1) r.w. Rule 61	GSTR-3B	RP having A.T upto Rs. 5 crore in PFY, who opts to furnish return on quarterly basis (including CTP) {QRMP}	Quarterly Return	22nd/24th day of the month succeeding the quarter
		Other RP under regular scheme (including CTP)	Monthly Return	20th day of the next month
		GSTR-3B not required to be filed by: a) OIDAR (Non taxable territory) b) Composition taxpayer c) NRTP d) ISD e) TDS deductor f) TCS collector (ECO)		
Section 39(2) r.w. Rule 62	GST CMP-08	Composition Taxable Person	Quarterly (for payment of self assessed tax)	18th day of the month succeeding the quarter
	GSTR-4	Composition Taxable Person	Annual (Return for FY)	30th April of next FY
Section 39(5) r.w. Rule 63	GSTR-5	Non Resident Taxable Person (NRTP)	Monthly Return	within 13 Days after end of Month or within 7 Days after Last Day of validity w.e. is Earlier

Sec 39(3) r.w Rule 66	GSTR-7	TDS Deductor	Monthly	10th day of the next month
Sec 52(4) r.w Rule 67	GSTR-8	TCS Collector (ECO - Not being an agent)	Monthly	10th day of the next month
Sec 44 r.w. Rule 80	GSTR-9 / GSTR-9A (for compo)	Registered person other than an ISD, tax deductor/tax collector, CTP and NRTP, DI DAR	Annual (Return for FY) <i>But, Exempt if ATO upto ₹ 2 crore for FY- 20-21, 21-22, 22-23</i>	31st December of next FY
Sec 52(5) Rule 80(2)	GSTR-9B	TCS Collector (ECO)	Annual (Return for FY)	31st December of next FY
Sec 44 r.w. Rule 80 *	GSTR-9C	RP whose A.T during a FY exceeds Rs 5 crore.	Reconciliation Statement (<i>self certified</i>)	Submitted with Annual Return
Sec 45 r.w. Rule 81	GSTR-10	TP whose registration cancelled or surrendered	Final Return	Within 3 months of date of cancellation or date of order of cancellation, w.e. is later
Sec 55 r.w. Rule 82	GSTR-11	UIN Holder	Details of inward supplies <i>for Refund of Taxes</i>	

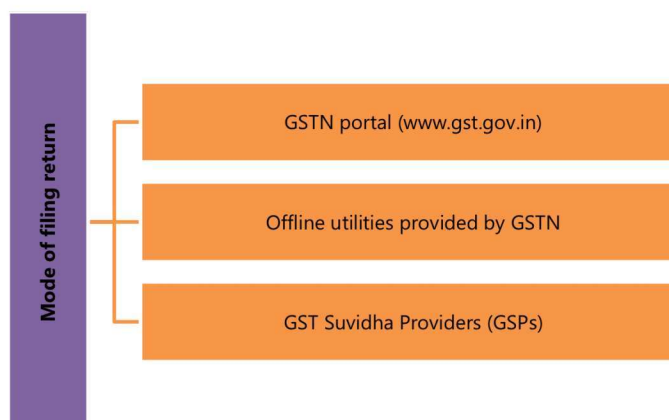
* Nothing contained in sec 44 applies to dept. of C9/SQ/LA whose books are subject to audit by C&AG.

A registered person shall not be allowed to furnish return u/s 37, 39, 44, 52 after expiry of **3 YEARS** from due date of furnishing such return.

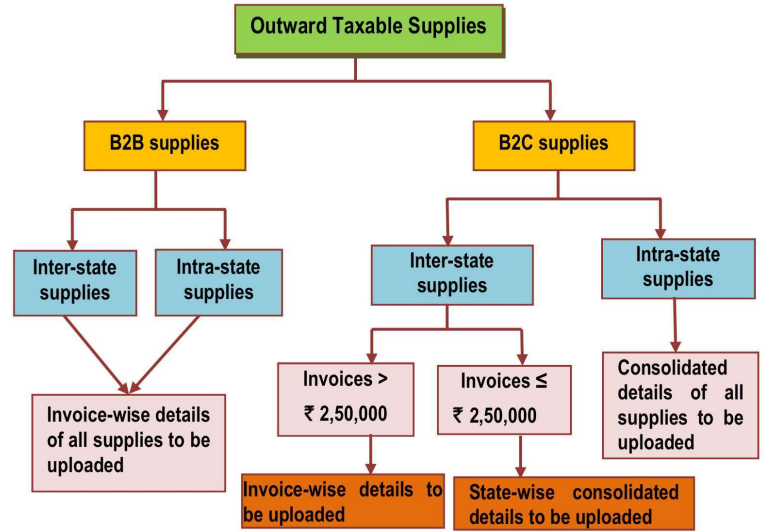
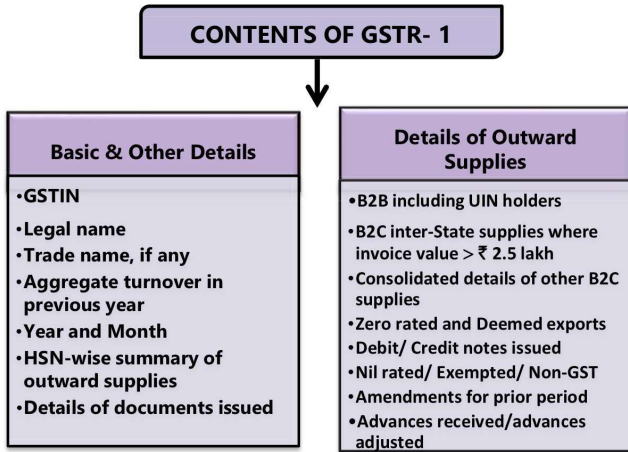
Provided that Govt. may allow by notification on recomm. of Council subject to conditions & restrictions.

Modes of filing returns

All the returns are to be filed online



* **GSTR 1** : Form for submission of details of Outward Supplies (Section 37)



• Even if no business, filing of GSTR 1 is mandatory. NIL Return can be filed through SMS facility also via OTP on registered mobile number.

• Disclosure of HSN Code:

Annual turnover in the preceding financial year	Number of Digits of HSN Code
Upto ₹ 5 core	For B2B supply - 4 For B2C supply - 4 (optional)
More than ₹ 5 crore	6

• Amendment / Rectification is possible in GSTR-1 by way of Amendment Tables given in GSTR-1 of subsequent periods.

Time limit for such Rectification } 30th Day of November following the end of F.Y. to which details pertain } w.e. is Earlier
OR
Date of filing Annual Return

• GSTR 1 / IFF cannot be filed if preceding period GSTR 3B / GSTR 1 not filed.

• If intimation received u/r 88C or 88D, and no reply furnished or no amount deposited, filing of GSTR 1 shall not be allowed.

- RP not allowed to furnish GSTR1/IFF if he has not furnished bank details as per Rule 10A.

QRMP (Quarterly Return Monthly Payment) Scheme:

- Optional scheme for taxpayers having A.T upto ₹ 5 crore in PFY.
- Opting of QRMP Scheme is GSTIN wise. Distinct persons can avail QRMP scheme option for one/ more GSTINs.
- If AT exceeds ₹ 5 crore during any quarter in current FY, RP not eligible to continue QRMP scheme from next quarter.

Criteria	•Taxpayer must have furnished the last return, as due on the date of exercising such option
Exercising option	•Taxpayers can opt in for any quarter from 1st day of 2nd month of preceding quarter to the last day of the first month of the quarter for which the option is being exercised <i>Same Time limit for opting out of scheme</i>
Validity of option once exercised	•Taxpayers are not required to exercise their 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.

→ Eg: RP intending to avail QRMP for July to Sept' Quarter, can exercise option during 1st May to 31st July

Furnishing details of outward supply details under QRMP

Filing of GSTR-1	•Quarterly basis
Optional facility to upload invoice details using IFF** upto ₹ 50 lakh in each month (for 1st and 2nd month of the quarter)	•between 1st day of succeeding month till 13th day of the succeeding month
Invoices pertaining to last month of a quarter	•to be uploaded in GSTR-1 only
Invoice uploaded using IFF**	•to be reflected in Form GSTR-2A and GSTR-2B of recipient
Details of invoice furnished using IFF in first 2 months	•not required to be furnished again in GSTR-1
a registered person may choose not to use IFF	•instead furnish the details of outward supplies made during a quarter in Form GSTR-1 only

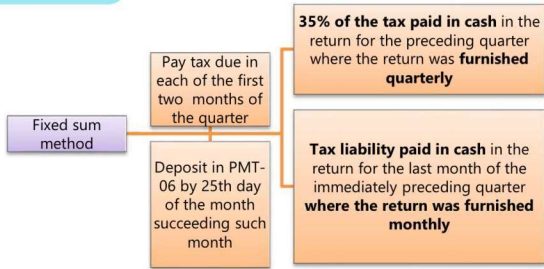
* IFF (Invoice Furnishing Facility)

↓
Invoices for 1st and 2nd month of quarter to be furnished from 1st to 13th day of succeeding month upto cumulative value of ₹ 50 lakh in each of the month.
(For supplies to RP, not B2C supplies)

• Tax due in each of first 2 months of the quarter to be paid by depositing in pre filled form GST PMT-06
 Payment to be made by 25th of succeeding month

Options for making monthly Payment

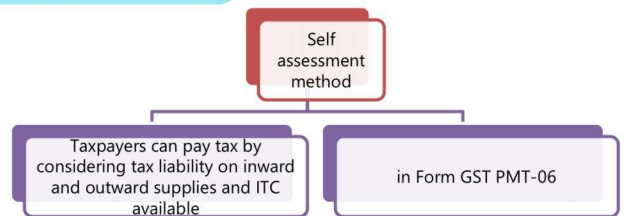
Fixed Sum Method



Monthly tax payment through this method would not be available to those registered persons who have not furnished the return for a complete tax period preceding such month.

If payment of fixed sum is made before due date, no interest would be applicable even if actual liability found higher. Interest would be applicable in case of late payment or late filing of GSTR 3B.

Self Assessment Method

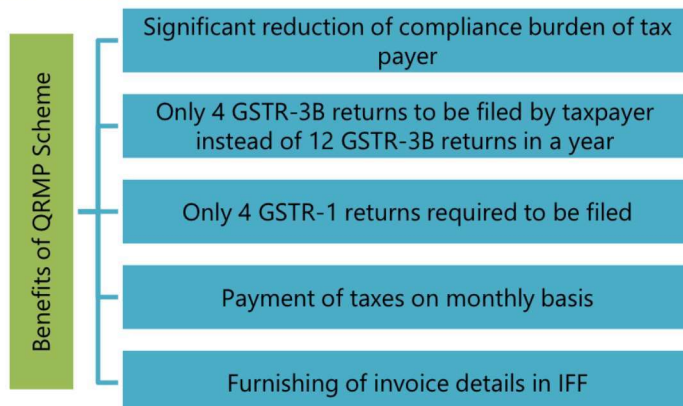


Interest would be applicable @ 18% p.a. for any short payment during first two months of quarter also. Interest for late payment and late filing of GSTR 3B applicable.

* Applicability of Late fees:



* Benefits of QRMP Scheme



* GSTR-2A (4A for composition/6A for ISD)

- System generated read only statement of inward supplies for a recipient, updated on real time basis.
- Details of outward supplies furnished by supplier in IFF/GSTR-1/5/6/7/8 is made electronically available to recipient for view/download.

* GSTR 2B

- An auto generated read only statement containing details of ITC made available to recipient for every month.
- It is a static statement and is available only once a month.
- Only the details of outward supplies furnished by suppliers upto the due date for filing return are reflected in GSTR-2B.
- Date of generation of GSTR-2B : 14th of next month



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). If the document is filed on 14th August, the document will be reflected in Form GSTR-2B of August (generated on 14th September).

* GSTR-3B:

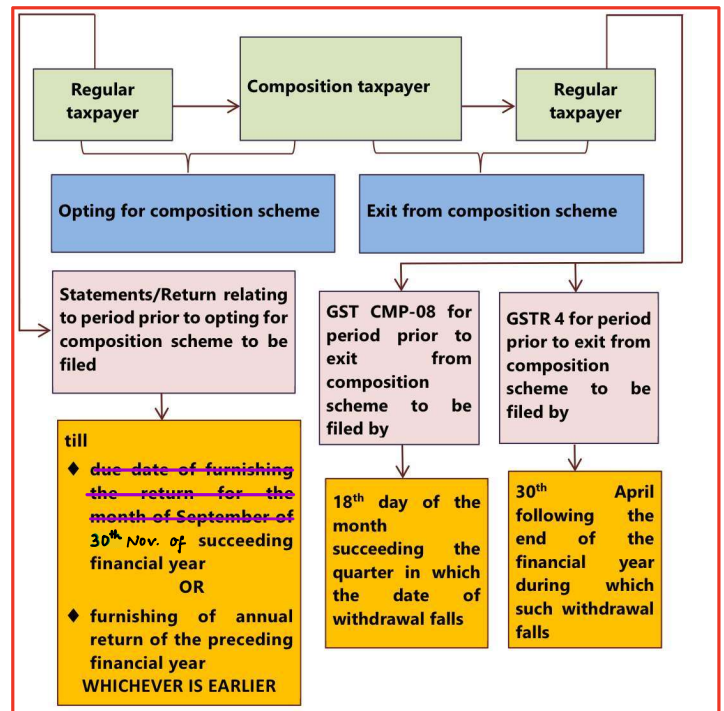
CONTENTS OF GSTR- 3B

Basic Details	Other details relating to supplies
<ul style="list-style-type: none"> • GSTIN • Legal name of the registered person • Year and Month/Quarter 	<ul style="list-style-type: none"> • Summarised details of outward supplies and inward supplies liable to reverse charge • Summarised details of inter-State supplies made to unregistered persons, composition taxable persons and UIN holders • Eligible ITC and ineligible ITC • Values of exempt, nil-rated and non-GST inward supplies • Payment of tax • TDS/TCS credit

- Invoice wise details not required.
- Filing GSTR 3B is mandatory even if no business activity. Nil Return can be filed.
- Nil GSTR-3B can be filed through SMS also using OTP facility.

- Return considered valid if self assessed tax paid in full.
- RP shall not be allowed to furnish return for a tax period if return for any previous tax periods or details of outward supplies (GSTR 1) for the said tax period has not been furnished by him.
- Taxpayer can electronically sign their returns using DSC (mandatory for companies & LLPs), E-sign (Aadhar based OTP) or EVC (Electronic Verification Code sent to registered mobile number)

* Opting for / Exit from Composition Scheme :-



* Due Date for Payment of Tax :

- * Regular Taxpayer filing return under sec 39(i) except composition & QRMP scheme (GSTR 3B, GSTR 5, GSTR 7) → Pay the tax not later than last date on which he is required to furnish return

- * Payment and return delinked in case of Composition taxpayer (GST CMP - 08 | GSTR 4) and QRMP scheme (GST PMT 06 | GSTR - 3B)

- * For CTP & NRTP, tax is to be deposited in advance.

* Rectification of errors/ omissions [sec 39(9)] :

Revision of Return - Not Possible

Rectification in subsequent Return - Can be done

Rectification on account of scrutiny, audit, inspection, or enforcement activities - Not Permitted

Last Date for Rectification:

30th Day of November following the end of F.Y. to which details pertain
OR
Date of filing Annual Return

w.e. is Earlier

* Section 40: First Return

Date on which person becomes liable for Registration

Date of Grant of Registration Certificate

Revised Tax Invoices issued for intervening period which are to be declared in "First Return" after grant of registration

* Default/ Delay in Return filing

sec 46: Notice issued electronically to furnish the return within 15 Days failing which P.O. will assess liability under sec 62 (Best Judgement Assessment)

sec 47: Late fees for delay in filing return

Any registered person who fails to furnish following returns by due date

- Statement of outward supplies (GSTR 1) (sec 37)
 - Returns including QRMP (GSTR-3B) (sec 39)
 - Final Return (GSTR-10) (sec 45)
 - TCS collector (sec 52)
- Pay a fees of ₹ 100/day till failure continues max. ₹ 5000.

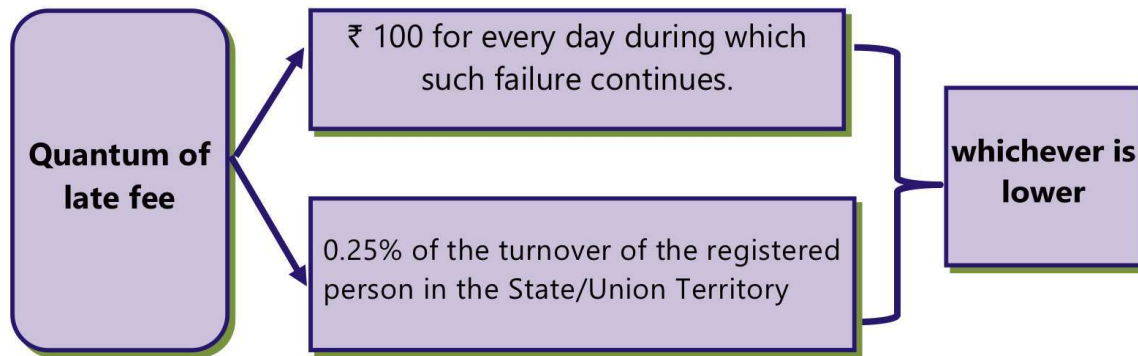
However the Reduced Late fees is as under:

Return	Late fees under CGST Act
Normal RP/Composition (Nil Return)	10/day max. 250
Normal RP (Other than Nil) PFY ATO \leq 1.5 cr (GSTR 1/3B)	25/day max. 1000
Normal RP (Other than Nil) PFY ATO $>$ 1.5 cr \leq 5 cr (1/3B)	25/day max. 2500
Normal RP (Other than Nil) PFY ATO $>$ 5 cr (1/3B)	25/day max. 5000
Composition (GSTR 4) (Other than Nil)	25/day max. 1000
NRTP (GSTR 5)	Nil: 10/day max 5000 Other: 25/day max. 5000
Input service Distributor (ISD - GSTR 6)	Nil/other: 25/day max 5000
TDS deductor (GSTR 7)	25/day max. 1000
TCS collector (GSTR 8)	100/day max. 5000

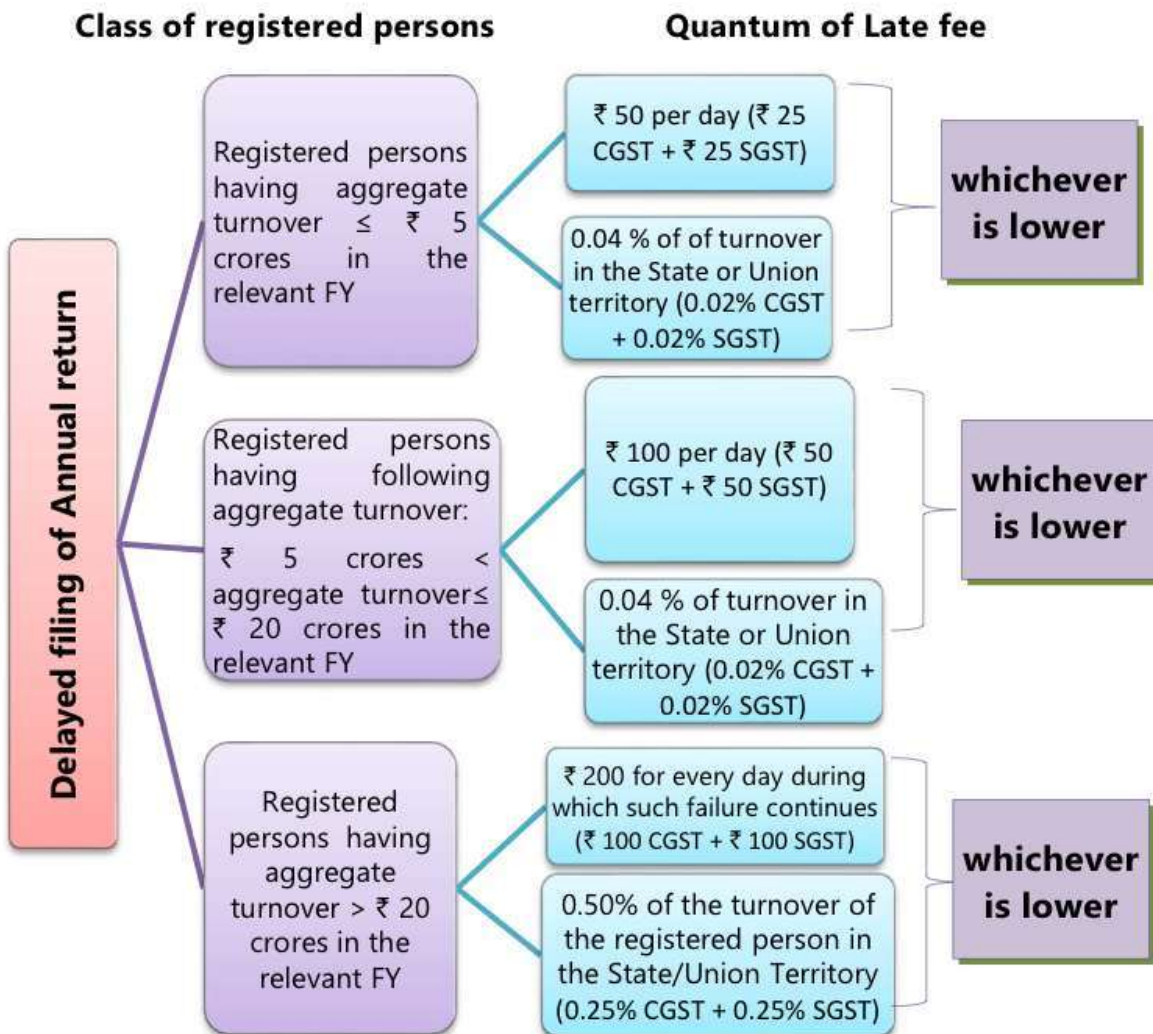
* All above amounts are as per CGST Act.

Similar fees shall also be levied under SGST Act.

* Late fees for Annual Return u/s 44

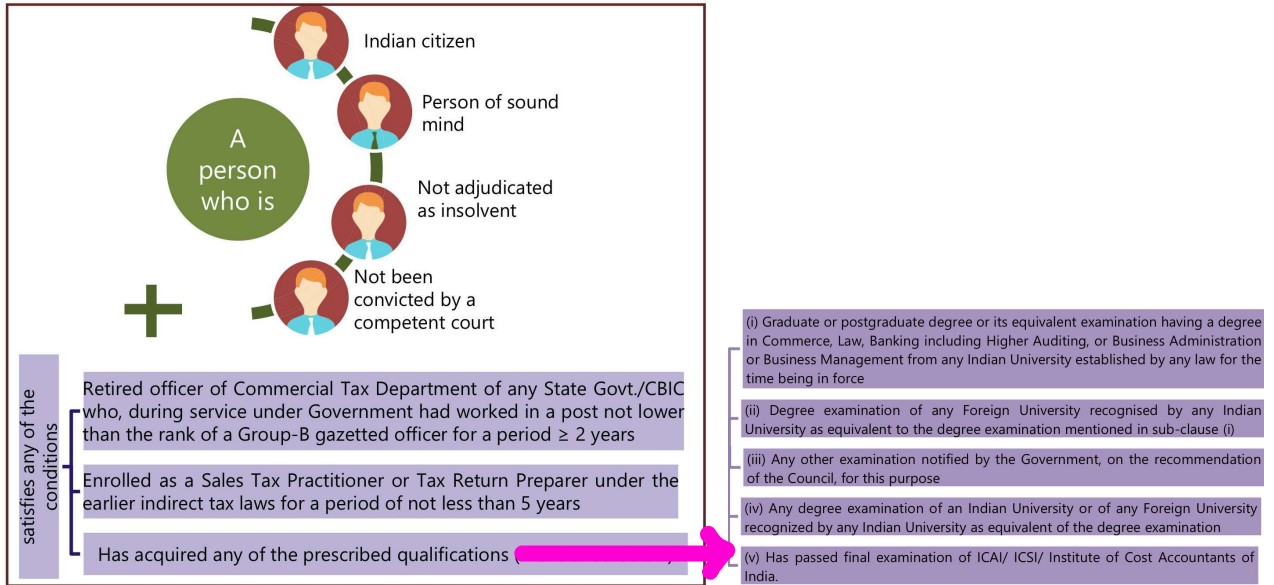


However, Rationalised late fees is as under:
(From FY 22-23 onwards)



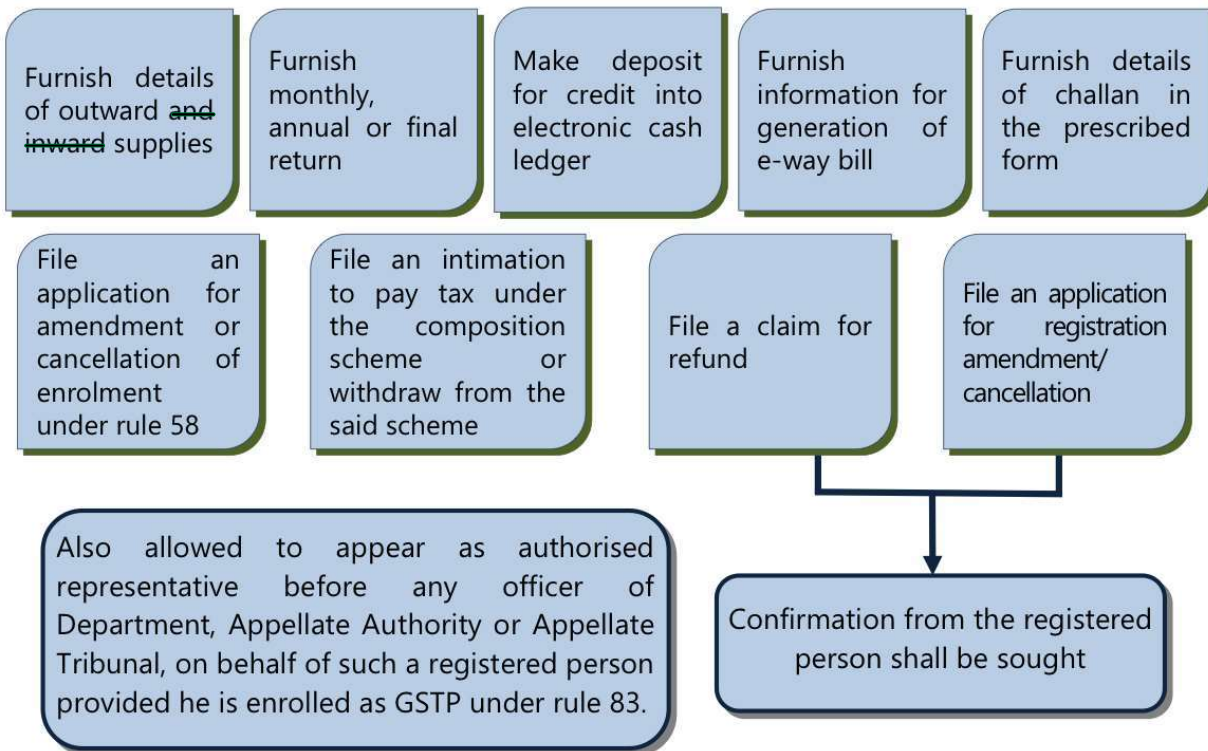
Section 48: Goods and Service Tax Practitioners: (GSTP)

(i) Eligibility:



(ii) What are the activities which can be undertaken by a GSTP?

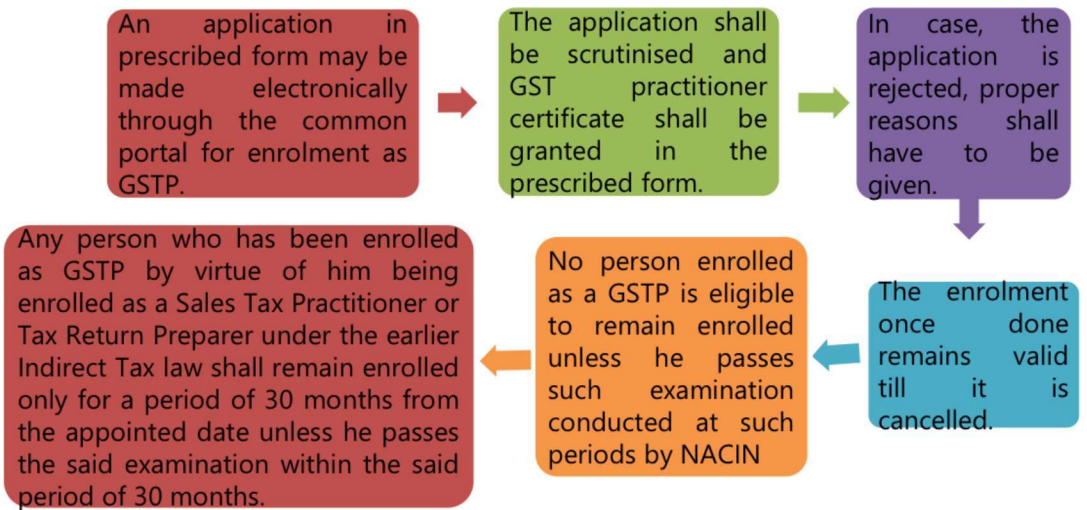
A GSTP can undertake any/all of the following activities on behalf of a registered person, if so authorised by him:



(iii) **Furnishing returns through GSTP:** When a registered person opts to furnish his return through GSTP, such registered person:



(iv) Procedure for enrolment of GSTP:



Rule 88C

Manner of dealing with diff in liability reported in GSTR 1 and GSTR 3B

RP shall be intimated of such difference in Part A of GST DRC 01B on portal and a copy shall also be sent on e-mail highlighting the difference

RP shall, in Part B of DRC 01B:
 (a) Pay differential liability + Int. u/s 50 through DRC 03
 OR

(b) Explain the difference by furnishing reply

WITHIN 7 DAYS

If no payment/explanation, Recovery u/s 79

RP shall not be allowed subsequent tax periods amount / furnishes explanation.

Rule 88D

Manner of dealing with diff in ITC in GSTR 2B and GSTR 3B

RP shall be intimated of such difference in Part A of GST DRC 01C on portal and a copy shall also be sent on e-mail highlighting the difference

RP shall, in Part B of DRC 01C
 (a) Pay excess ITC + Int. u/s 50 through DRC 03
 OR

(b) Explain the difference by furnishing reply

WITHIN 7 DAYS

If no payment/explanation, Demand order u/s 73/74

RP shall not be allowed to furnish GSTR 1/IFF for subsequent tax periods unless he deposits the amount / furnishes explanation.