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CHAPTER 1 - GST - SECTION REFERENCE

BASICS

SEC	SECTION NAME
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8	Tax rate for Composite & Mixed Supply
9	Levy & Collection of CGST
10	Composition Levy
11	Exemptions

TIME OF SUPPLY

SEC	SECTION NAME
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SEC	SECTION NAME
35	Accounts & Other Records
36	Period of Retention of Accounts

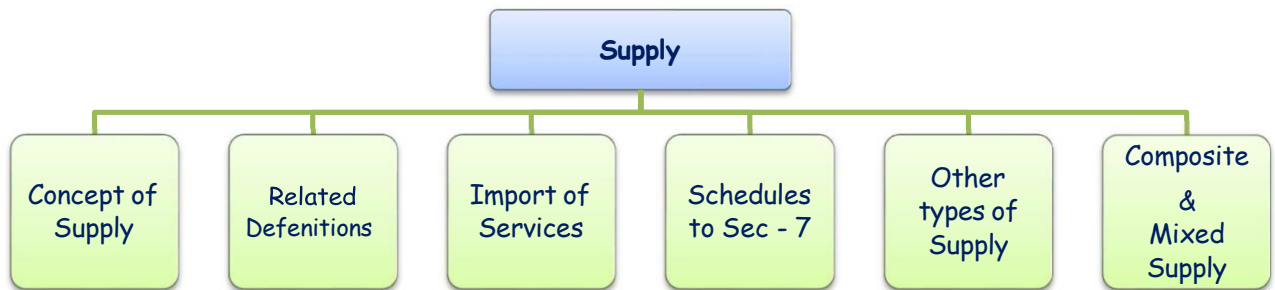
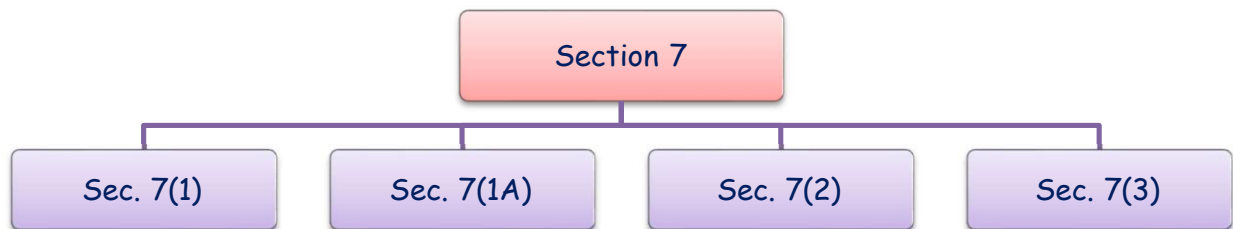
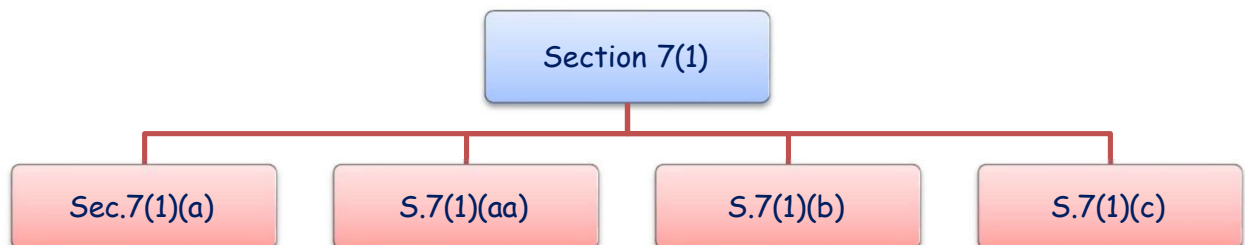


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50	Interest on delayed payment of tax
51	TDS
52	TCS
53	Transfer of ITC

CHAPTER 2A - INTRODUCTION TO SUPPLY**CONCEPT OF SUPPLY****Section 7(1) of the CGST Act, 2017**

Sec	Supply Includes -
7(1)(a)	<p>All forms of supply of goods or services or both such as</p> <ul style="list-style-type: none"> ➤ Sale, ➤ Barter, ➤ Transfer, ➤ Exchange, ➤ License, ➤ Lease, ➤ Rental Or ➤ Disposal <p>made or agreed to be made for a consideration by a person in the course or furtherance of business.</p>

Exception to 7(1)(a)

Sec	Supply Includes -
7(1)(aa)	The activities or transaction, by a person, other than an individual to its members or constituents or vice versa, for cash, deferred payment or other valuable consideration.
7(1)(b)	Import of Services for Consideration whether or not in course or furtherance of business.
7(1)(c)	The activities specified in Schedule - I, made or agreed to be made without a consideration.

Examples for your understanding:

01 - Sale:

No	Particulars	Answer
1	A shopkeeper sells a pen for Rs. 100 to the buyer.	After the sale, the pen belongs to the buyer and shopkeeper does not have any right on the pen.
2	Mr. X sold laptop worth Rs. 1,00,000 and issued invoice in favor of Mr. Y.	Now ownership in laptop transferred to Mr. Y. It shall be covered in sale. It is a supply of goods leviable to GST .
3	Sundara, a famous actor, paints some paintings and sells them.	The consideration from such sale is to be donated to a Charitable.
4	Services by way of admission to circus, cinema halls, amusement parks including theme parks, water parks, etc.	These are considered as supply as these are services by way of admission of persons to any premises for a consideration.

02 - Barter:

No	Particulars	Answer
1	Mr. Jayaraj, a practicing Cost Accountant provided services to M/s A Ltd., dealer of laptops. In return M/s A Ltd., given to Mr. Jayaraj two laptops.	Here, two - way supply takes place Mr. Jayaraj is making taxable supply of service and M/s A Ltd., is making taxable supply of goods. Hence, tax is payable by both.
2	Mr. X, a dealer in laptops. He supplied a laptop for Rs.40,000 to Mr. Y along with a barter of printer. The value of the printer known at the time of supply is Rs.4,000 but the open market value of the laptop is not known.	The value of the supply of laptop is Rs. 44,000. Hence, Mr. X is liable to pay GST on Rs. 44,000. At the same time Mr. Y is also liable to pay GST on Rs. 4,000 if he is registered person
3	A doctor got his cut from a barber and provides him medical consultancy in return. In this transaction, the doctor provided the medical consultancy services to the barber for which consideration was in the form of hair cutting services provided by the barber.	Similarly, the barber provided hair cutting services to the doctor for which consideration was in the form of medical consultancy services provided by the doctor- Barter transaction.

03 - Transfer:

No	Particulars	Answer
1	A company transfers goods from its factory to the depot for sale purposes.	This is 'transfer' of goods where the sale has not yet taken place

04 - Exchange:

No	Particulars	Answer
1	When a new car worth Rs. 5,00,000 is purchased in exchange of an old car along-with the monetary consideration of Rs. 4,00,000 paid.	The said purchase is an exchange.
2	Mr. A is a dealer of new phones. He supplied for Rs.20,000 to Mr. B along with exchange of an old phone and if	Mr. A is liable to pay GST on Rs.24,000. Mr. B also liable to pay GST on Rs. 4,000 if he is registered

	the price of the new phone without exchange is Rs.24,000, the open market value of the new phone is Rs.24,000.	person.
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05 - License:

No	Particulars	Answer
1	Mr. X, a developer of information technology software and holder of license thereon. License to use software was given to different clients: Rs. 18 Lakhs;	Hence, Mr. X is liable to pay GST whether he transfer such right permanently or temporarily as the case may be.
2	A Chennai based company has been awarded mineral exploration contract for 18 months in respect of specific sites in Mumbai by a Mumbai based corporation (i.e. local authority). As a result, Chennai based company got license to extract mineral exploration for a period of 18 months.	Mumbai based company supplied taxable services. GST is liable to pay by Chennai based company on license fee paid to supplier under Reverse Charge

06 - Lease:

No	Particulars	Answer
1	M/s M Bank Ltd., given an asset under financial lease to M/s N Ltd. Repayment of financial lease made by the customer to the bank Rs.80 lakhs which includes a principal amount of Rs.50 lakhs.	Financial leases shall be taxed as supply of services. M/s M Bank Ltd. is liable to pay GST

07 - Rental:

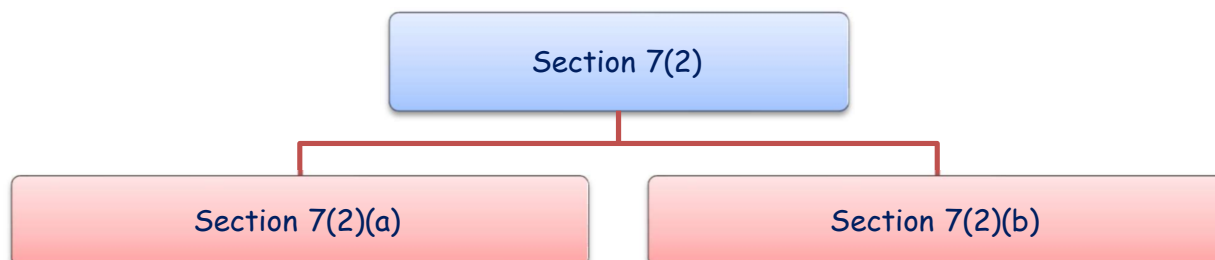
No	Particulars	Answer
1	Mr. A owns a residential building in a prime commercial locality. Large vacant land in the backyard is given on rent of Rs.1,80,000 per month to a	It is a taxable supply of service and hence, Mr. A is liable to pay GST.

	parking contractor, Mr. B who has set up a parking facility on the said land.	
2	Mr. X, the owner of a residential building in a commercial locality, Ground Floor is given on rent to Mr. Y for a monthly rent of Rs.60,000. Mr. Y uses the same as his residence.	It is a supply of service however, specifically exempted from GST. Mr. X is not liable to pay GST.

08 - Disposal:

SECTION 7(1A) OF THE CGST ACT, 2017

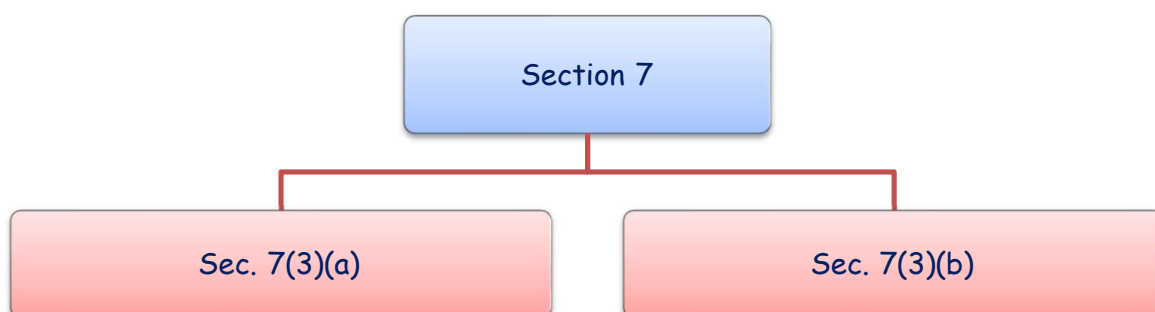
No	Definition
1	Where certain activities or transactions, constitute a supply in accordance with the provisions of Sub section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II

SECTION 7(2) OF THE CGST ACT, 2017

Notwithstanding anything contained in Sub - section (1)

Sec	Definition
7(2)(a)	Activities or transactions specified in Schedule III; or
7(2)(b)	Such activities or transaction undertaken by the <ul style="list-style-type: none"> ➤ Central Government, ➤ a State Government, or ➤ any local authority ➤ in which they are engaged as public authorities, ➤ as may be notified by the Government on the recommendations of the council.

Shall be treated neither as a supply of goods nor a supply of services.

SECTION 7(3) OF THE CGST ACT, 2017

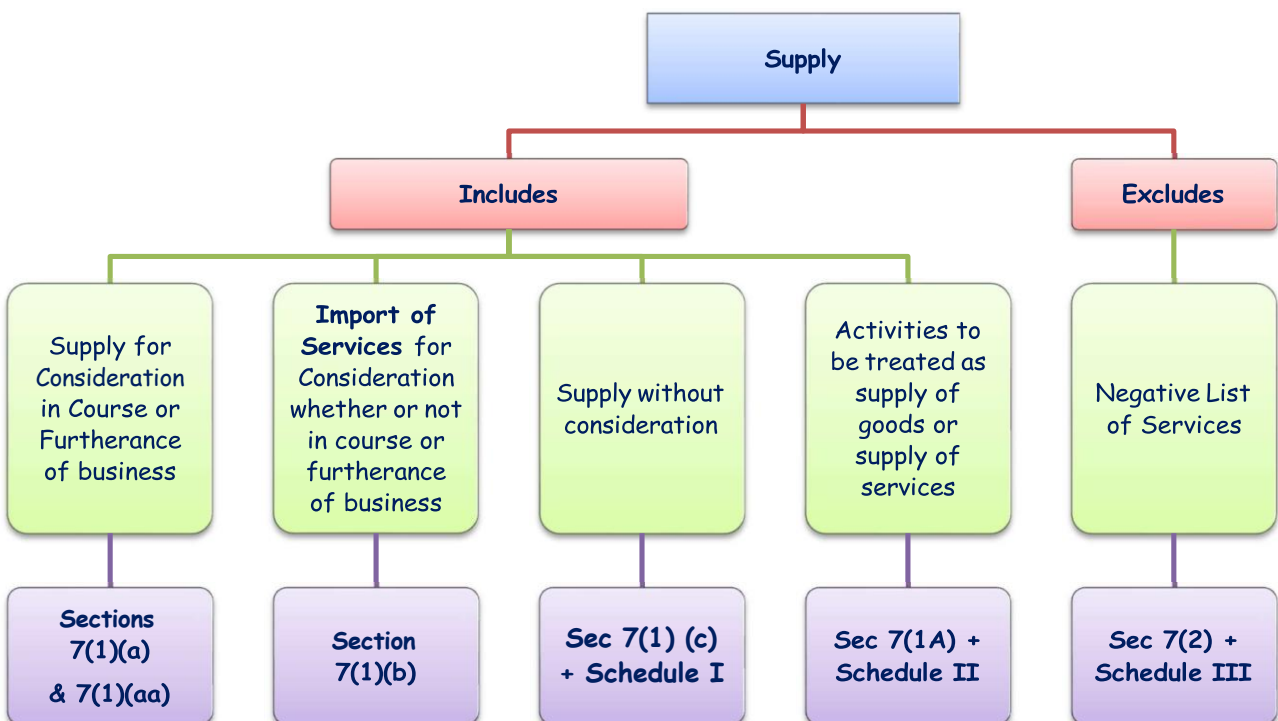
Subject to Sub - Sections (1), 1(A) & (2), the Government may, on the recommendations of the council, specify, by notification, the transactions that are to be treated as -

Sec	Definition
7(3)(a)	A supply of goods and not as supply of Services; or
7(3)(b)	A supply of services and not as a supply of goods.

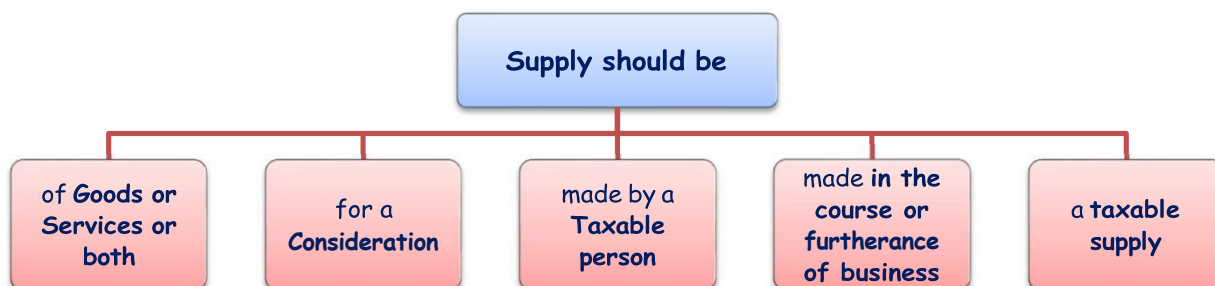
Note: Sec 7 of CGST Act = Sec 20 of IGST Act,

Provision of scope of supply u/s 7 of the CGST Act, 2017 have also been made applicable to IGST Act vide Section 20 of the IGST Act, 2017

SUMMARY:



PARAMETERS OF SUPPLY



Test Yourself

Illustration

No	Particulars
1	A company has entered into an agreement with a customer for the manufacture and supply of cement pipes for their exclusive use. A company manufactured the product but before receiving the inspection certificate, their customer rejected some quantity of goods on the grounds of quality. As per agreement the rejected quantity will be destroyed in front of the customer and shall not be sold. Examine the issue in the light of statutory provisions and suggest future course of action to the assessee as to whether any liability arises as per the provisions of GST law.

(Nov 14)

Answer

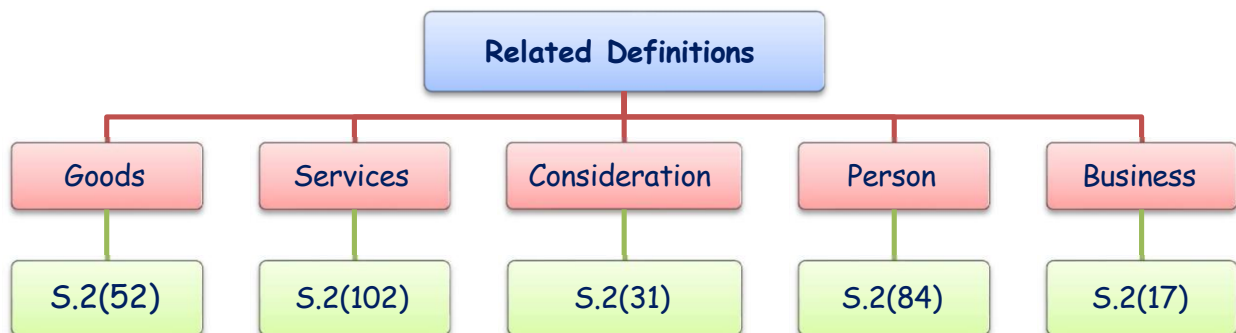
No	Particulars
1	The taxable event under GST is supply of goods. The scope of term supply has been given under sec. 7 of the CGST Act, 2017. As per sec. 7(1)(a), supply includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course of furtherance of business. Transactions where goods are destroyed without a transfer of any kind taking place do not form under the ambit of the term supply.
	Thus, the company will not be liable to pay GST on the rejected quantity of the cement pipes which were destroyed in front of customer.
	However, the company will be required to reverse ITC so taken in respect of destroyed goods since the same fall under the ambit of blocked credit u/s 17(5) (h) of the CGST Act, 2017

CHAPTER 2B - RELATED DEFINITIONS OF SUPPLY

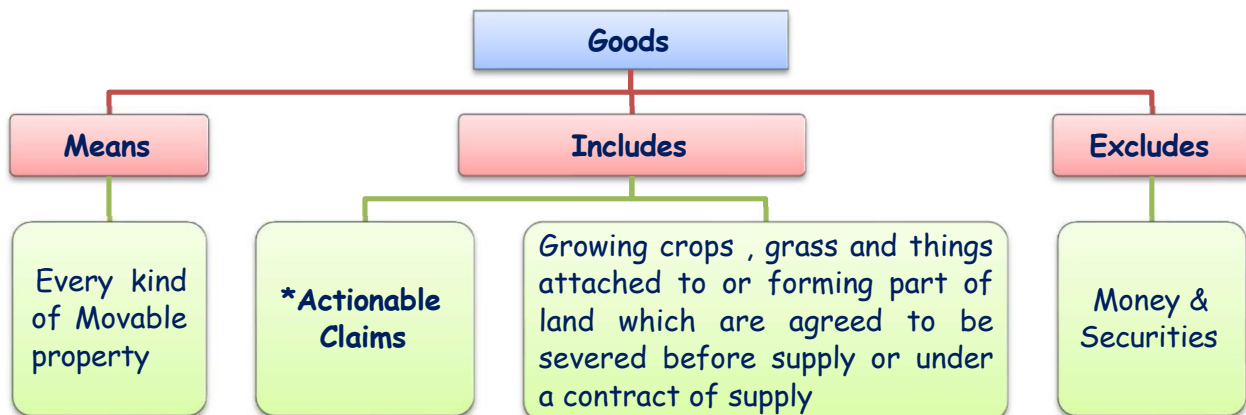
Definition of Supply - Section - 7(1)(a) of The CGST Act, 2017

No	Particulars
1	Supply includes all forms of supply of goods or services or both such as sale, barter, transfer, exchange, license, lease, rental or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business .

Related Definitions



I - Goods - 2(52) of The CGST Act, 2017



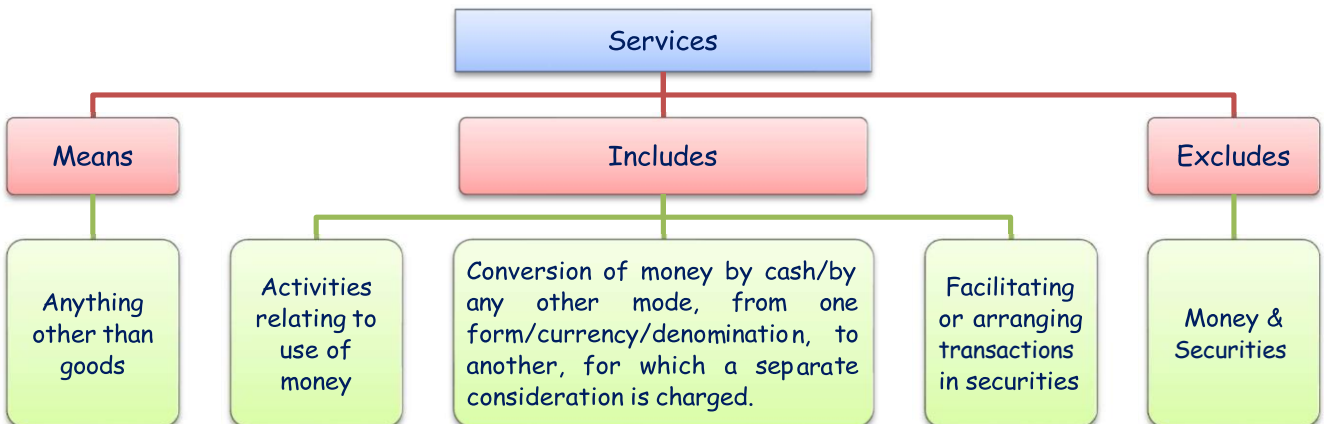
*List of Actionable Claims

No	Particulars
1	Lottery
2	Betting
3	Gambling
4	Casinos
5	Horse Racing
6	Online money gaming

Note: -

No	Particulars
1	As per Schedule III of GST Act, 2017 actionable claims other than Casinos, Gambling, Horse Racing, Lottery and Online money gaming shall be treated neither as a supply of goods nor a supply of Services.

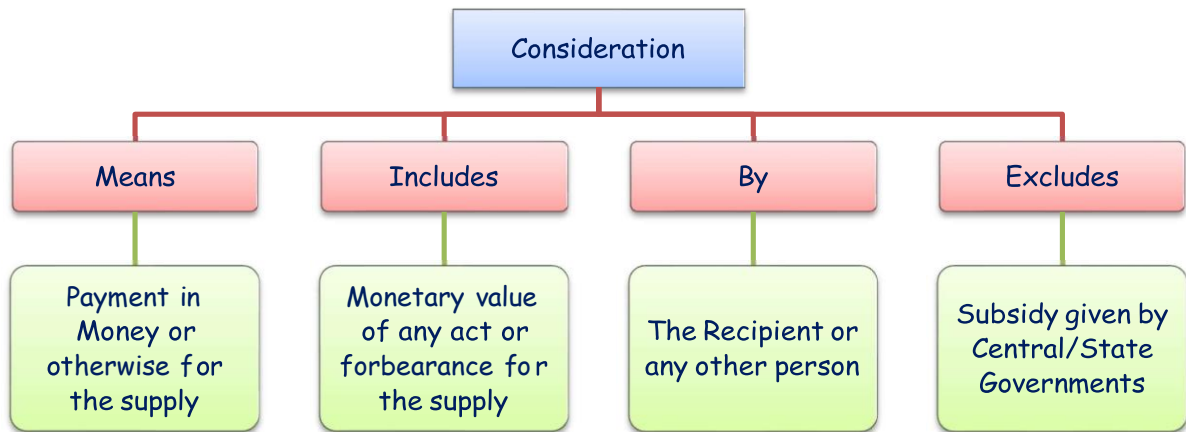
II - Services - 2(102) of The CGST Act, 2017



Objective of Amendment:

No	Particulars
1	Definition of "Goods" as well as "Services" excludes securities.
2	Hence, confusion was prevailing as to whether the services of arranging of facilitating transactions in securities shall also be excluded from the said definitions and consequently will not be liable to tax
3	The amendment has been made to add an explanation to clarify that the expression services shall include facilitating or arranging transactions in securities . Since clarification Explanation has been added, it shall apply retrospectively
4	Thus, though supply of securities are not subject to GST, share brokers and stock exchanges will be liable to pay tax on services supplied by them for facilitating or arranging transactions in securities

III - Consideration - 2 (31) of The CGST Act, 2017



Note:

No	Particulars
1	Deposit to be considered as payment only when the supplier applies such deposit as consideration for the said supply.

Consideration Includes Non - Monetary Consideration

Examples For Your Understanding:

No	Particulars	Answers
1	A Sports Club agrees to hire services of cricket player Mr. Dravid for a consideration of Rs. 2 crores. In addition to this, the agreement provides that the player shall be provided with the car valued for Rs. 20 lakhs.	The entire value of Rs. 2.20 crores will be considered as consideration and subject to tax
2	Mr. X sells office furniture to Mr. Y on the condition that donation of Rs. 10,000 is payable by Mr. Y to a trust. The amount of Rs. 10,000 is paid by Mr. Y by reason of purchase of furniture.	Hence, Rs. 10,000 will be treated as consideration for sale of furniture. Thereby, Mr. X is liable to pay GST on Rs. 10,000 in addition to the value of furniture
3	M/s Dev Ltd. agreed to sell its business to M/s RN Ltd., for a consideration of Rs 50L. M/s Dev Ltd. further agrees that it will not conduct same or similar business for a period of 10 years, for which M/s RN Ltd., paid Rs. 20L.	M/s Dev Ltd. consideration is Rs. 70L
4	Alia Travel Pvt. Ltd., a travel agent books	The entire amount of Rs.

	ticket for a customer Mr. Z. Travel agent raises invoice on customer Mr. Z for transportation of passenger by air of Rs. 10,000 and his commission of Rs. 500.	10,500 is not his consideration. The amount of Rs. 500 retained by the air travel is to be considered as his consideration
5	M/s L Ltd., being an authorized dealer of the IT brand, rendered services to buyer of car, but payment is made to authorized dealer by the IT Company.	It is called as consideration is given by third person . Therefore, it is treated as supply of service and liable to tax in the hands of M/s L Ltd

No Consideration

Mr. A during long drive with his wife Bela violated traffic rules and was imposed fine of Rs.1,000. The amount received as **fine or penalty** for violation of statutory provisions will not be considered as consideration.

No	Particulars	Explanation
1	The following generally not considered as consideration	<ul style="list-style-type: none"> ➤ Grant of pocket money ➤ Gift or reward (which has not been given in terms of reciprocity) or ➤ Amount paid on alimony for divorce
2	Subsidy given by the Government to benefit the farmers cannot be considered an additional consideration	The Government provides subsidy, for the benefit of farmers but it is given to the manufacturer of fertilizers will not be considered as consideration
3	Deposits	If refunded then, it is not a consideration. Therefore the same does not attract GST. If tax has already been paid the taxpayer would be entitled to refund. If not refunded then, it is relating to a service, attract GST

IV - Person - 2(84) of The CGST Act, 2017

"Person includes"

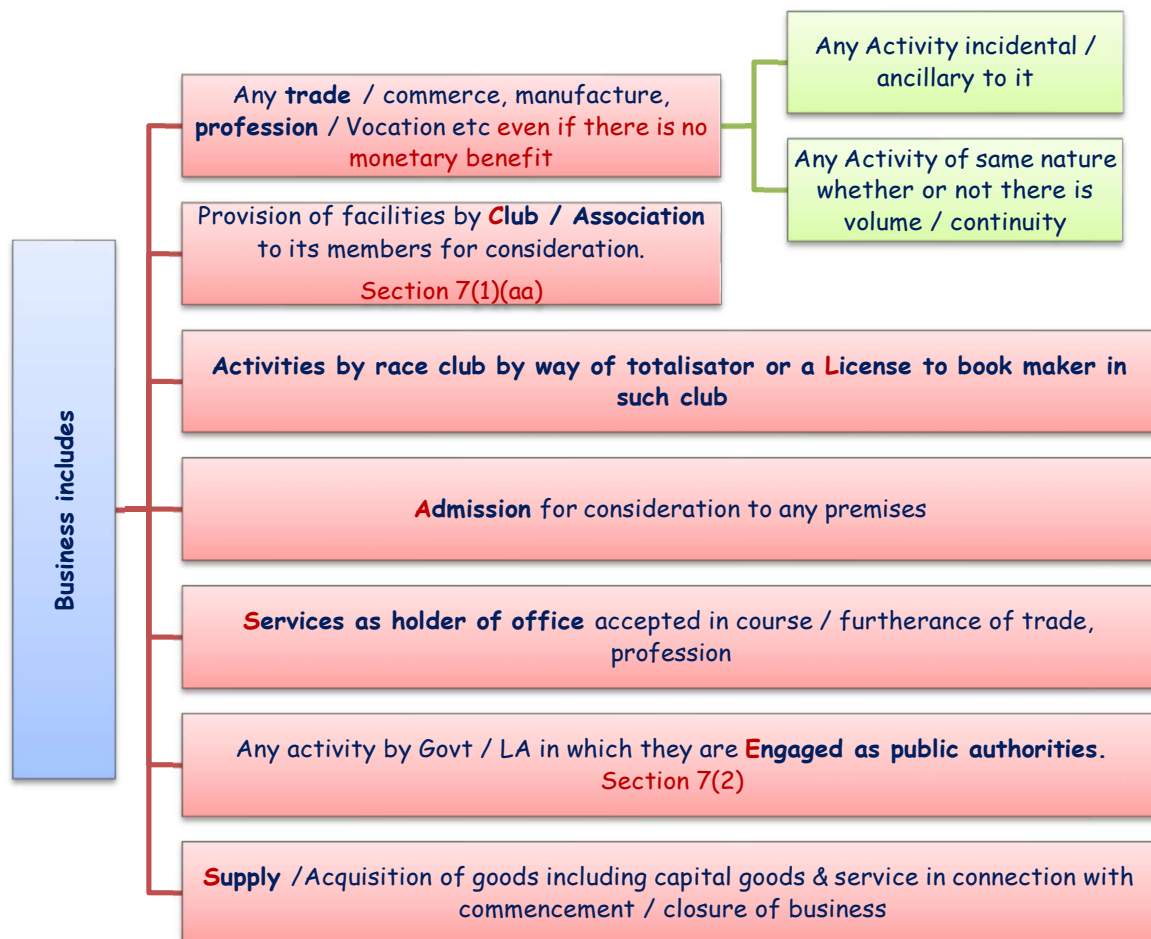
No	Particulars
1	An Individual
2	A HUF
3	A Company
4	A Firm
5	A Limited Liability Partnership
6	An Association of Persons or a Body of Individuals, whether incorporated or not, in India or outside India
7	Any corporation established by or under any Central, State, or Provincial Act or a Government company as defined in Section 2(45) of the Companies Act, 2013.
8	Anybody corporate established by or under the laws of a country outside India.
9	A co - operative society registered under any law relating to Co - operatives.
10	A local authority
11	Central Government or State Government,
12	Society as defined under the Societies Registration Act, 1860
13	Trust
14	Every artificial juridical person, not falling within any of the above

Summary: -

P1	P2	P3
<ul style="list-style-type: none"> - Individual - HUF - AOP / BOI - Firm - LLP 	<ul style="list-style-type: none"> - Company - Corporation - Body Corporate - Society - Co - Operative Society 	<ul style="list-style-type: none"> - CG / SG - Local Authority - Trust - AJP

V - Business - 2(17) of The CGST Act, 2017

Section 7(1)(a) provides that supply shall be made for a consideration by a person in the **course or furtherance of business**



Examples for your understanding:

No	Particulars	Answers
1	Manikarnika sold her old gold bangles and ear rings to 'Aabhushan Jewelers'.	Sale of old gold jewellery by an individual to jewellery will not constitute supply as the same cannot be said to be in the course or furtherance of business of the individual.
2	Royal Turf Race Club is engaged in facilitating the wagering (betting) transactions on horses placed through totalizator. For providing the service of facilitating wagering transactions, Royal Turf Race Club gets commission which is deducted and retained by the	The said services amounts to supply as the activities of a race club are included in business .

	club from the total bet value.	
3	CMA Raja a practicing Cost Accountant carries out the activity of Accounting, Auditing, Filing returns, and Certifying documents and so on so forth.	These activities can be considered as performed in the course of business
4	M/s A Ltd. manufacturing of motor cars. Company used to sell more number of cars in Southern India. In view of demand in Southern India, company intends to establish manufacturing unit in Chennai. M/s X Ltd. appointed Mr. Y as a consultant for searching, evaluating and short-listing places for prospective targets. Finally, company decided to establish unit of Ambattur Industrial Estate Chennai.	Hence, Mr. Y carried out various activities is in furtherance of business of M/s X Ltd
5	Rishabh buys a car for his personal use and after a year sells it to a car dealer.	Sale of car by Rishabh to car dealer is not a supply under CGST Act because said supply is not made by Rishabh in the course or furtherance of business.
6	Vikram, a famous actor, paints some paintings and sells them. The consideration from such sale is to be donated to a Charitable Trust - 'Kind Human'.	The sale of paintings by the actor qualifies as supply even though it is a one - time occurrence.
7	A Resident Welfare Association provides the service of depositing the electricity bills of the residents in lieu of some nominal charges.	Provision of service by a club or association or society to its members is included in the definition of 'business'.
8	Sale of goods in an exhibition, participation in a trade fair, warranty supplies, supply of free samples to induce customers to purchase other goods, sale of used assets etc.	Since it is in the course of business, it constitutes Supply.
9	When an individual who buys a car for personal use and after a year sells it to a car dealer	This transaction will not be supply, because supply is not made by the individual in the course or furtherance of business. Further, no ITC was

		admissible on such car at the time of its acquisition as it was for non-business use
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Amendment to definition of Business: -

Activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club

Objective of Amendment:

No	Particulars
1	Before the amendment only "Services" provided by a race club was included in the definition of "Business"
2	Race club betting ticket is an "Actionable Claim", Further "Actionable Claim" is regarded as "Goods" u/s 2(52) of CGST Act, 2017
3	Since the same is regarded as "Goods", it will be excluded from the definition of "Service" u/s 2(102) of CGST Act, 2017 as "Service" means anything other than "Goods"
4	Due to the said ambiguity, the supply in connection with the "Goods" pertaining to race club was clearly not coming within the tax net as it only included "Services". Hence, an amendment has been made to provide that instead of "Services", all the "activities" shall be subjected to tax.

Supply Should Be A Taxable Supply

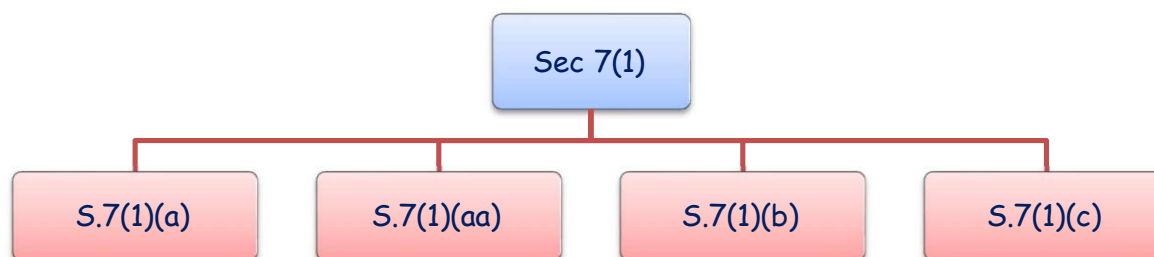
No	Particulars
1	For a supply to attract GST, the supply must be taxable. Taxable supply has been broadly defined and means any supply of goods or services or both which, is leviable to tax under the GST Law. Exemptions may be provided to the specified goods or services or to a specified category of persons / entities making supply.

Supply Should be by A Taxable Person

No	Particulars
1	Taxable person means a person who is registered or liable to be registered under section 22 or section 24
2	Hence, even an unregistered person who is liable to be registered is a taxable person. Similarly, a person not liable to be registered, but has taken voluntary registration and got himself registered is also a taxable person
3	Hence, a supply between two non - taxable persons does not constitute taxable supply under GST. Further there is no condition that supply needs to be made to another person; i.e., supplies made to self are also taxable

CHAPTER 2C - SECTION 7(1)(aa)

Section 7(1) of the CGST Act, 2017



Sec	Supply Includes -
7(1)(aa)	The activities or transaction, by a person, other than an individual to its members or constituents or vice versa, for cash, deferred payment or other valuable consideration.

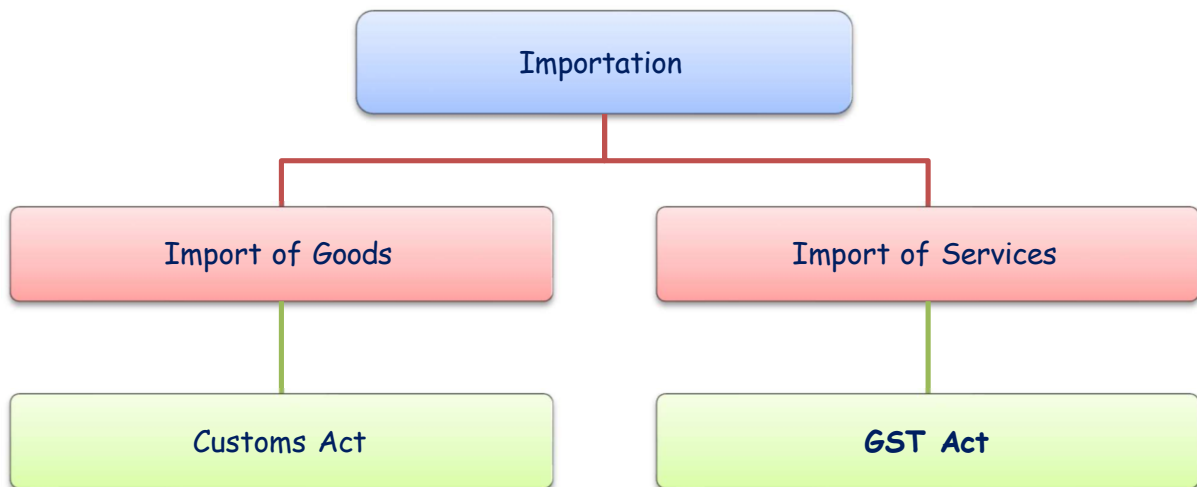
Explanation to 7(1) (aa): -

No	Particulars
1	It is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgement, decree or order of any court, Tribunal or Authority, the person and its members or Constituents shall be deemed to be two separate person and supply of activities or transactions inter se shall be deemed to be take place from one such person to another.

Examples For Your Understanding:

No	Particulars	Answers
1	Resident Welfare Association (RWA) of Sanskrit Society supplies air-conditioners to its members at a concessional price.	It shall be deemed the Resident Welfare Association (RWA) and its members are two separate persons and it shall be deemed that the supply has taken place from Resident Welfare Association (RWA) to its members.
2	A Resident Welfare Association collects maintenance charges from its members for services provided.	This also shall be deemed the Resident Welfare Association (RWA) and its members are two separate persons and it shall be deemed that the supply has taken place from Resident Welfare Association (RWA) to its members.

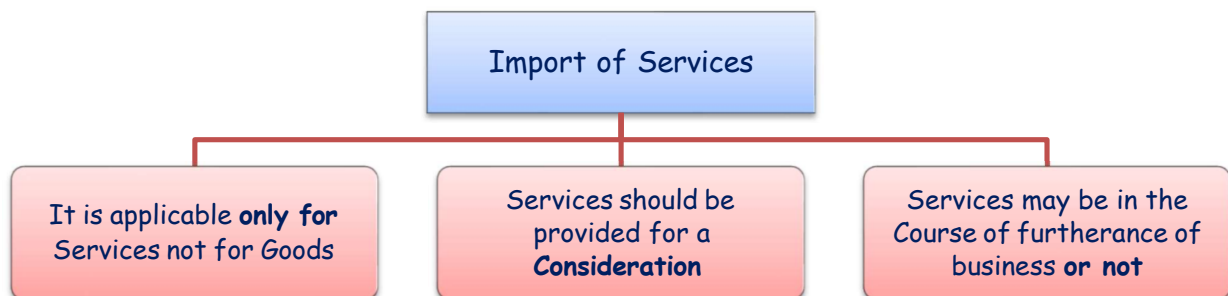
CHAPTER 2D - IMPORT OF SERVICES - Sec 7(1)(b)



SECTION - 7(1)(b)

No	Particulars
1	The term Supply includes , "Import of services for a consideration whether or not in the course or furtherance of Business".

Summary



Notes:

No	Particulars
1	Services may be in course of furtherance of business or not. This implies that import of services even for personal consumption would qualify as supply and therefore would be liable to tax.

Related Exemption

Apart from this, list of Services exempt from IGST by Notification No. 9/2017 IT (R) dated 28.06.2017 as amended also include following three Services:

Services received from a provider of Service located in a Non - Taxable Territory by:

Sl	Description of services						
a	The Central Government, State Government, Union territory, a Local Authority, a Governmental Authority or an Individual in relation to any purpose other than Commerce, Industry or any other Business or Profession;						
b	An Entity Registered under Section 12AA / 12AB of the Income - Tax Act, 1961 for the purposes of providing Charitable Activities; or						
ba	Way of supply of online educational journals or periodicals to an educational institution other than an institution providing services by way of - <table border="1" data-bbox="295 842 1408 1031"> <thead> <tr> <th>No</th><th>Particulars</th></tr> </thead> <tbody> <tr> <td>1</td><td>Pre - school education and education up to higher secondary school or equivalent; or</td></tr> <tr> <td>2</td><td>Education as a part of an approved vocational education course;</td></tr> </tbody> </table>	No	Particulars	1	Pre - school education and education up to higher secondary school or equivalent; or	2	Education as a part of an approved vocational education course;
No	Particulars						
1	Pre - school education and education up to higher secondary school or equivalent; or						
2	Education as a part of an approved vocational education course;						
c	A person located in a Non - Taxable Territory.						

However, the Exemption shall not apply to:

No	Particulars
1	Online information and database access or retrieval Services received by persons specified in entry (a) or entry (b); or
2	Services by way of Transportation of Goods by a Vessel from a place outside India up to the customs station of clearance in India received by persons specified in the entry.

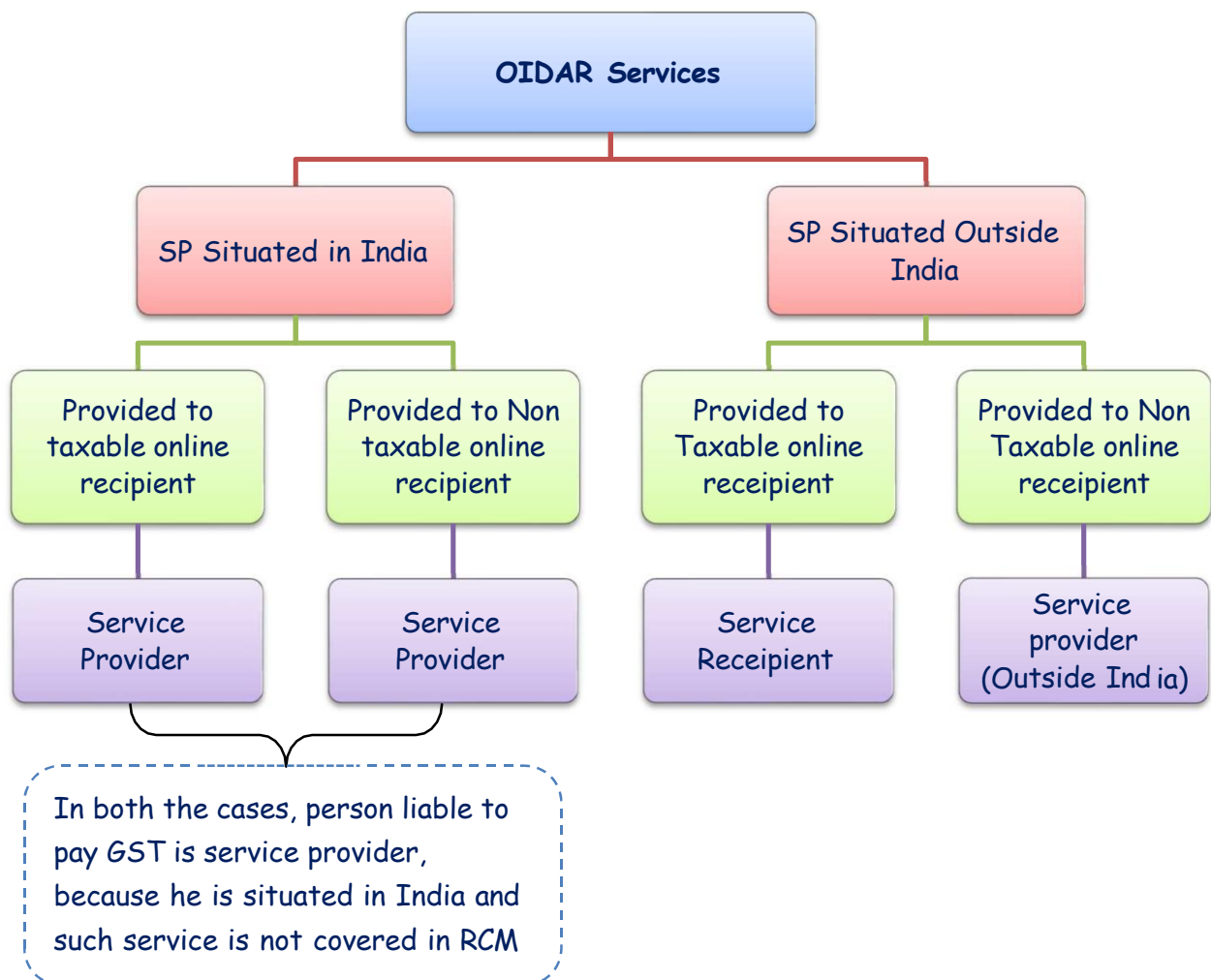
Examples For Your Understanding:

No	Particulars	Answer
1	SM Transports has provided services of transportation of students and faculty from their residence to school and back, to Pathwheels School - a higher secondary school.	Services of transportation of students, faculty and staff provided, inter alia, to an institution providing services by way of education upto higher secondary school or equivalent are exempt.

Person Liable to Pay Tax in Case of Import Of Services

No	Particulars
1	In case of Import of service, the recipient of imported service who is located in India (Other than Non - Taxable Online Recipient of OIDAR service) is the person who is liable to pay IGST on the service under reverse charge (Sec. 5(3) of the IGST Act, 2017)
2	In case of services supplied by a person located outside India by way of transportation of goods by a vessel from a place outside India up to customs station of clearance in India, IGST is to be paid by the importer located in India
3	In case of Import of OIDAR services by a non - taxable online recipient, supplier of OIDAR Services is liable to pay IGST
4	In case of Import of notified services through ECO, ECO is liable to pay IGST

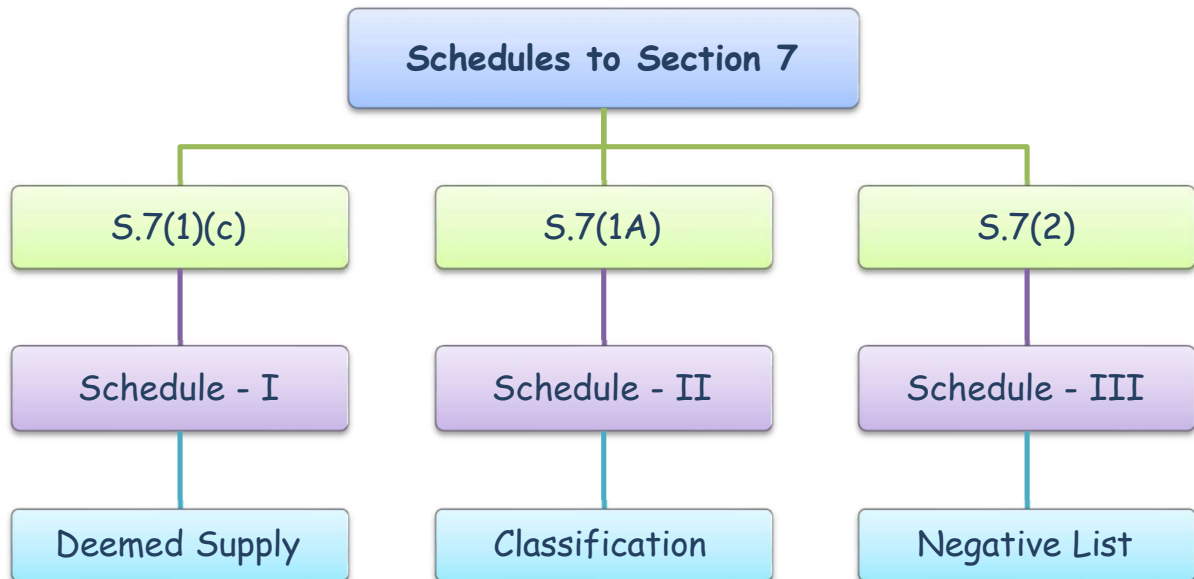
Person Liable to Pay Tax In Case Of OIDAR Services



Examples For Your Understanding:

No	Particulars	Answers
1	Ramaiyaa, a proprietor, has received the architect services for his personal residence from an architect located in New York at an agreed consideration of \$ 5000.	The import of services by Ramaiyaa is supply u/s 7(1)(b) though it is not in course or furtherance of business.
2	Import (Downloading) of a song for consideration for personal uses by Mr. Sen. Is it supply of service?	Yes. It is supply of service and IGST will be levied. Services may be in the course or furtherance of business or not.
3	Mr. C of Chennai paid fees for online coaching obtained from a teacher located in USA for coaching of Accountancy course for his son. Is it supply. If so who is liable to pay GST.	Yes, it is supply. Even if receipt of this service is not for business or furtherance of business Mr. C is not liable to pay GST under reverse charge mechanism. It is exempt from GST. Since, it is not OIDAR service.
4	Micro Apparels in Chennai, Tamil Nadu, avails fashion designing services of Rs. 50,00,000 from Prabhu Designs in Singapore. Is it supply. If so who is liable to pay GST.	Yes, it is supply (i.e. import of service). Micro Apparels in Chennai being recipient of service is liable to pay GST.

CHAPTER 2E - INTRO TO SCHEDULE - I - DEEMED SUPPLY



SECTION - 7 (1)(c)

Supply includes, The activities specified in Schedule I, made or agreed to be made **without a consideration**.

Supply Without Consideration - Schedule - I

As per **Schedule I**, in the following four cases, supplies made without consideration will be treated as supply under Section 7 of the CGST Act, 2017:

PARA 1

No	Particulars
1	Permanent transfer or disposal of business assets where ITC has been availed on such assets.

PARA 2

No	Particulars
1	Supply of goods or services or both between related persons or between distinct persons as specified in Section 25, when made in the course or furtherance of business.
2	However, gifts not exceeding Rs. 50,000 in value in a FY by an employer to an employee shall not be treated as supply of goods or services or both.

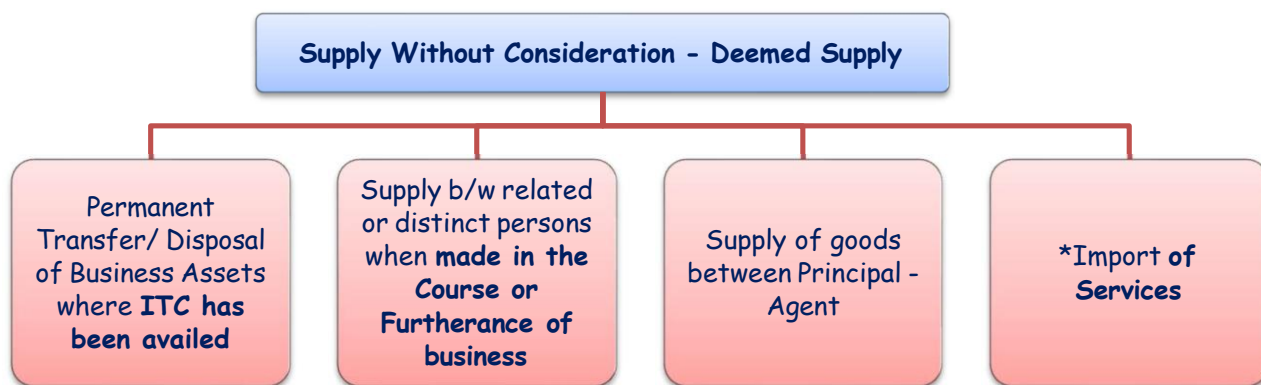
PARA 3

Supply of goods -

No	Particulars
1	By a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
2	By an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.

PARA 4

No	Particulars
1	Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

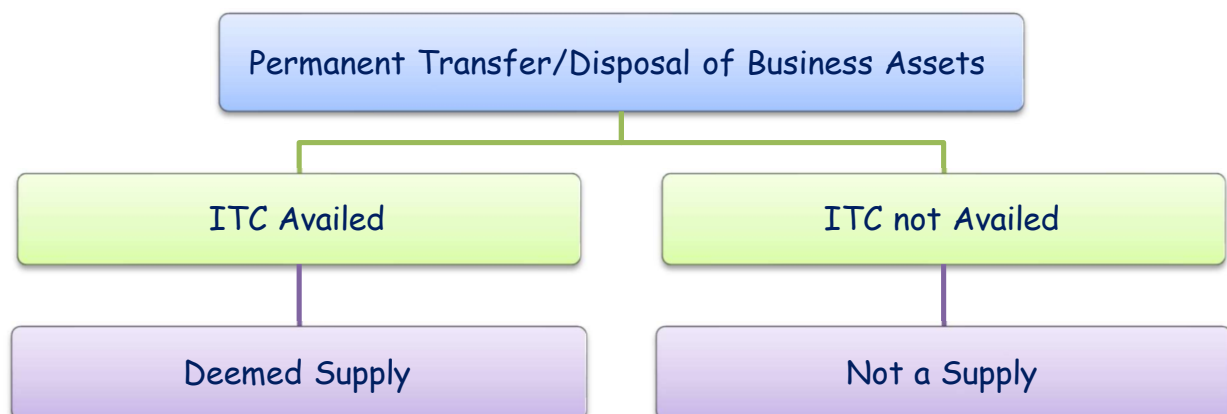
SUMMARY

CHAPTER 2F - Permanent Transfer/Disposal of Business Assets

I. Permanent Transfer/Disposal of Business Assets Where ITC Has Been Availed

No	Particulars						
1	The word 'Transfer' in this clause suggests that, there should be another person who would receive the business assets at the other end.						
2	Any kind of disposal or transfer of business assets made by an entity on a permanent basis even though without consideration qualifies as supply.						
3	This clause is wide enough to cover transfer of business assets from holding to subsidiary company for Nil consideration.						
4	The law requires that such transactions should be treated as supply only when any input tax credit has been availed on the business assets.						
5	In view of this condition stipulated, permanent transfer/disposal of the following business assets, without consideration, will not be covered within this para and thus will not be deemed as supply : <table border="1" style="margin: 5px auto; width: 80%;"> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>Business assets on which ITC is blocked/not available under GST</td></tr> <tr> <td>2</td><td>Business assets though eligible for ITC, ITC has not been availed by the registered person</td></tr> </table>	No	Particulars	1	Business assets on which ITC is blocked/not available under GST	2	Business assets though eligible for ITC, ITC has not been availed by the registered person
No	Particulars						
1	Business assets on which ITC is blocked/not available under GST						
2	Business assets though eligible for ITC, ITC has not been availed by the registered person						

Summary:



Examples

No	Particulars	Answer
1	XYZ & Co. donates old laptops to Charitable Schools when new laptops are purchased by business. Will the transaction be a supply in terms of GST Act?	This transaction qualify as supply provided ITC has been availed by XYZ & Co. on such laptops.
2	A cloth retailer gives clothes from his business stock to his friend free of cost.	In this case, transfer of business stock would amount to 'supply' if he had claimed input tax credit on his purchase of the business asset.
3	A dealer of air - conditioners permanently transfers an air conditioner from his stock in trade, for personal use at his residence.	The transaction will constitute a supply as it is a permanent transfer/ disposal of business assets. The only condition is that input tax credit should have been availed on such assets.
4	Mr. Das purchased a car for personal use and after a year sold it to a car dealer for Rs. 2 lakhs. Will the transaction be a supply in terms of GST Act?	This transaction is not a supply. As it is not made in the course or furtherance of business. Further, no ITC was admissible on such car at the time of its acquisition as it was meant for non - business use.
5	M/s M & Co., a sole proprietor, is in the business of selling furniture. Its owner took a set of furniture to furnish his house permanently. Will the transaction be a supply in terms of GST Act. ITC on such furniture not availed	No, the transfer of the furniture by the owner without consideration is not a supply of goods, because credit is not allowed in case of personal consumption of business assets under Section 17 (5) (a) of CGST Act

Test Yourself:

Taxable Person	Inward	ITC	Outward	Relevant Section	Consequence
Trader of mobile	Mobile	Availed	Gifted mobile	7(1)(c) - Para a- Supply PTOBA	GST payable - value as per valuation rules
Trader of mobile	Capital Goods (Machine)	Availed	Sold after 1 year	7(1)(a) - Supply	GST payable on transaction, value. [Value as per section 18(6)].
Trader of mobile	Capital Goods (Car)	Blocked hence not availed	Sold after 2 years	7(1)(a) - Supply	GST payable on Margin
Trader of mobile	Capital Goods (Car)	Blocked hence not availed	Not supply since not covered under any section	Not Supply since covered under any section	GST not payable

Test Yourself

Illustration

No	Particulars
1	Sahab sales, an air - conditioner dealer in Janakpuri, Delhi needs 4 air - conditioners for his newly constructed house in Safdarjung Enclave. Therefore, he transfers 4 air - conditioners (on which ITC has already been availed by it) from its stock, for the said purpose. Examine whether the said activity amounts to supply u/s 7 of the CGST Act, 2017.
2	Further, Janakpuri resident, Aakash approached Sahab sales. He sold an air - conditioner to Sahab sales for Rs. 5,000. Aakash had bought the said air - conditioner 6 months before, for his residence. Does, the sale of air - conditioner by Aakash to Sahab sales amounts to supply u/s 7 of CGST Act, 2017?

Answer:

Section 7 of the CGST Act, 2017 stipulates that in order to qualify as supply:

No	Particulars
1	Supply should be of goods and/or services
2	Supply should be made for a consideration
3	Supply should be made in the course or furtherance of business
4	Further, Schedule I of the CGST Act, 2017 illustrates the activities to be treated as supply even if made without consideration. One such activity is permanent transfer or disposal of business assets where ITC has been availed on such assets i.e., said activity is to be treated as supply even if made without consideration.
5	In view of said provisions, permanent transfer of air - conditioners by Sahab sales from its stock for personal use at its residence, though without consideration, would amount to supply.
6	However, sale of air - conditioner by Aakash to Sahab sales will not qualify as supply u/s 7 of the CGST Act, 2017 as although it is made for a consideration, but its not in the course or furtherance of business.

CHAPTER 2G - SUPPLY BETWEEN RELATED OR DISTINCT PERSON

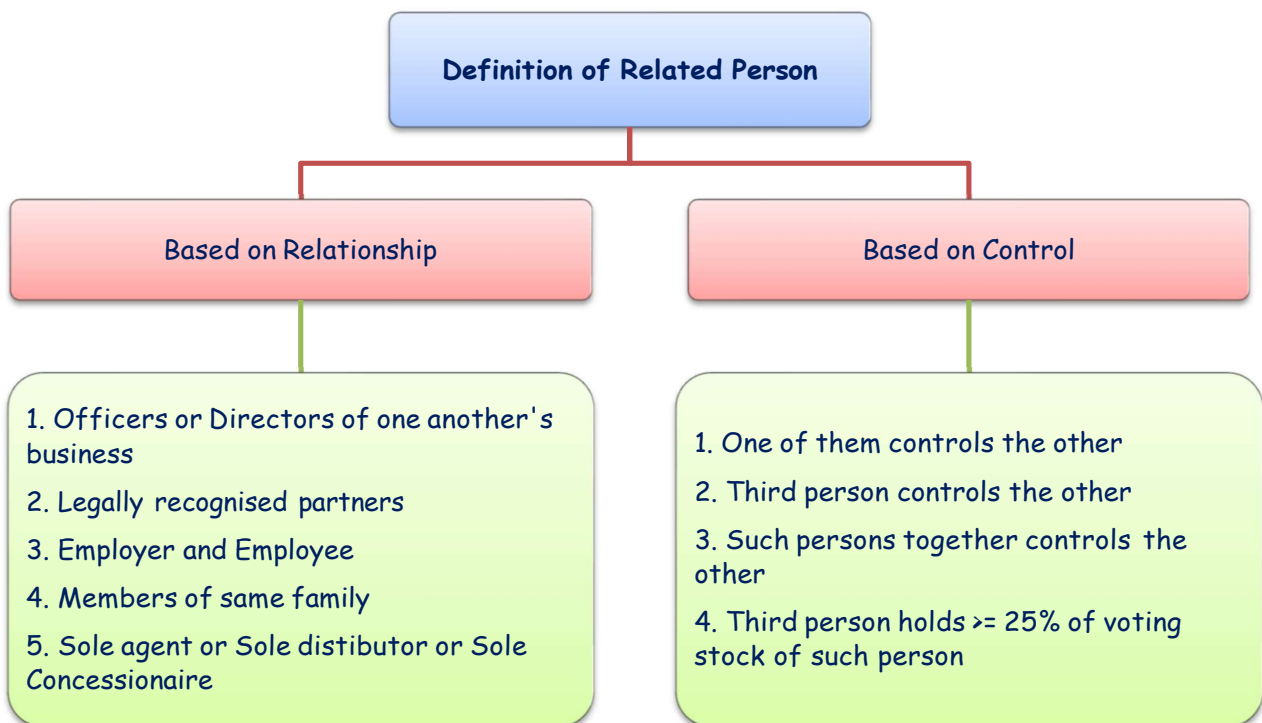
II. Supply Between Related or Distinct Persons

Supply of Goods or Services or both between

No	Particulars
1	Related persons or
2	Distinct persons as specified in Section 25

When made in the course or furtherance of business.

1) RELATED PERSONS



Examples For Based On Control :

No	Particulars	Answer
1	Ms. Priya holds 30% shares of ABC Ltd and 35% shares of XYZ Ltd.	ABC Ltd and XYZ Ltd are related.
2	Q Ltd has a deciding role in corporate policy, operations management and quality control of R Ltd.	It can be said that Q Ltd controls R Ltd. Thus, Q Ltd and R Ltd are related.
3	M/s Beta & Co. holds 30,000 shares in M/s A Ltd. and 25,000 shares in B Ltd. Share Capital of M/s A Ltd: 1, 00,000 Equity Shares of Rs. 10 each. Share Capital of M/s B Ltd: 80,000 Equity Shares of Rs. 10 each.	Since, M/s Beta Ltd. holds more than 25% of the share in the company A Ltd. and B Ltd. they will be considered as related persons
4	Reliable group has three companies namely M/s T Ltd., M/s L Ltd., and M/s O Ltd., as group companies and M/s Reliable Ltd., as a parent company.	M/s Reliable Ltd., holds the 25% of the shares in each group company. Therefore, T, L and O companies will be considered as related persons
5	Ravi & Co., (a CMA firm) employer who is represents employee before the Income Tax authorities but does not charge any professional fee in respect of the same. Is it supply? Liable to GST?	It would constitute a taxable supply under GST and be subject to levy and collection of taxes

Notes:

No	Particulars						
1	The term "person" also includes legal persons						
2	"Family" means, <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>The spouse and children of the person, and</td></tr> <tr> <td>2</td><td>The parents, grandparents, brothers and sisters of the person of they are wholly or mainly dependent on the said person</td></tr> </table>	No	Particulars	1	The spouse and children of the person, and	2	The parents, grandparents, brothers and sisters of the person of they are wholly or mainly dependent on the said person
No	Particulars						
1	The spouse and children of the person, and						
2	The parents, grandparents, brothers and sisters of the person of they are wholly or mainly dependent on the said person						

EXCEPTION 1 - Gifts by employer to employee

No	Particulars
1	However, gifts not exceeding Rs. 50,000 in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

Notes: -

No	Particulars
1	Schedule I provides that gifts not exceeding Rs 50,000 in value in a financial year by an employer shall not be treated as supply of goods or services or both. However, gifts of value more than Rs 50,000 made without consideration are subject to GST, when made in the course or furtherance of business

Examples

No	Gift to	Whether supply or not?
1	Employee Rs 45,000	No, it is not supply since within limit of Rs 50,000
2	Employee Rs 55,000	Yes, it is supply since it crosses the limit of Rs 50,000, accordingly Value of supply Rs 55,000 and GST applicable on Rs 55,000
3	All Other (RPs) Rs 5,000	Yes, it is supply, no monetary limit applicable.
4	M/s Guideline Academy Pvt. Ltd. gives Diwali gifts to each employee worth Rs. 75,000/-	Since, an employee and employer are considered to be related persons, such gift treated as supply and would be leviable to GST on the entire value

EXCEPTION 2 - Perquisites by employer to employee

No	Particulars
1	It must be noted that the services by an employee to the employer in the course of or in relation to his employment is outside the scope of GST (neither supply of goods nor supply of services).
2	It follows therefrom that supply by the employer to the employee in terms of contractual agreement entered into between the employer and the employee, will not be subjected to GST.
3	If services such as membership of a club, health and fitness centre, etc. are provided free of charge to all the employees by the employer, the same will not be subjected to GST.
4	The same would hold true for free housing to the employees, when the same is provided in terms of the contract between the employer and employee and is part and parcel of the cost to company. Therefore, if such services are provided free of charge to all the employees by

	the employer, then the same will not be subjected to GST, provided appropriate GST was paid when procured by the employer.
5	Further, the ITC Scheme under GST does not allow ITC of membership of a club, health and fitness center. - Section 17(5)(b)(ii)

Examples For Employee to the Employer

No	Examples	GST applicability
1	ANM is an employee of ABC pro corp Ltd receiving salary and perquisites	Neither supply of goods nor supply of services
2	ANM is appointed as a whole-time director with ABC pro corp Ltd	Neither supply of goods nor supply of services
3	ANM is a Part time director with ANM pro corp Ltd.	GST is applicable on his services since Lakshman is not an Employee of RSS.
4	Amounts received by an employee from the employer on premature termination of contract of employment	Neither supply of goods nor supply of services, it is treatable as amounts paid in relation to services provided by the employee to the employer in the course of employment.
5	Service provided by casual worker to employer who gives wages on daily basis to the worker	Services provided by the worker in the course of employment. Neither supply of goods nor supply of services

Test Yourself

Illustration

No	Particulars
1	Mr. Ramesh gifts a Mobile phone to his employee because he won the title 'Best employer of the Year - 2022'. The value of Mobile was Rs. 65,000. Does it qualify as supply? Are these services provided by the employee qualified as supply of services? Would your answer be different if gift of Rs. 45,000 has been given to employee.

Ans:

No	Particulars
1	As per section 7(1) (c) read with Schedule I of CGST Act, 2017, supply of goods or services between related person is treated as supply even if it's without consideration. As per Explanation to Section 15 of CGST Act, 2017, person shall be deemed to be related persons if such persons are employer and employee. Thus, gift of a Mobile phone worth Rs. 65,000 will qualify as supply and such supply would be leviable to GST
2	However, services provided by an employee to the employer in the course or in relation to his employment are not treated as supply of service. (Schedule III of CGST Act). Gifts not exceeding Rs. 50,000 in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both. So, gift of Rs. 45,000 given by employer to employee would not be regarded as supply

B) DISTINCT PERSON

Separate registration

No	Section	Explanation
1	Separate registration makes Distinct person. Sec. 25(4) of The CGST Act, 2017	A person who has obtained or is required to obtain more than one registration, whether in one State or UT or more than one State or UT shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.

Examples:

No	Particulars	Answer
1	Roy, a Chartered Accountant, has a registered head office in Delhi. He has also obtained registration in the State of Madhya Pradesh in respect of his branch office.	Roy shall be treated as distinct persons in respect of registration in Madhya Pradesh and Delhi.

Establishment in another state

No	Section	Explanation
1	Establishment in another state is Separate Person. Sec. 25(5) of The CGST Act, 2017	Where a person who has obtained or is required to obtain registration in a State or UT in respect of an establishment, has an establishment in another State or UT, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act.

Examples:

No	Particulars	Answer
1	Maheshwari Enterprises, a registered supplier, owns an air-conditioned restaurant in Jaipur, Rajasthan. It has opened a liquor shop in Raipur, Uttarakhand for trading of alcoholic liquor for human consumption. Since supply of alcoholic liquor for human consumption in Uttarakhand is a non-taxable supply, Maheshwari Enterprises is	In this case, air-conditioned restaurant in Rajasthan and liquor shop in Raipur (though unregistered) shall be treated as establishments of distinct persons. Supply by Rajasthan office to Uttarakhand office, in course or furtherance of business even without consideration will qualify as supply.

	not required to obtain registration with respect to the same in Uttarakhand.	
2	Raghubir Fabrics transfers 1000 shirts from his factory located in Lucknow to his retail showroom in Delhi so that the same can be sold from there. The factory and retail showroom of Raghubir Fabrics are registered in the States where they are located.	Although no consideration is charged, supply of goods from factory to retail showroom constitutes supply.
3	Mr. C of Chennai makes taxable supply from Tamil Nadu exceeds Rs. 20 lakhs. Therefore, Mr. C will be required to obtain registration in Tamil Nadu. Such person may have establishment in the State of Telangana where no taxable supplies are made but only the establishment in Telangana helps in handling of materials like procuring and storing.	Hence, establishment in Tamil Nadu and establishment in Telangana will be considered as distinct person even when establishment in Telangana is not registered (sec. 25(5) of CGST Act, 2017)

Test Yourself

Illustration

Examine whether the following activities would amount to supply u/s 7 of the CGST Act.

Case	Particulars
1	Hitkari Charitable Trust, a trust engaged in providing medical relief free of cost, donates books and stationery to children living in slum area
2	Karishma Manufacturers have a factory in Jaipur and a depot in Delhi. Both these establishments are registered in respective States. Finished goods are sent from the factory to the depot without consideration so that the same can be sold
3	Manan is an Electronic Commerce Operator in Delhi. His son who is settled in London is a well - known lawyer. Manan has taken legal consultancy from him free of cost with regard to his family dispute. Would your answer be different if in the above case, Manan has taken advise in respect of his business unit in Delhi?

Ans:

Case - 01

No	Particulars
1	Section 7 of the CGST Act, provides that supply must be made for a consideration except the activities specified in Schedule I and in course or furtherance of business.
2	Since, both these elements are missing, donation of books and stationery to children living in slum area would not amount to supply under Section 7 of the CGST Act

Case - 02

No	Particulars
1	Schedule I of CGST Act, provides that supply of goods or services or both between related persons or between distinct persons as specified in section 25, is supply even without consideration provided it is made in the course or furtherance of business.
2	According to Section 25 (5) of the CGST Act, 2017, where a person who has obtained or is required to obtain registration in a State in respect of an establishment, has an establishment in another State, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act.
3	In view of the same, factory and depot of Karishma Manufacturers are establishments of two distinct persons.
4	Therefore, supply of goods from factory to depot without consideration, but in course of or in furtherance of business, is supply under Section 7 of the CGST Act

Case - 03

No	Particulars
1	Schedule I of CGST Act, provides that import of services by a person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business.
2	In the given case, Manan has received legal consultancy from his son free of cost in a personal matter and not in course or furtherance of business. Hence, services provided by Manan's son to him would not be treated as supply under Section 7 of the CGST Act.
3	In the above case, if Manan has taken advice with regard to his business unit, services provided by Manan's son to him would be treated as supply u/s 7 of the CGST Act as the same are provided in course or furtherance of business though received from a related person

3) ADVANCE ISSUES

Stock Transfer or Branch Transfer

Separate registration makes distinct person:

No	Particulars
1	Thus, transactions between different locations (with separate GST registrations) of same legal entity (E.g., stock transfers or branch transfers) will qualify as 'supply' under GST which is in contrast to the existing regime. However , transfer between two units of a legal entity under single registration (apparently within same State) will not be considered as supply.

Note:

No	Particulars
1	Inter - State self - supplies such as Stock transfers, branch transfers or Consignment sales shall be taxable under IGST even though such transactions may not involve payment of Consideration
2	Intra - State self - supplies are not taxable subject to not opting for registration as business vertical

Examples For Your Understanding:

No	Particulars	Answer
1	Acopic fashions transfers 5000 jackets from his factory located in Bhilwara to his retail showroom in Delhi so that the same can be sold from there.	The factory and retail showroom of Acopic fashions are registered in the States where they are located. Although no consideration is charged, supply of goods from factory to retail showroom constitutes supply.
2	BSL transfers 1000 shirts from his factory located in Bhilwara (Rajasthan) to his retail showroom in Jaipur (Rajasthan) so that the same can be sold from there. It has taken one registration in the State of Rajasthan declaring Bhilwara factory as its principal place of business and Jaipur showroom as its additional place of business.	Since no consideration is charged, supply of goods from factory to retail showroom in same State under single registration does not constitute supply.
4	M/s C Ltd., has 3 branches A, B & Z in different states. A in Telangana has run out of stock and B from Andhra Pradesh transfers its excess stock. Is it supply of goods? GST will be levied?	Yes. It is supply of goods and liable to IGST

Circular No. 47/21/2018 GST dated 08 - 06 - 2018

No	Particulars
1	Moulds and dies owned by Original Equipment Manufacturer (OEM) that are sent free of cost (FOC) to a component manufacturer. (the two not being related persons or distinct persons) does not constitute a supply as there is no consideration involved.

CHAPTER 2H - PRINCIPAL - AGENT

III. PRINCIPAL - AGENT

Supply of goods -

No	Particulars
1	By a principal to his agent where the agent undertakes to supply such goods on behalf of the principal or
2	By an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.

Definitions

No	Particulars	Definition
1	Agent	A person, including a factor, broker, commission agent, arhatia, delcredere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another. - Section 2(5) of The CGST Act, 2017.
2	Principal	A person on whose behalf an agent carries on the business of supply or receipt of goods or services or both - Section 2(88) of The CGST Act, 2017.

Notes:

No	Particulars
1	Thus, supply of goods by principal to his agent or by agent to his principal even if made without consideration will be considered as supply.
2	It must be noted here that only supply of goods is covered here.
3	Thus, the supply of services between the principal and the agent and vice versa would therefore require "consideration" to be considered as supply and thus, to be liable to GST.

Examples For Your Understanding:

No	Particulars	Answer
1	A company is located in the suburbs and employs an agent in the city to undertake sales on behalf of the company.	Goods transferred by the company to the premises of the agent in the city would qualify as 'supply'.
2	HML Motors Ltd engages Bhagwati Cars Ltd as an agent to sell cars on its behalf. For the purpose, HML Ltd has supplied 20 cars to the showroom of Bhagwati Cars Ltd located in Haryana.	Supply of cars by HML Motors Ltd to Bhagwati Cars Ltd will qualify as supply.
3	ABC Manufacturers Ltd. engages Raghav & Sons as an agent to sell goods on its behalf. For the purpose, ABC Manufacturers Ltd. has supplied the goods to Raghav & Sons located in Haryana.	Supply of goods by ABC Manufacturers Ltd. to Raghav & Sons will qualify as supply even though Raghav & Sons has not paid any consideration yet.
4	M/s P Ltd., registered person located in Cochin and having a godown in Cochin transfers the goods to clearing and forwarding agent (C&F Agent) located in Chennai.	Such activity of transfer shall be considered as supply even if there is no consideration for such transfer and hence, leviable to GST.
5	M/s M Ltd. being a garment manufacturer appoints Mr. Ram as an agent, who stores garments manufactured by M Ltd. and sends to dealers whenever M Ltd. asks Mr. Ram to do so. Is it a supply?	Yes. Transfer of garments from M. Ltd. to Mr. Ram is taxable supply under GST. GST will be levied

Issue of Invoice by Agent for The Further Supply of Goods on Behalf of The Principal -Deciding Criteria

In order to determine whether a particular principal agent relationship falls within the ambit of the Para 3 of Schedule I as discussed above or not, the deciding factor is **whether the invoice for the further supply of goods on behalf of the principal is being issued by the agent or not?** In other words, the crucial point is whether or not **the agent has the authority to pass or receive the title of the goods on behalf of the principal.**

No	Particulars
1	Where the Invoice for further supply is being issued by the agent in his name then, any provision of goods from the principal to the agent would fall within the fold of Para 3. Above. However, it may be noted that in cases where the Invoice is issued by the agent to the customer in the name of the principal, such agent shall not fall within the ambit of Para 3 Above
2	Similarly, where the goods being procured by the agent on behalf of the principal are involved in the name of the agent then further provision of the said goods by the agent to the principal would be covered by Para 3 Above

Examples For Your Understanding:

No	Example	Answer
1	Anmol appoints Bholu to procure certain goods from the market. Bholu identifies various suppliers who can provide the goods as desired by Anmol and asks the supplier (Golu) to send the goods and to issue the invoice directly to Anmol.	In this scenario, Bholu is only acting as the procurement agent, and has in no way involved himself in the supply or receipt of the goods. Hence, in accordance with the provisions of this Act, Bholu is not an agent of Anmol for supply of goods in terms of Para. 3 of Schedule I.
2	Manimani Bank, a banking company, appoints Mandaar (auctioneer) to auction certain goods. The auctioneer arranges for the auction and identifies the potential bidders. The highest bid is accepted and the goods are sold to the highest bidder by Manimani Bank. The invoice for the supply of the goods is issued by Manimani Bank to the successful bidder.	In this scenario, the auctioneer is merely providing the auctioneering services with no role played in the supply of the goods. Even in this scenario, Mandaar is not an agent of Manimani Bank for the supply of goods in terms of Para. 3 of Schedule I

3	Gautam, an artist, appoints Gambhir (auctioneer) to auction his painting. Gambhir arranges for the auction and identifies the potential bidders. The highest bid is accepted and the painting is sold to the highest bidder. The invoice for the supply of the painting is issued by Gambhir on the behalf of Gautham but in his own name and the painting is delivered to the successful bidder.	In this scenario, Gambhir is not merely providing auctioneering services, but is also supplying the painting on behalf of Gautham to the bidder, and has the authority to transfer the title of the painting on behalf of Gautam. This scenario is covered under Para. 3 of Schedule I
4	A C & F agent or commission agent takes possession of the goods from the principal and issues the invoice in his own name.	In such cases, the C & F commission agent is an agent of the principal for the supply of goods in terms of Para. 3 of Schedule I. The disclosure or non-disclosure of the name of the principal is immaterial in such situations.
5	Ravi sells agricultural produce by utilizing the services of Kavi who is a commission agent as per the Agricultural Produce Marketing Committee Act (APMC Act) of the State. Kavi identifies the buyers and sells the agricultural produce on behalf of Ravi for which he charges a commission from Ravi.	As per the APMC Act, the commission agent is a person who buys or sells the agricultural produce on behalf of his principal, or facilitates buying and selling of agricultural produce on behalf of his principal and receives, by way of remuneration, a commission or percentage upon the amount involved in such transaction. In cases where the invoice is issued by Kavi to the buyer, then he is an agent covered under Para. 3 of Schedule I. However, in cases where the invoice is issued directly by Ravi to the buyer, the commission agent (Kavi) doesn't fall under the category of agent covered under Para. 3

Test Yourself

Illustration

No	Particulars
1	Karamveer Enterprises appoints Rajul to procure certain goods from the market. Rajul identifies various suppliers who can provide the goods as desired by Karamveer Enterprises and asks a supplier - Sathya Manufacturers to send the goods and issue the invoice directly to Karamveer Enterprises. You are required to determine whether Rajul can be considered as agent of Karamveer Enterprises in terms of Schedule I of the CGST Act.

Ans:

No	Particulars
1	As per sec 7(1)(c) read with Schedule I of the CGST Act, supply of goods by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal qualifies as supply even if the same is made without consideration. Further, Circular No. 57/31/2018 GST dated 04 - 09 - 2018 clarifies that principal - agent relationship falls within the ambit of the Schedule I only where the goods being procured by the agent on behalf the principal are invoiced in the name of the agent. In that case, further provisions of the said goods by the agent to the principal without consideration, would be covered in Schedule I and thus qualify as supply
2	In this given case, Rajul is only acting as the procurement agent, and has in no way involved himself in the supply or receipt of the goods. The invoice is being issued in the name of Karamveer Enterprises and not Rajul. Hence, Rajul is not an agent of Karamveer Enterprises for the supply of goods in terms of Schedule I of the CGST Act.

CHAPTER 2I - IMPORT OF SERVICES

IV. IMPORT OF SERVICES

Import of services by a person from a related person or from any of his other establishments outside India, in the Course or furtherance of business

IMPORT OF SERVICES UNDER SCHEDULE I

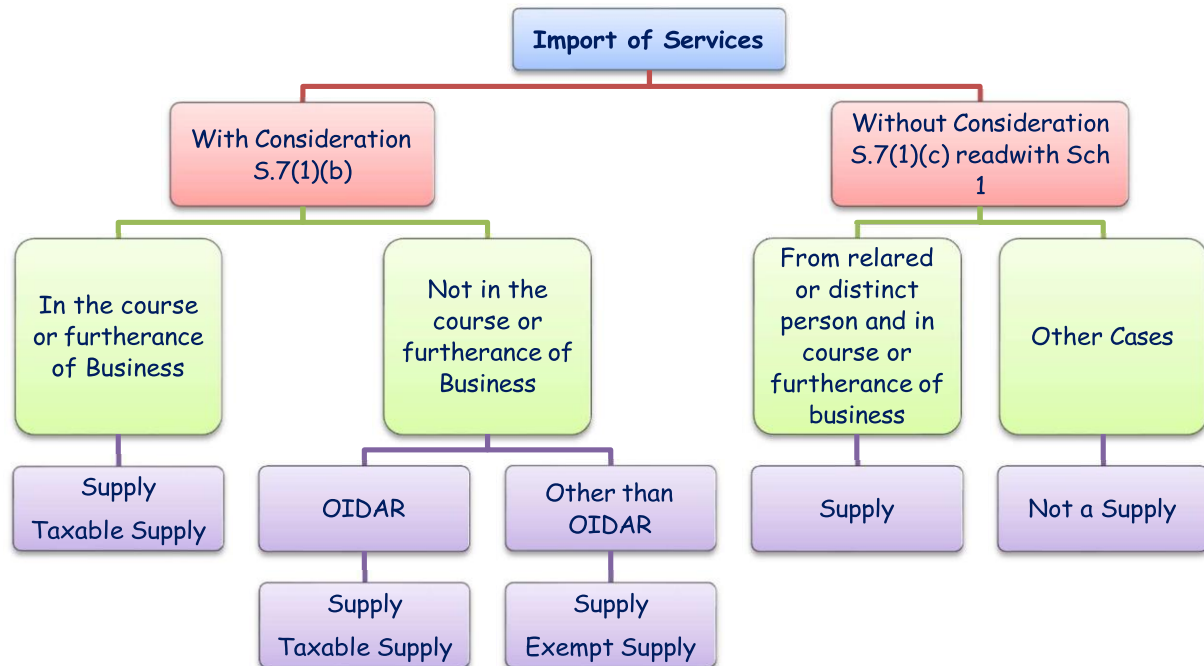
Import of services by a person from a related person or from any of his other establishments outside India, in the Course or furtherance of business

Amendment:

Import of services by a person from related person or from his establishments located outside India, without consideration, in the course or furtherance of business shall be treated as "Supply" (Substituted for "Taxable person" by the CGST (Amendment) Act, 2018 W.E.F 01.02.2019

Objective Of Amendment:

No	Particulars
1	Unregistered entities made liable to pay tax on import of services under reverse charge: Para 4 of Schedule - I has been amended to provide that the import of services by any person from related person or from any of his other establishment outside India in the Course or furtherance of business shall be considered as a supply chargeable to tax even if the same is made without consideration
2	It may be noted that import of services is under reverse charge under section 5(3) of IGST Act, 2017. Hence, it is the recipient who is liable to make the payment of tax.
3	The objective behind this amendment is to ensure that import of Services by entities which are not registered under GST since they are only making exempted supplies but are otherwise engaged in the business activities will be liable to tax for services received from related person or from any of his other establishments outside India

SUMMARY**Examples For Your Understanding:**

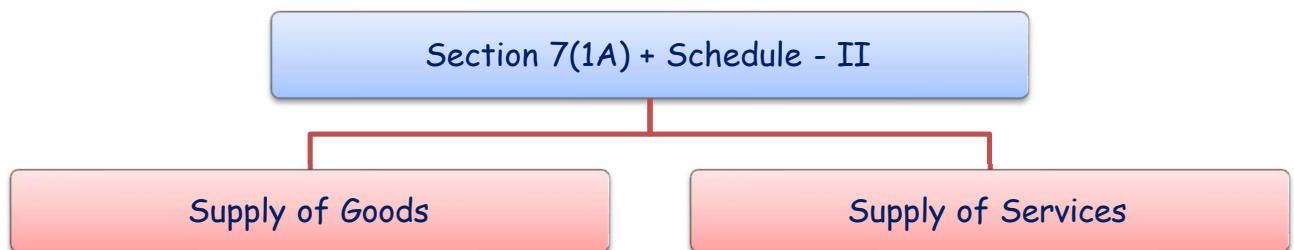
No	Particulars	Answer
1	Jhumroo Associates received legal consultancy services from its head office located in Malaysia. The head office has rendered such consultancy services free of cost to its branch office.	Since Jhumroo Associates and the head office are related persons, services received by Jhumroo Associates will qualify as supply even though the head office has not charged anything from it.
2	Chakmak, a proprietor registered in Delhi, has sought architect services from his son located in US, with respect to his newly constructed house in Delhi.	Although services have been received by Chakmak without consideration from his son- a related person, yet it will not qualify as supply since the same has not been received in course or furtherance of business.
3	Import of some services by an Indian branch from their parent company in the course or furtherance of business, without consideration, is it taxable supply in India?	Yes. It is a taxable supply in India and hence IGST will be levied.

4	Vakil Associates received legal consultancy services from its head office located in Singapore. The head office has rendered such services free of cost to its branch office.	Since Vakil Associates and the branch office are related persons, services received by Vakil Associates will qualify as supply even though the head office has not charged anything from it.
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CHAPTER 2J - SCHEDULE - II - CLASSIFICATION

Activities To Be Treated as Supply Of Goods /Services

Section 7(1A) of the CGST Act, 2017 stipulates that where certain activities or transactions, constitute a supply in accordance with the provisions of Section 7(1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.



For Example:

No	Particulars
1	Under the earlier laws, restaurants used to charge both service tax and VAT on the value of food served. This was so because both sale of goods and provision of services were involved and therefore taxable event under the both the Statutes i.e. respective VAT law and service tax law were triggered.
2	Under GST, the supply by a restaurant is treated as composite supply as food and service is naturally bundled in the ordinary course of business. However, Para 6(b) of Schedule II of Section 7 of the CGST Act, 2017 specifically provides that such composite supply shall be treated as supply of service. Hence, the entire value of invoice shall be treated as value of service and leviable to GST accordingly.

I - Transfer

No	Type	Example	Nature of Supply
1	Transfer of the title in goods	Shivaji sells ready-made garments to its customers	Supply of Goods
2	Transfer of right in goods or of undivided share in goods without the transfer of the title thereof	Genius Equipment's Ltd gives a machinery on rent to Suhaasi Manufacturers	Supply of Services
3	Transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed.	<ul style="list-style-type: none"> ➤ Mr. X provides certain goods to Mr. Y and he permits Mr. Y to use the goods provided Mr. Y pays for the goods at the end of one month, when the property of goods will be transferred to Mr. Y. In this case, the ownership is transferred in future. Such transactions will be considered as a transaction in goods and not services. ➤ Dhruva Capitals supplied goods on hire purchase basis to customers ➤ Optima Manufacturers supplies toys to retailers on 'sale or return basis'. 	Supply of Goods

II - Land & Building

No	Type	Example	Nature of Supply
1	Lease, tenancy, easement, license to occupy land	Lease agreement for land.	Supply of Services
2	Lease or letting out, either wholly or partly, of the building including a commercial, industrial or residential complex for business or commerce.	A shop let out in a busy market area.	Supply of Services

Notes:

Rentals collected from letting of building shall be taxable as supply of services under GST. [As per Section 7(1)(a), Supply includes Rentals]

III - Treatment or Process

Treatment or process which is applied to another person's goods

No	Type	Example	Nature of Supply
1	If the job - worker carries out any process on input belonging to others, it will be carried out as service by him.	Damani Dying House dyes the clothes given by Shubham Textiles Ltd on job work basis.	Supply of Services

IV - Transfer of Business Assets

No	Type	Example	Nature of Supply
1	Goods forming part of the assets of a business are transferred or disposed of by or under the directions of a person carrying on the business so as no longer to form part of those assets.	<ol style="list-style-type: none"> 1. Mr. X is carrying on the business of consumer durable products. He disposed of a defective refrigerator for Rs. 50,000 to G whereas its normal price is Rs. 3,50,000. The aforesaid disposal shall be considered as supply of goods by Mr. X. 2. A person manufacturing and selling wooden furniture takes one chair manufactured by him for use at his house 3. Arun, a trader, is winding up his business. Any goods left in stock shall be deemed to be supplied by him. 4. Mr. X & Mr. Y are running a partnership firm having goods A & B in stock. Mr. X & Mr. Y decides to dissolve the partnership and the goods A & B are taken over by Mr. X and Mr. Y respectively. The business is not continued further. The said clause provides that taking over of goods A & B will be considered as a supply of goods. <p>Ramesh, a trader, is winding up his business. Any goods left in stock shall be deemed to be supplied by him.</p>	Supply of Goods
	Note: <ul style="list-style-type: none"> • Business is transferred as a going concern to another person • Business is carried on by a personal representative who is deemed to be a taxable person 		

No	Type	Nature of Supply	Example
2	Goods held/used for business are put to private use or are made available to any person for use for any purpose other than business, by/under directions of person carrying on the business.	Managing Director of a company is using car provided by the company for personal purpose for a consideration of Rs.50,000.	Supply of Service

V - Supply of Services

No	Particulars	Example
1	Renting of immovable property	<ul style="list-style-type: none"> ➤ Renting of a commercial complex. ➤ Renting of precincts of a religious place ➤ Renting of property to an educational institution ➤ Permitting use of immovable property for placing vending/dispensing machines.
2	<p>Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except:</p> <ol style="list-style-type: none"> 1. Where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority. Or; 2. After its first occupation, whichever is earlier. 	<p>Rathi Builders has constructed individual residential units for agreed consideration of Rs. 1.2 crore per unit. Rs. 90 lakh per unit were received before issuance of completion certificate by the competent authority and its first occupation, and balance after completion.</p>
	<p>The term construction includes additions, alternations, replacements or remodelling of any existing civil structure.</p> <p>The term "Competent Authority" means the Government or any authority authorized to issue completion</p>	<p>Mr. X, a promoter, sells a flat in his new building to Mr. Y.</p> <p>Date of completion certificate - 11.3.2023.</p> <p>Part of consideration is received on 10.3.2023 by Mr. X.</p>

	<p>certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely-</p> <ol style="list-style-type: none"> An Architect registered with the Council of Architecture constituted under the Architects Act, 1972; or A Chartered Engineer registered with the Institution of Engineers (India); or A Licensed Surveyor of the respective local body of the city or town or village or development or planning authority. 	<p>Answer: It will be treated as supply. If entire consideration is received after 11.3.2023, then it would not qualify as a supply.</p>
3	<p>Temporary transfer or permitting the use or enjoyment of any intellectual property right;</p>	<ul style="list-style-type: none"> ➤ Pizza Bakers allows the use of its patented process to Domino's Pizza against consideration of Rs. 15 crores. ➤ Temporary transfer of patent.
4	<p>Development, design, programming, customization, adaptation, upgradation, enhancement, implementation of information technology software.</p>	<ul style="list-style-type: none"> ➤ A company pays programmers to develop an in-house accounting software against payment of Rs. 25 lakhs. ➤ ABC Solutions develops accounting software for a business.
5	<p>Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act</p>	<ul style="list-style-type: none"> ➤ Mr. X, an employee of Z Ltd agrees not to work in the same industry for at least 2 years by signing a non-compete agreement and against payment of Rs. 15 lakhs. This refers to refraining from an act. ➤ Cable operator - Sakharam has

		entered into an agreement with Cable operator - Aatmaram that Sakharam will not provide cable connections in the specified areas where Aatmaram is providing the connections. Non-compete agreements constitute supply of service.
6	Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.	Machinery given on hire.

VI - Composite Supplies

No	Type	Nature of Supply
1	Works contract as defined in Section 2(119) of CGST Act, 2017; and	Supply of Services
2	Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuation consideration.	

"Works Contract" means a contract for:

No	Particulars
1	Building
2	Erection
3	Modification
4	Alteration or Commissioning
5	Construction
6	Installation
7	Repair
8	Fabrication
9	Completion
10	Fitting out
11	Maintenance
12	Improvement
13	Renovation.

of any Immovable Property wherein transfer of property in goods (Wherein transfer of goods or in some other form) is involved in the execution of such contract.

CHAPTER 2K - SCHEDULE III - NEGATIVE LIST

Section 7(2) of the CGST Act, 2017

Notwithstanding anything contained in Sub - section (1).

(a)	Activities or transactions specified in <i>Schedule - III</i> ; or
(b)	Such activities or transaction undertaken by the <ul style="list-style-type: none"> ➤ Central Government, ➤ a State Government, or ➤ any local authority ➤ in which they are engaged as public authorities, ➤ as may be notified by the Government on the recommendations of the council.

Shall be treated neither as a supply of goods nor a supply of services.

Schedule - III (Negative List) - Part - I:**A - Actionable Claims**

No	Particulars
1	Actionable Claims, other than specified actionable claim.
2	"Specified actionable claim" means the actionable claim involved in or by way of (i) betting; (ii) casinos; (iii) gambling; (iv) horse racing (v) lottery; or (vi) online money gaming. [Section 2(102A)] Inserted vide the CGST (Amendment) Act, 2023 w.e.f. 01.10.2023]
3	For Example: Right to recover insurance money, claim for arrears of rent, claims for future rents (if these can be assigned), unsecured loans, unsecured debentures, bills of exchange, promissory notes, bank guarantee, Fixed Deposit Receipt, right to the benefit of a contract etc.

B - Board

No	Particulars
1	Functions performed by the ➤ Members of Parliament, ➤ Members of State Legislature, ➤ Members of Panchayats, ➤ Members of Municipalities and ➤ Members of other local authorities.

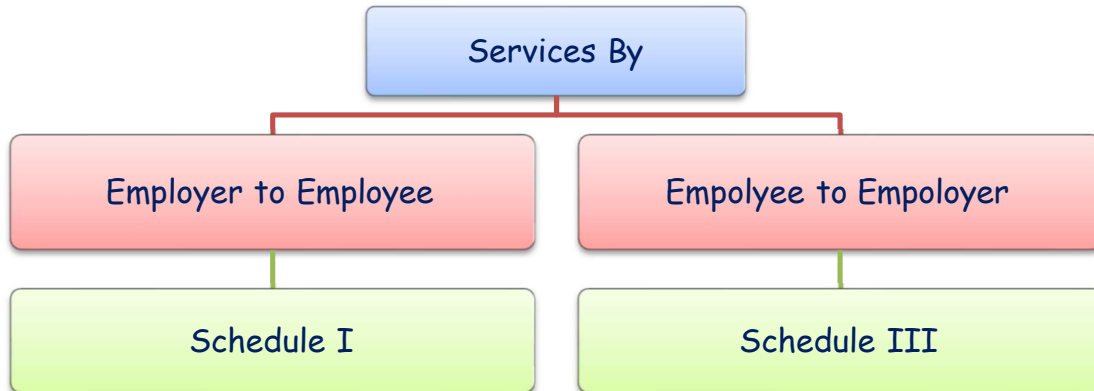
C - Court

No	Particulars
1	Services by any Court or Tribunal established under any law for the time being in force
2	Explanation - The term "Court" includes District Court, High Court and Supreme Court.

E - Employer Employee Relationship

No	Particulars
1	Services by an employee to the employer in the course of or in relation to his employment.

SUMMARY FOR EMPLOYEE TO EMPLOYER



Examples For Your Understanding:

No	Particulars
1	Services provided by casual worker to employer who gives wages on daily basis to the worker are services provided by the worker in the course of employment
2	Casual workers employed by a construction contractor for execution of a building contract for him are services in the course of employment. Similarly, casual workers employed by a security services agency for provision of security services to a client are also services in the course of employment.
3	Services provided on contract basis by a person to another i.e. principal-to-principal basis are not services provided in the course of employment
4	Any amount paid by employer to employee for not joining a competing business is paid for providing the service of forbearance to act and cannot be considered for providing services in the course of employment

F - Funeral

No	Particulars
1	Services of funeral , burial, crematorium or mortuary including transportation of the deceased.

G - Ground

No	Particulars
1	Sale of land and sale of building, subject to Paragraph 5(b) of Schedule II.

Sale of land and, subject to clause (b) of para 5 of schedule II, sale of building GST Liability

No	Particulars	Supply of Goods or Service	GST Liability
1	Sale of Land	Neither supply of goods nor service Schedule III	No GST
2	Sale of building Entire consideration received after issuance of completion certificate or first occupancy (whichever is earlier)	Neither supply of goods nor service Schedule III	NO GST
3	Sale of building where part or full consideration received before issuance of completion certificate or first occupancy (whichever is earlier)	Supply of service (schedule II- Para 5(b))	Liable to GST Supply of service

H - Holds a Position

No	Particulars
1	The duties performed by any person who holds any post in pursuance of the provisions of the constitution in that capacity Eg: Duties performed by President of India, Vice President of India, Prime Minister of India, Chief Justice of India, Speaker of the Lok Sabha, Chief Election Commissioner, Comptroller and Auditor General of India, Chairman of Union Public service Commission, Attorney General of India, in that capacity.
2	The duties performed by any person as a Chairperson or a Member or a Director in a body established by <ul style="list-style-type: none"> ➤ the Central Government or ➤ a State Government or ➤ local authority and who is not deemed as an employee before the commencement of this clause

Related to Goods

No	Particulars
7	Supply of goods from a place in the non - taxable territory to another place in the non - taxable territory without such goods entering into India.
8(a)	Supply of warehoused goods to any person before clearance for home consumption.
8(b)	Supply of goods by the consignee to any other person, by endorsement of

documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance from home consumption.

Examples For Your Understanding:

No	Particulars
1	Mr A purchased goods from China and sold it to Mr. John in Canada without bringing the goods in India. This transaction is neither supply of goods nor supply of services.
2	Mr. X imported some goods in India, but kept the goods in custom bonded warehouse without clearing it for home consumption. In the meantime, Mr X sold these goods to Mr Y while they were in warehouse. This transaction between Mr X and Mr Y is neither supply of goods nor supply of services.
3	Mr. P of India imported some goods from Japan. While the goods were in high seas, Mr. P sold the goods to Mr Q in India by way of endorsement of documents of title of goods. This transaction between Mr P and Mr Q is neither supply of goods nor supply of services.

Implication of Amendment:

No	Particulars
1	Para 7 is a new insertion to Schedule III. It provides that the supply of goods from place in the non - taxable territory to another person in the non - taxable territory, without such goods entering into the taxable territory, shall not be considered as supply of goods or supply of services
2	Even before the said insertion we are of the view that such transaction shall not be subjected to tax. This is because as per Section 1(2) of IGST Act, 2017, the levy of GST extends only to the whole of India. Careful analysis of the scope of supply as contained under Section 7(1) (b) of CGST Act, 2017 would lead to an inescapable conclusion that only import of services have been specifically included. Has the intention been to cover all the transactions of a person registered under GST, then the said under Section 7(1) (a) of the CGST Act, 2017
3	Hence, even before the amendment, the transactions originating outside India and concluding outside India (except import of service) should not be subjected to tax
4	The term "Warehoused Goods" shall have the same meaning as assigned to it in the Customs Act, 1962. - Explanation 2 - Inserted by the CGST (Amendment) Act, 2018 w.e.f 01.02.2019

Part - II - Activities undertaken by CG/SG/LA as Public Authorities:

Sec 7(2) Notified Activities or transactions undertaken by the Govt or local authority in which they are engaged as public authorities: Such activities or transactions undertaken by

No	Particulars
1	The Central Government,
2	A State Government; or
3	Any local authority

in which they are engaged as PA, as may be notified by the Govt on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

"Local authority" - Section 2(69) of the CGST Act, 2017-

No	"Local authority" means	
1	Panchayat	A " Panchayat " as defined in Article 243(d) of the Constitution;
2	Municipality	A " Municipality " as defined in Article 243P(e) of the Constitution;
3	Municipal Committee	A Municipal Committee , a Zilla Parishad , a District Board , and any other authority legally entitled to, or entrusted by the CG or any SG with the control or management of a municipal or local fund;
4	Cantonment Board	A Cantonment Board as defined in S. 3 of the Cantonments Act, 2006;
5	Regional Council or a District Council	A Regional Council or a District Council constituted under the Sixth Schedule to the constitution;
6	Development Board	A Development Board constituted under article 371 & article 371J of the Constitution; or
7	Regional Council	A Regional Council constituted under article 371A of the Constitution.

Notifications by Govt: -

NN 14/2017 - CT (Rate) dated 28 - 06 - 2017 w.e.f. 1 - 7 - 2017 as amended

No	Particulars
1	The CG has notified that Services by way of any activity in relation to a function entrusted to a Panchayat under Article 243G of the Constitution or to a Municipality under Article 243W of the Constitution undertaken by the CG or SG or UT or any Local Authority in which they are engaged as public authority shall be treated neither as a supply of goods nor a supply of services.

NN 25/2019 - CT (Rate) dated 30 - 09 - 2019 w.e.f. 30 - 09 - 2019

No	Particulars
1	The CG has notified that service by way of grant of alcoholic liquor license, against consideration in the form of license fee or application fee or by whatever name it is called when undertaken by the SGs in which they are engaged as public authorities, shall be treated neither as a supply of goods nor a supply of service.

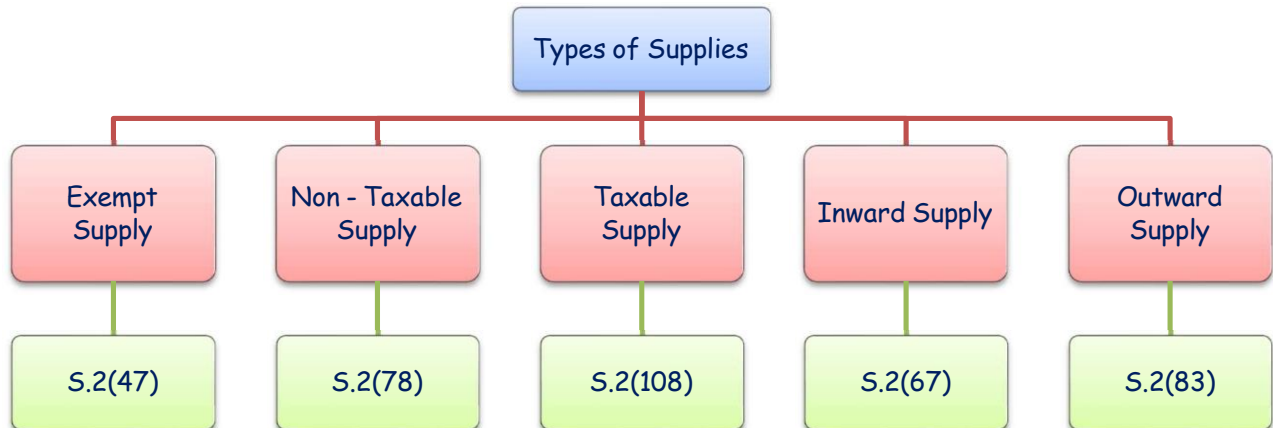
Circular by Govt: -

Circular No. 121/40/2019 - GST dated 11 - 10 - 2019

No	Particulars
1	CG has clarified that the above special dispensation applies only to supply of service by way of grant of liquor licenses by the SGs as an agreement between the Central and States and has no applicability or precedence value in relation to grant of other licenses and privileges for a fee in other situations, where GST is payable.
2	It may be noted that services provided by the Govt. to business entities including by way of grant of privileges, licenses, mining rights, natural resources such as spectrum, etc. against payment of consideration in the form of fee, royalty, etc. are taxable under GST.
3	Tax is required to be paid by the business entities on such services under reverse charge.

CHAPTER 2L - TYPES OF SUPPLIES

TYPES OF SUPPLIES



I - Exempt Supply - Section 2(47) of The CGST Act, 2017

No	Definition
1	<p>Exempt supply means supplies of any goods or service or both:</p> <ul style="list-style-type: none"> ➤ Which attracts Nil rate of tax, or ➤ Which may be wholly exempt from tax under Section 11, or under Section 6 of the IGST Act, and ➤ Includes Non-taxable supply

SUMMARY

Exempt supplies comprise the following three types of supplies:

No	Particulars
1	Supplies taxable at a 'Nil' rate of tax;
2	Supplies that are wholly exempt from CGST or IGST, by way of notification;
3	Non - taxable supplies as defined under section 2(78) - supplies that are not taxable under the Act (viz. alcoholic liquor for human consumption)

Notes:

No	Particulars
1	Zero - rated supplies such as export would not be treated as supplies taxable at 'NIL' rate of tax
2	Input tax credit attributable to exempt supplies will not be available for utilization / set - off

II - Non - Taxable Supply - Section 2(78) of the CGST Act, 2017

No	Definition
1	<p>Non - taxable supply means</p> <ul style="list-style-type: none"> ➤ A supply of goods or service or both ➤ Which is not leviable to tax <ul style="list-style-type: none"> - Under this Act or - Under the Integrated Goods and Service Tax Act.

Notes:

No	Particulars
1	A transaction must be ' Supply ' as defined under the GST law, to qualify as a Non-taxable supply under the GST law.
2	Supplies that are excluded from the scope of taxation under GST are covered by this definition - i.e., alcoholic liquor for human consumption.
3	Stock transfer to unit within the state for which no separate registration is obtained, which does not qualify as a 'supply' as defined under Section 7 of the CGST Act, cannot be said to be non - taxable supply.
4	Transaction specified under Schedule - III which are treated as neither a supply of goods nor a supply of service, which also not qualify as non - taxable supplies.
5	Supply that enjoys the benefit of being wholly exempted from taxes, nil - rated supplies and zero rated supplies are also covered under the ambit of 'non - taxable supplies' given that the goods or services are in fact liable to tax, such tax is exempted by virtue of an exemption notification, or the tax rate is Nil.

III - Taxable Supply - Section 2(108) of the CGST Act, 2017

No	Definition
1	Taxable Supply means a supply of goods or service or both which is leviable to tax under this Act

Notes:

For a transaction to qualify as a taxable supply, the following components are compulsory.

No	Particulars
1	The transaction must involve either goods or service or both of them;
2	Such goods or service should not be specified under Schedule III (neither a supply of goods or nor supply of service);
3	The transaction should fall within the meaning of 'supply' in terms of Section 7 of the CGST Act.
4	The supply should be leviable to GST.

IV - Inward Supply - Section - 2(67) of the CGST Act, 2017

No	Definition
1	Inward supply in relation to person, shall means <ul style="list-style-type: none"> ➤ Receipt of goods or service or both ➤ Whether by purchase, acquisition or any other means ➤ With or without consideration

Notes:

Inward supplies may be of goods or of service, or of both

No	Particulars	Explanation
1	Definitions do not use term supply	The key in this definition is to note that 'inward supply' is not necessarily a supply and has a large scope by covering 'receipt' of goods or service
2	Definition use term person and registered or taxable person	It may be questioned as to whether an inward supply is not particular to a registration, or whether an inward supply can be associated with any of the registration persons having the same PAN, on the premise that it is in relation to a "a person". However, that would not be the intent of the law; it is to enable correlation with a person, whether or not he is a taxable person. In other words, reference to inward supply may be in relation to any person, whether he is registered, or unregistered taxable person, or person not liable to tax

V - Outward Supply - Section 2(83) of the CGST Act, 2017

No	Particulars
1	In relation to a taxable person ,
2	Means supply of goods or service or both, whether by - <ul style="list-style-type: none"> ➤ Sale, transfer, barter, exchange ➤ License, rental, lease or ➤ Disposal or ➤ Any other mode,
3	Made or agreed to be made by such person in the course or furtherance of business

Analysis:

No	Particulars	Explanation
1	Transactions or activity must be supply first	For any transaction or activity to qualify as an outward supply, it must first be a 'supply' in terms of the GST law, unlike inward supplies, which could merely be receipts, not amounting to supply
2	Person must be taxable person	Further, an outward supply is closely associated with a 'taxable person' being, a unit of a person that has, or is required to have, a separate registration
3	It must be in course or furtherance of business	The phrase 'outward supply' can be applied to a supply only when such supply is made in the course of furtherance of business. Say, for instance, business assets are put to personal use. In such a case, even if the transaction is deemed to be a supply (made without consideration), it cannot be treated as an 'outward supply', since the application of the business assets for personal use was neither in the course nor furtherance of business

The following aspect needs to be noted:

No	Particulars
1	Supplies not qualified as outward supplies would also be included for the purpose of computing the ' aggregate turnover '
2	In case of composition supplier, where he engages with the recipient outside the state, and if the transaction does not result in an 'outward supply'. (say, sending goods for job worker outside the state), the condition imposed on him as a composition supplier would not be violated (i.e., making inter - state outward supplies)
3	Details of supplies on which tax is payable, but which do not amount to 'outward supplies' would also have to be declared in the return for outward supplies (GSTR - 1)
4	By treating goods or service agreed to be supplied as 'outward supply', the law authorizes imposition of GST on the advance payments

CHAPTER 2M - COMPOSITE AND MIXED SUPPLY

Composite Supply - Section 2(30) of the CGST Act, 2017

Composite Supply means a supply -

No	Particulars
1	Made by a taxable person
2	To a recipient
3	Consisting of two or more taxable supplies of goods or services or both, or any combination thereof,
4	Which are naturally bundled, and
5	Supplied in conjunction with each other in the ordinary course of business,
6	One of which is a principal supply

This means that in a composite supply, goods or services or both are bundled owing to natural necessities. The elements in a composite supply are dependent on the 'Principal Supply'

SUMMARY

Set - 1	Set - 2	Set - 3
T - Taxable person	T - Consisting of two or more taxable supplies	S - Supplied in the Ordinary Course of Business
R - Recipient	N - Naturally bundled	S - Principal supply

"Principal Supply" means

- the supply of goods or services -
- Which constitutes the **predominant element of composite supply**, and
- To which any other supply forming part of that composite supply is ancillary.

Examples For Your Understanding:

No	Particulars	Answer
1	Poshaak Manufacturers entered into a contract with Cheeku Ltd for supply of readymade shirts packed in designer boxes at Cheeku Ltd's outlet. Further, Poshagak Manufactures would also get them insured during transit.	In this case, supply of goods, packing materials, transport & insurance is a composite supply wherein supply of goods is principal supply.
2	When a consumer buys a television set and he also gets mandatory warranty and maintenance contract with the TV, this supply is a composite supply.	In this example, supply of TV is the principal supply, warranty and maintenance services are ancillary.
3	A travel ticket from Mumbai to Delhi may include service of food being served on board, free insurance, and the use of airport lounge.	In this case, the transportation of passenger, constitutes the pre-dominant element of the composite supply, and is treated as the principal supply and all other supplies are ancillary.
4	Mobile phone is always sold with battery	It is a Composite Supply.
5	Bundle of services of catering on board and services of transport by air is a bundle of offered by a majority of airlines.	It is a Composite Supply.
6	Service of stay in a hotel is often combined with provision of breakfast and dinner provided free of cost during the stay.	Such service is an ancillary service to the provision of hotel accommodation and the resultant package would be treated as services naturally bundled in the ordinary course of business.
7	A 5-star hotel is booked for a conference of 100 delegates on a lump sum package with the following facilities: 1. Accommodation for the delegates 2. Breakfast for the delegates 3. Tea and coffee during conference 4. Access to fitness room for the delegates 5. Availability of conference room	As it is evident that a bouquet of services is being provided, many of them are chargeable to different effective rates of tax. If the principal service is described as convention service it is able to capture the entire essence of the package. Thus, the principal service may be judged as convention service and charged to tax accordingly. However, it will be fully justifiable for

6. Business center	the hotel to charge individually for the services as long as there is no attempt to offload the value of one service on to another service that is chargeable at a concessional rate.
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Mixed Supplies - Section 2(74) of the CGST Act, 2017

"Mixed Supply" means

No	Particulars
1	Two or more individual supplies of goods or services, or any combination thereof,
2	Made in conjunction with each other
3	By a taxable person
4	For a single price
5	Where such supply does not constitute a composite Supply

Note: -

Thus, **individual supplies** are **independent** of each other and are **not naturally bundled**. As a corollary it can be said that if the transaction consists of supplies not naturally bundled in the ordinary course of business, then it would be a mixed supply.

Once it is proved that the transaction is not a composite supply, it would be a mixed supply, classified in terms of **supply** of goods or services **attracting highest rate of tax**.

Examples for your understanding

No	Particulars	Answer
1	A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juices when supplied for a single price is a mixed supply.	Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately or separate prices are charged.
2	A shopkeeper selling storage water bottles along-with refrigerator for a single price.	Bottles and the refrigerator can easily be priced and sold, independently, and are not naturally bundled. So, such supplies are mixed supplies.
3	A house is given on rent through a single rent deed. One floor of which is	Such renting for two different purposes is not naturally bundled in

to be used as residence and the other for housing a printing press, at a lump sum rent amount.	the ordinary course of business. Said supplies are mixed supply
--	---

Note: -

In case of servicing of cars involving supply of both goods (spare parts) and services (labour) where the value of goods and services are shown separately, the goods and services would be liable to tax at the rates as applicable to such goods and services separately.

Determination Whether A Supply Is Composite/Mixed Supply

No	Description	Composite Supply	Mixed Supply
1	Naturally Bundled	Yes	No
2	Supplied together	Yes	Yes
3	Can be supplied separately	No	Yes
4	One is predominant supply for recipient	Yes	No
5	Other Supply is not 'aim in itself' of recipient	Yes	No
6	Each Supply priced separately	No	No
7	All Supplies are goods	Yes	Yes
8	All Supplies are Services	Yes	Yes
9	One Supply is goods and other supply is services	Yes	Yes

Tax Liability In Case Of Composite And Mixed Supply - Section 8:

Tax liability on a composite or mixed supply shall be determined in the following manner,
namely: -

No	Particulars
a)	A composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply ; and
b)	A mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax .

Examples for understanding

No	Particulars	Answer
1	Rati Computers supplies laptop (worth Rs. 52,000) along-with laptop bag (worth Rs. 3000) to a customer for Rs. 55,000.	Being naturally bundled, supply of laptop bag along-with the laptop is composite supply which is treated as the supply of principal supply [viz. laptop]. Assuming that the rate of tax applicable on laptop is 18% and on laptop bag is 28%, in the given case, rate of principal supply, i.e. laptop @ 18% will be charged on the entire value of Rs. 55,000
2	Srinagar Enterprises supplies 10,000 kits (at Rs. 50 each) amounting to Rs. 5,00,000 to Raghav General Store. Each kit consists of 1 shampoo, 1 face wash and 1 kajal pencil.	It is a mixed supply and is treated as supply of that particular supply which attracts highest tax rate. Assuming that the rate of tax applicable on shampoo is 18%, on face wash is 28% and on kajal pencil is 12%, in the given case, highest tax rate [viz. face wash] @ 28% will be charged on the entire value of Rs. 5,00,000

Summary:

Test Yourself:

No	Supply	Are they naturally bundled	Is there a principal supply	Composite or Mixed supply?	Treated as supply of?
1	Air transport along with meal on board. The meal is included in the ticket.	Yes	Yes	CS	Principal supply
2	Hotel-stay along with complimentary breakfast.	Yes	Yes	CS	Principal supply
3	Gift package consisting of sweets, chocolates, candles, perfume, and crackers.	No	No	MS	That supply attracting highest rate
4	Buying a new bike along with insurance and free maintenance service for a year.	Yes	Yes	CS	Principal supply
5	Hotel facility along with free laundry service and airport pickup included in the hotel package.	Yes	Yes	CS	Principal supply
6	Cosmetic package with Hair oil, lotion, cream, comb, shampoo, and face wash.	No	No	MS	That supply attracting highest rate
7	Buying a laptop along with laptop bag for Rs 40,000	Yes	Yes	CS	Principal supply
8	Buying a computer and a printer together for Rs 50,000	No	No	MS	That supply attracting highest rate
9	Booking a trip with make my trip for Rs 20000, services provided travel, guide, hotel and food.	Yes	Yes	CS	Principal supply
10	Buying a TV with free installation and getting one year free warranty.	Yes	Yes	CS	Principal supply

Test Yourself

Illustration

From the following information determine the nature of supply and Tax liability.

No	Particulars
1	XYZ Ltd. a manufacturer of cosmetic products supplied a package consisting of hair oil (GST Rate - 18%), sun screen cream (GST Rate - 28%), and shampoo (GST rate - 28%) and hair comb (GST Rate - 12%). The price per package is Rs. 500 (exclusive of taxes). 10,000 packages were supplied by the company to its dealers. Determine the nature of supply and its Tax liability.

Ans:

This supply would be regarded as mixed supply, since in this case each of the goods in the package have individual identity and can be supplied separately, but are deliberately supplied conjointly for a single consolidated price. The tax rates applicable in case of mixed supply would be the rate of tax attributable to that one supply (goods, or services) which suffers the highest rate of tax from amongst the supplies forming part of the mixed supply.

Therefore, the package will be chargeable to 28% GST.

The tax liability will be arrived as under:

No	Particulars	Amount
1	Value of taxable supply per package	Rs 500
2	No of Packages	10,000
3	Total Taxable value of supply	Rs 50,00,000
4	Applicable GST Rate	28%
Total Tax Liability		Rs 14,00,000

CHAPTER 3 - CHARGE OF GST

DEFINITIONS

India means,

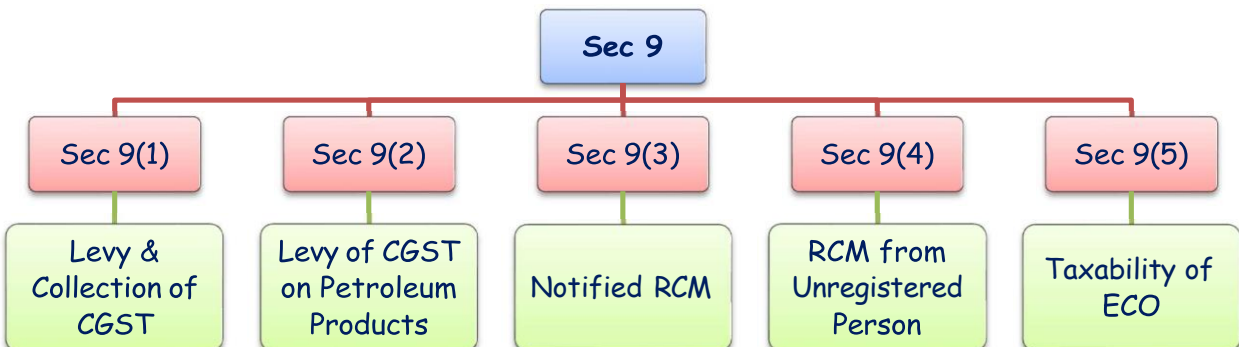
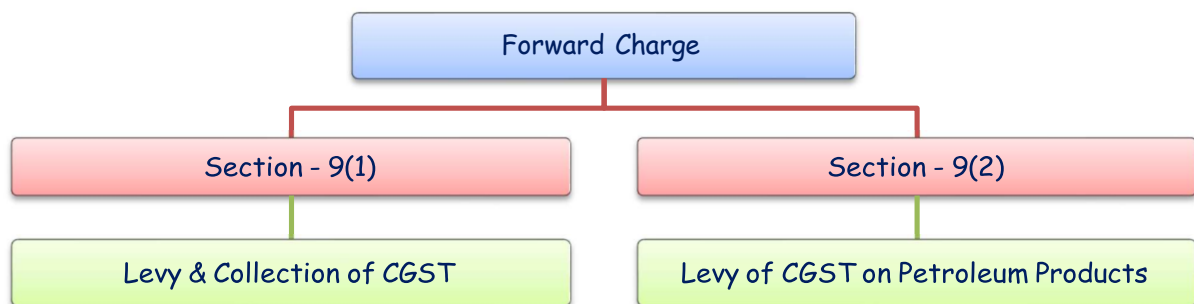
No	Particulars
1	The territory of India as referred to in Article 1 of the Constitution
2	Its territorial waters
3	Seabed and sub-soil underlying such water
4	Continental shelf, exclusive economic zone or any other Maritime Zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zone Act, 1976 and
5	The air space above its territory and territorial waters.

EXTENT & COMMENCEMENT OF CGST/SGST/ UTGST ACTS

Applicability	CGST	SGST	UTGST	IGST
	Intra - State Supply			Inter - State Supply
States of India	✓	✓	-	✓
Union Territories with State Legislature	✓	✓	-	✓
Union Territories without State Legislature	✓		✓	✓

THE EXTENT OF CGST ACT/ UTGST ACT / IGST ACT 2017

No	Particulars	Explanation														
1	CGST Act, 2017	Central Goods and Services Tax Act, 2017 extends to the whole of India . It is pertinent to note that the CGST Act applies to the State of Jammu and Kashmir also.														
2	State GST Act, 2017	1. State GST law of the respective State/ UT with State Legislature - Delhi, Jammu & Kashmir and Puducherry extends to whole of that State/ Union Territory . For example Maharashtra GST Act, 2017 extends to whole of the State of the Maharashtra														
3	UTGST Act, 2017	Union Territory Goods and Services Tax Act, 2017 extends to the Union territories of the Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu, Ladakh, Chandigarh and other territory , i.e., the Union Territories without State Legislature.														
4	Union Territory - 2(114)	<div>"Union Territory" means the territory of -<table><tr><th>No</th><th>Particulars</th></tr><tr><td>1</td><td>The Andaman and Nicobar Islands</td></tr><tr><td>2</td><td>Lakshadweep</td></tr><tr><td>3</td><td>Dadra and Nagar Haveli and Daman and Diu</td></tr><tr><td>4</td><td>Ladakh</td></tr><tr><td>5</td><td>Chandigarh</td></tr><tr><td>6</td><td>Other territory(Amended by Finance Act, 2020, w.e.f. 30 - 06 - 2020)</td></tr></table></div>	No	Particulars	1	The Andaman and Nicobar Islands	2	Lakshadweep	3	Dadra and Nagar Haveli and Daman and Diu	4	Ladakh	5	Chandigarh	6	Other territory(Amended by Finance Act, 2020, w.e.f. 30 - 06 - 2020)
No	Particulars															
1	The Andaman and Nicobar Islands															
2	Lakshadweep															
3	Dadra and Nagar Haveli and Daman and Diu															
4	Ladakh															
5	Chandigarh															
6	Other territory(Amended by Finance Act, 2020, w.e.f. 30 - 06 - 2020)															
5	Integrated Goods and Services Tax Act - 2(57)	"Integrated Goods and Services Tax Act" means the IGST Act, 2017.														

CHAPTER 3A - LEVY & COLLECTION OF CGST**LEVY & COLLECTION OF CGST - SECTION 9 OF THE CGST ACT, 2017****FORWARD CHARGE**

I - SECTION - 9(1) - LEVY AND COLLECTION OF CGST

Levy and collection of CGST - Sec 9(1)

No	Description												
1	<p>There shall be levied a tax -</p> <ul style="list-style-type: none"> ➤ called the Central Goods and Services Tax (CGST) ➤ on all intra - State supplies of - <ul style="list-style-type: none"> - goods or - services or - both, <table border="1"> <thead> <tr> <th>No</th><th>Particulars</th></tr> </thead> <tbody> <tr> <td>1</td><td>except on the supply of alcoholic liquor for human consumption,</td></tr> <tr> <td>2</td><td>On the value determined under Section 15 and</td></tr> <tr> <td>3</td><td>At such rates, not exceeding 20%, as may be notified by the Government on the recommendation of the Council and</td></tr> <tr> <td>4</td><td>Collected in such manner as may be prescribed and</td></tr> <tr> <td>5</td><td>Shall be paid by the taxable person</td></tr> </tbody> </table>	No	Particulars	1	except on the supply of alcoholic liquor for human consumption,	2	On the value determined under Section 15 and	3	At such rates, not exceeding 20% , as may be notified by the Government on the recommendation of the Council and	4	Collected in such manner as may be prescribed and	5	Shall be paid by the taxable person
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1	except on the supply of alcoholic liquor for human consumption,												
2	On the value determined under Section 15 and												
3	At such rates, not exceeding 20% , as may be notified by the Government on the recommendation of the Council and												
4	Collected in such manner as may be prescribed and												
5	Shall be paid by the taxable person												

SECTION - 9(2) - LEVY OF CGST ON PETROLEUM PRODUCTS

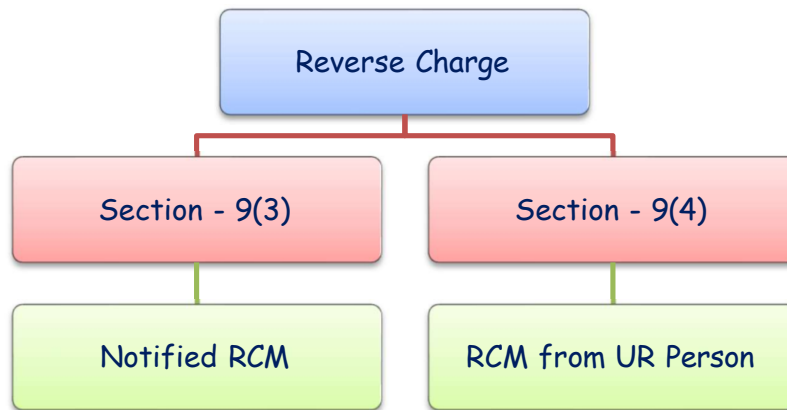
Levy of CGST on petroleum products - To be effective from notified date -
Section 9(2) - HP MAN

No	Description
1	<p>CGST on the supply of</p> <ul style="list-style-type: none"> ➤ High speed diesel, ➤ Petroleum crude, ➤ Motor spirit (commonly known as petrol), ➤ Aviation turbine fuel and ➤ Natural gas <p>Shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.</p>

In Short

No	Description
1	The levy under Section 9 (1) is subject to provisions of Section 9(2).

II - REVERSE CHARGE



SECTION - 9(3) - NOTIFIED RCM

CGST to be paid on reverse charge basis by recipient on notified goods/ services or both - Section 9 (3)

No	Description
1	<p>The Government may,</p> <ul style="list-style-type: none"> ➤ on the recommendation of the Council, ➤ by notification, ➤ specify categories of supply of goods or services or both, ➤ the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both. ➤ all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both

Notes: -

No	Particulars	Explanation
1	"Reverse charge" - Section 2 (98)	Means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under Section 9 (3)/(4) of CGST Act, 2017 or under Section 5(3)/(4) of the IGST Act, 2017.
2	Reverse charge applicable for Goods as well as Services	Reverse charge is applicable for goods or services or both. In fact, reverse charge notifications have been issued in respect of goods as well as services.
3	Reverse charge tax is to be paid through ECL	The recipient is liable to pay tax leviable on reverse charge basis through electronic cash ledger. He cannot utilize ITC to pay such tax. He is entitled to take ITC of the tax so paid by him on satisfaction of other conditions.

SECTION - 9(4) - RCM ON NOTIFIED GOODS / SERVICES

CGST to be paid on reverse charge basis by notified persons on notified goods / services when received from unregistered supplier - Section 9(4)

No	Explanation
1	<p>The Government may,</p> <ul style="list-style-type: none"> ➤ On the recommendation of the council ➤ by notification, ➤ specify a class of registered persons who shall, ➤ in respect of supply of specified categories of goods or services or both received from a unregistered supplier, ➤ pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and ➤ all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both

SUMMARY

No	Particulars	Explanation
1	Supplier	Un registered Person
2	Recipient	Specified Registered Person
3	Supply	Specified Supply of Goods / Services or both
4	Person liable for GST	Registered Recipient

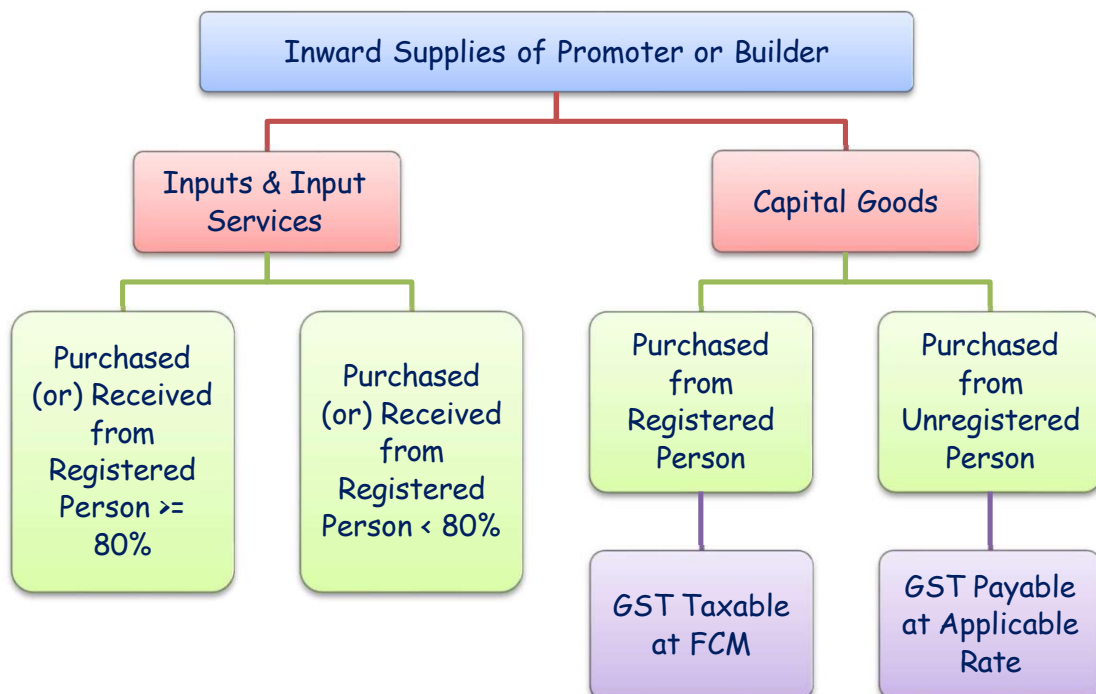
Effective rate of GST on real estate sector for the new projects by promoters are as follows:

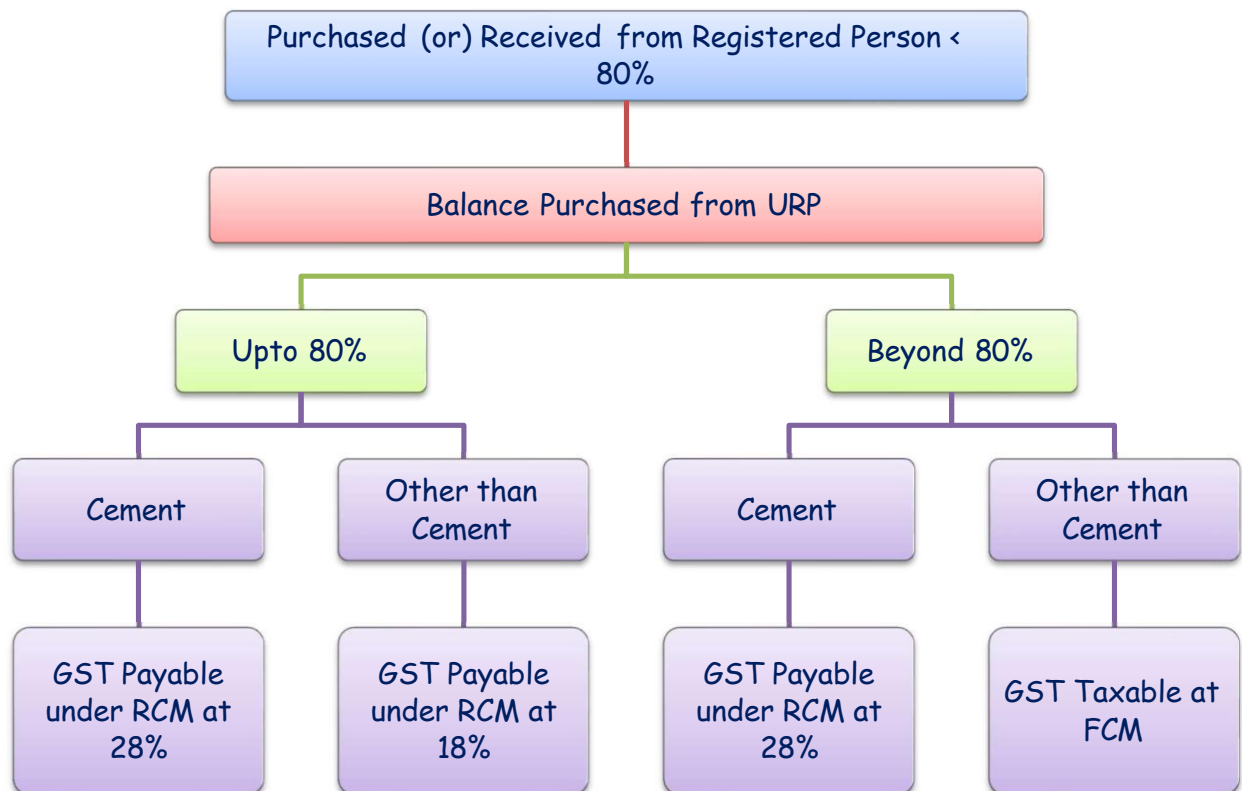
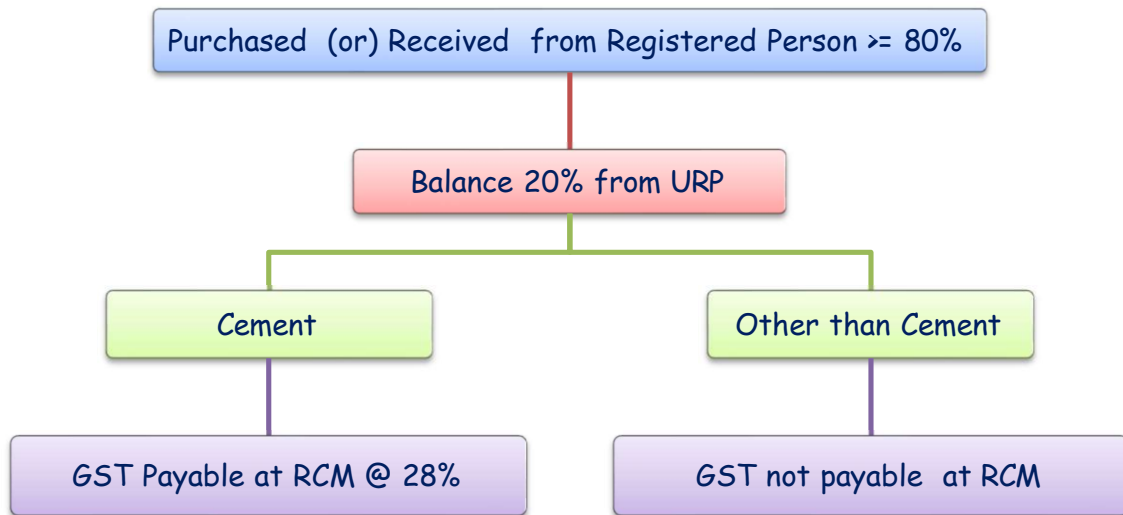
[Notification No. 07/2019 CT (R) dated 29.03.2019/ Notification No. 07/2019 IT (R) dated 29.03.2019]

No	Explanation						
1	1% without ITC on construction of affordable houses (area 60 sqm in metros/ 90 sqm in non-metros and value up to Rs. 45 lakh).						
2	5% without ITC is applicable on construction of: <table border="1"> <tr> <th>No</th><th>Explanation</th></tr> <tr> <td>1</td><td>all houses other than affordable houses, and</td></tr> <tr> <td>2</td><td>commercial apartments such as shops, offices etc. in a residential real estate project (RREP) in which the carpet area of commercial apartments is not more than 15% of total carpet area of all apartments</td></tr> </table>	No	Explanation	1	all houses other than affordable houses, and	2	commercial apartments such as shops, offices etc. in a residential real estate project (RREP) in which the carpet area of commercial apartments is not more than 15% of total carpet area of all apartments
No	Explanation						
1	all houses other than affordable houses, and						
2	commercial apartments such as shops, offices etc. in a residential real estate project (RREP) in which the carpet area of commercial apartments is not more than 15% of total carpet area of all apartments						

Conditions:

No	Explanation						
1	Above tax rates shall be available subject to following conditions: <table> <tr> <th>No</th><th>Explanation</th></tr> <tr> <td>a</td><td>ITC shall not be available.</td></tr> <tr> <td>b</td><td>80% of inputs and input services [other than services by way of grant of development rights, long term lease of land (against upfront payment in the form of premium, salami, development charges etc.) or FSI (including additional FSI), electricity, high speed diesel, motor spirit, natural gas], used in supplying the service shall be purchased from registered persons.</td></tr> </table>	No	Explanation	a	ITC shall not be available.	b	80% of inputs and input services [other than services by way of grant of development rights, long term lease of land (against upfront payment in the form of premium, salami, development charges etc.) or FSI (including additional FSI), electricity, high speed diesel, motor spirit, natural gas], used in supplying the service shall be purchased from registered persons.
No	Explanation						
a	ITC shall not be available.						
b	80% of inputs and input services [other than services by way of grant of development rights, long term lease of land (against upfront payment in the form of premium, salami, development charges etc.) or FSI (including additional FSI), electricity, high speed diesel, motor spirit, natural gas], used in supplying the service shall be purchased from registered persons.						
2	However, if value of inputs and input services purchased from registered supplier is less than 80%, promoter has to pay GST on reverse charge basis, under section 9(4) [discussed earlier], at the rate of 18% on all such inward supplies (to the extent short of 80% of the inward supplies from registered supplier).						
3	Further, where cement is received from an unregistered person, the promoter shall pay tax on supply of such cement on reverse charge basis, under section 9(4), at the applicable rate which is 28% (CGST 14% + SGST 14%) at present.						
4	Moreover, GST on capital goods shall be paid by the promoter on reverse charge basis, under section 9(4) at the applicable rates						

SUMMARY



Exemption U/s.11

Intrastate supplies received by a tax deductor from any un - registered supplier exempt from GST - Notification No 9/2017 - CT (Rate) dated 28.06.2017

No	Explanation
1	Intrastate supplies of goods or services or both received by a deductor under section 51 from an unregistered supplier is exempt from the whole of the central tax leviable thereon under section 9(4) subject to the condition that the deductor is not liable to be registered otherwise than under section 24(vi).

Analysis: -

No	Particulars
1	Thus, tax under reverse charge is payable by the NOTIFIED class of registered persons on NOTIFIED categories of intra - state supplies of goods and / or services received by such registered persons from any unregistered supplier
2	Similarly u/s 5(4) of the IGST Act, 2017, tax under reverse charge is payable by the NOTIFIED class of registered persons on NOTIFIED categories of inter - state supplies of goods and / or services received by such registered persons from any unregistered supplier
3	The recipient paying tax on reverse charge basis on account of effecting inward supplies from unregistered persons, should issue an invoice in respect of the goods or services in warded, at the time of receipt of such goods or services

SECTION - 9(5) - E - COMMERCE OPERATOR

E - Commerce operator liable to pay tax on notified services - Section 9(5)

No	Description
1	<p>The Government may,</p> <ul style="list-style-type: none"> ➤ on the recommendation of the Council, ➤ by notification, ➤ specify categories of services , ➤ the tax on intra - state supplies of which shall be paid by the ECO if such services are supplied through it, and ➤ all the provisions of this Act shall apply to such ECO as if he is the person liable for paying the tax in relation to the supply of services

Notes: -

No	Description
1	It is important to note that this exception is carved out only in respect of supply of services through an e - commerce operator and will not be applicable / relevant to supply of any goods through an e - commerce operator.

NOTIFIED SERVICES OF ECO

Notification No - 17/2017/CT (Rate) dated 28.06.2017 w.e.f 01.07.2017 [Amended by Notification No. 16/2023-CT (R) dated 19-10-2023 w.e.f 20-10-2023]

The CG has notified that in case of the following categories of services, the tax on intra - state supplies shall be paid by the E - commerce Operator

No	Particulars
i	Service by way of Transportation of Passengers by Radio taxi, motor cab, maxi cab and motorcycle or any other motor vehicle except omnibus ; <i>Example: OLA, Uber, Rapido, etc.</i>
ia	Service by way of Transportation of Passengers by Omni bus except where the person supplying such services through E-Com is a company
ii	Services by way of Providing accommodation in hotels, Inns, guesthouse, clubs, campsites or other commercial places meant for residential purposes or lodging purposes except where the person supplying such services through E - Commerce operator is liable for registration u/s 22(1) of the said CGST Act. <i>Example: Goibibo, OYO rooms, etc.</i>
iii	Services by way of Housekeeping , such as plumbing, carpentering etc. except where the person supplying such services through E - Commerce operator is

	liable for registration u/s 22(1) of the said CGST Act. <i>Example: Urbanclap.com, housejoy.com, etc.</i>
iv	Supply of restaurant services other than the services supplied by restaurant, eating joints etc. located at specified premises

Definitions: -

No	Particulars
1	'Specified premises' would mean premises providing hotel accommodation service having declared tariff of any unit of accommodation above `7,500 per unit per day or equivalent.
2	Omni Bus means any motor vehicles constructed or adopted to carry more than six persons excluding the driver.

Summary:

No	Situation	Person Liable to Pay
1	ECO has physical presence in taxable territory (TT)	ECO liable to pay tax
2	ECO does not have physical presence in TT	Any Person representing such ECO (for any purpose) in TT liable to pay
3	ECO has neither physical presence nor any representative in TT	ECO shall appoint a person in TT (for tax purpose) & such person shall be liable

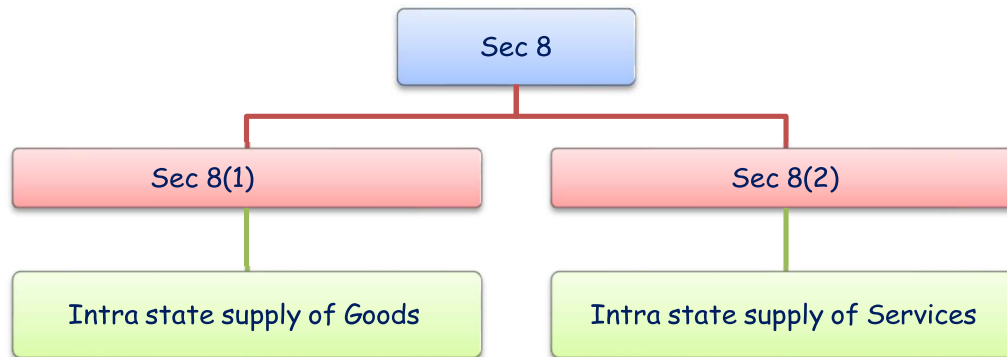
Examples:

No	Service	Conclusion
1	Manoj a taxi driver is supplying through OLA	Yes, the service is notified u/s 9(5), ECO liable
2	Raghul a plumber provided service through UrbanClap	Yes, the service is notified u/s 9(5), ECO liable if supplier unregistered
3	Anirudh a carpenter provided service through House joy	Yes, the service is notified u/s 9(5), ECO liable if supplier unregistered
4	Pawan Kalyan is running a hotel, through OYO rooms	Yes, the service is notified u/s 9(5), ECO liable if supplier unregistered
5	Sneha is providing beautician services online through UrbanClap	No, the service is not notified service under 9(5), it will be considered as Sneha's supply

Notes: -

No	Particulars
1	Persons required to pay tax under Reverse Charge are required to obtain Registration under the GST whether or not they make any outward supplies, and without having regard to the threshold limits for registration - in case of notified goods and services
2	Composition Supplies being recipients of supplies on which tax is payable on reverse charge basis will have to remit tax at the applicable rates, and not the concessional composition tax rates
3	The recipient paying tax on reverse charge basis, should issue a 'payment voucher' at the time of making payment to the supplier
4	The recipient paying tax on reverse charge basis on account of effecting inward supplies from unregistered persons, should issue an invoice in respect of the goods or services in warded, at the time of receipt of such goods or services

CHAPTER 3B - INTRA STATE SUPPLIES - S. 8 - IGST ACT



As per section 8 of the IGST Act, 2017, the broad principles for determining the supplies of goods and/or services in the course of intra - State trade or commerce are

WITH REFERENCE TO SUPPLY OF GOODS - SECTION 8(1)

Where the location of the supplier and the place of supply are in the same State or Union territory - Intra - State Supply

No	Explanation
1	<ul style="list-style-type: none"> ➤ the location of the supplier, and ➤ the place of supply of goods are in the same State or same Union territory Shall be treated as intra - State supply

Section 8 (1) is subject to the provisions of S. 10

No	Explanation
1	Section 8 (1) is subject to the provisions of Section 10, it implies that the place of supply of goods shall be determined as per Section 10 of the IGST Act and thereafter, Section 8 (1) would be applied.

INTRA - STATE SUPPLY -EXCEPTIONS

The following supply of goods shall not be treated as intra - State supply, namely -

No	Particulars
1	Supply of goods to or by a Special Economic Zone developer or a Special Economic Zone unit.
2	Goods imported into the territory of India till they cross the customs frontiers of India or
3	Supplies made to a tourist referred to in Section 15

WITH TO SUPPLY REFERENCE OF SERVICES - SECTION 8(2)

Where 'location of the supplier' and 'place of supply' are in same state/union territory - Intra - State supply

Supply of services

No	Explanation
1	<p>where</p> <ul style="list-style-type: none"> ➤ the location of the supplier and ➤ the place of supply of services <p>Are in the same State or same Union territory shall be treated as intra - state supply</p>

Section 8(2) is subject to the provisions of Section 12

No	Explanation
1	Section 8 (2) is subject to the provisions of Section 12, it implies that the place of supply of services shall be determined as per Section 12 of the IGST Act and thereafter Section 8 (2) would be applied.

EXCEPTION

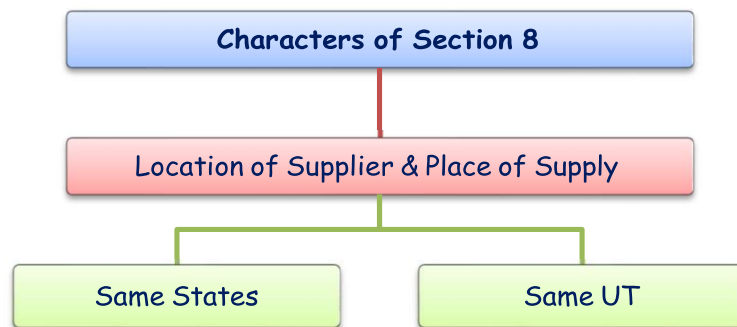
No	Explanation
1	The intra - State supply of services shall not include supply of services to or by a Special Economic Zone developer or a Special Economic Zone unit.

SUPPLIES IN TERRITORIAL WATERS - SECTION 9 OF IGST ACT, 2017

Notwithstanding anything contained in this Act, -

No	Particulars
1	Where the location of the supplier is in the territorial waters, the location of such supplier or
2	Where the place of supply is in the territorial waters, the place of supply,

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

SUMMARY**DEEMED DISTINCT PERSON - EXPLANATION 1**

Where a person has -

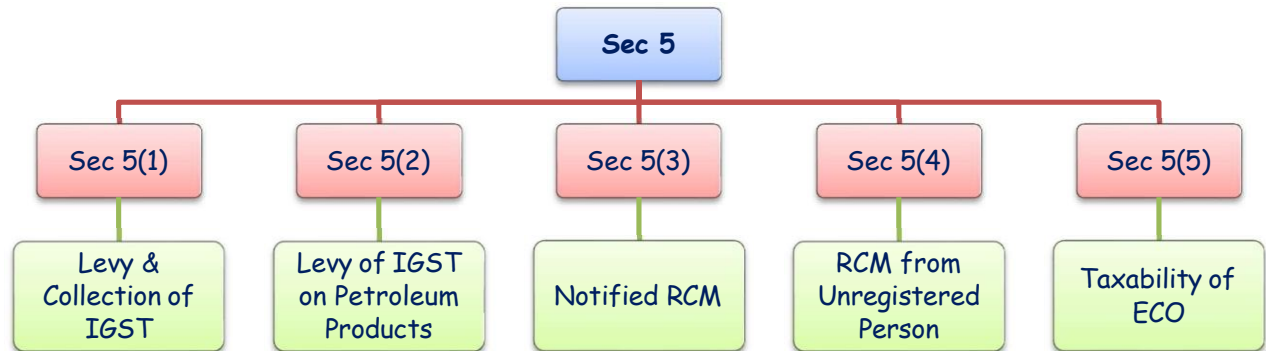
No	Particulars
1	an establishment in India and any other establishment outside India;
2	an establishment in a State or Union territory and any other establishment registered within that State or Union territory, then such establishments shall be treated as establishments of distinct persons.

EXPLANATION 2

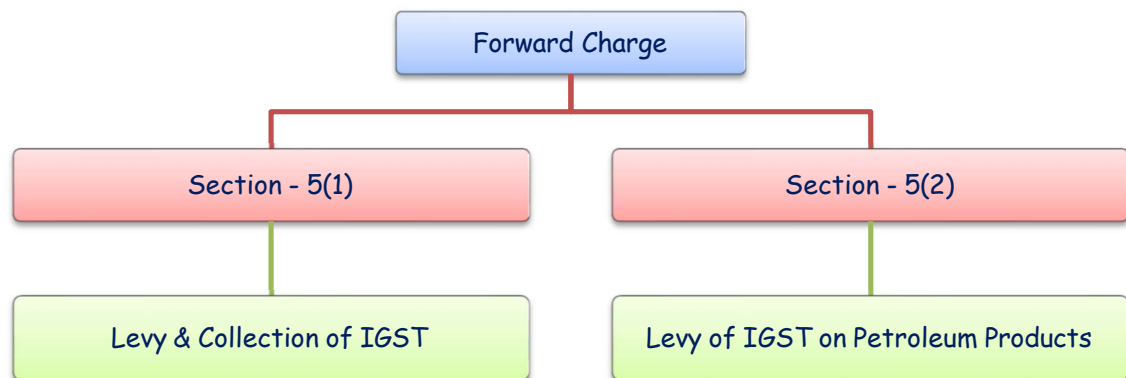
No	Particulars
1	Branch or agency or representational office to be registered as establishment

CHAPTER 3C - LEVY & COLLECTION OF IGST

LEVY & COLLECTION OF IGST - SECTION 5 OF IGST ACT, 2017



I - FORWARD CHARGE



SECTION - 5(1) - LEVY AND COLLECTION OF IGST:-

Levy and collection of IGST - On all inter - State supplies of goods or services or both - Section 5(1)

No	Description				
1	<p>There shall be levied a tax -</p> <ul style="list-style-type: none"> ➤ Called the integrated goods and services tax - IGST ➤ on all inter - State supplies of - <ul style="list-style-type: none"> - goods, or - services, or - both, <p>except on the supply of alcoholic liquor for human consumption,</p> <table border="1"> <thead> <tr> <th>No</th><th>Particulars</th></tr> </thead> <tbody> <tr> <td>1</td><td>On the value determined under Section 15 and</td></tr> </tbody> </table>	No	Particulars	1	On the value determined under Section 15 and
No	Particulars				
1	On the value determined under Section 15 and				

	2	At such rates, not exceeding 40% , as may be notified by the Government on the recommendation of the Council and
	3	Collected in such manner as may be prescribed and
	4	Shall be paid by the taxable person

Notes

No	Particulars
1	With effect from 01.10.2023, supply of online money gaming has been notified as goods on which IGST shall be levied and collected vide Notification No. 03/2023 IT dated 29.09.2023.

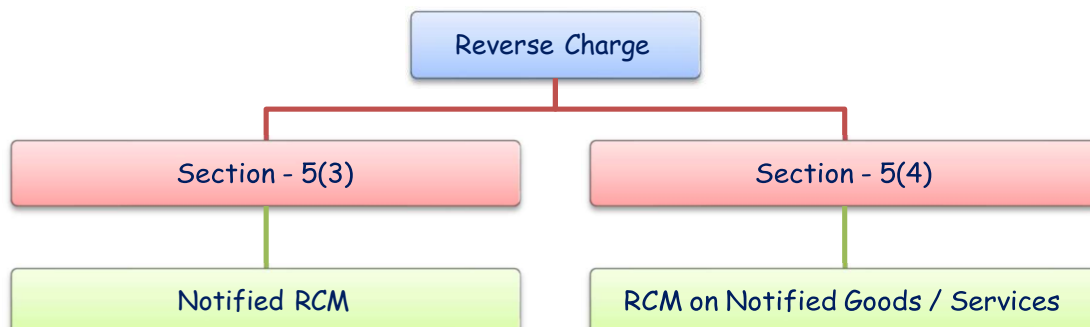
SECTION - 5(2) - LEVY OF IGST ON PETROLEUM PRODUCTS

Levy of IGST on petroleum products - To be effective from Notified Date - S. 5(2) - HP MAN

No	Explanation
1	<p>The integrated tax on the supply of -</p> <ul style="list-style-type: none"> ➤ High speed diesel, ➤ Petroleum crude, ➤ Motor spirit (commonly known as petrol), ➤ Aviation turbine fuel and ➤ Natural gas <p>shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.</p>

In Short

No	Explanation
1	The levy under Section 5 (1) is subject to provisions of S. 5(2)

II - REVERSE CHARGE

SECTION - 5(3) - NOTIFIED RCM

IGST to be paid on reverse charge basis by recipient on Notified Goods or Services or Both - Section 5 (3)

No	Explanation
1	<p>The Government may, -</p> <ul style="list-style-type: none"> ➤ on the recommendations of the Council, ➤ by notification, ➤ specify categories of supply of goods or services or both, ➤ the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and ➤ all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both

Special Note: -

List of Services taxable under Reverse Charge, i.e the services where tax is payable by the recipient:

No	Explanation
1	Notification No. 10/2017 - IT(R) dated 28.06.2017 has notified specified categories of supply of services wherein whole of the IGST shall be paid on reverse charge basis by the recipient of services.
2	All the services which have been notified for reverse charge purposes under CGST Act vide notification No 13/2017 - CT (Rate) dated 28 - 06 - 2017 w. e. f 01 - 07 - 2017 have also been notified for reverse charge IGST Act. Further, following two services are additionally included for IGST purposes.

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

Services supplied by a person located in non taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India.	A person located in a non taxable territory	Importer, as defined in Section 2(26) of the Customs Act, 1962, located in the taxable territory. Importer, in relation to any goods at any time between their Import and the time when they are cleared for home consumption, includes any owner, beneficial owner or any person holding himself out to be the importer (Section 2(26) of the Customs Act, 1962)
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SECTION - 5(4) - RCM ON NOTIFIED GOODS / SERVICES

IGST to be paid on reverse charge basis by notified persons on notified goods / services when received from unregistered supplier - Section 5(4)

No	Explanation
1	<p>The Government may -</p> <ul style="list-style-type: none"> ➤ On the recommendation of the council ➤ by notification, ➤ specify a class of registered persons who shall, ➤ in respect of supply of specified categories of goods or services or both received from a unregistered supplier, ➤ pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and ➤ all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both.

SUMMARY

No	Particulars	Explanation
1	Supplier	Un registered Person
2	Recipient	Specified Registered Person
3	Supply	Specified Supply of Goods / Services or both
4	Person liable for GST	Registered Recipient

III - E - COMMERCE OPERATOR

E - Commerce operator liable to pay tax on notified services - Section 5(5)

No	Explanation
1	<p>The Government may,</p> <ul style="list-style-type: none"> ➤ on the recommendations of the Council, ➤ by notification, specify categories of services, ➤ the tax on inter - State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and ➤ all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services

NOTE

Notified services for IGST Act are same as notified under CGST Act

No	Explanation
1	Services which are notified under CGST Act have also been notified under IGST Act vide NN 14/2017 - IT (R) dated 28 - 06 - 2017.

NOTIFIED SERVICES OF ECO

Notification No - 17/2017/CT (Rate) dated 28.06.2017 w.e.f 01.07.2017 [Amended by Notification No. 16/2023-CT (R) dated 19-10-2023 w.e.f 20-10-2023]

The CG has notified that in case of the following categories of services, the tax on inter - state supplies shall be paid by the E - commerce Operator

No	Particulars
i	Service by way of Transportation of Passengers by Radio taxi, motor cab, maxi cab and motorcycle or any other motor vehicle except omnibus ; <i>Example: OLA, Uber, Rapido, etc.</i>
ia	Service by way of Transportation of Passengers by Omni bus except where the person supplying such services through E-Com is a company
ii	Services by way of Providing accommodation in hotels, Inns, guesthouse, clubs, campsites or other commercial places meant for residential purposes or lodging purposes except where the person supplying such services through E - Commerce operator is liable for registration u/s 22(1) of the said CGST Act. <i>Example: Goibibo, OYO rooms, etc.</i>
iii	Services by way of Housekeeping , such as plumbing, carpentering etc. except where the person supplying such services through E - Commerce operator is

	liable for registration u/s 22(1) of the said CGST Act. <i>Example: Urbanclap.com, housejoy.com, etc.</i>
iv	Supply of restaurant services other than the services supplied by restaurant, eating joints etc. located at specified premises

Definitions: -

No	Particulars
1	'Specified premises' would mean premises providing hotel accommodation service having declared tariff of any unit of accommodation above `7,500 per unit per day or equivalent.
2	Omni Bus means any motor vehicles constructed or adopted to carry more than six persons excluding the driver.

Summary:

No	Situation	Person Liable to Pay
1	ECO has physical presence in taxable territory (TT)	ECO liable to pay tax
2	ECO does not have physical presence in TT	Any Person representing such ECO (for any purpose) in TT liable to pay
3	ECO has neither physical presence nor any representative in TT	ECO shall appoint a person in TT (for tax purpose) & such person shall be liable

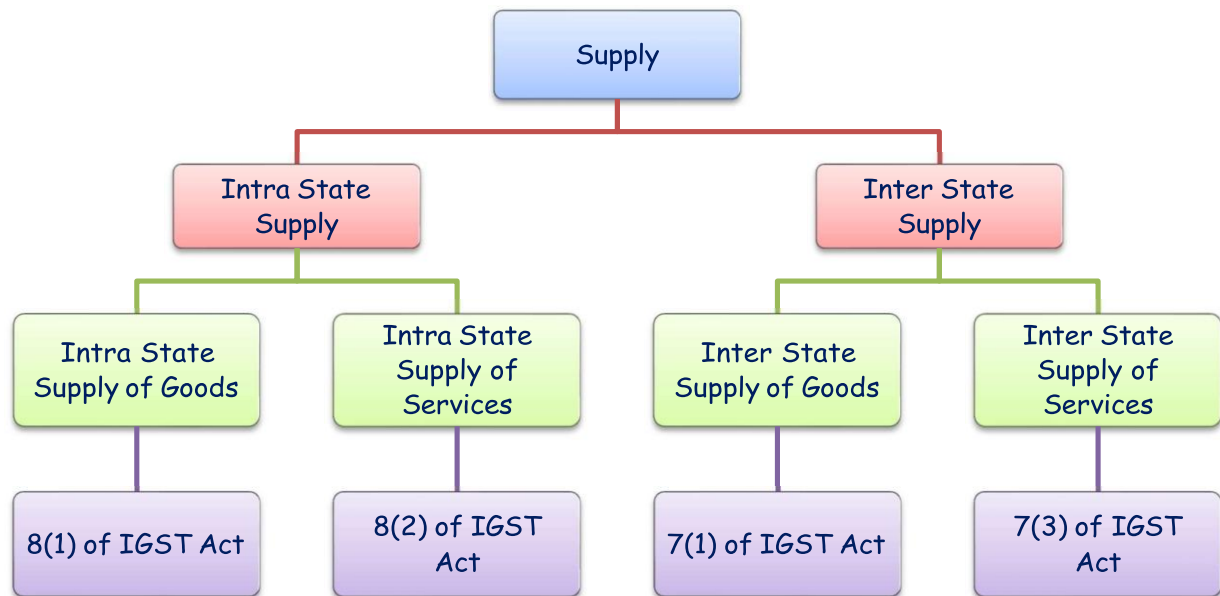
Test Yourself**Illustration**

No	Particulars
1	Mr. Sanjay of New Delhi made a request for a motor cab to "Super ride" for travelling from New Delhi to Gurgaon (Haryana). After Mr. Sanjay pays the cab charges using his debit card, he gets details of the driver Mr. Jorawar Singh and the cab's registration number. "Super ride" is a mobile application owned and managed by D.T. Ltd. located in India. The application "Super ride" facilitates a potential customer to connect with the persons providing cab service under the brand name of "Super ride". D.T. Ltd. claims that cab service is provided by Mr. Jorawar Singh and hence, he is liable to pay GST under the provisions of GST laws. With reference to the provisions of IGST Act, 2017, determine who is liable to pay GST in this case? Would your answer be different if D.T. Ltd. is located in New York (U.S.A.)? Also briefly state the statutory provisions involved.

Ans:

No	Particulars
1	As per Section 5(5) of IGST Act, 2017, the Govt. may, on the recommendation of the council, by notification, specify categories of services, the tax on inter - state supplies of which shall be paid by the ECO if such services are supplied through it. And all the provisions of this Act shall apply to such ECO as if he is supplier liable for paying the tax in relation to supply of such services
2	As per sec. 2(45) of the CGST Act, 2017 "ECO" means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce
3	The CG has notified services by way of transportation of passengers by a radio - taxi, motor cab, maxi cab and motor cycle; the tax on inter - state supplies shall be paid by the ECO
4	Thus, in the above case, D.T.Ltd. is liable to pay GST in respect of supply of the said service. Thus, the contention of D.T.Ltd that Mr. Jorawar Singh should pay GST on the same as he is provider of service is not correct
5	Further proviso of Sec. 5(5) of the IGST Act, provides that where an ECO does not have a physical presence in the taxable territory, any person representing such ECO for any purpose in the taxable territory shall be liable to pay tax
6	Where an ECO doesn't have a physical presence in the taxable territory and also he does not have a representative in the said territory, such ECO shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax
7	Thus, even if D.T. Ltd. is located in non - taxable territory its liability to pay GST will not be extinguished. The representative of D.T. Ltd. or the other person appointed by D.T. Ltd. will be required to discharge the GST liability on behalf of D.T. Ltd.

CHAPTER 3D - INTER STATE SUPPLIES - S. 7 OF IGST ACT



SECTION 7 - INTERSTATE SUPPLY

According to Section 7 of the IGST Act, 2017 the broad principles for determining the supply of goods and services in the course of interstate trade or commerce are

WITH REFERENCE TO GOODS - SECTION 7(1) :-

Where 'location of the supplier' and 'place of supply' are in different States/ Union territories - Inter - State Supply - Supply of goods

No	Explanation
1	Where <ul style="list-style-type: none"> ➤ 'Location of the supplier' and ➤ 'Place of supply' of goods are in - <ul style="list-style-type: none"> a) two different States b) two different Union territories or c) a State and a Union territory, Shall be treated as a supply of goods in the course of inter - state trade or commerce

Explanation

No	Explanation
1	Section 7 (1) is subject to the provisions of section 10, it implies that the place of supply of goods shall be determined as per section 10 of the IGST Act and thereafter, Section 7 (1) would be applied

IMPORT OF GOODS - SECTION 7(2)

Import of goods - Deemed to be inter - State Supply

No	Explanation
1	Supply of goods imported into the territory of India, till they cross the customs frontiers of India, shall be treated to be a supply of goods in the course of inter - State trade or commerce.

WITH REFERENCE TO SERVICES - SECTION 7(3) & SECTION 7(4)

Where 'location of the supplier' and 'Place of supply' are in different states/union territories - Inter State Supply

No	Explanation								
1	<p>Supply of services where -</p> <ul style="list-style-type: none"> ➤ Location of the supplier and ➤ Place of supply of services <p>Are in</p> <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>Two different States</td></tr> <tr> <td>2</td><td>Two different Union territories or</td></tr> <tr> <td>3</td><td>A State and a Union territory,</td></tr> </table> <p>Shall be treated as a supply of services in the course of inter - State trade or commerce</p>	No	Particulars	1	Two different States	2	Two different Union territories or	3	A State and a Union territory,
No	Particulars								
1	Two different States								
2	Two different Union territories or								
3	A State and a Union territory,								

Section 7(3) is subject to the provisions of Section 12

No	Explanation
1	Section 7 (3) is subject to the provisions of Section 12, it implies that the place of supply of services shall be determined as per Section 12 of the IGST Act and thereafter, Section 7(3) would be applied.

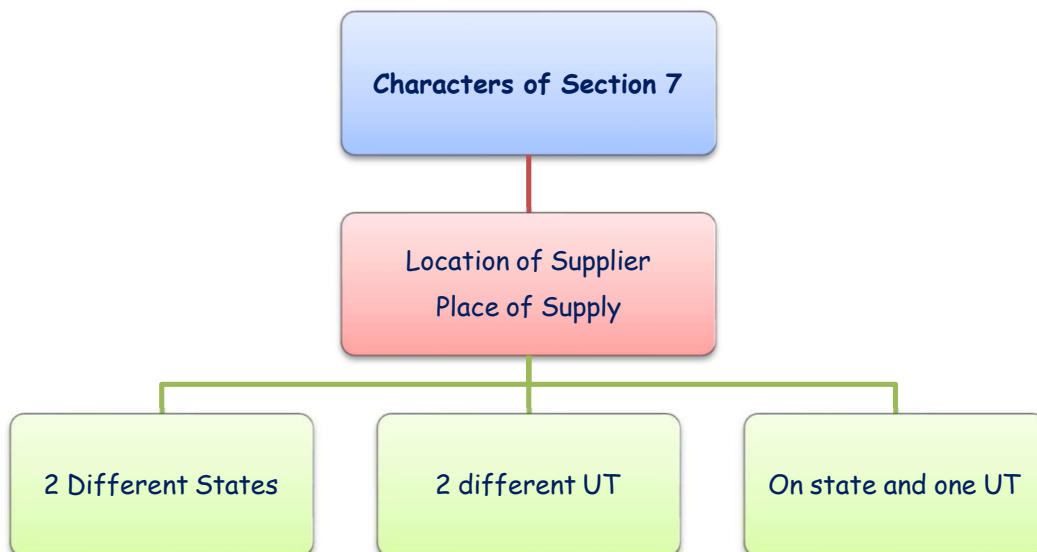
SECTION 7(4)

Import of services - Deemed to be inter - State Supply - S. 7(4)

No	Explanation
1	Supply of services imported into the territory of India shall be treated to be a supply of services in the course of inter - State trade or commerce

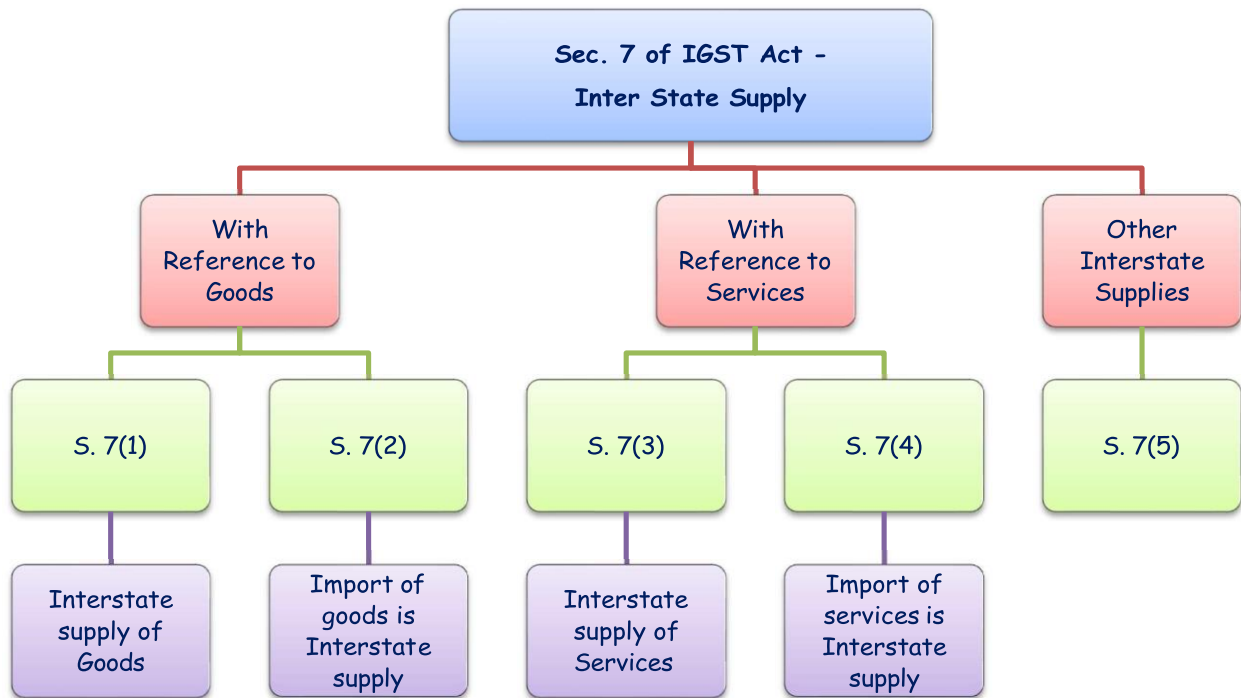
OTHER INTERSTATE SUPPLY - SECTION 7(5)

No	Particulars	Explanation
1	Supply of goods where supplier located in India and the place of supply outside India - Deemed to be inter - State supply - S. 7(5)(a)	Supply of goods and/or services, when the supplier is located in India and the place of supply is outside India, shall be deemed to be a supply of goods and/or services in the course of inter - State trade or commerce
2	Supply of goods/and or services - to/by SEZ developer/unit - Deemed to be inter - State Supply -S. 7(5)(b)	Supply of goods and/or services to or by a SEZ developer or an SEZ unit, shall be deemed to be a supply of goods and/or services in the course of inter - State trade or commerce
3	Supply of goods/and or services - Not being an intra - State supply - Deemed to be inter - State Supply - S. 7(5)(c)	Supply of goods or services or both, in the taxable territory, not being an intra - State supply and not covered elsewhere in this Section, shall be treated to be a supply of goods or services or both in the course of inter - State trade or commerce

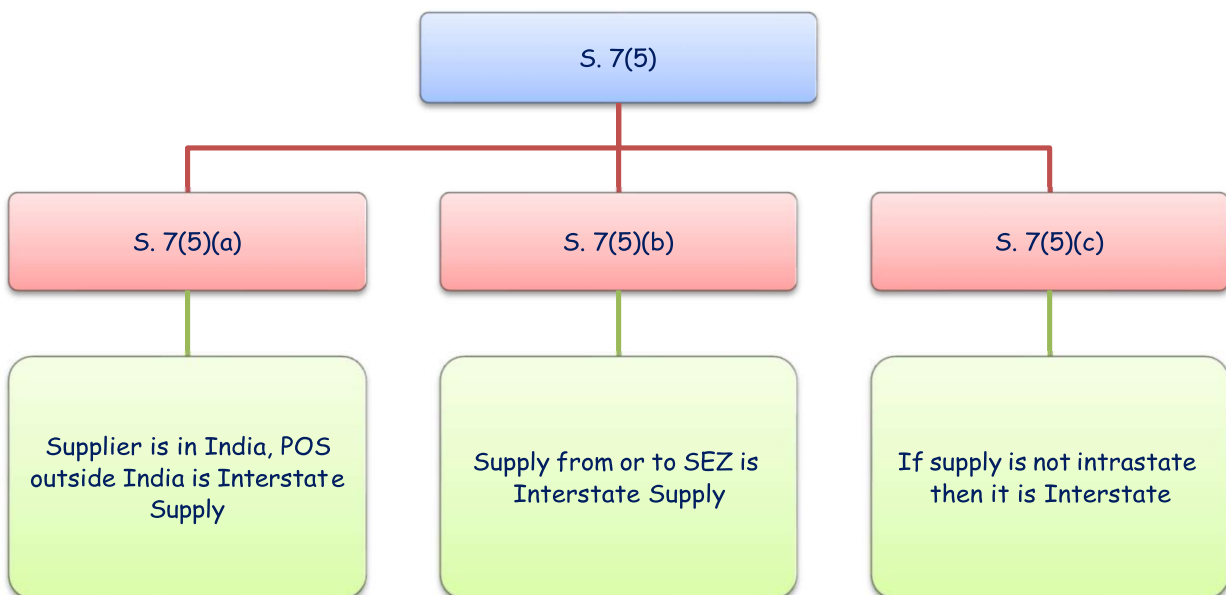
SUMMARY

SECTION 7 - IGST ACT - INTERSTATE SUPPLY

SUMMARY



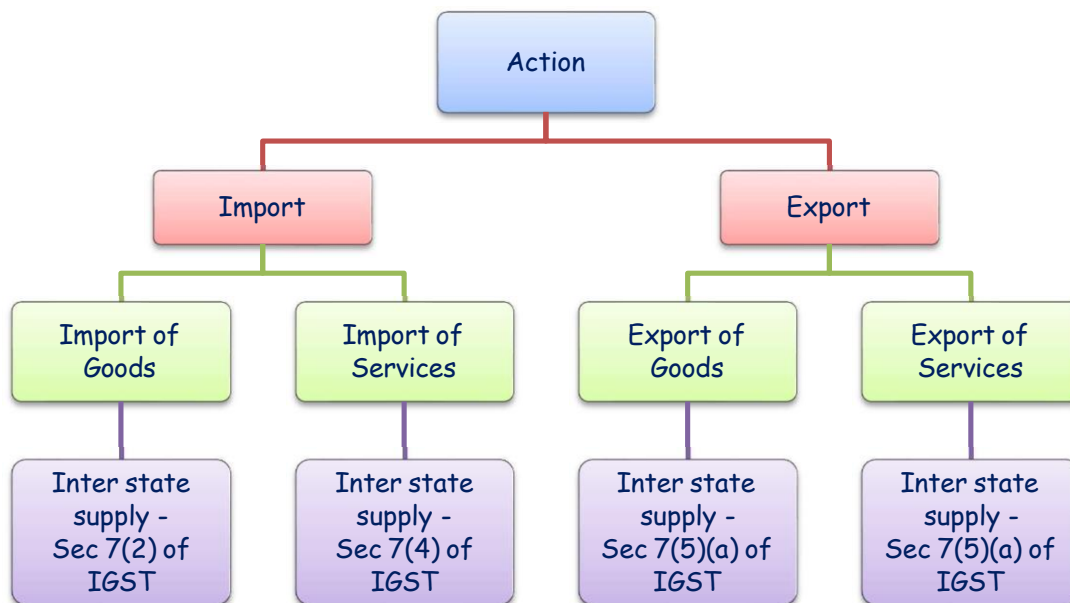
Other Interstate Supplies



Thus, from the above discussion the following supplies shall be inter - State supplies

No	Particulars	Section
1	Supply of goods from one State or Union Territory to another State or UT.	7(1)
2	Supply of services from one State or Union Territory to another State or UT.	7(3)
3	Import of goods till they the cross customs frontiers of India.	7(2)
4	Import of services.	7(4)
5	Export of goods or services.	7(5)(a)
6	Supply of goods/services to/by SEZ.	7(5)(b)
7	Supplies to international tourists.	7(5)(c)
8	Any other supply in the taxable territory which is not intra - State supply	7(5)(c)

SUMMARY:



Test Yourself

Illustration

No	Particulars
1	Define 'Intra - state supply' and Inter - state supply' under GST law. Is it correct to say that inter - state supply attracts both CGST and SGST?

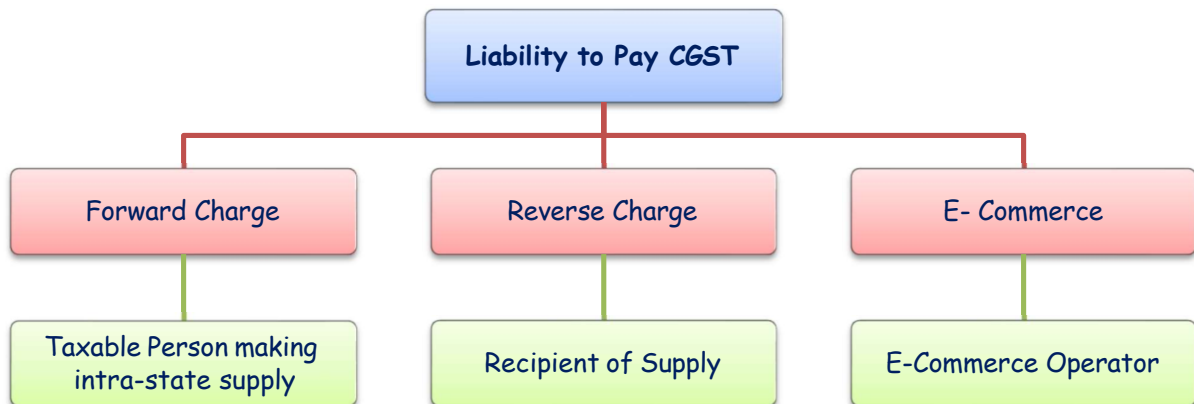
Ans:

The relevant provisions are discussed as under -

No	Particulars								
1	Where the location of the supplier and the place of supply of goods or services are in the same State/Union territory, it is treated as intra - state supply of goods or services respectively.								
2	Where the location of the supplier and the place of supply of goods or services are in - <table border="1"> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>Two different States; or</td></tr> <tr> <td>2</td><td>Two different Union Territories; or</td></tr> <tr> <td>3</td><td>A State and a Union Territory, it is treated as inter - state supply of goods or services respectively</td></tr> </table>	No	Particulars	1	Two different States; or	2	Two different Union Territories; or	3	A State and a Union Territory, it is treated as inter - state supply of goods or services respectively
No	Particulars								
1	Two different States; or								
2	Two different Union Territories; or								
3	A State and a Union Territory, it is treated as inter - state supply of goods or services respectively								

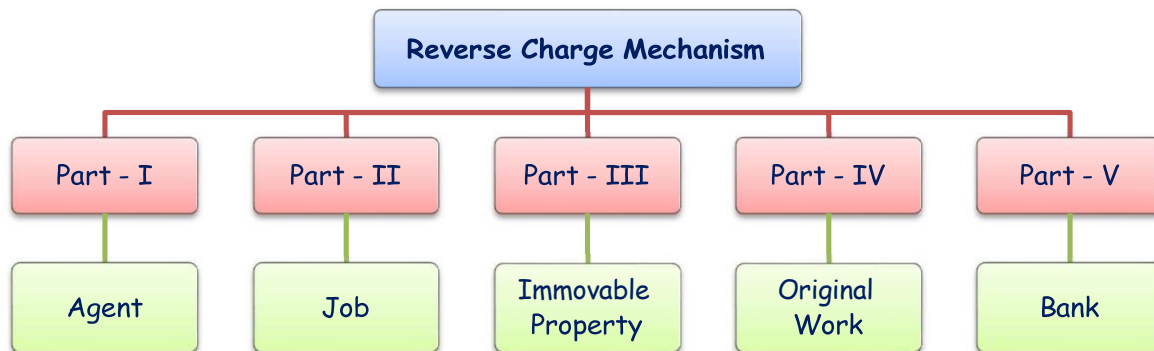
No it is not correct to say that inter - state supply attracts both CGST and SGST as inter - state supply attracts IGST. However, IGST is the sum total of CGST and SGST/UTGST.

CHAPTER 4 - REVERSE CHARGE UNDER GST - S.9 (3) / 5(3)



REVERSE CHARGE MECHANISM UNDER CGST ACT

The CG has notified the following categories of supply of services wherein the whole of central tax leviable under section 9 of the said CGST Act, shall be paid on reverse charge basis by recipient of the such services:



PART - I - AGENT

No	Particulars
1	Goods Transport Agent
2	Insurance Agent
3	Recovery Agent
4	Legal services by Arbitral Tribunal
5	Security Services
6	Sponsorship Services

PART - II - JOB

No	Particulars
1	Legal Services by Individual Advocate or Group of Advocate including Senior Advocate
2	Services provided by Govt. / LA to a Business entity
3	Director of a Company

PART - III - IMMOVABLE PROPERTY

No	Particulars
1	Services provided by Govt. / LA by way of renting of Immovable Property
2	Services provided by way of developmental rights transfer or floor space index (FSI)
3	Long term lease of land

PART - IV - ORIGINAL WORK

No	Particulars
1	Original work relating to musical, dramatical, artistic
2	Original works related to literary - Services by an author
3	Renting of Motor Vehicle
4	Services provided by a person situated outside India to a person situated in India

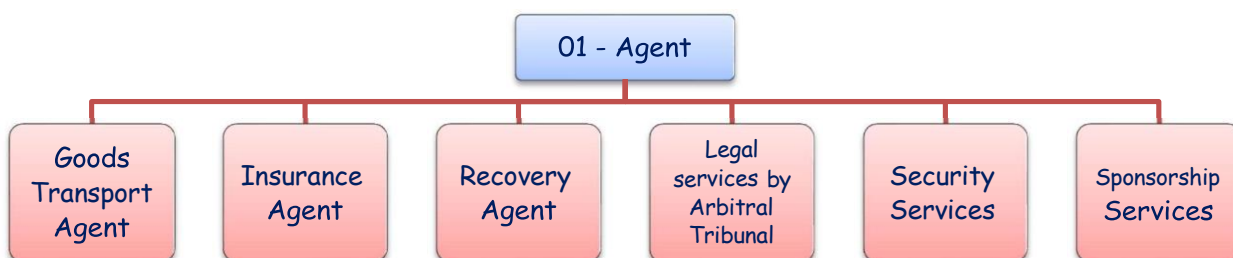
PART - V - BANK

No	Particulars
1	Services provided by an Individual Direct Selling Agent
2	Services by Business Facilitator to Business Correspondent (BC)
3	Services by Agent of BC to BC
4	Services provided by members of overseeing committee to RBI
5	Lending of securities

List of Goods Covered Under RCM U/S. 9(3)

S No	Description of Supply of Goods	Supplier of Goods	Recipient of Supply
1	Cashew nuts, not shelled or peeled	Agriculturist	Any registered person
2	Bidi wrapper leaves (tendu)	Agriculturist	Any registered person
3	Tobacco leaves	Agriculturist	Any registered person
3A	Following essential oils other than those of citrus fruit a) Of peppermint (<i>Mentha piperita</i>); (b) Of other mints: Spearmint oil (ex- <i>mentha spicata</i>), Water mint-oil (ex - <i>mentha aquatic</i>), Horsemint oil (ex - <i>mentha sylvestries</i>), Bergament oil (ex - <i>mentha citrate</i>), <i>Mentha arvensis</i>	Any unregistered person	Any registered person
4	Silk yarn	Any person who manufactures silk yarn from raw silk or silk worm cocoons for supply of silk yarn	Any registered person
4A	Raw cotton	Agriculturist	Any registered person
5	Supply of lottery	State Government, Union Territory or any local authority	Lottery distributor or selling agent.
6	Used vehicles, seized and confiscated goods, old and used goods, waste and scrap	Central Ministry (Railways). Government excluding of Railways State (Indian Government, Union territory or a local authority	Any registered person
7	Priority Sector Lending Certificate	Any registered person	Any registered person

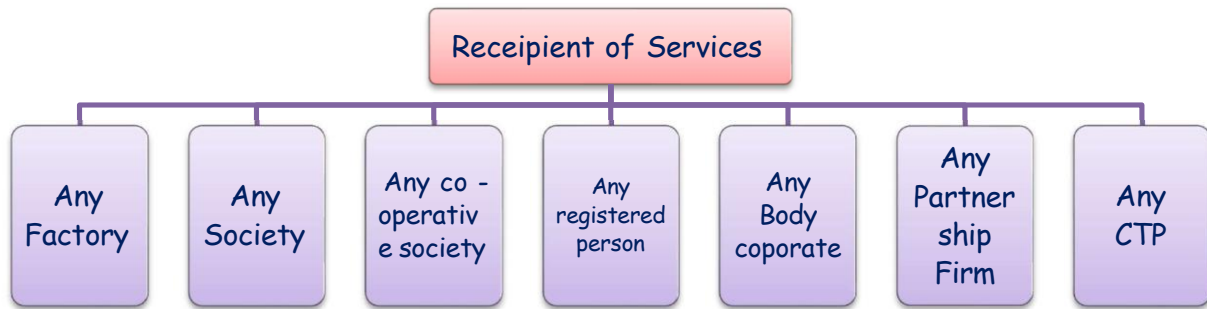
01 - RCM - AGENT



GOODS TRANSPORT AGENCY

Supply of Service by a Goods Transport Agency ~~who has not paid CGST @ 6%~~ in respect of transaction of goods by road

Supplier of Service	Recipient of Service	
Goods Transport Agency	No	Particulars
	1	Any factory registered under or governed by the Factories Act, 1948; or
	2	Any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India; or
	3	Any co - operative society established by or under any law; or
	4	Any person registered under the Central Goods and Service Tax Act or the Integrated Goods and Service Tax or the State Goods and Service Tax Act or the Union Goods and Service Tax Act; or
	5	Anybody corporate established, by or under any law;
	6	Any partnership firm whether registered or not under any law including association of persons; or
	7	Any casual taxable person;
Located in the taxable territory.		

Summary:**Exception to GTA RCM**

However, nothing contained in this entry shall apply where

No	Particulars
1	The supplier has taken registration under the CGST Act 2017 and exercised the option to pay tax on the services of GTA in relation to transport of goods supplied by him under forward charge; and
2	The supplier has issued a tax invoice to the recipient charging Central Tax at the applicable rates and has made a prescribed declaration on such invoice issued by him.

Exemption u/s 11 of the CGST Act

Exemption 1 - RCM not applicable if recipient registered only for TDS

No	Explanation								
1	<p>However, nothing contained in this entry shall apply to services provided by a goods transport agency, by way of transport of goods in a goods carriage by road, to, -</p> <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>A Department or Establishment of the Central Government or State Government or Union Territory; or</td></tr> <tr> <td>2</td><td>Local Authority; or</td></tr> <tr> <td>3</td><td>Governmental Agencies</td></tr> </table> <p>Which has taken registration under the CGST Act, 2017 only for the purpose of deducting tax u/s 51 and not for making a taxable supply of goods or services</p>	No	Particulars	1	A Department or Establishment of the Central Government or State Government or Union Territory; or	2	Local Authority; or	3	Governmental Agencies
No	Particulars								
1	A Department or Establishment of the Central Government or State Government or Union Territory; or								
2	Local Authority; or								
3	Governmental Agencies								

Exemption 2 - Services provided by a GTA to an unregistered person, including an unregistered casual taxable person, other than the following recipients, namely: -

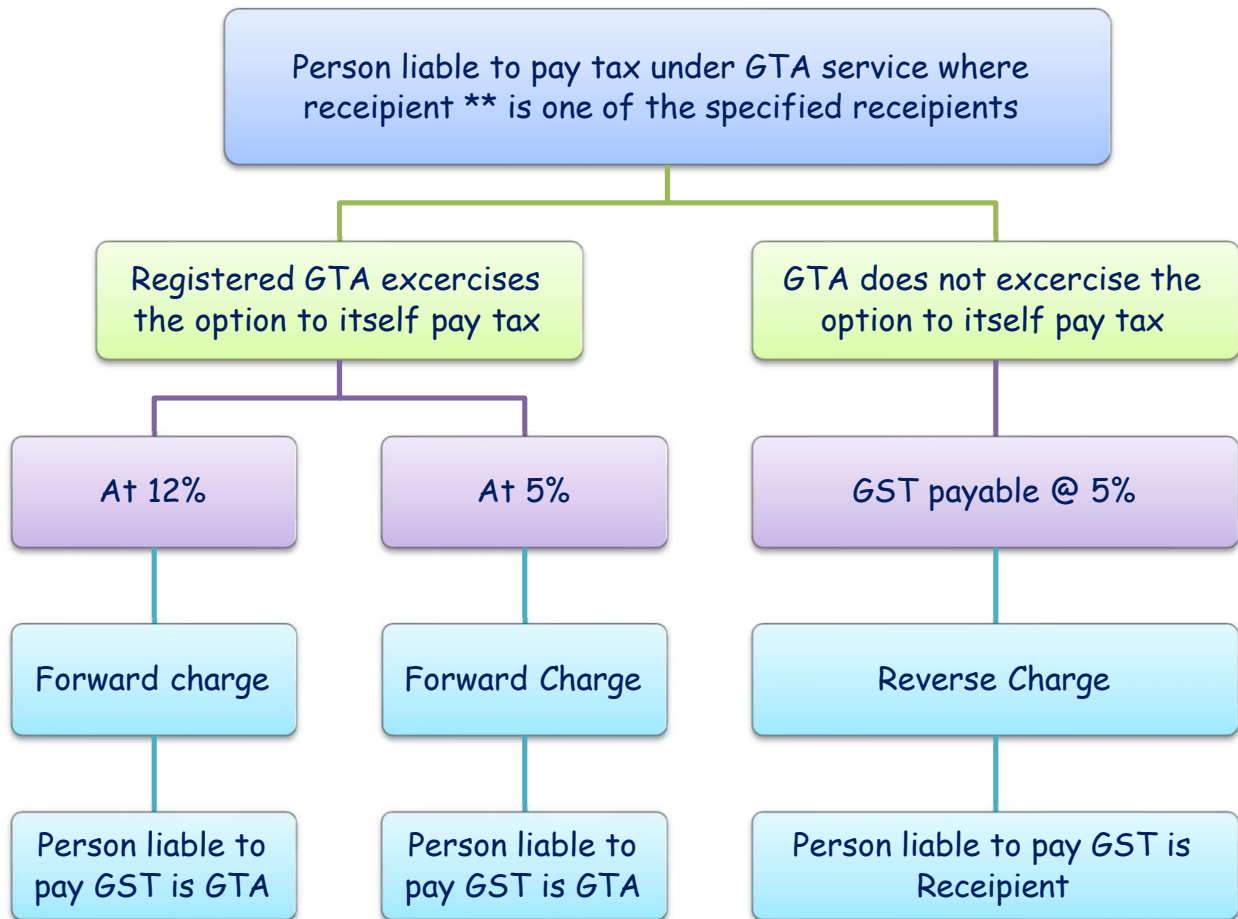
No	Particulars
1	Any factory registered under or governed by the Factories Act 1948 or
2	Any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India; or
3	Any Co - operative Society established by or under any law for the time being in force; or
4	Any body corporate established, by or under any law for the time being in force; or
5	Any partnership firm whether registered or not under any law including AOP
6	Any Casual taxable person registered under the CGST Act or the IGST Act or the SGST Act or the UTGST Act,

are exempt

Explanation: -

Explanation - Person liable to pay freight is Service Recipient

No	Explanation
1	The person who pays or is liable to pay freight for the transportation of goods by road in goods carriage, located in taxable territory shall be treated as the person who receives the service for the purpose of this notification

SUMMARY:

Note:

No	Explanation
1	Recipient of GTA service is the person who pays / is liable to pay freight for transportation of goods by road in goods carriage, located in the taxable territory

INSURANCE AGENT

Nature of Service	Supplier of Service	Recipient of Service
Insurance Services	Insurance Agent	Any person carrying on insurance business, located in taxable territory.

RECOVERY AGENT

Nature of Service	Supplier of Service	Recipient of Service
Recovery Services	Recovery Agent	<ul style="list-style-type: none"> ➤ A banking company or ➤ A financial institution or ➤ A non - banking financial company located in the taxable territory.

LEGAL SERVICES BY ARBITRAL TRIBUNAL

Nature of Service	Supplier of Service	Recipient of Service
Legal Services	Arbitral tribunal	Any business entity located in the taxable territory.

SECURITY SERVICES

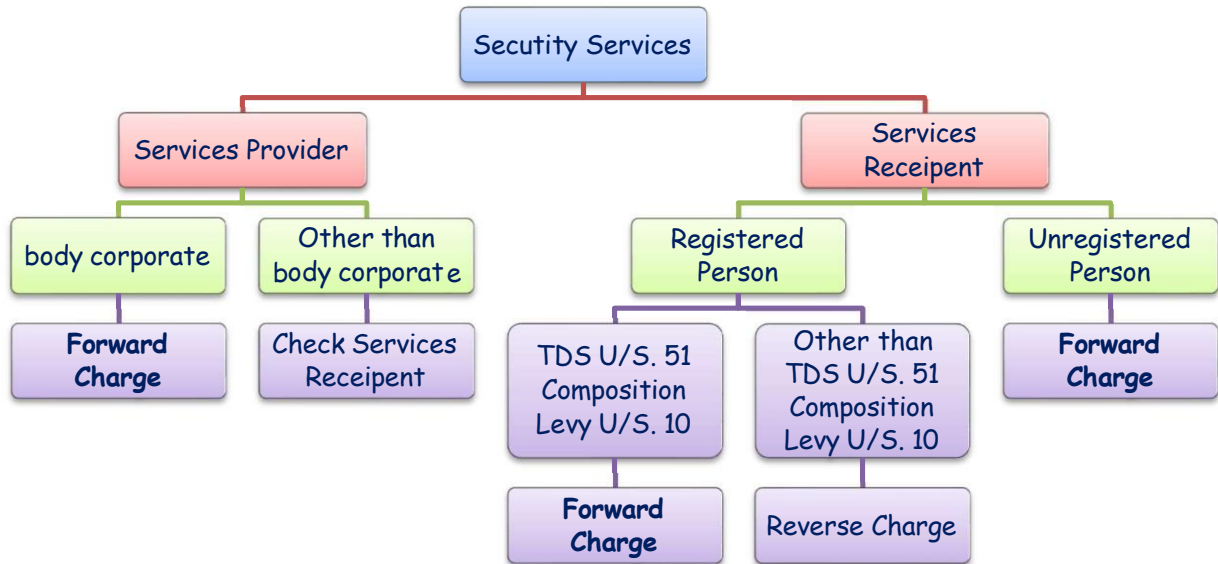
Nature of Service	Supplier of Service	Recipient of Service
Security services (services provided by way of supply of security personnel) provided to a registered person.	Any person other than a body corporate.	Any registered person, located in the taxable territory.

Note: -

RCM not applicable if recipient registered only for TDS and in case composition suppliers: **However, nothing contained in this entry shall apply to, -**

No	Particulars
1	a) A Department or Establishment of the Central Government or State Government or UT; or b) local authority; or c) Government agencies, which has taken registration under the CGST Act, 2017 only for the purpose of deducting tax u/s 51 of the said Act and not for making a taxable supply of goods or services; or
2	a registered person paying tax under section 10 of the said Act.

SUMMARY

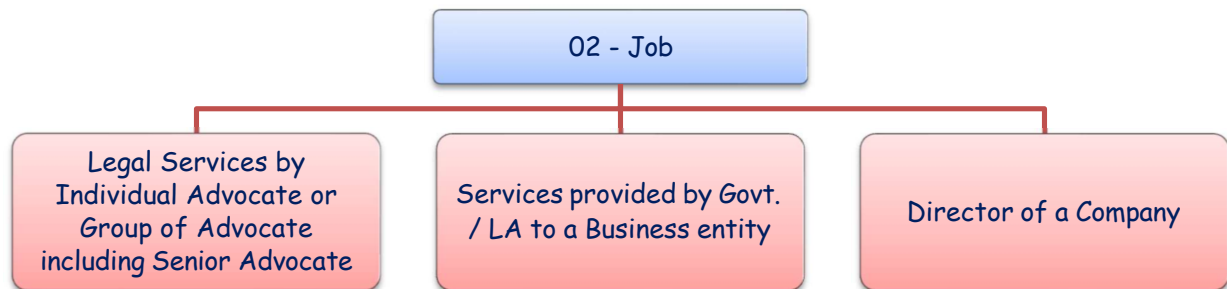


SPONSORSHIP SERVICES

Nature of Service	Supplier of Service	Recipient of Service
Sponsorship services	Any Person	Anybody corporate or partnership firm located in the taxable territory

Example:

No	Particulars
1	Sponsorship services by Shyam to ANM Ltd - RCM
2	Sponsorship services by Shyam Ltd to ANM - FCM

02 - RCM - JOB**LEGAL SERVICES BY INDIVIDUAL OR GROUP OF ADVOCATES INCLUDING SENIOR ADVOCATE**

Nature of Service	Supplier of Service	Recipient of Service
Services by way of legal services, directly or indirectly.	an individual advocate including a senior advocate or firm of advocates	Any business entity located in the taxable territory.

No	Particulars
1	"Legal Services" means any services provided in relation to advice, Consultancy, or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority

Note:

Business entity being Litigant, Applicant or Petitioner located in Taxable territory - Deemed Recipient:

No	Particulars
1	The business entity located in the taxable territory who is litigant, applicant or petitioner, as the case may be, shall be treated as the person who receives the legal services for the purpose of this notification

Example

No	Particulars
1	Pyarelal & Co has obtained registration under GST in the preceding financial year as its aggregate turnover exceeded the threshold exemption limit. In the current FY, it sought legal consultancy services for its business from Nyay Advocates - a partnership firm of advocates. The legal services so received by Pyarelal & Co. are not exempt because its aggregate turnover exceeds the threshold exemption limit of registration in the preceding financial year. Further, the tax on the said legal services is payable by Pyarelal & Co under reverse charge.

SERVICES BY GOVT / LA TO A BUSINESS ENTITY

Nature of Service		Supplier of Service	Recipient of Service
Services supplied by the Central Government, State Government, Union Territory or local authority excluding - <ul style="list-style-type: none"> ➤ Renting of immovable property, and ➤ Services specified below - 		Central Government, State Government, Union Territory or local authority	Any business entity located in the taxable territory.
No	Particulars		
1	Services by the department of posts by way of speed post, express parcel post, life insurance and agency services provided to person other than Central Government, State Government, Union Territory or local authority; and the Ministry of Railway (Indian Railway)		
2	Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport.		
3	Transport of goods or passengers.		

Note:

No	Particulars
1	"Renting of Immovable Property" means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing, or other similar arrangements in respect of immovable property

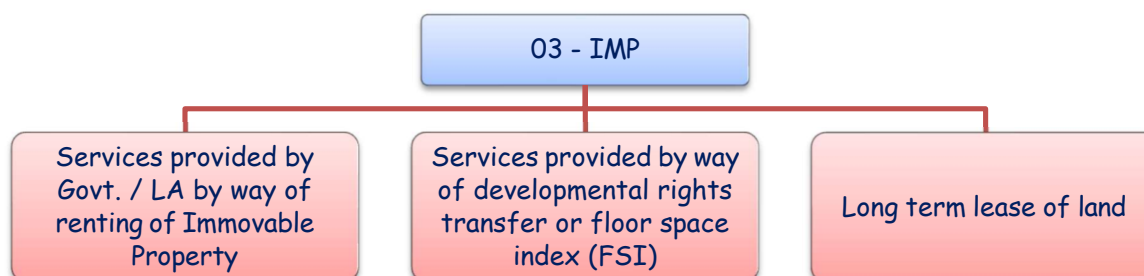
DIRECTOR OF A COMPANY/BODY CORPORATE

Nature of Service	Supplier of Service	Recipient of Service
Any Service	director of a company or a body corporate	The company or body corporate located in the taxable territory.
Exception: - Services by way of renting of immovable property	director of a company or a body corporate in his private / personal capacity	Director of the company

Examples:

No	Particulars
1	ANM is a director (non-executive director), charges sitting fees to company - RCM, CO liable
2	ANM is a director (Executive director) out of supply of supply, since he is an employee

03 - RCM - IMMOVABLE PROPERTY



SERVICES PROVIDED BY GOVT / LA BY WAY OF RENTING OF IMP

Entry No	Nature of Service	Supplier of Service	Recipient of Service
5A	Services supplied by Government excluding the Ministry of Railways (Indian Railways) , by way of Renting of immovable property to a person registered under the CGST Act 2017	Central Government, State Government, Union territory or local authority	Any person registered under the CGST Act 2017
5AA	Services by way of Renting of Residential Dwelling	Any person	Any Registered Person

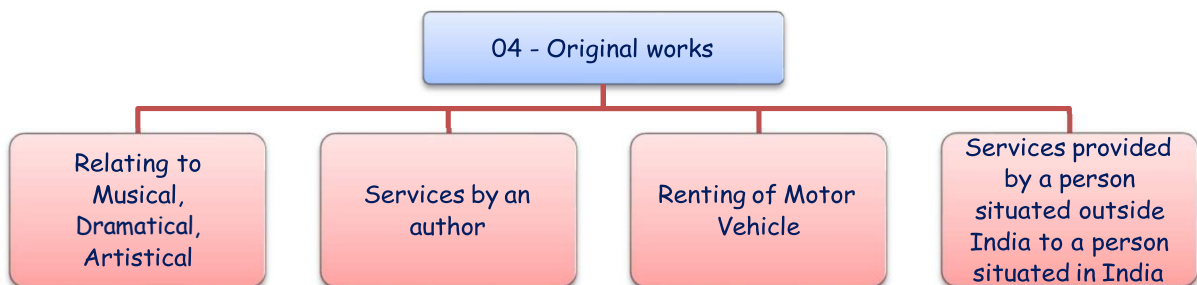
SERVICES PROVIDED BY WAY OF DEVELOPMENTAL RIGHTS TRANSFER OR FSI

Entry No	Nature of Service	Supplier of Service	Recipient of Service
5B	Transfer of development rights or Floor Space Index (FSI) (including additional FSI) for construction of a project	Any Person	Promoter

LONG TERM LEASE OF LAND

Entry No	Nature of Service	Supplier of Service	Recipient of Service
5C	Long term lease of land (30 years or more) against consideration in the form of upfront amount (called as premium, salami, cost, price, development charges or by any other name) and/or periodic rent for construction of a project	Any Person	Promoter

04 - RCM - ORIGINAL WORKS



ORIGINAL WORKS RELATING TO MUSICAL, DRAMATICAL, OR ARTISTIC WORKS

Nature of Service	Supplier of Service	Recipient of Service
Supply of services by way of transfer or permitting the use or enjoyment of a copyright covered under Section 13(1)(a) of the Copyright Right Act, 1957	Music composer, photographer, artist or the like relating to original dramatic, musical or artistic works to a publisher, music company, producer or the like	Music company, producer or the like, located in taxable territory.

SERVICES BY AN AUTHOR

Nature of Service	Supplier of Service	Recipient of Service
Supply of services by way of transfer or permitting the use or enjoyment of a copyright covered under Section 13(1)(a) of the Copyright Act, 1957	Author relating to original literary works	Publisher located in the taxable territory

However, nothing contained in this entry shall apply where:

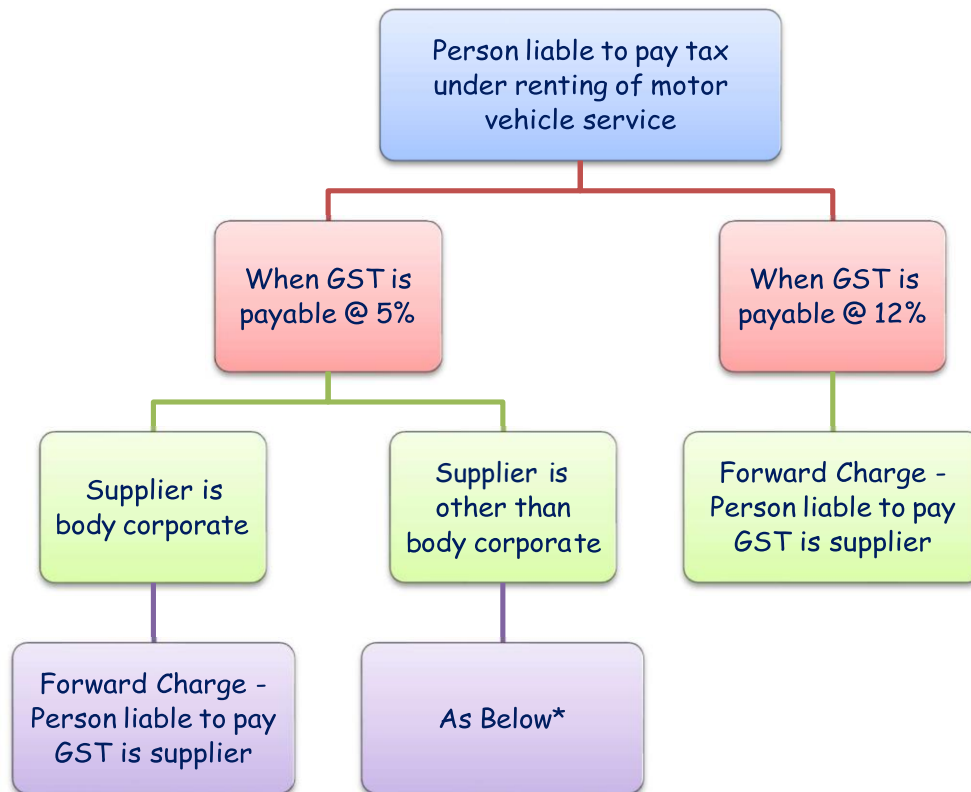
No	Particulars
1	The author has taken registration under the CGST Act, 2017 and filed a declaration in the specified form before the commencement of the FY with the jurisdictional CGST or SGST commissioner, as the case may be, that he exercises the option to pay central tax on such services in accordance with Section 9(1) of the CGST Act, 2017 under forward charge and to comply with all the provisions of CGST Act, 2017 as they apply to a person liable for paying the tax in relation to the supply of any goods or services or both and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option;
2	The author makes a declaration regarding payment of tax on forward charge on the invoice issued by him in Form GST Inv - I to the publisher.

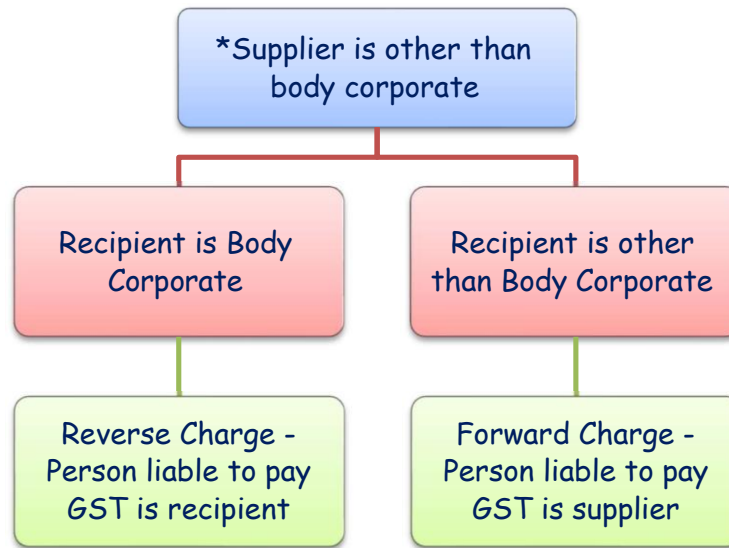
RENTING OF MOTOR VEHICLE

Services provided by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient, provided to a body corporate - Substituted by NN 29/2019 - CT (R), dated 31 - 12 - 2019 w.e.f. 31 - 12 - 2019

Nature of Service	Supplier of Service	Recipient of Service
Renting of Motor Vehicle as above	Any person other than a Body corporate who supplies the service to a body corporate and does not issue an invoice charging central tax @ 6% to the service recipient.	Any body corporate located in the taxable territory

SUMMARY



Supplier is Other than body Corporate: -**Example:**

Case	Supplier	Invoice/ Document issued	Recipient	Whether RCM is applicable?
1	ANM a registered person (RP)	Tax Invoice with GST @ 5%	Student (an individual)	NO RCM
2	ANM a RP	Tax Invoice with GST @ 5%	Students limited	RCM applicable
3	ANM limited a RP	Tax Invoice with GST @ 5%	Students limited	NO RCM
4	ANM an Unregistered person	Does not issue tax Invoice, however issues a commercial Invoice	Students limited	Students Ltd to pay GST @5% under RCM.
5	ANM a RP under composition scheme section 10(2A)	Bill of supply	Students limited	Students Ltd liable to pay GST @ 5 % under RCM.

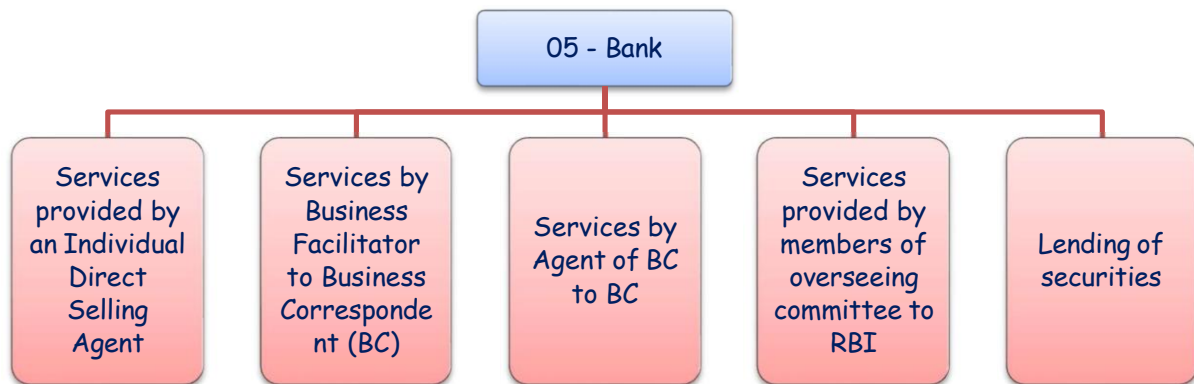
**SERVICES PROVIDED BY A PERSON SITUATED OUTSIDE INDIA TO A
PERSON SITUATED IN INDIA - IGST EXEMPTION SECTION 6**

Category of Supply of Service	Supplier of Service	Recipient of Service
Any service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online recipient.	Any person located in a non - taxable territory	Any person located in the taxable territory other than non - taxable online recipient
Services supplied by a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India.	A person located in a non-taxable territory	Importer, as defined in Section 2(26) of the Customs Act, 1962, located in the taxable territory.

Note: -

No	Particulars
1	Importer, in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes any owner, beneficial owner or any person holding himself out to be the importer (Section 2(26) of the Customs Act, 1962)

05 - BANK



SERVICES BY INDIVIDUAL DIRECT SELLING AGENTS (DSA)

Nature of Service	Supplier of Service	Recipient of Service
Any Services	Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm	A banking company or a Non-banking finance company, located in the taxable territory

Direct selling agents

No	Particulars
1	A DSA is a person who works as a referral agent for a Bank.
2	Their main job is to find potential customers who want to take a loan.
3	Government banks appoint Agents to bring business to Banks certain percentage is given by banks to DSAS.

Note:

No	Particulars
1	RCM is applicable only if DSA is an Individual, and hence bank will be liable to pay. However, if DSA is another entity (co/BC/Firm) FCM will be applicable.

SERVICES BY BUSINESS FACILITATOR TO BANKING COMPANY

Category of Supply of Service	Supplier of Service	Recipient of Service
Services provided by Business facilitator (BF) to a banking company.	Business Facilitator (BF)	A Banking Company, located in the taxable territory

SERVICES BY AGENT OF BUSINESS CORRESPONDENT TO BUSINESS CORRESPONDENT

Category of Supply of Service	Supplier of Service	Recipient of Service
Services provided by an agent of business correspondent (BC) to business correspondent (BC)	An agent of business correspondent (BC)	A business correspondent, located in the taxable territory.

SERVICES PROVIDED BY MEMBERS OF OVERSEEING COMMITTEE TO RBI

Nature of Service	Supplier of Service	Recipient of Service
Any Services	Members of Overseeing Committee constituted by the RBI	RBI

LENDING OF SECURITIES

Category of Supply of Service	Supplier of Service	Recipient of Service
Services of lending of securities under Securities Lending Scheme, 1997 of SEBI as amended	Lender i.e a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the Scheme of SEBI	Borrower i.e a person who borrows the securities under the scheme through an approved intermediary of SEBI

Special Note for IGST: -

List of Services taxable under Reverse Charge, i.e the services where tax is payable by the recipient:

No	Particulars
1	Notification No. 10/2017 - IT(R) dated 28.06.2017 has notified specified categories of supply of services wherein whole of the IGST shall be paid on reverse charge basis by the recipient of services.
2	All the services which have been notified for reverse charge purposes under CGST Act vide notification No 13/2017 - CT (Rate) dated 28 - 06 - 2017 w. e. f 01 - 07 - 2017 have also been notified for reverse charge IGST Act. Further,

following two services are additionally included for IGST purposes.

Test Yourself

REVERSE CHARGE MECHANISM

Illustration

No	Particulars
1	Mr. Vivek sponsored a dance competition organized by 'Taal Academy', a dance school run by an individual. The dance competition was named as 'Mr. Vivek's Dance Show' by 'Taal Academy'. Who is liable to pay GST in this case? Will your answer be different if 'Taal Academy' is run by a partnership firm?

Ans:

No	Particulars
1	In case of taxable service provided or agreed to be provided by way of sponsorship to any body corporate or partnership firm located in the taxable territory, person liable to pay GST is the recipient of such service. However, since in the given case sponsorship services are provided to an individual, the person liable to pay GST will be supplier of service i.e. 'Taal Academy'. Further, since the status of recipient of service is relevant for determining as to who would pay GST, status of service supplier is immaterial. Therefore, as long as sponsorship service is rendered to an individual, GST will be payable by supplier of service i.e. 'Taal Academy' irrespective of whether the same is run by an individual or a partnership firm

Illustration

From the following information pertaining to month of December 2021, determine the person liable to pay GST and extent of GST payable (Rate of GST is 18% and in case of Goods transport agency is 5%), if all sums are exclusive of taxes and both service supplier and service recipient are located in India -

Case	Particulars
1	Mr. Kanha is an agent of General Insurance Co. The insurance company pays commission (excluding tax) Rs. 8 Lakh to him. Mr. Kanha claims that no GST is leviable on services provided by him as his value of taxable service does not exceed Rs. 20Lakhs
2	ABC Ltd. availed services of Kamal Goods transport agency for transportation of goods by road from factory located in New Delhi to its

	Jaipur depot and paid freight of Rs. 1,00,000
3	PC Jewellers Ltd. paid Rs. 50Lakhs for sponsorship of Miss India beauty pageant for sponsorship service
4	Legal services provided by PDS & Co, a partnership firm of New Delhi to Hindustan Unilever Ltd, Mumbai: Rs. 75,00,000

Ans:

As per Notification No. 13/2017 - CT (Rate) dated 28.06.2017 w.e.f. 01.07.2017, the GST shall be payable as follows -

Case - 01

No	Particulars
1	In this case General Insurance Company will be liable to pay GST on reverse charge basis. It cannot claim threshold exemption as it is receiver of service.
2	Hence, GST shall be Rs. 8,00,000 \times 18% = Rs. 1,44,000. The same shall be paid by the General Insurance Company

Case - 02

No	Particulars
1	In this case GST shall be paid by ABC Ltd. under reverse charge mechanism, since it is liable to pay freight for transportation of goods. The GST liability shall be $\text{Rs. } 1,00,000 \times 5\% = \text{Rs. } 5,000.$
2	However, GTA can exercise the option to pay tax under FCM. In such cases, GTA has to take registration under CGST Act 2017 & has to issue a tax invoice to the recipient charging GST @ 5% and has to make a prescribed declaration on such invoice issued by him

Case - 03

No	Particulars
1	In this case sponsorship services are received by PC Jewelers Ltd. Hence, it will be liable to pay GST under reverse charge mechanism.
2	The GST liability shall be Rs. 50,00,000 \times 18% = Rs. 9,00,000

Case - 04

No	Particulars
1	In this case GST shall be paid by Hindustan Unilever Ltd. under reverse charge mechanism.
2	The GST liability shall be Rs. 75,00,000 \times 18% = Rs. 13,50,000

Illustration

No	Particulars
1	Mr. Vicky Frankyn, an unregistered famous author, received Rs. 3 crores of consideration from Shiv Bhawan Publications (SBP) located in Indore for supply of services by way of temporary transfer of Copyright covered u/s 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book. He finished his work & made available the book to the publisher, but has yet not raised the invoice.
2	Mr. Vicky is of the view that SBP is liable to pay tax under reverse charge on services provided by him. SBP doesn't concur with his view and not ready to deposit the tax under any circumstances. Examine whether the view of Mr. Vicky is correct. Further, if the view of Mr. Vicky is correct, what is the recourse available with Mr. Vicky to comply with the requirements of GST law as SBP has completely refused to deposit the tax.

Ans:

Yes, the view of Mr. Vicky is correct. GST is payable under reverse charge in case of supply of services by an author by way of transfer/ permitting the use or enjoyment of copyright covered u/s 13(1)(a) of the Copyrights Act, 1957 relating to original literary work to a publisher located in taxable territory in terms of reverse charge NN 13/2017 - CT(R) dated 28.06.2017. Therefore, in the given case, person liable to pay tax is the publisher - SBP.

However, since SBP has completely refused to deposit the tax on the given transaction, Mr. Vicky has an option to pay tax under forward charge on the same. For the purpose, he needs to fulfill the following conditions:

No	Particulars
1	Since he is unregistered, he has to first take registration under the CGST Act, 2017
2	He needs to file declaration, in the prescribed form, that he exercise the option to pay CGST on the said service under forward charge in accordance with section 9(1) of CGST Act and to comply with all the provisions as they apply to a person liable for paying the tax in relation to the supply of any goods and / or services and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option
3	He has to make a declaration on the invoice, which he would issue to SBP, in prescribed form

Illustration

Decide which person is liable to pay GST in the following independent cases, where the recipient is located in the taxable territory. Ignore the Aggregate Turnover and Exemption available.

Case	Particulars
1	Mr. Raghu provided sponsorship services to WE - WIN Cricket Academy, an LLP.
2	'Safe Trans', a GTA (not registered in GST), transported goods of Kapil & Co., a partnership firm which is not registered under GST.

Ans:

Case - 01

No	Particulars
1	As per Entry 4 of NN 13/2017 - CT (Rate), Services provided by way of sponsorship to any body corporate or partnership firm shall be liable to be taxed under reverse charge mechanism and the recipient of service shall be liable to pay GST.
2	For the purpose of this notification, A "Limited Liability Partnership" formed and registered under the provisions of LLP Act, 2008 shall also be considered as a partnership firm or a firm. Thus, WE - WIN Cricket Academy shall be liable to pay GST.

Case - 02

No	Particulars
1	As per entry 1 of NN 13/2017 - CT (Rate), supply of services by GTA in respect of transportation of goods by road to any partnership firm whether registered or not under any law shall be liable to be taxed under RCM and the recipient of services shall be liable to pay GST. Thus, Kapil & Co., shall be liable to pay GST under RCM.
2	However, GTA can exercise the option to pay tax under forward charge mechanism. In such a case, GTA has to take registration under the CGST Act, 2017 and has to issue a tax invoice to the recipient charging GST at 5% and has to make a declaration of paying tax under FCM on such invoice issued by him. Besides this, if GST is paid at 12% by GTA, then GTA is liable to pay tax under FCM.

CHAPTER 5 - PLACE OF SUPPLY OF GOODS

OVERVIEW

No	Particulars
1	Definitions
2	POS of Goods other than supply of goods imported into or exported from India - Sec 10 <ul style="list-style-type: none"> ➤ Supply Involving movement of goods. ➤ Bill to Ship sale. ➤ Supply not involving movement of goods. ➤ Supply Involving installation or assembly of goods. ➤ Goods supplied on board a conveyance
3	Place of Supply of goods imported into or exported from India - Section 11

NEED FOR DETERMINATION OF PLACE OF SUPPLY

No	Particulars
1	Determination of tax to be levied
2	Purpose of Place of Supply Provision
3	Place of Supply- based on destination/Consumption Principle
4	Different principles in respect of Goods and Service

DEFINITIONS

Section 2(93) - Recipient

“Recipient” of supply of goods or services or both, means-

No	Particulars
a	Where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration
b	Where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available and
c	Where no consideration is payable for the supply of service, the person to whom the service is rendered

And any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include agent acting as such on behalf of the recipient in relation to the goods or services or both supplied.

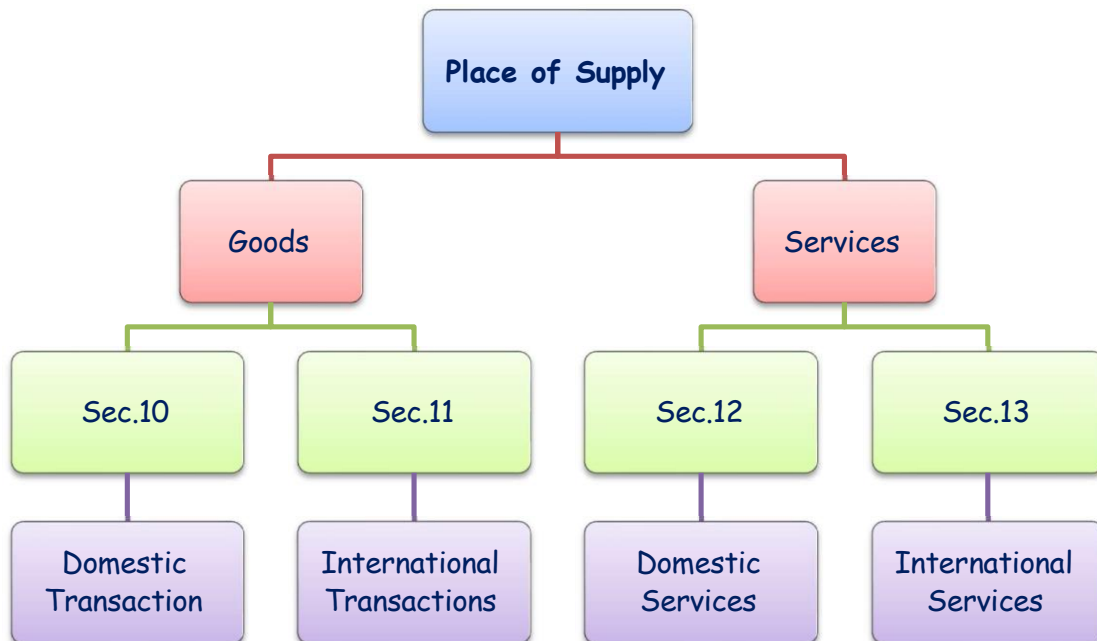
Section - 2(105)

"Supplier" in relation to any goods or services or both, shall mean-

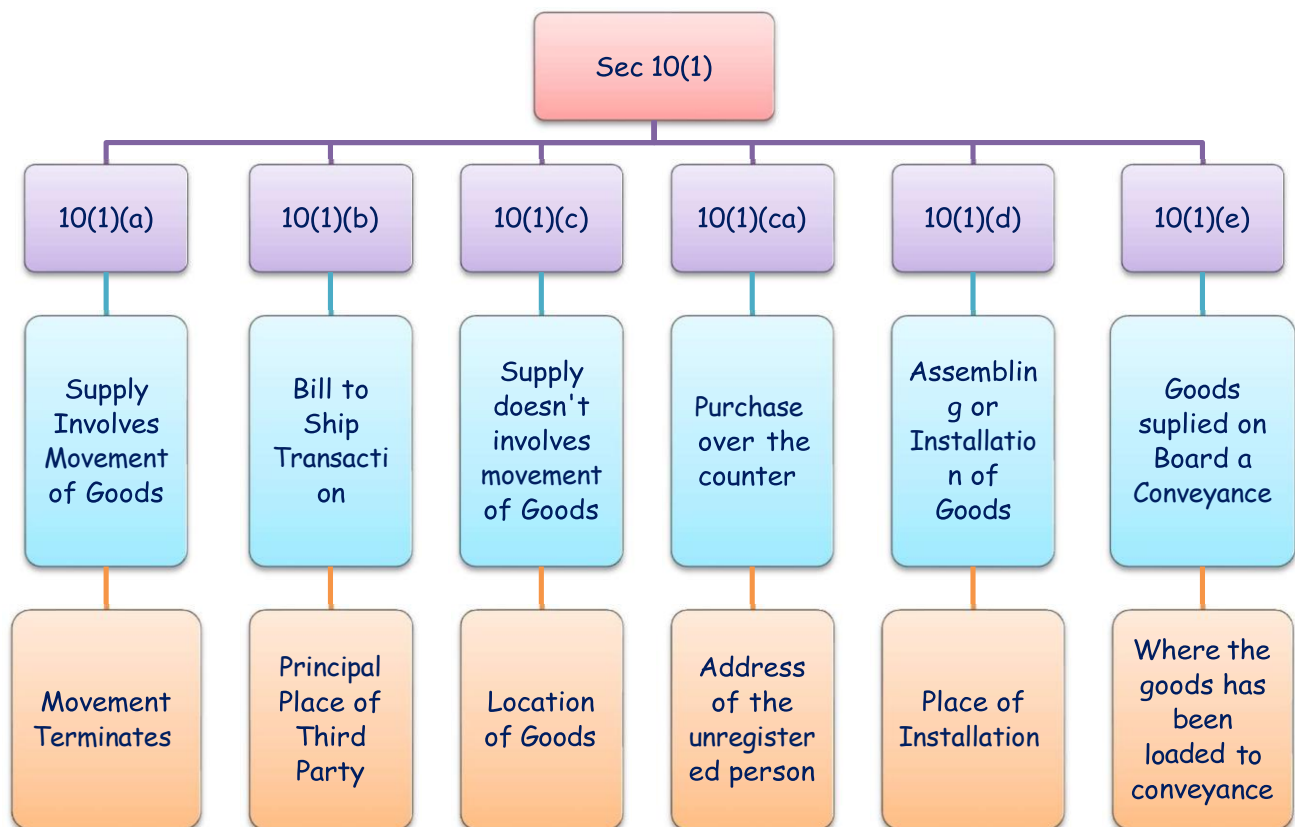
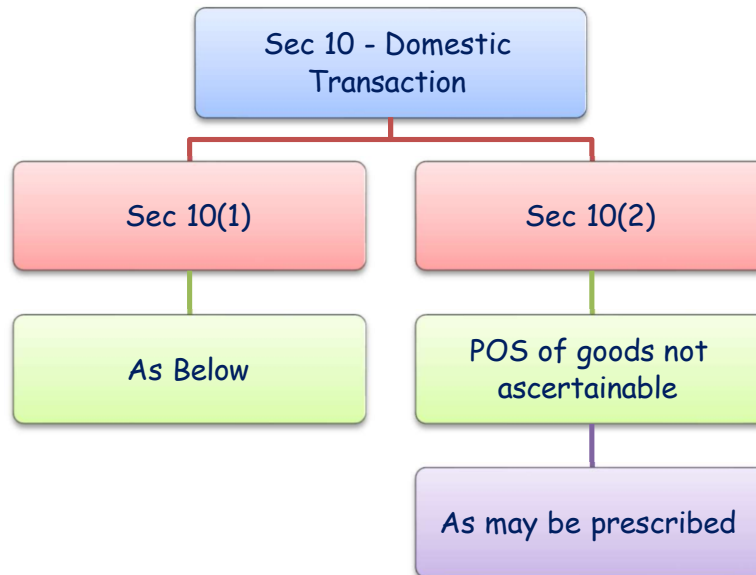
- The person supplying the said goods or services or both, and
- Shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied.

Analysis:

From the above definition, it can be inferred that goods supplied or services rendered by an agent acting on behalf of principal will be treated as the goods/services supplied by the principal.

01 - PLACE OF SUPPLY - OVERVIEW

02 - PLACE OF SUPPLY OF GOODS OTHER THAN SUPPLY OF GOODS IMPORTED INTO OR EXPORTED FROM INDIA - SECTION 10



Place of supply of goods in domestic transactions i.e., within India: The place of supply of goods other than supply of goods imported into, or exported from India, shall be as under :-

SUPPLY INVOLVING MOVEMENT OF GOODS - SEC 10(1)(a)

Nature of Transaction	Place of Supply
Where the supply involves Movement of Goods, whether by the <ul style="list-style-type: none"> ➤ supplier or by the ➤ recipient or ➤ by any other person, 	Location of the goods at the time which the movement of goods terminates for delivery to the recipient.

Note:

Thus, irrespective of the number of states the goods pass through during the course of journey, the state in which the movement of the goods terminates for delivery to the recipient is the place of supply of goods

EXAMPLE: -

No	Particulars	POS
1	Babban Pvt. Ltd of Nasik, Maharashtra sells 10 refrigerators to Chaggan Pvt. Ltd of Pune, Maharashtra for delivery at place of business of Chaggan Pvt. Ltd in Pune.	The place of supply is Pune in Maharashtra.
2	Mr. A of Nasik, Maharashtra sells 20 refrigerators to Mr. C of Ahmedabad, Gujarat for delivery at Mr. C's place of business in Ahmedabad.	The place of supply is Ahmedabad

Test Yourself

Illustration

No	Particulars
1	X Ltd of Mumbai receives order from A Ltd. of Jaipur, for supply of certain goods. The price quoted by X Ltd being inclusive of freight. X Ltd arranges for the transportation of the goods to Jaipur. The delivery of goods is taken by A Ltd at Jaipur. Determine the place of supply of goods. Would your answer be different if A Ltd has arranged for the transport of goods which are delivered to it by transporter in Jaipur?

Ans:

No	Particulars
1	As per Section 10(1)(a) of IGST Act, 2017, where the supply involves movement of goods, whether by the supplier or by the recipient or by any other person, the place of supply shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient. Since the movement of the goods terminates in Jaipur (i.e. Rajasthan), the place of supply of goods shall be at Jaipur, Rajasthan.
2	If the transportation costs were agreed to be borne by the purchaser A Ltd., and the transportation of the goods is arranged through a transporter 'Y', the movement of the goods takes place at the direction of the purchaser, but since the movement of the goods terminate for delivery to the recipient at Jaipur, therefore, the place of supply shall be Jaipur, Rajasthan. Thus, the answer will remain same.

**SUPPLY INVOLVING MOVEMENT OF GOODS DELIVERED TO RECIPIENT ON
THE INSTRUCTION OF THIRD PERSON -**

BILL TO SHIP TO SALE - SECTION 10(1)(b)

Nature of Transaction:

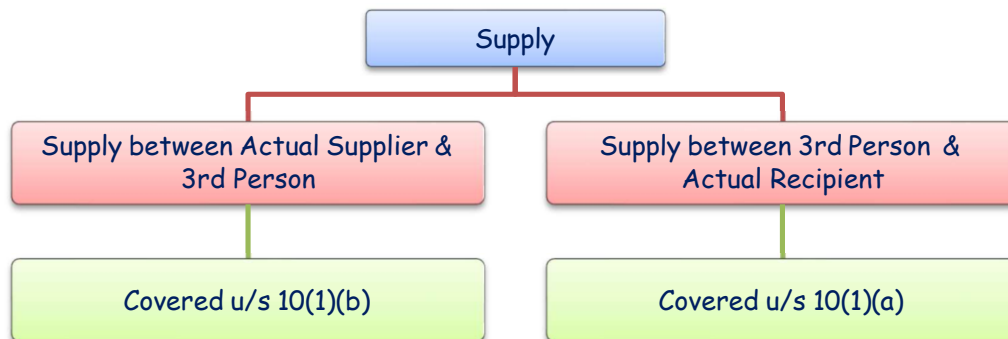
No	Particulars
1	Where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise,

Place of Supply:

No	Particulars
1	<ul style="list-style-type: none"> ➤ It shall be deemed that the said third person has received the goods; and ➤ The place of supply of such goods shall be the principal place of business of such person

These transactions are also known as Bill to Ship Transactions.

POS = PRINCIPAL PLACE OF 3RD PERSON



EXAMPLE: -

No	Particulars	POS
1	Mr. X a supplier registered in Uttar Pradesh having principal place of business at Noida asks Mr. Y of Ahmedabad, Gujarat to deliver 50 washing machines to his buyer Mr. Z at Jaipur, Rajasthan.	<p>In this case, two supplies are involved; one between Mr. X and Mr. Z and other between Mr. Y and Mr. X. While the former supply is covered under clause (a) of section 10(1), the latter one i.e., between Mr. Y and Mr. X is covered under clause (b) of section 10(1).</p> <p>Accordingly, in this case, the place of supply of goods is not the location of delivery of such goods (Jaipur) but the principal place of business of third person i.e., principal place of business of Mr. X located at Noida.</p>

Test Yourself

Illustration

No	Particulars
1	K Traders, a dealer in furniture, located in Maharashtra, receives an order from G Traders, also located in Maharashtra. The order is for the supply of 250 Chairs, with an instruction to ship the chairs to Prime Hardwares, located in Tamil Nadu. Prime Hardwares is a customer of G Traders. What will be the place of supply of goods?

Ans:

No	Particulars
1	Where three parties are involved i.e., to say a supplier, a buyer who is not the recipient of goods(referred as third person) and the recipient who actually receives the goods on the directions of the buyer, a fiction is introduced by Section 10(1)(b) of IGST Act, 2017, whereby the third person on whose direction the goods are delivered will be considered the recipient of the goods and the place of supply is deemed to be the principal place of business of the said third person (being the first buyer).

There are two parts to this transaction

First part of the transaction between K Traders and G Traders

No	Explanation
1	<p>K Traders is the supplier of Chairs, and G Traders is the buyer. Accordingly, K Traders bills the transaction to G Traders, and as per the instruction, ships the goods to Prime Hard wares in Tamil Nadu.</p> <p>Over here, on the instruction from G Traders, K Traders ships the chairs to Prime Hard wares located in Tamil Nadu. Here, G Traders is deemed as the third person. Therefore, the place of supply will be the principal place of business of the third person, i.e., Maharashtra. Accordingly, K Traders charges CGST and SGST on billing to G Traders.</p>

The second part of the transaction between G Traders and Prime Hard wares

No	Explanation
1	<p>G Traders is the supplier, and Prime Hard wares is the buyer. G Traders bills the transaction to Prime Hard wares, and endorses the lorry receipt (goods shipped in a lorry by K Traders) in favour of Prime Hard wares. This lorry receipt (LR) will enable Prime Hard wares to take the delivery of the goods. The second part of the transaction between G Traders and Prime Hard wares will also be interstate, and IGST will be charged.</p>

SUPPLY DOES NOT INVOLVE MOVEMENT OF GOODS - SECTION 10(1)(c)

Nature of Transaction	Place of Supply
Where the supply does not involve movement of goods, whether by the supplier or the recipient.	Location of such goods at the time of delivery to the recipient.

EXAMPLE: -

No	Particulars	POS
1	Newton Pvt. Ltd (New Delhi) has leased its machine (cost Rs. 8,00,000) to Gravity Pvt. Ltd. (Noida, Uttar Pradesh) for production of goods on a monthly rent of Rs. 35,000. After 12 months Gravity Pvt. Ltd requested Newton Pvt. Ltd to sell the machine to it for Rs. 5,00,000, which is agreed to by Newton Pvt. Ltd.	In this case, there will be no movement of goods and the same will be sold on as is where basis is. Thus, the location of the machine at the time of such sale will be the place of supply, i.e. Noida.
2	Gangadharan Ltd (Mumbai, Maharashtra) opens a new branch office at Gurugram, Haryana. It purchases a building for office from Gajodhar Builders (Gurugram). It also enters into a separate contract with Gajodhar Builders for purchase of pre-installed office furniture and fixtures in the building.	Though there will be no GST liability on purchase of building (as sale of building is covered under Schedule III to CGST Act), office furniture and fixtures will be liable to GST. Since there is no movement of office furniture and fixtures, the place of supply of such goods is their location at the time of delivery to the recipient (Gangadharan Ltd) i.e. Gurugram .

Test Yourself**Illustration**

No	Particulars
1	<p>Answer the following question in the light of the place of supply provision contained in the IGST Act, 2017:</p> <p>Quick deal Enterprises (Ahmednagar, Gujarat) opens a new branch office at Hissar, Haryana. It purchases a building for officer from Ruhani Builders (Hissari) along with pre-installed office furniture and fixtures. Determine place of supply of the pre-installed office furniture and fixtures.</p>

(MTP May 2018)**Ans:****The place of supply shall be as under:**

No	Particulars
1	As per Section 10(1)(c) of the IGST Act, if the supply does not involve movement of goods, the place of supply is the location of goods at the time of delivery to the recipient. Since there is no movement of office furniture and fixtures in the given case, the place of supply of such goods is their location at the time of delivery to the recipient (Quickdeal Enterprises) i.e. Hissar,

Haryana.

**AMENDMENT - SUPPLY DOES NOT INVOLVE MOVEMENT OF GOODS -
SECTION 10(1)(ca)**

Place of supply of goods purchased Over the Counter in one State and transported to another State by the buyer [Section 10 of the IGST Act amended]

No	Particulars
1	There are cases where an unregistered person purchases goods over the counter (OTC) in one State and thereafter, transports the goods to another State (generally, the State where he resides). For instance, migrant workers, tourists, etc. who come to a State for work, tourism, etc. and purchase goods in that State to take it to their respective State. Similarly, in automobile sector, the residents of a State may travel to another State to purchase vehicle from that State to take advantage of lower registration charges and road tax, which vary from State to State and thereafter, take the vehicle to their State. For bringing in clarity in respect of the determination of place of supply (POS) in such cases, with effect from 01.10.2023, IGST Amendment Act, 2023 has amended section 10 of the IGST Act to insert new clause (ca) in said section which provides as follows: Where the supply of goods is made to a person other than a registered person, the place of supply shall, notwithstanding anything contrary contained in clause (a) or clause (c) of section 10, be the location as per the address of the said person recorded in the invoice issued in respect of the said supply and the location of the supplier where the address of the said person is not recorded in the invoice.
2	For the purposes of this clause, recording of the name of the State of the said person in the invoice shall be deemed to be the recording of the address of the said person.

Above provision has been summarized as follows: POS in case of OTC sales to unregistered persons is as follows:

Nature of Transaction	Place of Supply
Where the address of the unregistered person is recorded in the invoice.	POS is location as per address of unregistered person recorded in the invoice**
Where the address of the unregistered person is not recorded in the invoice.	POS is location of the supplier.

**Simply mentioning the State of unregistered person instead of complete address would be sufficient.

SUPPLY INVOLVING INSTALLATION / ASSEMBLY OF GOODS - SEC 10(1)(d)

Nature of Transaction	Place of Supply
Where the goods are assembled or installed at site	Place of such installation or assembly.

EXAMPLE: -

No	Particulars	POS
1	Ghoomghoom Pvt. Ltd (New Delhi) purchases a machine from Dhoom Pvt. Ltd (New Delhi) for being installed in its factory at Noida, Uttar Pradesh.	The place of supply is the site at which the machine is installed, i.e. Noida.
2	Pure Refineries (Mumbai, Maharashtra) gives a contract to Mowgli Ltd (Ranchi, Jharkhand) to supply a machine which is required to be assembled in a power plant in its refinery located in Kutch, Gujarat).	The place of supply is the site of assembly of machine, i.e. Kutch even though Pure Refineries is located in Maharashtra.

Test Yourself**Illustration**

Determine place of supply of goods in the following cases and also state the nature of supply and the type of tax leviable:

Supplier & his location	Recipient & His Location	Place of assembly/installation of goods
A Ltd Jaipur	B Ltd Jaipur	Kolkata
A Ltd Jaipur	M Ltd Mumbai	Surat
A Ltd Jaipur	S Ltd Surat	Allahabad
A Ltd Jaipur	M Ltd Mumbai	Jaipur

Ans:

The place of supply is determined as under

Supplier & his location	Recipient & His Location	Place of assembly/installation of goods	Place of Supply	Nature of Supply and Tax Leviable
A Ltd Jaipur	B Ltd Jaipur	Kolkata	Kolkata	Interstate - IGST
A Ltd Jaipur	M Ltd Mumbai	Surat	Surat	Interstate - IGST
A Ltd Jaipur	S Ltd Surat	Allahabad	Allahabad	Interstate - IGST
A Ltd Jaipur	M Ltd Mumbai	Jaipur	Jaipur	Intrastate - CGST

GOODS SUPPLIED ON BOARD A CONVEYANCE -SECTION 10(1)(e)

Nature of Transaction	Place of Supply
Where the goods are supplied on board a conveyance, including <ul style="list-style-type: none"> ➤ vessel ➤ aircraft ➤ Train ➤ motor vehicle 	Location at which the goods are taken on board.

EXAMPLE: -

No	Particulars	POS
1	Maurya (New Delhi) boards the New Delhi-Kota train at New Delhi. He sells the goods taken on board by him (at New Delhi), in the train, at Jaipur during the journey.	The place of supply of goods is the location at which the goods are taken on board i.e. New Delhi and not Jaipur where they have been sold.

Test Yourself

Illustration

No	Particulars
1	X Ltd of Delhi entered into contract with the Airlines Authority for the supply of food packets to the passengers flying on Delhi-Bengaluru route. Aircraft commenced the journey from Delhi. The goods were loaded on board the aircraft in Jaipur. Determine the place of supply of goods.

Ans:

No	Particulars
1	As per Section 10(1)(e), where the goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, the place of supply shall be the location at which such goods are taken on board. In present case the place of supply shall be the place of loading of goods on board the aircraft i.e. Jaipur, irrespective of the place of commencement or destination of aircraft.

SECTION - 10(2)

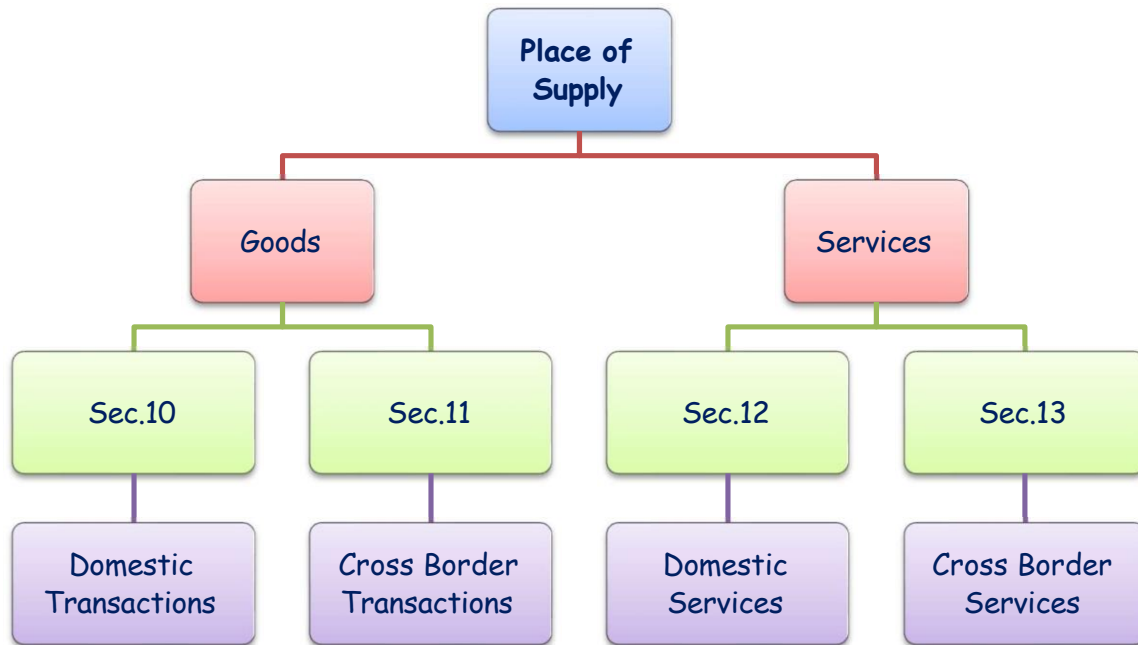
No	Particulars
1	If we are not able to find out place of supply by applying the provisions of 10(1), find out place of supply by Section 10(2)

SUMMARY

No	Nature of Supply	Place of Supply
1	Where the supply involves the movement of goods, whether by supplier or the recipient or by any other person	Location of the goods at the time at which, the movement of goods terminates for delivery to the recipient
2	Where the goods are delivered by the supplier to a recipient, or any other person on the direction of the third person by way of transfer of document of title to the goods or otherwise, it shall be deemed that the third person has received the goods	The principal place of business of such third person
3	Where the supply does not involve movement of goods either by supplier or recipient	Location of such goods at the time of delivery to the recipient
4	Where the goods are purchased Over the Counter in one State and transported to another State by the buyer	Location as per address of unregistered person recorded in the invoice
5	Where goods are assembled or installed at Site	The place where the goods are assembled or installed
6	Where the goods are supplied on - board a conveyance like vessel, aircraft, train or motor Vehicle	The place where such goods are taken on - board the conveyance
7	Where the place of supply of goods cannot be determined in terms of the above provisions	It shall be determined in such manner as may be prescribed

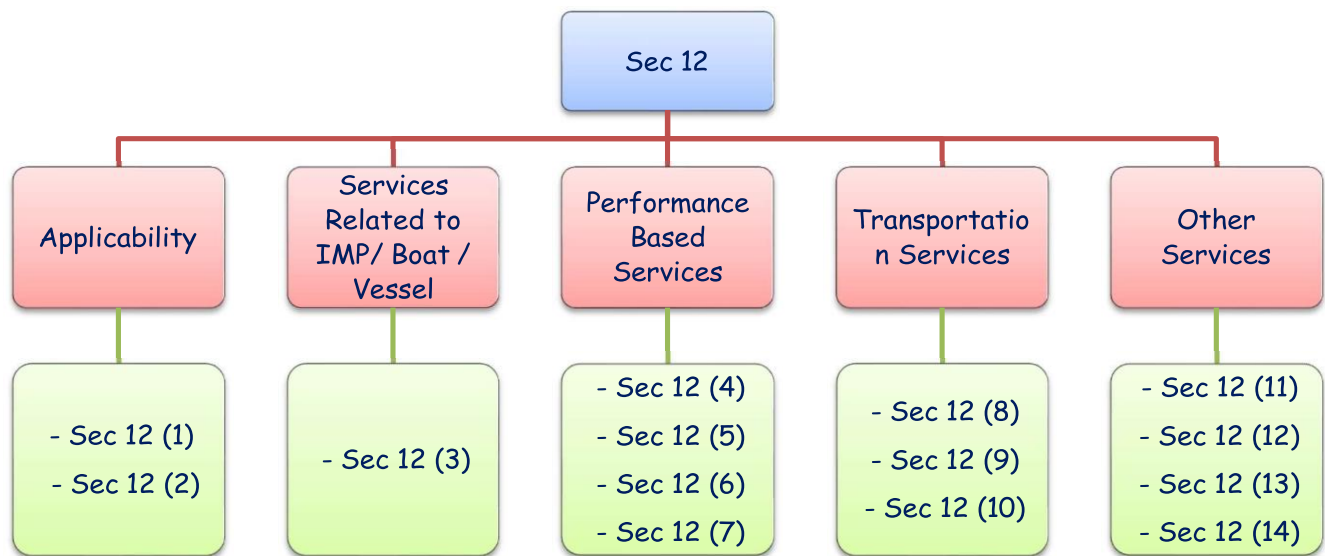
CHAPTER 6 - PLACE OF SUPPLY - DOMESTIC SERVICES

PLACE OF SUPPLY - OVERVIEW



OVERVIEW

Section	Name
12(1)	Applicability
12(2)	General Provision
12(3)	Services related to IMP / Boat / Vessel
12(4)	4 Services
12(5)	Training or Performance Appraisal Services
12(6)	EVENTS
12(7)	Organization of Events
12(8)	Transportation of Goods
12(9)	Transportation of Passengers
12(10)	Services Supplied on board a Conveyance
12(11)	Telecommunication Services
12(12)	Financial & Stock broking Services
12(13)	Insurance Services
12(14)	Advertisement to Government



DEFINITIONS

Section - 2(85) - Place of Business

"Place of business" includes-

No	Particulars
1	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 received goods or services or both; or
2	A place where a taxable person maintains his BOA; or
3	A place where a taxable person is engaged in business through an agent, by whatever name called

Section - 2(50) Fixed Establishment

No	Particulars
1	"Fixed Establishment" means a place (other than the registered place of business) which is characterized by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services, or to receive and use services for its own needs.

Thus, the following points are relevant -

No	Particulars
1	It is a place other than the registered place of business
2	It has sufficient human and technical resources to supply and receive services, thus it is also a place of business
3	Temporary presence of staff by way of a short visit at a place cannot be called as fixed establishment
4	The number of staff at a location is irrelevant and only the adequacy of the arrangement of human and technical resources to carry out the activities is to be considered
5	Permanent nature of the arrangement and location need to be considered

Section - 2(113) Usual Place of Business

"Usual Place of business" means-

No	Particulars
1	In case of individual, the place where he ordinarily resides
2	In other cases, the place where the person is incorporated or otherwise legally constituted

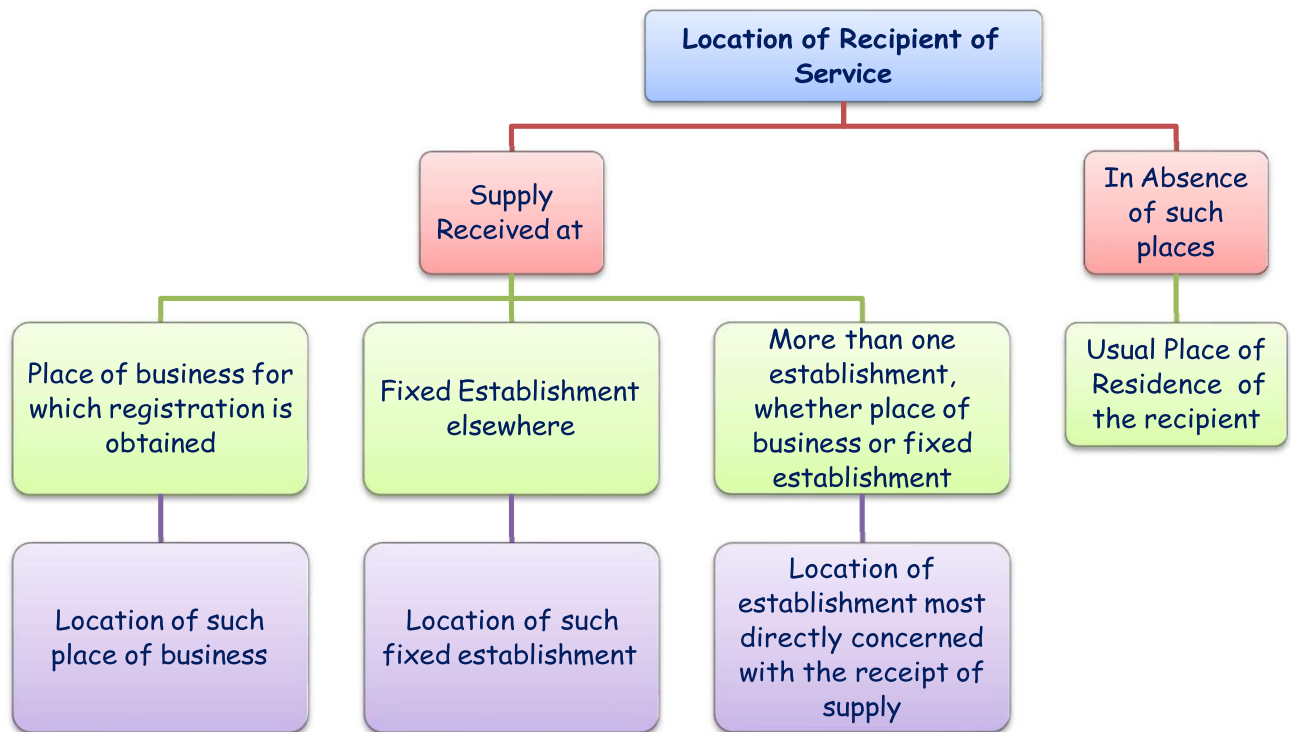
Section - 2(2) Address of Delivery

No	Particulars
1	Address of delivery means the address of the recipient of goods or services or both indicated on the tax invoice issued by a registered person for delivery of such goods or services or both

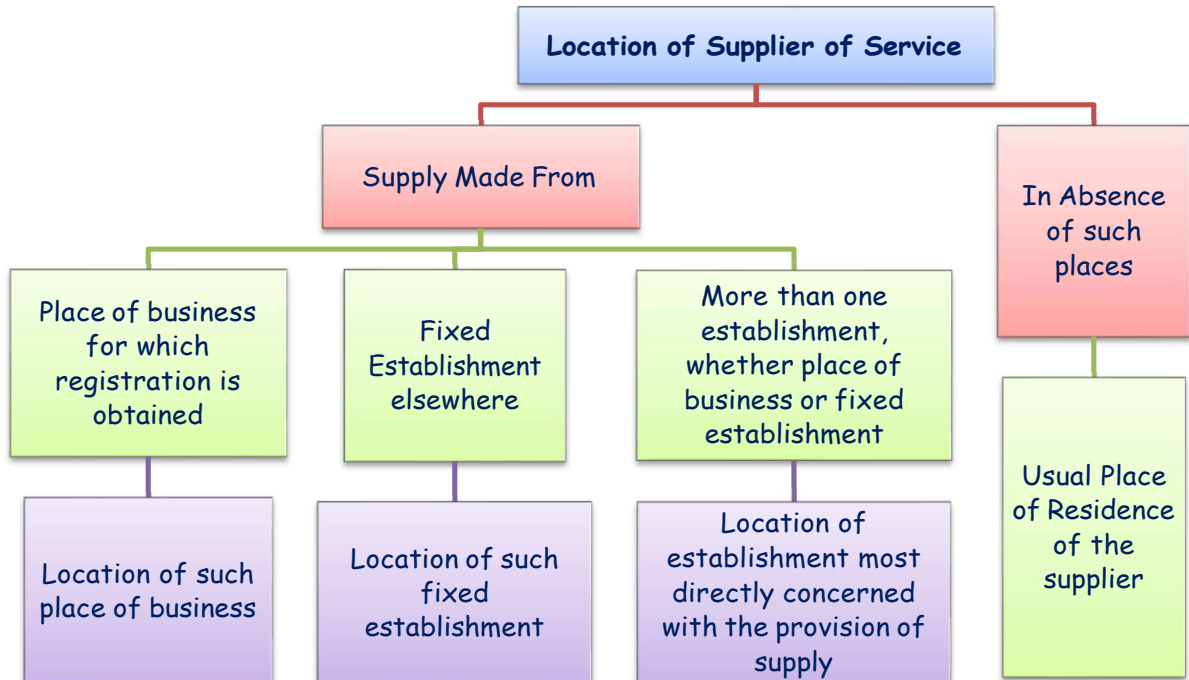
Section - 2(3) Address on record

No	Particulars
1	"Address on record" means the address of the recipient as available in the records of the supplier.

LOCATION OF RECIPIENT OF SERVICE - SECTION 2(70)



LOCATION OF SUPPLIER OF SERVICE - SECTION 2(71)



**PLACE OF SUPPLY OF SERVICES WHERE LOCATION OF SUPPLIER AND
RECIPIENT IS IN INDIA - SECTION 12 OF THE IGST ACT, 2017**

APPLICABILITY - SECTION 12

No	Particulars
1	Section 12 contains the provisions for determining the place of supply of services where both the location of supplier and the location of recipient are in India
2	If either of the two persons (supplier or recipient) is outside India, the place of supply is determined by Section 13
3	Thus, Section 12 applies to domestic supply of services
4	Section 12 lays down a general rule to determine the place of supply of services as well as few other rules to determine place of supply of certain specific services
5	Thus, place of supply is determined as per general rule in respect of services other than the ones covered by the specific rules
6	It is also important to note that in many cases, the Section provides different places of supply for a service supplied to registered and unregistered persons

Test Yourself

Illustration

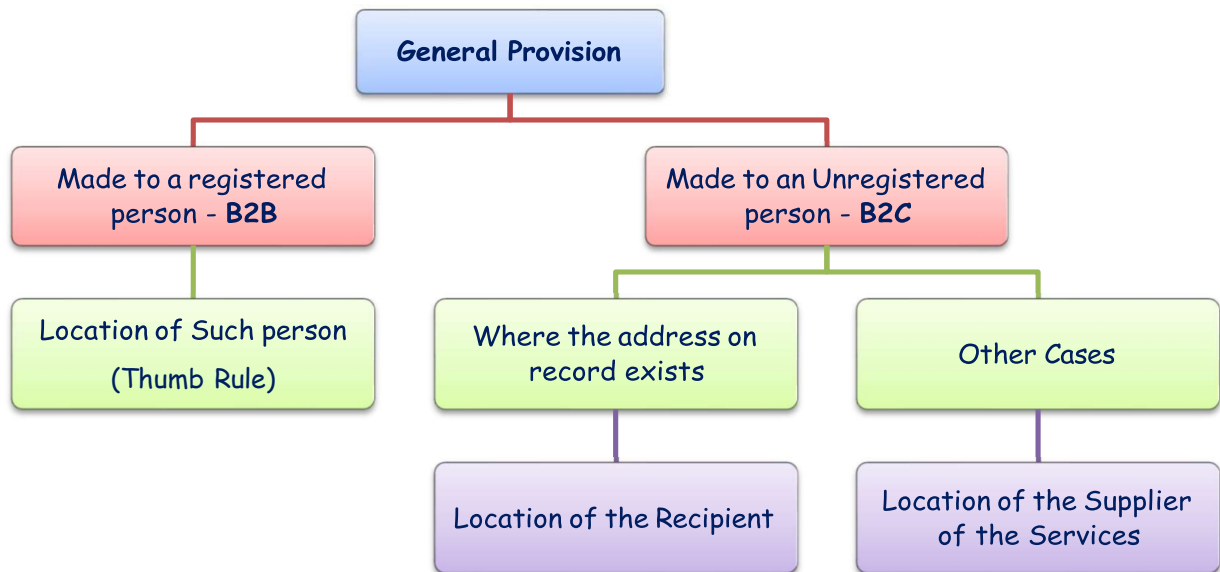
No	Particulars
1	Mr. X with registered place of business in Delhi and having other fixed establishments at Jaipur, Agra, and Bharatpur enters into agreement with Mr. Y in Delhi for IT solutions for his offices. The services are received in Delhi and then the same is utilised by all the other offices.

Ans:

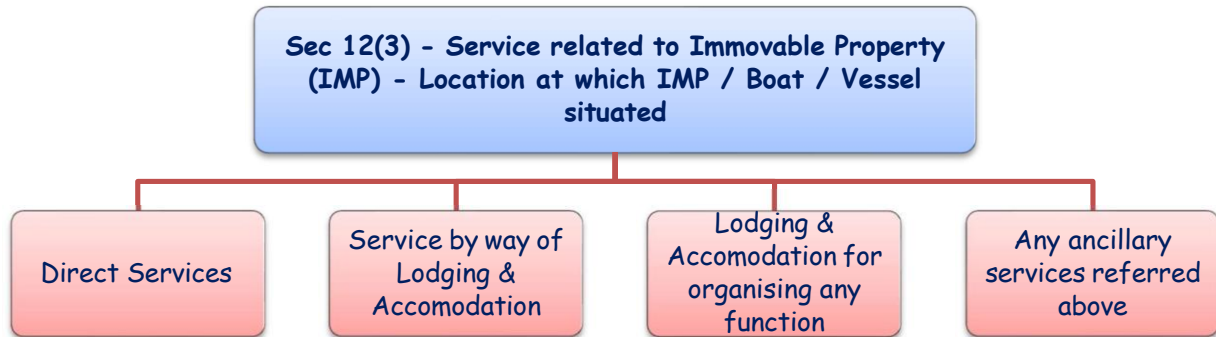
No	Particulars
1	Since the service has been received at the registered place of business ie. Delhi, the location of the recipient shall be Delhi as per Section 2(70)(a) of the CGST Act, 2017 though the beneficiary of the services are all the four offices.

GENERAL PROVISION - SECTION 12(2)

This Section is applicable only if the supply of service does not fall in any of the specific cases provided under section 12(3) to 12(14).



CHAPTER 6A - SERVICES RELATED TO IMP / BOAT / VESSEL



Clause a

Service Directly in relation to an immovable property, including -

No	Nature of Transaction	
1	Services provided by	
	No	Particulars
	1	Architects,
	2	Interior decorators,
	3	Surveyors,
	4	Engineers and
	5	Other Related Experts or
	6	Estate Agents,
2	Any service provided by way of	
	No	Particulars
	1	Granting of rights to use immovable property or
	2	For carrying out or
	3	Co-ordination of construction work; or

Clause b

No	Particulars
b	By way of lodging accommodation by a hotel, inn, guest house, home stay, club, camp site, by whatever name called, and including a house boat or any other vessel; or

Clause c

No	Particulars						
c	By way of accommodation in any immovable property for organizing <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>Any marriage or reception or matters related thereto,</td></tr> <tr> <td>2</td><td>Official, social, cultural, religious or business function</td></tr> </table> including services provided in relation to such function at such property; or	No	Particulars	1	Any marriage or reception or matters related thereto,	2	Official, social, cultural, religious or business function
No	Particulars						
1	Any marriage or reception or matters related thereto,						
2	Official, social, cultural, religious or business function						

Clause d

No	Particulars
d	Any services ancillary to the services referred to in clauses (a), (b) and (c)

Place of Supply

No	Particulars
1	Location at which the immovable property or boat or vessel, as the case may be, is located or intended to be located.

Explanation

No	Particulars
1	If the location of the immovable property or boat or vessel is located or intended to be located outside India, Location of the recipient.

EXAMPLES: -

No	Particulars	POS
1	Sunami Builders (Mumbai) is constructing a factory building for Skylab Pvt. Ltd (Kolkata), in New Delhi.	The place of supply is the location of immovable property i.e. New Delhi .
2	Shah and Shah, an architectural firm at Kolkata, has been hired by Maurya Builders of Mumbai to draw up a plan for a high rise building to be constructed by them in Ahmedabad, Gujarat.	The place of supply is the place where the immovable property is intended to be located i.e. Ahmedabad .
3	Kautilya, a Chartered Accountant, (New Delhi) travels to Mumbai for business and stays in a hotel there.	The place of supply of accommodation service is the place where the hotel is located, i.e. Mumbai .
4	Goluram, a consulting engineer based in Mumbai, Maharashtra renders professional services in respect of an immovable property of Bholuram of Bangalore located in Australia.	Since the immovable property is located outside India, in the place of supply of service is the location of recipient, i.e. Bangalore and not the place where the immovable property is located (Australia).

Amendment

Place of supply in case of supply of services in respect of advertising sector

Advertising companies are often involved in procuring space on hoardings/ billboards erected and mounted on buildings/land, in different States, from various suppliers ("vendors") for providing advertisement services to its corporate clients. There may be variety of arrangements between the advertising company and its vendors as below:

Issue:

No	Particulars
1	There may be a case wherein there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/ structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/ structure. What will be the place of supply of services provided by the vendor to the advertising company in such case?

Clarification:

No	Particulars
1	<p>The hoarding/structure erected on the land should be considered as immovable structure or fixture as it has been embedded in earth. Further, place of supply of any service provided by way of supply (sale) of space on an immovable property or grant of rights to use an immovable property shall be governed by the provisions of section 12(3)(a) of the IGST Act. As per section 12(3)(a) of the IGST Act, the place of supply of services directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or coordination of construction work shall be the location at which the immovable property is located.</p> <p>Therefore, the place of supply of service provided by way of supply of sale of space on hoarding/ structure for advertising or for grant of rights to use the hoarding/ structure for advertising in this case would be the location where such hoarding/ structure is located.</p>

Issue:

No	Particulars
1	There may be another case where the advertising company wants to display its advertisement on hoardings/ billboards at a specific location availing the services of a vendor. The responsibility of arranging the hoardings/ billboards lies with the vendor who may himself own such structure or may be taking it on rent or rights to use basis from another person. The vendor is responsible for

display of the advertisement of the advertisement company at the said location.

During this entire time of display of the advertisement, the vendor is in possession of the hoarding/structure at the said location on which advertisement is displayed and the advertising company is not occupying the space or the structure. In this case, what will be the place of supply of such services provided by the vendor to the advertising company?

Clarification:

No	Particulars
1	In this case, as the service is being provided by the vendor to the advertising company and there is no supply (sale) of space/ supply (sale) of rights to use the space on hoarding/structure (immovable property) by the vendor to the advertising company for display of their advertisement on the said display board/structure, the said service does not amount to sale of advertising space or supply by way of grant of rights to use immovable property. Accordingly, the place of supply of the same shall not be covered under section 12(3)(a) of IGST Act. Vendor is in fact providing advertisement services by providing visibility to an advertising company's advertisement for a specific period of time on his structure possessed/taken on rent by him at the specified location. Therefore, such services provided by the vendor to advertising company are purely in the nature of advertisement services in respect of which place of supply shall be determined in terms of section 12(2) of IGST Act.

Test Yourself

Illustration

Determine Place of Supply in independent cases as under:

No	Particulars
1	A company in Pune contracts with a Pune based architect to design a structure for their new office to be located in Bangalore
2	Mr. A of Jaipur entered into a lease agreement with Mr. B of Jaipur whereby he leased out his farm in Nagpur to Mr. B
3	Mr. A an employee of ABC Ltd. Kolkata, goes on an official tour to Hyderabad and stays in a hotel there, booked in the name of his company
4	Mr. X of Mumbai arranged for destination wedding of his son at Pushkar (Rajasthan) he booked a resort at Pushkar for the accommodation of his guests and also for performing the marriage ceremony. Apart from providing the resort for the marriage purpose, decoration was also provided
5	The contractor M/s. ABC of Pune sub-contracted the work of construction of

	the building at Delhi to M/s. XYZ of Mumbai, to complete the work as per the drawing and design of the Architect
6	ABC Ltd. of Mumbai, hires a professional firm of Delhi to design its office in Canada

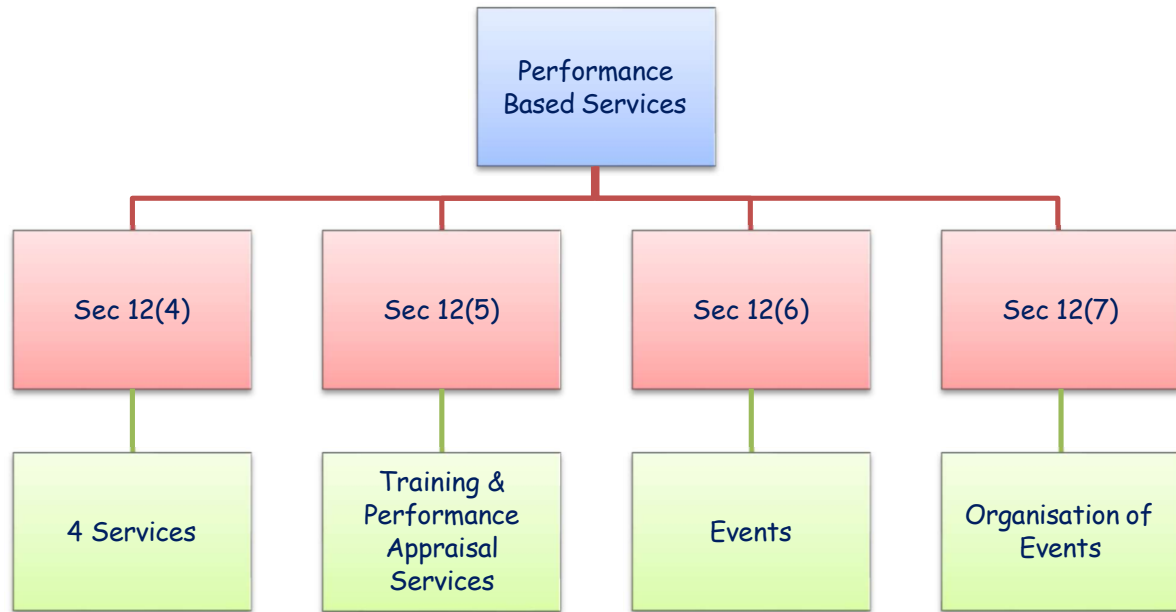
Ans:

The place of supply of services shall be determined as under-

No	Case	Place of Supply	Reason
1	A company in Pune contracts with a Pune based architect to design a structure for their new office in Bangalore,	Bangalore	Though the supplier of service and the recipient are both located in Pune, place of supply would be the place where the immovable property is located i.e., Bangalore,
2	Mr. A of Jaipur entered into a lease agreement with Mr. B of Jaipur whereby he leased out his farm in Nagpur to Mr. B.	Nagpur	Though the supplier and the recipient are both in Jaipur, Rajasthan but any service provided by way of grant of rights to use immovable property is covered under Section 12(3) of the IGST Act, 2017, therefore, the place of supply shall be the location of the immovable property, here being Nagpur.
3	Mr. A an employee of ABC Ltd. Kolkata, goes on an official tour to Hyderabad and stays in a hotel there, booked in the name of his company.	Hyderabad	This being the accommodation service, is covered under Section 12(3) of the IGST Act, 2017, accordingly, the place of supply shall be the location of the immovable property (here Hotel). The location of the supplier and the receiver is irrelevant.
4	Mr. X of Mumbai arranged for destination wedding of his son at Pushkar (Rajasthan). He booked a resort at Pushkar for the accommodation of his guests and also performing the marriage ceremony. Apart from providing	Pushkar (Rajasthan)	➤ The place of supply of service for accommodation provided for organizing the marriage is governed by Section 12(3)(c) of the IGST Act, 2017, hence,

	the resort for the marriage purpose, decoration was also provided.		<p>the place of supply shall be the place of location of the resort.</p> <p>➤ The provision of service of decorator, being ancillary to the services of organizing the marriage is covered by Section 12(3)(d) of the IGST Act, 2017, hence, the POS shall be the place of location of the immovable property.</p>
5	The contractor M/s. ABC of Pune sub - contracted the work of construction of the building at Delhi to M/s. XYZ of Mumbai, to complete the work as per the drawing and design of the Architect.	Delhi	<p>Here, the main contractor, M/s. ABC merely co - ordinates with the sub-contractor M/s. XYZ to ensure completion of construction work. Hence, both these services of construction activity undertaken by M/s. XYZ and the co-ordination of construction work undertaken by M/s. ABC are covered under Section 12(3)(a) of the IGST Act, 2017, hence, the place of supply shall be the place where the immovable property is located.</p>
6	ABC Ltd. of Mumbai, hires professional firm of interior decorators of Delhi to design its office in Canada.	Mumbai	<p>Since the immovable property is intended to be located outside India, therefore, as per proviso to Section 12(3) of the IGST Act, 2017, the place of supply shall be the location of the recipient of service, here - Mumbai, being the location of ABC Ltd.</p>

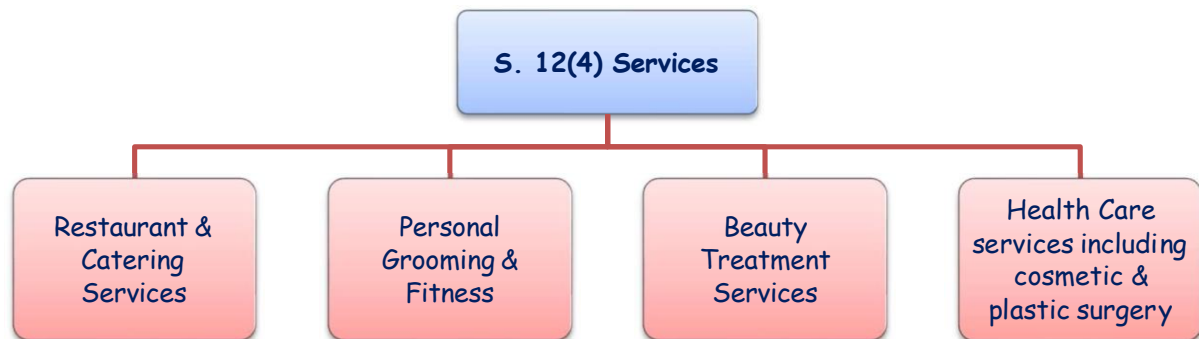
CHAPTER 6B - PERFORMANCE BASED SERVICES - PBS



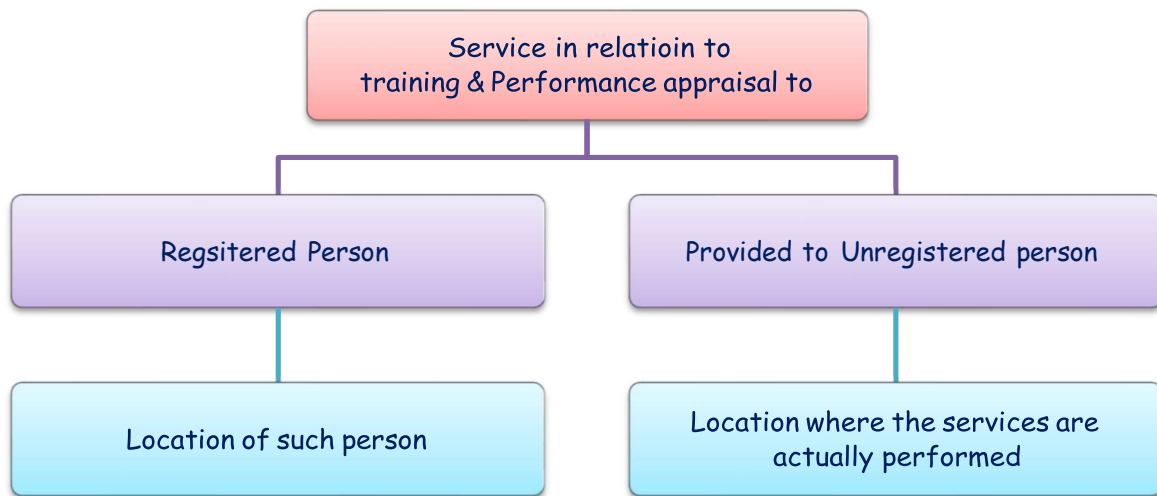
PERFORMANCE BASED SERVICES TO INDIVIDUALS- SECTION 12(4)

No	Nature of Transaction	Place of Supply
1	Restaurant and catering services,	Location where the services are actually performed
2	Personal grooming& fitness,	
3	Beauty treatment,	
4	Health service including cosmetic and plastic surgery	

SUMMARY:



POS = Place where the services are actually performed.

TRAINING AND PERFORMANCE APPRAISAL SERVICES - SECTION 12(5)**EXAMPLES: -**

No	Particulars	POS
1	DEO Consultants (Kolkata) impart GST training to accounts and finance personnel of Sun Cements Ltd. (Guwahati, Assam) at the company's Kolkata office.	Since the recipient is registered, the place of supply is the location of the registered person i.e., Guwahati
2	Mr. Suresh (unregistered person based in Noida) signs up with Excellent Linguistics (New Delhi) for receiving training on English speaking at their New Delhi Centre.	Since the recipient is unregistered, the place of supply is the location where services are provided, i.e. New Delhi.

Test Yourself**Illustration**

No	Particulars
1	XYZ Ltd of Delhi has entered into a contract with ASL Training Ltd of Mumbai for training and performance appraisal of its employees. Training was provided at Dehradun Training Centre of ASL Training Ltd. Determine the place of supply of services in case of XYZ Ltd is registered in Delhi. What would your answer be in case XYZ Ltd is unregistered recipient?

Ans:

As per Section 12(5) of IGST Act, 2017, the place of supply of services in relation to training and performance appraisal to,

No	Particulars
a	a registered person, shall be the location of such person
b	a person other than a registered person, shall be the location where the services are actually performed

Thus, when XYZ Ltd. is registered the place of supply of services shall be Delhi. When XYZ Ltd. is unregistered the place of supply will be Dehradun.

SERVICES BY WAY OF ADMISSION TO EVENTS/AMUSEMENT PARK/ OTHER PLACES - SECTION 12(6)

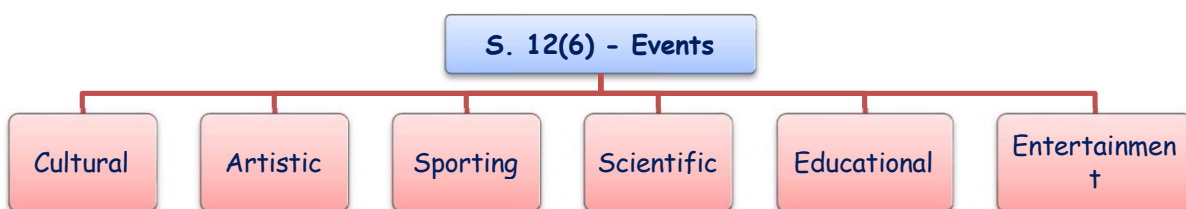
Services provided by way of admission to a,

No	Nature of Transaction	Place of Supply
1	Cultural, Artistic, Sporting,	Place where the event is actually held or where the park or such other place is located
2	Scientific, Educational, Entertainment event	
3	Amusement Park or Any other place and Services ancillary thereto	

SUMMARY:

No	Particulars
1	These are the services which assist the recipient of the service to enjoy the main service conveniently. A service which does not constitute for a customer an aim in itself but a means of better enjoying the principal supply, is considered as a supply ancillary to the principal supply.

Summary



POS = Place where the event is actually held

EXAMPLES: -

No	Particulars	POS
1	Virubhai Virani, a resident of Ghaziabad, Uttar Pradesh, buys a ticket for a circus organized at Gurugram, Haryana by a circus company based in New Delhi.	The place of supply is the location where the circus is held, i.e. Gurugram .
2	Manasvi of New Delhi buys a ticket for an amusement park located in Noida, Uttar Pradesh.	The place of the supply is the location where the park is located, i.e. Noida .

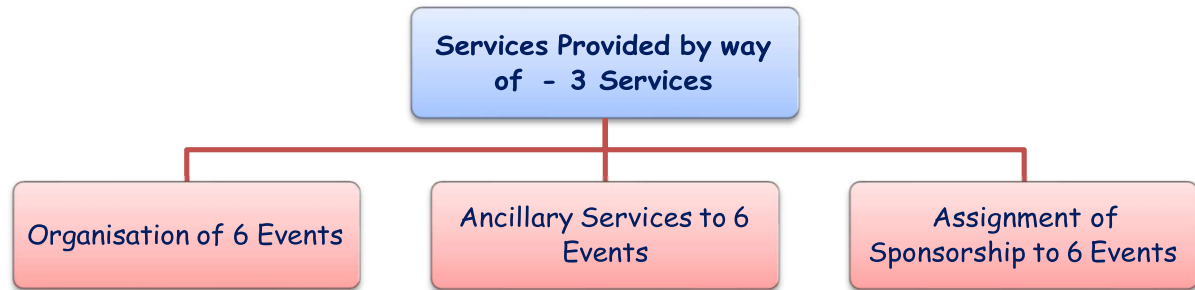
Test Yourself**Illustration**

No	Particulars
1	Mr. X, of Mumbai purchased online tickets for the Wonder La water park in Bengaluru. Determine place of supply.

Ans:

No	Particulars
1	According to Section 12(6) of the IGST Act, 2017, the place of supply of services provided by way of admission to a cultural, artistic, sporting, scientific, educational, entertainment event or amusement park or any other place and services ancillary thereto, shall be the place where the event is actually held or where the park or such other place is located. Therefore, in this case, the Place of supply shall be Bengaluru.

ORGANIZATION OF EVENTS - SECTION 12(7)



Services provided by way of-

No	Particulars														
1	Organization of a <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>Cultural,</td></tr> <tr> <td>2</td><td>Artistic,</td></tr> <tr> <td>3</td><td>Sporting,</td></tr> <tr> <td>4</td><td>Scientific,</td></tr> <tr> <td>5</td><td>Educational or</td></tr> <tr> <td>6</td><td>Entertainment event including the supply in relation to a conference, fair, exhibition, celebration or similar events; or</td></tr> </table>	No	Particulars	1	Cultural,	2	Artistic,	3	Sporting,	4	Scientific,	5	Educational or	6	Entertainment event including the supply in relation to a conference, fair, exhibition, celebration or similar events; or
No	Particulars														
1	Cultural,														
2	Artistic,														
3	Sporting,														
4	Scientific,														
5	Educational or														
6	Entertainment event including the supply in relation to a conference, fair, exhibition, celebration or similar events; or														
2	Services ancillary to organisation of any of the events or services referred to in Clause														
3	or assigning of sponsorship to such events														

SUMMARY



Explanation: -**Event held in more than one state or union territory: -**

Place of supply of such services shall be taken as being in each of the respective states or Union territories and Value of such supplies specific to each state or Union territory shall be in proportion to:

No	Particulars
1	Value for services separately collected or determined in terms of the contract or agreement entered into this regard or
2	In the absence of the agreement of such contract or agreement, on such other basis as may be prescribed i.e. by application of the generally accepted accounting principles

EXAMPLES: -

No	Particulars	POS
1	Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), at Mumbai.	Since, the recipient is a registered person; the place of supply is the location of the recipient, i.e. Ahmedabad.
2	Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), in Mauritius.	Since the recipient is a registered person, the place of supply is the location of the recipient, i.e. Ahmedabad.
3	Grand Wedding Planners (Chennai) is hired by Mr. Ramesh (unregistered person based in Hyderabad) to plan and organize his wedding at New Delhi.	The recipient being an unregistered person, the place of supply is the location where the event is held i.e., New Delhi
4	Grand Wedding Planners (Chennai) is hired by Mr. Ramesh (unregistered person based in Hyderabad) to plan and organize his wedding at Seychelles.	The recipient being an unregistered person and the event held outside India, the place of supply is the location of the recipient i.e., Hyderabad and not the location where the event is held i.e., Seychelles

Test Yourself

Illustration

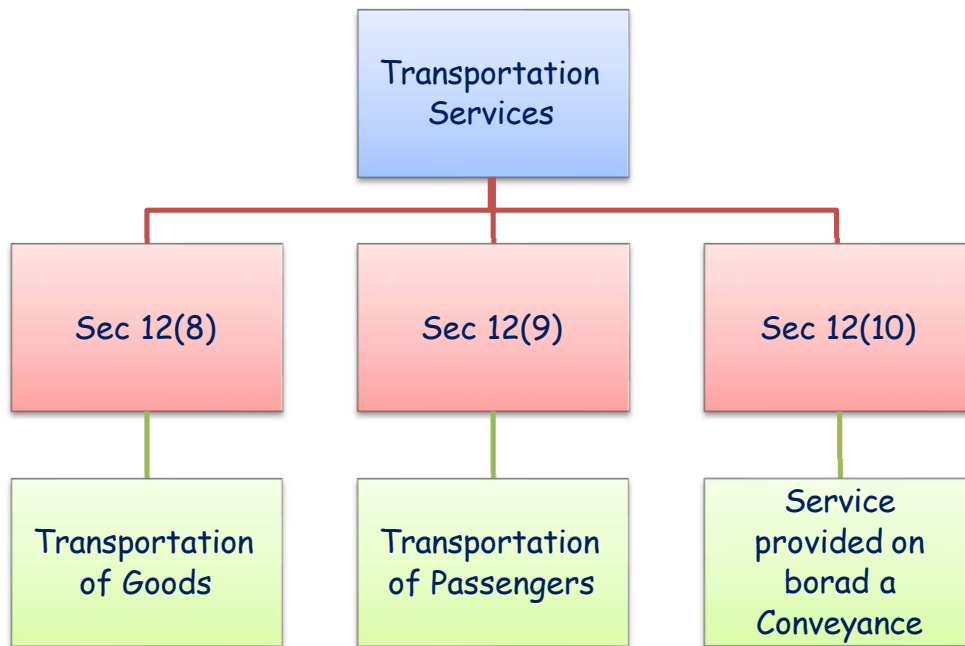
No	Particulars
1	The All India Scientists Association (AISA) registered in Bengaluru, contracted with event managers M/s BB Ltd. of New Delhi for organizing the National Seminar of scientists at Gurgaon and the highly esteemed real estate company XYZ Ltd. of Rajasthan offered sponsorship for the seminar. Mr A, a scientist from Chennai paid for the fees to attend the seminar at the Bengaluru Office of the AISA. Determine the place of supply of the various services supplied herein.

Ans:

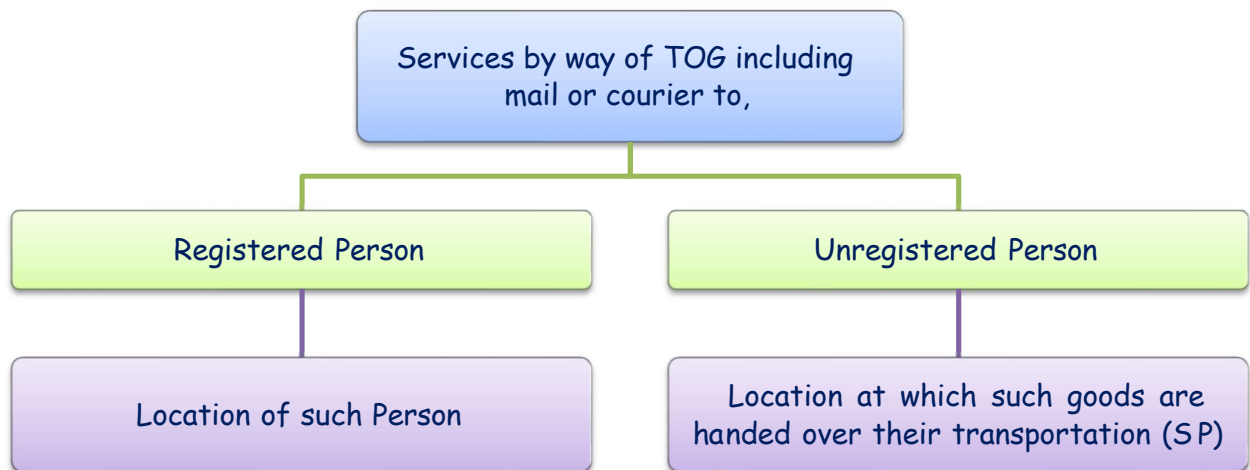
The place of supply shall be determined as follows

Service Supply	Supplier	Recipient	POS	Reason
Organization of Event	BB Ltd, Delhi	AISA Bangalore	Bangalore	As per Section 12(7), where the services by way of organisation of an event is supplied to a registered person, the place of supply shall be the location of such person.
Assigning of Sponsorship	AISA Bangalore	XYZ Ltd. Rajasthan	Rajasthan	As per Section 12(7), where the services ancillary to organisation of any of the events or assigning of sponsorship to such events is supplied to a registered person, the place of supply shall be the location of such person.
Admission to the Event	AISA Bangalore	Mr. A, Chennai	Gurgaon	As per Section 12(6), in case of services provided by way of admission to an event, the place of supply shall be the place where the event is actually held.

CHAPTER 6C - TRANSPORTATION SERVICES - SP WITH GPRS



TRANSPORTATION OF GOODS INCLUDING MAILS & COURIER- SECTION 12(8)

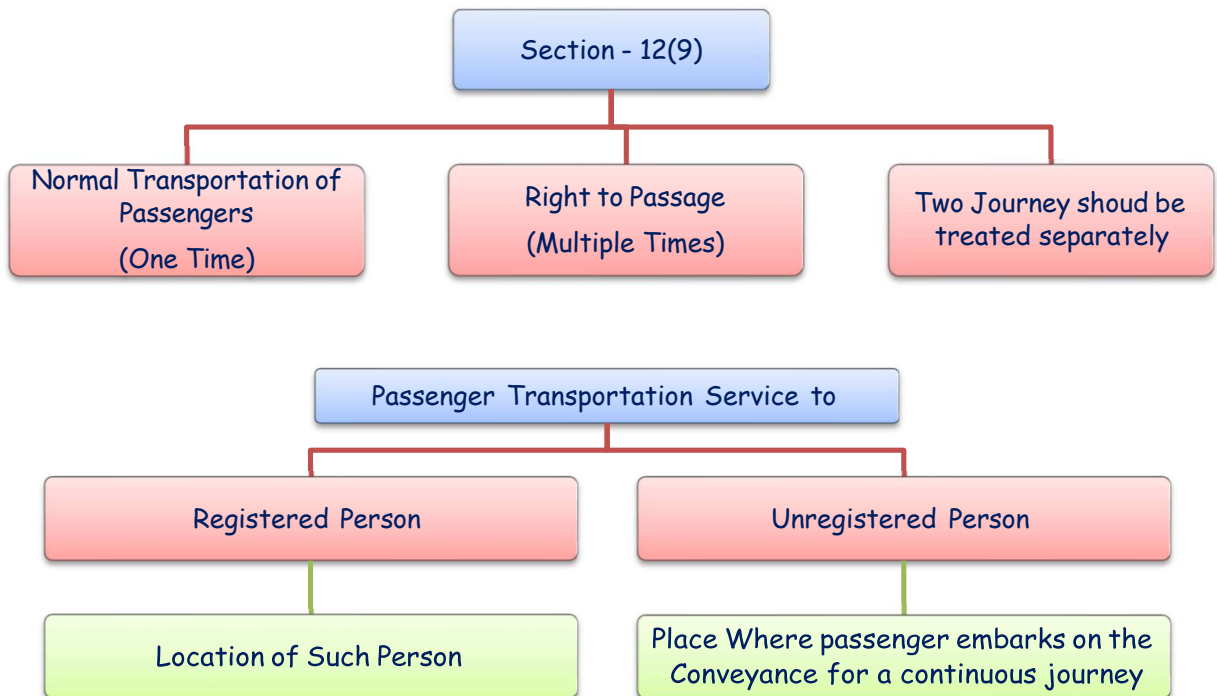


However, where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods

EXAMPLES: -

No	Particulars	POS
1	M/s XYZ Pvt. Ltd. is a registered company in New Delhi. It sends its courier to Pune through M/s Brue Air Courier Service	The recipient being registered person, the place of supply is the location of recipient i.e., New Delhi
2	Mr. Bindisaar, an unregistered person, of New Delhi sends a courier to his brother in Amritsar, Punjab.	The recipient being unregistered person, the place of supply is the location where the goods are handed over for their transportation, i.e. New Delhi .
3	Pinelaps Pvt. Ltd a Goods Transportation Agency based in Kanpur, Uttar Pradesh, is hired by Hezal Enterprises (registered supplier in Kanpur) to transport its consignment of goods to a buyer in New Delhi.	The recipient being registered, the place of supply is the location of recipient, i.e. Kanpur .
4	Sukhwinder Transports Pvt. Ltd a Goods Transportation Agency based in Noida, Uttar Pradesh, is hired by Chhaya Trade Links (registered supplier in New Delhi) to transport its consignment of goods to a buyer in Kanpur, Uttar Pradesh.	The recipient being registered, the place of supply is the location of recipient, i.e. New Delhi .
5	Mr. Srikant, a manager in a Bank, is transferred from Bareilly, Uttar Pradesh to Bhopal, Madhya Pradesh. Mr. Srikant's family is stationed in Kanpur, Uttar Pradesh. He hires Goel Carriers of Lucknow, Uttar Pradesh (registered in Uttar Pradesh), to transport his household goods from Kanpur to Bhopal.	The recipient being unregistered person, the place of supply is the location where goods are handed over for their transporter, i.e. Kanpur .
6	M/s JKL Pvt. Ltd. is a registered company in Chennai. It ships goods to its customer in London, UK through M/ s Strong Logistics, a shipping company.	The place of supply of services of transportation of goods provided by M/ s Strong Logistics to M/s JKL Pvt. Ltd. is the location of the recipient, i.e. Chennai .

TRANSPORTATION OF PASSENGERS - SECTION 12(9)



RIGHT TO PASSAGE

Nature of Transaction		Place of Supply
Where the right to passage is given for future use and the point of embarkation is not known at the time of issue of right to passage,		Location of such person;
No	Particulars	The location of the recipient The location of the supplier of services
1	To a registered person	
2	To a person other than a registered person, <ul style="list-style-type: none"> ➤ Where the address on record exists; ➤ In other cases 	

Definitions

No	Particulars	Explanation
1	Continuous Journey (Section 2(3) of IGST Act, 2017)	"Continuous journey" means a journey for which a single or more than one ticket or invoice is issued at the same time, either by a single supplier of service or through an agent on behalf of more than one supplier, and which involves no stop over between any of the legs of the journey for which one or more separate tickets or invoices are issued.
2	Stop over	Means a place where a passenger can disembark either to transfer to another conveyance or break his journey for a certain period in order to resume it at a later point of time.

EXAMPLES: -

No	Particulars	POS
1	Mr. Amar (registered person in New Delhi) travels from Mumbai to Bangalore in Airjet flight. Mr. Amar has bought the tickets for the journey from Airjet's office registered in New Delhi.	The place of supply is the location of recipient, i.e. New Delhi .
2	Mr. Subramanian (unregistered person in Chennai) has come to Delhi on a vacation. He buys pre-paid Delhi Metro Card from Delhi Metro (New Delhi) for hassle free commute in the National Capital Region.	Recipient being unregistered person, the place of supply is the address of Mr. Subramanian i.e. Chennai. If address of Mr. Subramanian is not available with the Delhi Metro, the place of supply will be the location of the supplier of services, i.e. New Delhi .
3	Mr. Shyam, an unregistered person, based in Gurugram, Haryana books a two-way air journey ticket from New Delhi to Mumbai on 5th December. He leaves New Delhi on 10th December in a late-night flight and lands in Mumbai the next day. He leaves Mumbai on 14th December in a morning flight and lands in New Delhi the same day.	The return journey is treated as a separate journey, even if the tickets for onward and return journey are issued at the same time. Thus, being an unregistered person, the place of supply for the outward and return journeys are the locations where the unregistered person embarks on the conveyance for the continuous journey, i.e. New Delhi and Mumbai respectively

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

No	Particulars
1	An airline may issue seasonal tickets, containing say 10 voucher which could be used for travel between any two locations in the country.
2	The card issued by New Delhi metro could be used by a person located in Noida, or New Delhi or Faridabad, without the New Delhi metro being able to distinguish the location or journeys at the time of receipt of payment.

Explanation to 12(9)

No	Particulars	Explanation
1	Return journey to be treated as a separate journey	The return journey shall be treated as a separate journey, even if the right to passage for onward and return journey issued at the same time.

EXAMPLE: -

Mr. A (an unregistered person) purchased from an aircraft operator, registered in Bengaluru, a single air - ticket on Bengaluru - Pune - Ahmedabad - Pune - Bengaluru route with halt at Ahmedabad on either side. This will be treated as continuous journey. However, as per Explanation to Section 12 (9), both the journeys - onward and return shall be considered separately and taxed as follows

No	Particulars	POS
1	Onward journey from Bengaluru - Pune - Ahmedabad	Here, since Mr. A is unregistered person, therefore, the POS shall be the place of embarkation of Mr. A for continuous journey. In this case, since Mr. A embarks at Bengaluru airport, therefore, the POS shall be Bengaluru. Since the airline is located in Bengaluru, it shall charge CGST / SGST
2	Return journey from Ahmedabad - Pune - Bengaluru	In case of return journey, Mr. A shall embark at Ahmedabad airport and therefore, the POS shall be Ahmedabad. Here, since the airline is located in Bengaluru, therefore, it shall charge IGST on the return fare

Test Yourself

Illustration

No	Particulars
1	Mr. A, partner of M/s ABC Chartered Accountants, a firm registered in Delhi, went to Mumbai for audit purposes. He purchased from Jaipur Airlines (registered in Rajasthan) air ticket from Jaipur to Mumbai disclosing the name of the organization and its GST Registration number. Determine the place of supply of services. What would your answer be in case Mr. A does not disclose the particulars of organization

Ans:

As per Section 12(9) of IGST Act, 2017, the place of supply of passenger transportation service to-

No	Particulars
a	a registered person, shall be the location of such person
b	a person other than a registered person, shall be the place where the passenger embarks on the conveyance for a continuous journey

Here, since the organization is registered in Delhi, therefore as per Section 12(9)(a), the place of supply shall be the place where the recipient is located i.e. Delhi in this case. The airlines shall charge IGST as the location of supplier is in Jaipur.

In case Mr. A does not disclose the particulars of the organization, the place of supply of service will be Jaipur i.e. The place where Mr. A embarks the aircraft for his journey. Here, the airlines shall charge CGST/SGST.

SERVICE SUPPLIED ON BOARD A CONVEYANCE - SECTION 12(10)

Nature of Transaction		Place of Supply
Services on board a conveyance, including a		Location of the first scheduled point of departure of that conveyance for the journey.
No	Particulars	
1	Vessel	
2	an aircraft,	
3	a train or a	
4	motor vehicle	

EXAMPLE: -

No	Particulars	POS
1	Mr. X is travelling from Delhi to Mumbai in an Airjet flight. He desires to watch an English movie during the journey by making the necessary payment.	The place of supply of such service of showing 'movie on demand' is the first scheduled point of departure of the conveyance for the journey i.e., Delhi .

Test Yourself**Illustration**

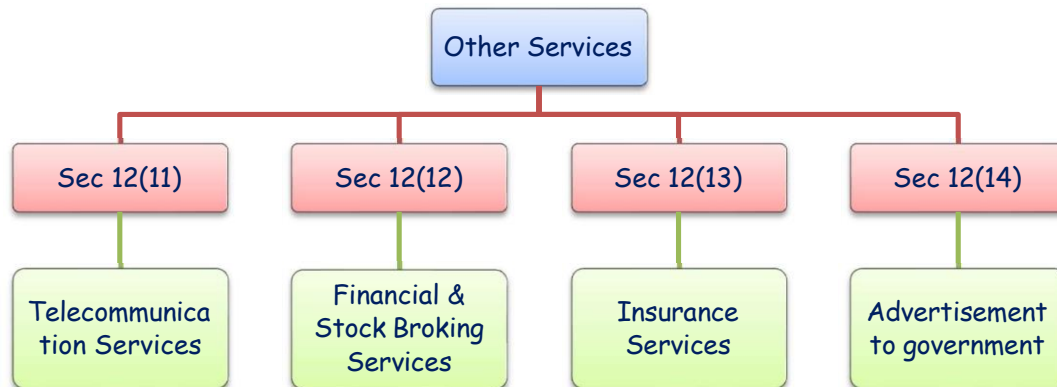
No	Particulars
1	Mr X residing in Delhi travelling with Indian Airlines is provided with the movie on demand service as on-board entertainment during the Kolkata-Delhi leg of a Bangkok - Kolkata-Delhi flight. Determine the place of supply of service provided to Mr X.

Ans:

No	Particulars
1	As per Section 12(10) of IGST Act, 2017, the place of supply of services on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, shall be the location of the first scheduled point of departure of that conveyance for the journey. The place of supply of this service will be Bangkok (i.e. the first scheduled point of departure of the conveyance for the journey) which is outside the taxable territory, hence not liable to tax .

CHAPTER 6D - OTHER SERVICES

OTHER SERVICES



TELECOMMUNICATION SERVICES - SECTION 12(11)

Telecommunication Service (Section 2(110) of CGST Act, 2017): "Telecommunication Service" means a service of any description (including electronic mail, voice mail, data services, audio text services, video text services, radio paging and cellular mobile telephone services) which is made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature, by wire, radio, visual, or other electromagnetic means.

Means - Telecommunication services including data transfer, broad casting, cable and direct to home television services to any person, shall,-

No	Nature of Transaction	Place of Supply
1	In case of services by way of fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna (Refer Explanation 01 below)	Location where the telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services;

No	Nature of Transaction	Place of Supply
1	In case of mobile connection for telecommunication and internet services provided on post - paid basis	Location of billing address of the recipient of services on the record of the supplier of services;

In cases where mobile connection for telecommunication, internet service and direct to home television services are provided on pre - payment basis through a **voucher or any other means**,

No	Nature of Transaction	Place of Supply
1	Through a selling agent or a re-seller or a distributor of subscriber identity module card or re-charge voucher	Address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply; or
2	By any person to the final subscriber	Location where such prepayment is received or such vouchers are sold;
3	If such pre-paid service is availed or the recharge is made through internet banking or other electronic mode of payment	Location of the recipient of services on the record of the supplier of services.

In other cases

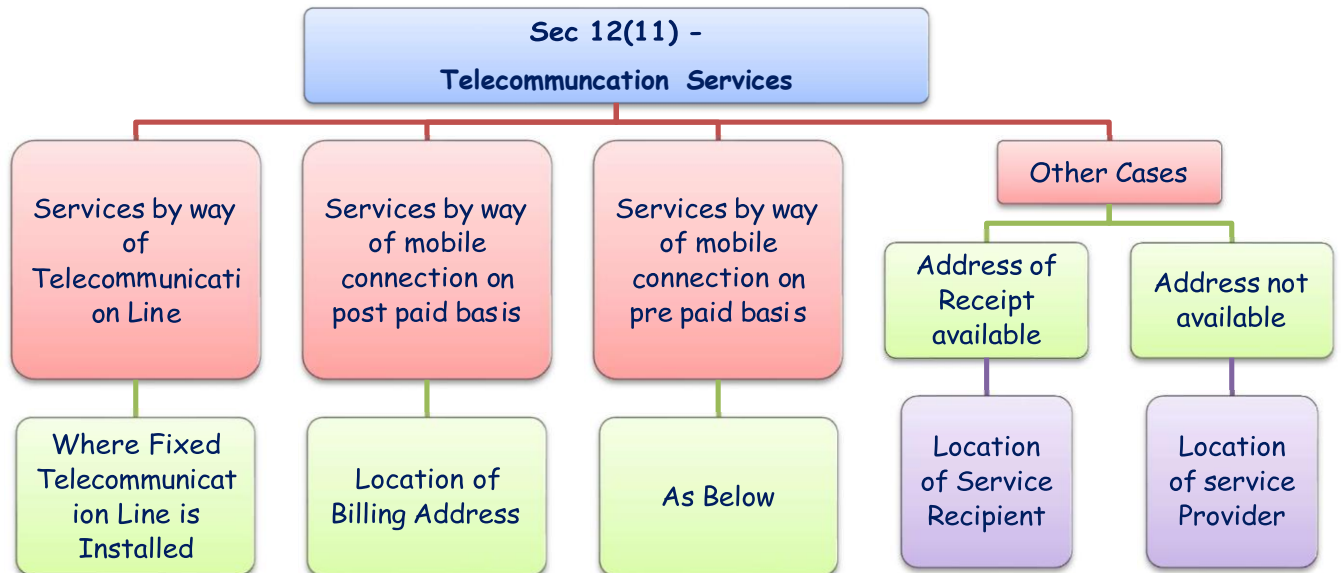
No	Nature of Transaction	Place of Supply
1	If address of the recipient as per the records of the supplier of services	Address of the recipient as per the records of the supplier of services and
2	Where such address is not available	Place of supply shall be location of the supplier of services.

Explanation 01

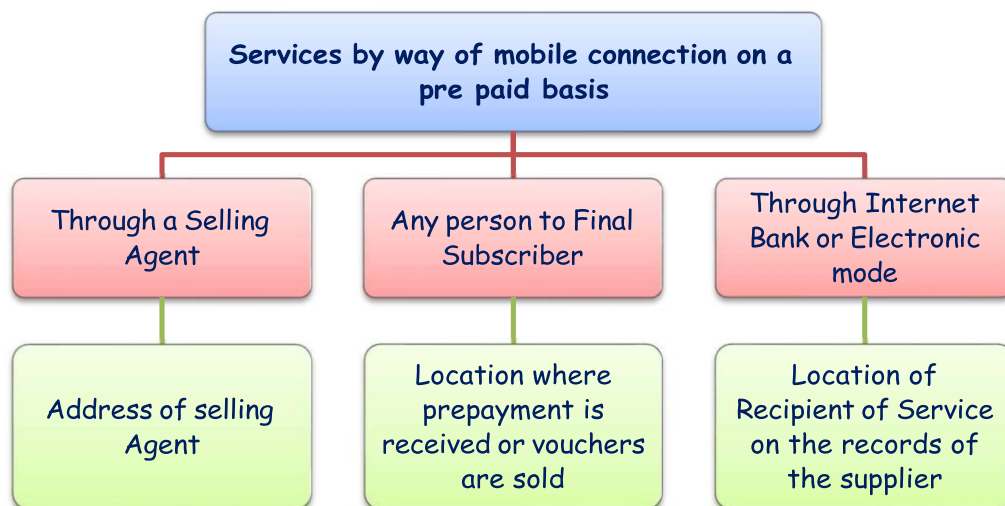
Where the leased circuit is installed in more than one state or union territory and a consolidated amount is charges for supply of services relating to such circuit, the place of supply of such services shall be taken as being in each of the respective states or union territories in proportion

No	Particulars
1	To the value for services separately collected or determined in terms of the contract or agreement entered into in this regard or,
2	In the absence of such contract or agreement, on such other basis as may be prescribed

TELECOMMUNICATION SERVICES - SUMMARY



Services by way of mobile connection on pre-paid basis



EXAMPLES:

No	Particulars	POS
1	Mr. Samudragupta (Kolkata) gets a landline phone installed at his home in Kolkata from Skybel Ltd.	The place of supply is the location where the telecommunication line is installed, i.e. Kolkata .
2	Mr. Rajkumar (Mumbai) gets a DTH installed at his home in his village in Uttar Pradesh from RT Ltd.	The place of supply is the location where the DTH is installed, i.e. Uttar Pradesh .
3	Mr. Shastri (Mumbai) takes a post-paid mobile connection in Mumbai from Bluebel Ltd and gives his residence address at Mumbai as the address for billing with supplier.	The place of supply is the location of billing address of the recipient, i.e. Mumbai .
5	Mr. Jhumroo (Pune) purchases a pre-paid card from a selling agent in Mumbai.	The place of supply is the address of the selling agent or re-seller, i.e. Mumbai .
6	Mr. Freddy (Puducherry) gets a pre-paid mobile recharged from a grocery shop in Chennai.	The place of supply is the location where such pre-payment is received, i.e. Chennai .

Test Yourself**Illustration**

Determine place of supply in the following independent cases:

Case	Particulars
A	Mr. X, registered in Bengaluru has availed land-line services from BSNL. The telephone is installed in residential premises in Jaipur and the billing address is of office of Mr. X in Bengaluru
B	Mr. X has availed post paid mobile services from BSNL registered in Bengaluru, Mr. X is registered under GST law in Bengaluru but the billing address is of residential premises of Mr. X in Jaipur
C	Mr. X has purchased pre-paid mobile vouchers of BSNL registered in Bengaluru through internet banking. Mr. X is registered under GST law in Bengaluru but in BSNL's records the address of Mr. X is that of his residence in Jaipur
D	Mr. C (Pune) purchases a pre-paid card from a selling agent in Mumbai
E	Mr. F (Puducherry) gets a pre-paid voucher recharged from a grocery shop in Chennai

Ans:**Case - A**

No	Particulars
1	As per Section 12(11) of the IGST Act, 2017, the place of supply of telecommunication services by way of fixed telecommunication line shall be the location where the telecommunication line is installed for receipt of services.
2	In this case though the billing address is in Bengaluru but the place of supply of services shall be Jaipur where the telephone is installed.

Case - B

No	Particulars
1	As per Section 12(11) of the IGST Act, 2017, the place of supply of services by way of mobile connection for telecommunication provided on post - paid basis shall be the location of billing address of the recipient of services on record of the supplier of services.
2	In this case since the billing address of the recipient is of Jaipur, the place of supply shall be Jaipur.

Case - C

No	Particulars
1	As per Section 12(11) of the IGST Act, 2017, the place of supply of services by way of mobile connection for telecommunication provided on pre - paid basis shall be the location of billing address of the recipient of services on the record of the supplier of services if such pre-paid service is availed or the recharge is made through internet banking or other electronic mode of payment.
2	In this case since address of Mr. X as per BSNL's record is that of Jaipur, the place of supply shall be Jaipur.

Case - D

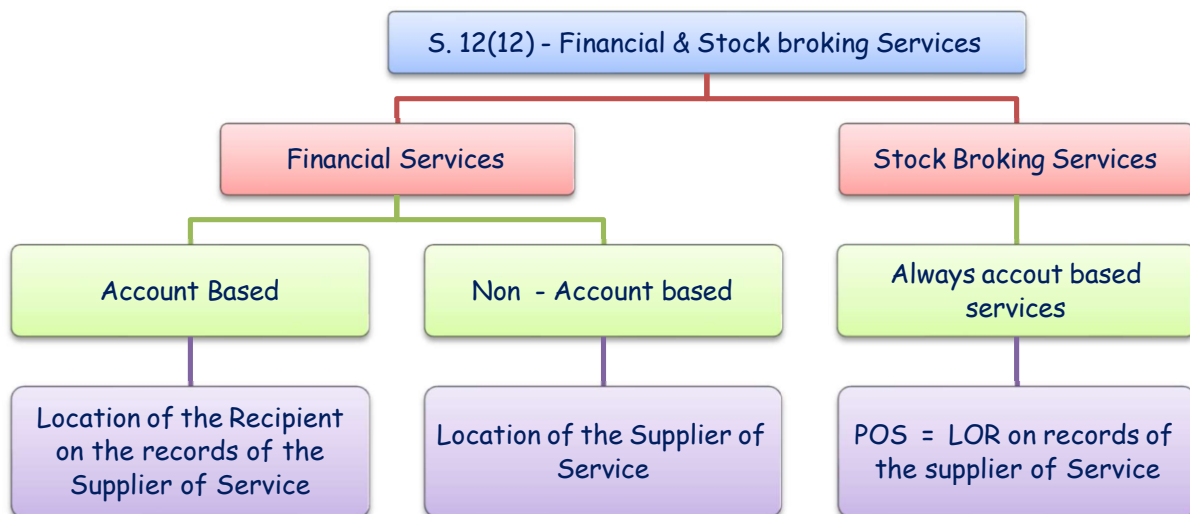
No	Particulars
1	As per Section 12(11) of the IGST Act, 2017, in case where mobile connection for telecommunication is provided on pre-payment basis through a voucher or any other means through a selling agent or a re-seller or a distributor of subscriber identity module card or re-charge voucher, the place of supply will be the address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply.
2	Thus in this case the place of supply will be Mumbai

Case - E

No	Particulars
1	As per Section 12(11) of the IGST Act, 2017, in case where mobile connection for telecommunication is provided on pre - payment basis through a voucher or any other means by any person to the final subscriber, the place of supply be the location where such prepayment is received or such vouchers are sold i.e. in this case Chennai.

FINANCIAL AND STOCK BROKING SERVICES - SECTION 12(12)

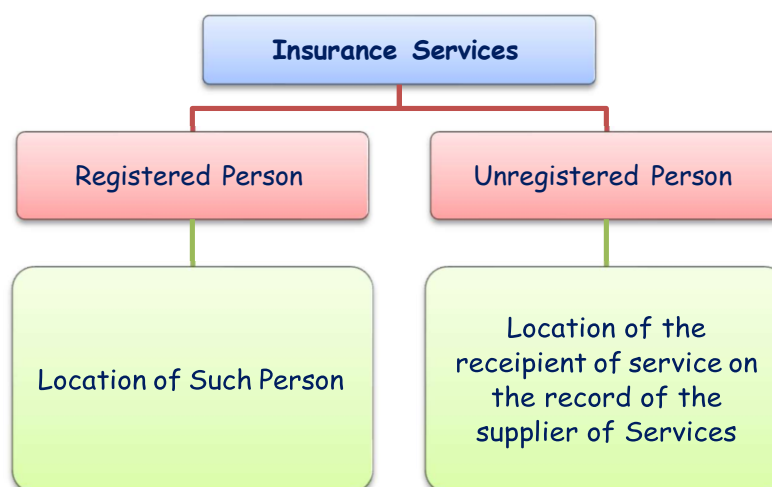
Nature of Transaction	Place of Supply
Banking and other financial services, including stock broking services to any person	Location of the recipient of services on the records of the supplier of service
If the location of services is not on the records of the supplier,	Location of the supplier of services.

SUMMARY:**EXAMPLES: -**

No	Particulars	POS
1	Mr. Debdas (Chennai) buys shares from a broker in BSE (Mumbai).	The place of supply is the location of the recipient of services in the records of the supplier, i.e. Chennai .

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

INSURANCE SERVICES -SECTION 12(13)



EXAMPLE: -

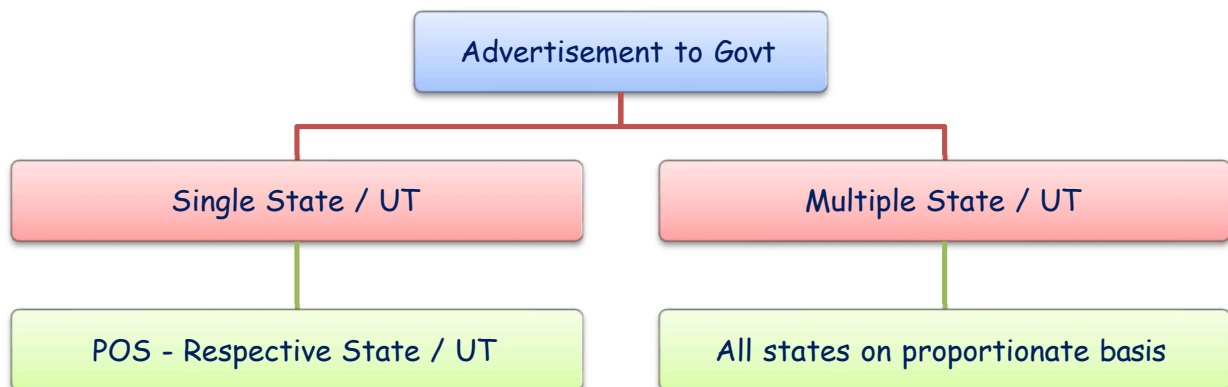
No	Particulars	POS
1	Mr. Shantaram, CEO of Shaurya Ltd, Mumbai (a company registered in Maharashtra) buys insurance cover for the inventory stored in company' factory located at Mumbai, from Excellent Insurers, Chennai (registered in Tamil Nadu).	The place of supply is the location of the registered recipient, i.e. Mumbai .
2	Ms. Barbie (unregistered resident of Kolkata) goes to her native place Patna, Bihar and buys a medical	The place of supply is the location of the recipient of services in the records of the supplier, i.e. Patna .

insurance policy for her parents there from Safe Insurers, Patna (registered in Bihar).	
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ADVERTISEMENT SERVICE TO THE GOVERNMENT - SEC - 12(14)

Nature of Transaction	Place of Supply
Advertisement services to the Central Government, a State Government, a statutory body or a local authority meant for the states or union territories identified in the contract or agreement.	<ul style="list-style-type: none"> ✓ POS shall be taken as being in such States or UT's ✓ Value of such supplies specific to each state or union territory shall be in proportion to: <ul style="list-style-type: none"> ➤ Amount attributable to services provided by way of dissemination in the respective States or UT's as may be determined in the terms of the contract or agreement entered into in this regard or, ➤ In the absence of such contract or agreement, on such other basis as may be prescribed.

SUMMARY :



EXAMPLE: -

No	Particulars	POS
1	Gujarat Government gives an advertisement contract to an advertising agency (registered in Ahmedabad) to promote Gujarat tourism throughout the country.	The place of supply is in all the States and Union Territories of India.

Test Yourself

Illustration

Government of India launched a project "Make in India" and appointed ABC Advertising agency of Haryana for Advertisement of the project all over the country. ABC agency advertises the project in all states in India. Determine the place of supply of advertisement services.

Ans:

No	Particulars
1	As per Section 12(14) of IGST Act, 2017, the place of supply shall be each state where the advertisement services are provided and the value to each state shall be in proportion to the amount attributable to service provided by way of dissemination in the respective states and the value of such supplies specific to each State or Union territory shall be in proportion to the amount attributable to services provided by way of dissemination in the respective States or Union territories as may be determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.

SUMMARY:

No	Nature of Service	Place of Supply
1	IMP related Services including accommodation in hotel / boat/ Vessel	<ul style="list-style-type: none"> - Location at which the immovable property or boat or vessel is located or intended to be located - If located outside India: Location of the recipient
2	Restaurant and catering services, personal grooming, fitness, beauty treatment and health services	Location where the services are actually performed
3	Training & performance appraisal	<ul style="list-style-type: none"> - B2B: Location of such registered person - B2C: Location where the services are actually performed
4	Admission to an event or amusement park	Place where the event is actually held or where the park or the other place is located
5	Organization of an event	B2B - Location of such registered person B2C - Location where the event is actually held If the event held outside India : Location of the

		recipient
6	Transportation of goods including mails	B2B - Location of such registered person B2C - Location at which such goods are handed over for their transportation
7	Passenger Transportation	B2B - Location of such registered person B2C - Place where the passenger embarks on the conveyance for a continuous journey
8	Services on board a Conveyance	Location of the first scheduled point of departure of that conveyance for the journey
9	Banking and other financial services	Location of recipient of services on the records of supplier Location of the supplier of services, if the location of the recipient of services is not available
10	Insurance Services	B2B - Location of such registered person B2C - Location of the recipient of services on the records of the supplier
11	Advertisement services to Government	Each of states / Union Territory where the advertisement is broadcasted / displayed / run Proportionate value in case of multiple states
12	Telecommunication Services	<ul style="list-style-type: none"> - Services involving fixed line, Circuits, dish etc. - Location of such fixed equipment - Mobile / Internet postpaid services - Location of billing address of the recipient - Sale of pre - paid voucher - place of sale of such voucher - Other Cases - Address of the recipient in records

For the rest of the services other than those specified above, default provision has been prescribed as under

No	Description of Supply	Place of Supply
1	B2B	Location of such registered Person
2	B2C	<ul style="list-style-type: none"> - Where address on record exists: Location of the recipient - Other Cases - Location of the Supplier of Services

CHAPTER 7 - VALUATION RULES OF POS

RULE - 4

Rule 4 of IGST Rules, 2017 has been inserted vide Notification No. 4/2018-IT w.e.f 01.01.2019 which provides that the place of supply of services shall be determined in the following manner namely:

Services provided by way of lodging and accommodation by a hotel, inn, guest house, club or campsite, by whatever name called and services ancillary to such services:

No	Nature of Transaction	Place of Supply
I	Where such property is a single property located in two or more contiguous States or Union territories or both	The Supply of services shall be treated as made in each of the respective State or Union territories, in proportion to the area of the immovable property lying in each State or Union territory.
	Cases except where such property is a single property located in two or more contiguous States or Union territories or both	The Supply of services shall be treated as made in each of the respective State or Union territories, in proportion to the number of nights stayed in such property.

Other Services related to IMP / BOAT / Vessel

No	Nature of Transaction	Place of Supply
II	All other services in relation to immovable property including services by way of accommodation in any immovable property for organizing any marriage reception etc.	The Supply of services shall be treated as made in each of the respective State or Union territories, in proportion to the area of the immovable property lying in each State or Union territory.
	Services provided by way of lodging accommodation by a house boat or any other vessel and services ancillary to such services.	The Supply of services shall be treated as made in each of the respective State or Union territories, in proportion to the time spent by the boat or vessel in each such State or Union territory, determined on the basis of a declaration made to the effect by the service provider.

EXAMPLE FOR THE RULE

No	Particulars	Answers
1	Lodging accommodation by hotel/inn/guest house etc. and ancillary services excluding the property located in 2 or more contiguous States/ Union territories or both Dondrila Hotel chain charges a consolidated sum of Rs. 30,000 for stay in its two establishments in Delhi and Agra, where the stay in Delhi is for 2 nights and the stay in Agra is for 1 night.	The place of supply in this case is both Delhi and Uttar Pradesh and the service shall be deemed to have been provided in Delhi and Uttar Pradesh in the ratio of 2:1 respectively. The value of services provided will thus be apportioned as Rs. 20,000 in Delhi and Rs. 10,000 in Uttar Pradesh.
2	There is a piece of land of area 20,000 sq.ft. which is partly in States S1 say 12,000 sq.ft. partly in States S2, say 8000 sq.ft. Site preparation work has been entrusted to Munna Constructions. The ratio of land in the two States works out to 12:8 or 3:2 (simplified).	The place of supply is in both S1 and S2. The service shall be deemed to have been provided in the ratio of 12:8 or 3:2 (simplified) in the States S1 and S2 respectively. The value of the service shall be accordingly apportioned between the States.
3	A company C provides the service of 24 hours accommodation in a houseboat, which will transit both in Kerala and Karnataka in as much as the guests board the house boat in Kerala and stay there for 22 hours but it also moves into Karnataka for 2 hours (as declared by the service provider).	The place of supply of this service is in the States of Kerala and Karnataka. The service shall be deemed to have been provided in the ratio of 22:2 or 11:1 (simplified) in the States of Kerala and Karnataka, respectively. The value of the service shall be accordingly apportioned between the States.

RULE 5 OF IGST RULES, 2017**Illustration**

No	Particulars	Answers
1	An event management company E has to organize some promotional events in States S1 and S2 for a recipient R. 3 events are to be organized in S1 and 2 in S2. They charge a consolidated amount of Rs. 10,00,000 from R.	The Place of Supply of this service is in both the States S1 and S2. Say the proportion arrived at by the application of generally accepted accounting principles is 3: 2. The service shall be deemed to have been provided in the ratio 3:2 in S1 and S2 respectively. The value of services provided will thus be apportioned as Rs. 6,00,000/- in S1 and Rs. 4,00,000/- in S2.

RULE - 6

Rule 6 of IGST Rules, 2017 has been inserted vide Notification No. 4/2018-IT w.e.f 01.01.2019 which provides that the place of supply of services shall be determined in the following manner namely:

No	Particulars
1	<p>The number of points in a circuit shall be determined in the following manner :</p> <ul style="list-style-type: none"> ➤ In the case of a circuit between two points or places, the starting point or place of the circuit and the end point or place of the circuit will invariably constitute two points ; ➤ Any intermediate point or place in the circuit will also constitute a point provided that the benefit of the leased circuit is also available at that intermediate point
2	The supply of services shall be treated as made in each of the respective State or Union territories, in proportion to the number of points lying in the State or Union territory

RULE - 3**EXAMPLES:****Advertisements in newspapers and publications**

Particulars	POS
ABC is a government agency which deals with the all the advertisement and publicity of the Government. It has various wings dealing with various types of publicity. In furtherance thereof, it issues release orders to various agencies and entities. These agencies and entities thereafter provide the service and then issue invoices to ABC indicating the amount to be paid by them. ABC issues a release order to a newspaper for an advertisement on 'Beti bachao beti padhao', to be published in the newspaper DEF (whose head office is in Delhi) for the editions of Delhi, Pune, Mumbai, Lucknow and Jaipur. The release order will have details of the newspaper like the periodicity, language, size of the advertisement and the amount to be paid to such a newspaper.	The place of supply of this service shall be in the Union territory of Delhi, and the States of Maharashtra, Uttar Pradesh and Rajasthan.

Valuation

No	Particulars
1	The amounts payable to the Pune and Mumbai editions would constitute the proportion of value for the State of Maharashtra which is attributable to the dissemination in Maharashtra.
2	Likewise the amount payable to the Delhi, Lucknow and Jaipur editions would constitute the proportion of value attributable to the dissemination in the Union territory of Delhi and States of Uttar Pradesh and Rajasthan respectively.
3	DEF should issue separate State-wise and Union territory-wise invoices on the editions.

Advertisements through printed material like pamphlets, leaflets, diaries, calendars, T-shirts etc

Particulars	POS
As a part of the campaign 'Swachh Bharath', ABC has engaged a company GH for printing of 1,00,000 pamphlets (at a total cost of Rs. 1,00,000) to be distributed in the States of Haryana, Uttar Pradesh and Rajasthan. In such a case, ABC should ascertain the breakup of the pamphlets to be distributed in each of the three States, i.e. Haryana, Uttar Pradesh and Rajasthan, from the Ministry or department concerned at the time of giving the print order. Let us assume that this breakup is 20,000, 50,000 and 30,000 respectively. This breakup should be indicated in the print order.	The place of supply of this service is in Haryana,

Valuation

No	Particulars
1	Uttar Pradesh and Rajasthan. The ratio of this breakup, i.e. 2:5:3 will form the basis of value attributable to the dissemination in each of the three states.
2	Separate invoices will have to be issued State-wise by GH to ABC indicating the value pertaining to that State, i.e. Rs. 20,000 - Haryana, Rs.50,000 - Uttar Pradesh and Rs. 30,000 - Rajasthan

Advertisements in hoardings (other than those on trains)

Particulars	POS
ABC as part of the campaign 'Saakshar Bharat' has engaged a firm IJ for putting up hoardings nears the Airports in the 4 metros, i.e. Delhi, Mumbai, Chennai and Kolkata. The release order issued by ABC to IJ will have the city-wise, location-wise breakup of the amount payable for such hoardings.	The place of supply of this service is in the Union territory of Delhi and the States of Maharashtra, Tamil Nadu and West Bengal.

Valuation

No	Particulars
1	The amount actually paid to IJ for the hoardings in each of the 4 metros will constitute the value attributable to the dissemination in the Union territory of Delhi and the States of Maharashtra, Tamil Nadu and West Bengal respectively.
2	Separate invoices will have to be issued State-wise and Union territory-wise by IJ to ABC indicating the value pertaining to that State/UT.

Advertisement on trains

Particulars	POS
ABC places an order on KL for advertisements to be placed on a train with regard to the 'Janani Suraksha Yojana'. The length of a track in a State will vary from train to train. Thus, for advertisements to be placed on the Hazrat Nizamuddin Vasco Da Gama Goa Express which runs through Delhi, Haryana, Uttar Pradesh, Madhya Pradesh, Maharashtra, Karnataka and Goa, KL may ascertain the total length of the track from Hazrat Nizamuddin to Vasco Da Gama as well as the length of the track in each of these States and Union territory from the website www.indianrail.gov.in	The place of supply of this service is in the Union territory of Delhi and States of Haryana, Uttar Pradesh, Madhya Pradesh, Maharashtra Karnataka and Goa.

Valuation

No	Particulars
1	The value of the supply in each of these States and Union territory attributable to the dissemination in these States will be in the ratio of the length of the track in each of these States and Union territory.
2	If this ratio works out to say 0.5:0.5:2:2:3:3:1 and the amount to be paid to KL is Rs. 1,20,000, then KL will have to calculate the State-wise and Union territory-wise breakup of the value of the service, which will be in the ratio of the length of the track in each State and Union territory.
3	In the given example, the State-wise and Union territory-wise breakup works out to Delhi (Rs. 5000), Haryana (Rs. 5000), Uttar Pradesh (Rs. 20,000), Madhya Pradesh (Rs. 20,000), Maharashtra (Rs. 30,000), and Karnataka (Rs. 30,000) and Goa (Rs. 10,000).
4	Separate invoices will have to be issued State-wise and Union territory-wise by KL to ABC indicating the value pertaining to that State or Union territory.

Advertisements on railway tickets

Particulars	POS
ABC has issued a release order to MN for display of advertisements relating to the 'Ujjwala' scheme on the railway tickets that are sold from all the Stations in the States of Madhya Pradesh and Chatisgarh	The place of supply of this service is in Madhya Pradesh and Chattisgarh.

Valuation

No	Particulars
1	The value of advertisement service attributable to these two States will be in the ratio of the number of railway stations in each State as ascertained from the Railways or from the website www.indianrail.gov.in .
2	Let us assume that this ratio is 713:251 and the total bill is Rs. 9640. The breakup of the amount between Madhya Pradesh and Chattisgarh in this ratio of 713:251 works out to Rs. 7130 and Rs. 2510 respectively.
3	Separate invoices will have to be issued State-wise by MN to ABC indicating the value pertaining to that state.

Advertisements on radio stations

Particulars	POS
For an advertisement on 'Pradhan Mantri Ujjwala Yojana', to be broadcast on a FM radio station OP, for the radio stations of OP Kolkata, OP Bhubaneswar, OP Patna, OP Ranchi and OP Delhi, the release order issued by ABC will show the breakup of the amount which is to be paid to each of these radio stations.	The place of supply of this service is in West Bengal, Odisha, Bihar, Jharkhand and Delhi. The place of supply of OP Delhi is in Delhi even though the studio may be physically located in another State.

Valuation

No	Particulars
1	Separate invoices will have to be issued State-wise and Union territory-wise by MN to ABC based on the value pertaining to each State or Union territory.

Advertisement on television channels

Particulars	POS
ABC issues a release order with QR channel for telecasting an advertisement relating to the 'Pradhan Mantri Kaushal	The place of supply of this service is in

Vikas Yojana' in the month of November 2017. In the first phase, this will be telecast in the Union territory of Delhi, States of Uttar Pradesh, Uttarakhand, Bihar and Jharkhand.	Delhi, Uttar Pradesh, Uttarakhand, Bihar and Jharkhand.
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Valuation

In order to calculate the value of supply attributable to Delhi, Uttar Pradesh, Uttarakhand, Bihar and Jharkhand, QR has to proceed as under-

No	Particulars
1	QR will ascertain the viewership figures for their channel in the last week of September 2017 from the Broadcast Audience Research Council. Let us assume it is 1,00,000 for Delhi and 2,00,000 for the region comprising of Uttar Pradesh and Uttarakhand and 1,00,000 for the region comprising of Bihar and Jharkhand
2	Since the Broadcast Audience Research Council clubs Uttar Pradesh and Uttarakhand into one region and Bihar and Jharkhand into another region, QR will ascertain the population figures for Uttar Pradesh, Uttarakhand, Bihar and Jharkhand from the latest census
3	By applying the ratio of the populations of Uttar Pradesh and Uttarakhand, as to ascertained, to the Broadcast Audience Research Council viewership figures for their channel for this region, the viewership figures for Uttar Pradesh and Uttarakhand can be calculated. Let us assume that the ratio of the populations of Uttar Pradesh and Uttarakhand works out to 9:1. When this ratio is applied to the viewership figures of 2,00,000 for this region, the viewership figures for Uttar Pradesh and Uttarakhand work out to 1,80,000 and 20,000 respectively
4	In a similar manner, the breakup of the viewership figures for Bihar and Jharkhand can be calculated. Let us assume that the ratio of populations is 4:1 and when this is applied to the viewership figure of 1,00,000 for this region, the viewership figure for Bihar and Jharkhand works out to 80,000 and 20,000 respectively
5	The viewership figure for each State works out to Delhi (1,00,000), Uttar Pradesh, (1,80,000), Uttarakhand (20,000), Bihar (80,000) and Jharkhand (20,000). The ratio is thus 10:18:2:8:2 or 5:9:1:4:1 (simplification).
6	This ratio has to be applied when indicating the breakup of the amount pertaining to each State. Thus, if the total amount payable to QR by ABC is Rs. 20,00,000, the State-wise breakup is Rs. 5,00,000 (Delhi), Rs. 9,00,000 (Uttar Pradesh) Rs. 1,00,000 (Uttarakhand), Rs 4,00,000 (Bihar) and Rs. 1,00,000

(Jharkhand). Separate invoices will have to be issued State-wise and Union territory-wise by QR to ABC indicating the value pertaining to that State or Union territory.

Advertisements in cinema halls

Particulars	POS
ABC commissions ST for an advertisement on 'Pradhan Mantri Awas Yojana' to be displayed in the cinema halls in Chennai and Hyderabad.	The place of supply of this service is in the States of Tamil Nadu and Telangana.

Valuation

No	Particulars
1	The amount actually paid to the cinema hall or screens in a multiplex, in Tamil Nadu and Telangana as the case may be, is the value of advertisement service in Tamil Nadu and Telangana respectively.
2	Separate invoices will have to be issued State-wise and Union territory-wise by ST to indicating the value pertaining to that State.

Advertisement on internet

Particulars	POS
ABC issues a release order to WX for a campaign over internet regarding linking Aadhar with one's bank account and mobile number. WX runs this campaign over certain websites. In order to ascertain the State-wise breakup of the value of this service which is to be reflected in the invoice issued by WX to ABC, WX has to first refer to the Telecom Regulatory Authority of India figures for quarter ending March, 2017, as indicated on their website www.trai.gov.in . These figures show the service area wise internet subscribers. There are 22 service areas. Some relate to individual States some to two or more States and some to part of one State and another complete State. Some of these areas are metropolitan areas	

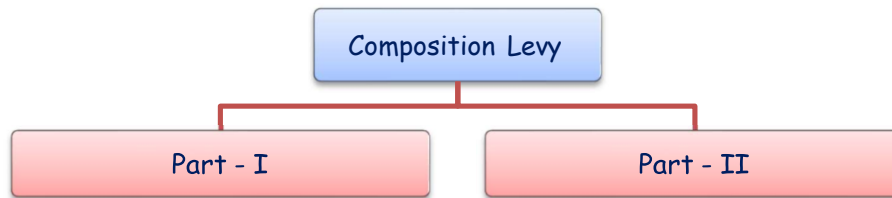
Valuation

No	Particulars
1	In order to calculate the State-wise breakup, first the State-wise breakup of the number of internet subscribers is arrived at. (In case figures of internet subscribers of one or more States are clubbed, the subscribers in each State are to be arrived at by applying the ratio of the respective populations of these States as per the latest census).
2	Once the actual number of subscribers for each State has been determined, the second step for WX involves calculating the State-wise ratio of internet subscribers.
3	Let us assume that this works out to 8:1:2..... and so on.
4	The third step for WX will be to apply these ratios to the total amount payable to WX so as to arrive at the value attributable to each State.
5	Separate invoices will have to be issued State-wise and Union territory-wise by WX to ABC indicating the value pertaining to that State or Union territory.

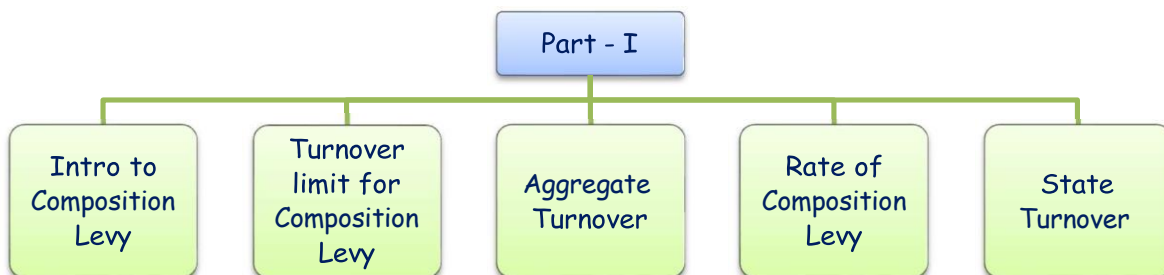


CHAPTER 8 - COMPOSITION LEVY - SEC 10

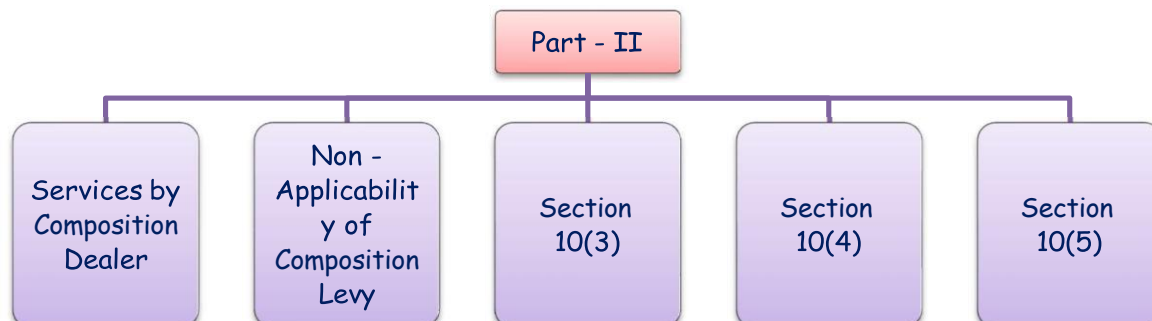
COMPOSTION LEVY - CLASSIFICATION



Part - 01



Part - 02



01 - INTRODUCTION TO COMPOSITION LEVY

No	Particulars	Explanation
1	Composition levy - S. 10	An Option for Specified categories of small tax payers to pay GST at a very low rate on the basis of turnover
2	Advantages	<ul style="list-style-type: none"> ➤ Low rate of tax ➤ Hassel free simple procedures for such tax payers ➤ Simple calculation of tax based on turnover ➤ A very Simple quarterly return

02 - APPLICABILITY

No	Particulars	Description
1	If aggregate turnover is up to Rs 1.5 crore/ Rs 75 Lakhs in preceding FY - S. 10(1)	A registered person, whose aggregate turnover in the preceding financial year did not exceed Rs 1.5 Crore , will be eligible to opt for payment of tax under the composition scheme.
2	75 Lakhs	However, the aggregate turnover in the preceding financial year shall be Rs 75 lakh in the case of an eligible registered person registered u/s 25 of the said Act, in any of the 8 Special category states.

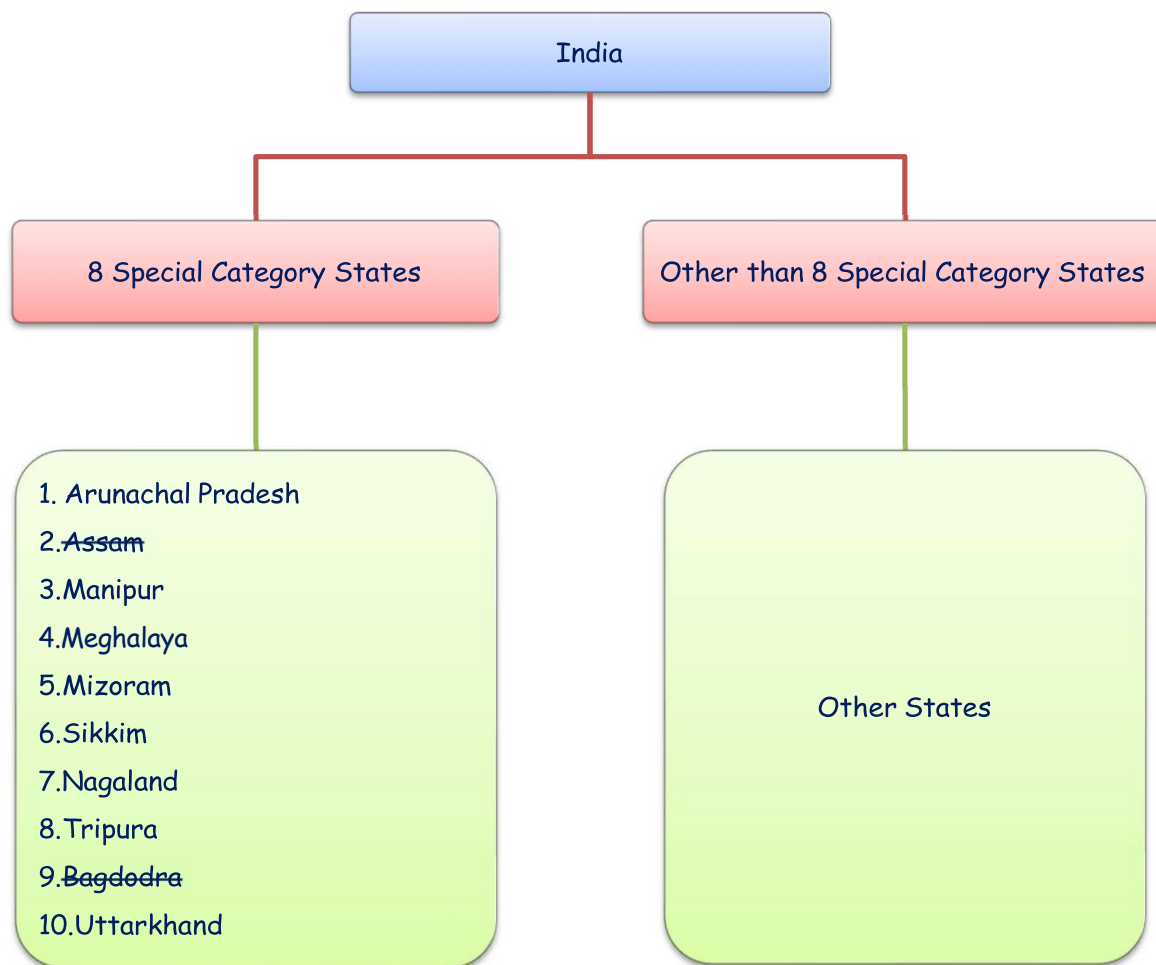
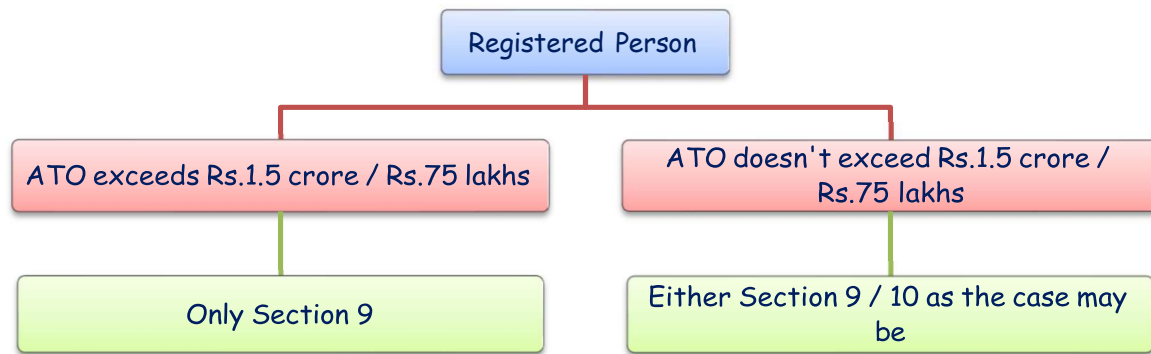
***8 Special category states**

No	Description
1	<ul style="list-style-type: none"> ➤ Arunachal Pradesh ➤ Assam ➤ Manipur ➤ Meghalaya ➤ Mizoram <ul style="list-style-type: none"> ➤ Nagaland ➤ Sikkim ➤ Tripura ➤ Bagdodra ➤ Uttarakhand

Note:

In case of Assam, Himachal Pradesh and Jammu Kashmir, the turnover limit will be **Rs.1.5 Crore**

SUMMARY



03 - AGGREGATE TURNOVER (ATO)

While computing the threshold limit of Rs 1.5 Crore / 75 Lakhs as the case may be inclusions in and exclusions from 'Aggregate turnover' are as follows:

Includes	Excludes
Value of all outward supplies ➤ Taxable Supplies ➤ Exempt Supplies ➤ Export of goods or services or Both ➤ Inter - State Supplies Of persons having the same PAN be computed on all India basis	➤ Value of inward supplies on which tax is payable under reverse charge ➤ CGST ➤ SGST ➤ UTGST ➤ IGST ➤ Cess

EXPLANATION TO THE DEFINITION OF ATO - Inserted by F.A. 2019, w.e.f.01 - 01 - 2020

For the purpose of computing aggregate turnover of a person for determining his eligibility to pay tax under this section, the expression "**Aggregate Turnover**" -

No	Particulars
1	Shall include the value of supplies made by such person from 1 st April of a FY up to the date when he becomes liable for registration under this Act
2	But shall not include the value of exempt supply of services provided by way of extending deposits

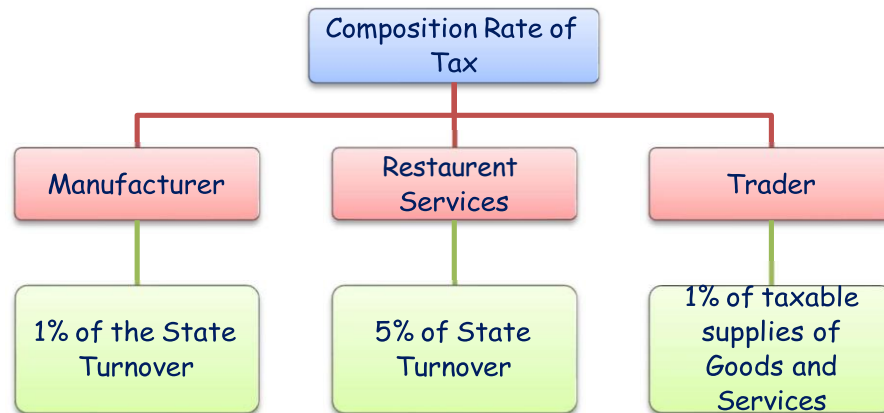
04 - RATE OF COMPOSITION TAX - SECTION 10(1)

A composition supplier may opt to pay, in lieu of the tax payable by him under Section 9(1), an amount of tax calculated at under mentioned rates -

No	Eligible Person	Rate of Tax cannot exceed (% of Turnover)		Total rate of tax cannot exceed
		CGST	SGST	
1	Manufacturer	0.5% of the Turnover in the State or Union Territory	0.5% of the Turnover in the State or Union Territory	1% of the turnover in the State or Union Territory
2	Restaurant Services	2.5% of the Turnover in the State or Union Territory	2.5% of the Turnover in the State or Union Territory	5% of the turnover in the State or Union Territory
3	Other Suppliers	0.5% of the Turnover of Taxable supplies of	0.5% of the Turnover of Taxable supplies of	1% of the Turnover of Taxable supplies

		Goods and Services in the State or Union Territory	Goods and Services in the State or Union Territory	of Goods and Services in the State or Union Territory.
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SUMMARY



05 - STATE TURNOVER

Definition of State Turnover:

Includes	Excludes
Value of all outward supplies ➤ Taxable Supplies ➤ Exempt Supplies made within a state or U.T. by a taxable person ➤ Export of goods or services or both ➤ Inter state supply of goods or services or both made from the state or U.T. by the said taxable person.	➤ Value of inward supplies on which tax is payable under reverse charge ➤ CGST ➤ SGST ➤ UTGST ➤ IGST ➤ Cess

Explanation 2 - Inserted by F.A. 2019, w.e.f.01 - 01 - 2020

Supplies to be excluded for determining turnover in State/UT for determining payment of tax

For the purposes of determining the tax payable by a person under this section, "Turnover in State or Turnover in UT" shall not include the value of following supplies, namely: -

No	Particulars
1	Supplies from the 1 st day of April of a F.Y. up to the date when such person becomes liable for registration under this Act; and
2	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.

06 - SERVICE SUPPLY

Services can be supplied by the Composition Suppliers - Second Proviso to Section 10(1)

No	Explanation		
1	A person who opts to pay tax under (a) or clause (b) or clause (c) may supply services (other than those referred to in clause (b) of paragraph 6 of Schedule II i.e. restaurant services), of value -		
	No	Particulars	Amount
	1	Not exceeding 10% of Turnover in a State or Union territory in preceding financial year	xxx
	2	Rs. 5,00,000	xxx
	3	1 or 2 Whichever is higher	xxxx

EXAMPLE

No	Particulars	Answer
1	<p>Ramsewak is engaged in supply of goods. His turnover in preceding FY is Rs. 60 lakhs. Since his aggregate turnover in the preceding FY does not exceed Rs. 1.5 crore, he is eligible for composition scheme for goods in current FY. Further in current FY, he can supply services [other than restaurant services] up to a value of not exceeding:</p> <p>a) 10% of Rs. 60 lakhs, i.e. Rs. 6 lakhs</p> <p>or</p> <p>b) Rs. 5 lakhs</p> <p>Whichever is higher,</p>	Thus, he can supply services upto a value of Rs. 6 lakh in current FY. If the value of services supplied exceeds Rs. 6 lakhs, he becomes ineligible for the composition scheme for goods and has to opt out of the same.

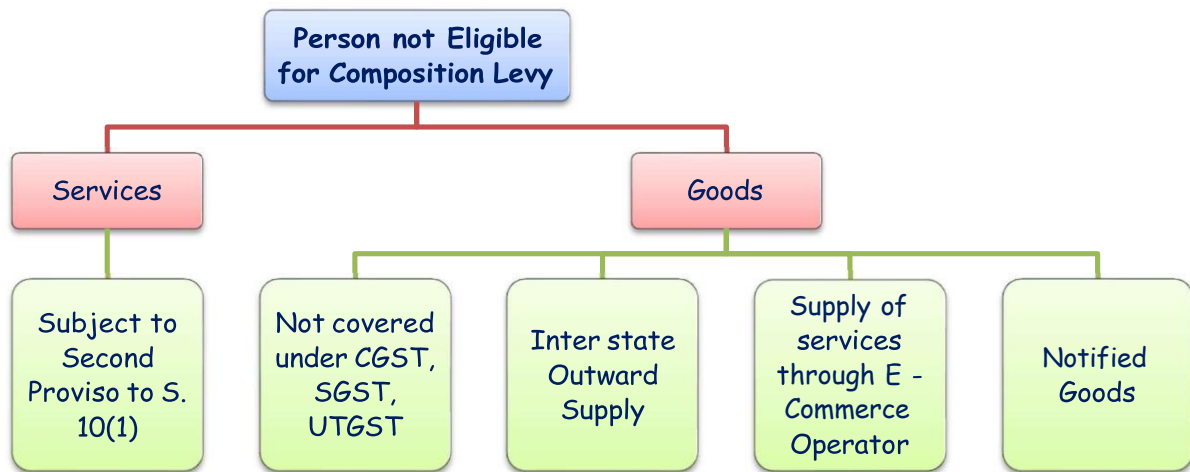
07 - SECTION - 10(2) - NON - APPLICABILITY

Persons not eligible to opt for composition scheme - Section 10(2), Broadly, six categories of registered person are not eligible to opt for the composition scheme. These are

No	Particulars
1	supplier of services subject to second proviso to 10(1)
2	Supplier of goods which are not taxable under the CGST Act/SGST Act/UTGST Act
3	an inter - State supplier of goods or Services
4	Person who is engaged in making any supply of goods or services through an electronic commerce operator who is required to collect tax at source under section 52
5	<p>Manufacturer of certain notified goods</p> <p>In eligible Manufactures</p> <ul style="list-style-type: none"> - Ice cream and other edible ice, whether or not containing cocoa - Pan Masala - Aerated Water - All goods - Tobacco & manufactured tobacco substitutes - Fly ash bricks, fly ash aggregates, fly ash blocks - Bricks of fossil meals or similar siliceous earths - Building bricks - Earthen or roofing tiles.
6	Casual taxable person or a non - resident taxable person (Inserted by Finance (No.2 Act, 2019 w.e.f 1 - 1 - 2020)

There is no restriction on Composition supplier to procure goods from inter- state Suppliers

SUMMARY



APPLICABLE FOR ALL TRANSACTIONS OF REGISTERED PERSON WITH SAME PAN

All registered persons having the same PAN have to opt for composition scheme. If one registered person opts for normal scheme, **others become ineligible for composition scheme**

EXAMPLE:

No	Particulars	Answer
1	<p>If a taxable person has the following businesses separately registered -</p> <ul style="list-style-type: none"> ➤ Sale of footwear (Registered in Karnataka) ➤ Sale of mobiles (Registered in Karnataka) <p>Sale of ready-made garments (Registered in Rajasthan)</p>	<p>In the above scenario, the composition scheme would be applicable for all the 3 units. Taxable person will not be eligible to opt for composition scheme say for sale of footwear and sale of mobiles and opt to pay taxes under the regular scheme for Ready-made garments.</p>

08 - SECTION - 10(3) - OPTION LAPSES

No	Particulars	Explanation
1	Option lapses if aggregate turnover exceeds Rs. 1.5 crore / Rs. 75 lakh - Sec 10(3)	<ul style="list-style-type: none"> ➤ The benefit of composition scheme can be availed up to the aggregate turnover of Rs 1.5 crore/ 75 lakh in current financial year. ➤ The option availed of by a registered person under Section 10 (1) shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit of Rs. 1.5 crore/ Rs. 75 lakhs.

09 - SECTION - 10(4) - NO OUTPUT / INPUT TAX

No	Particulars	Explanation
1	Composition tax not to be Collected from Recipients - Section 10(4)	<p>A taxable person to whom the provision of composition scheme applies shall not collect any tax from the recipient on supplies made by him. It means that a composition scheme supplier can't issue a tax invoice.</p> <p>Note: - Instead, they should issue Bill of Supply</p>
2	Input tax credit cannot be Availed - S. 10(4)	A taxable person to whom the provisions of composition scheme apply shall not be entitled to any credit of input tax.

10 - SECTION - 10(5) - PENAL CONSEQUENCES

No	Particulars	Explanation
1	Penal Consequences - Section 10(5)	If the proper officer has reasons to believe that a taxable person has paid tax under composition scheme despite not being eligible , such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of Section 73 or Section 74 shall be applicable for determination of tax and penalty.
2	Composition scheme not applicable for tax payable under RCM	Rate of tax payable on supplies taxable under RCM will be regular rates and not in composition rate

OVERALL EXAMPLES

No	Particulars	Answer
1	A dealer 'Kishorilal & Sons' has two offices in Delhi and is eligible for composition levy of goods.	If 'Kishorilal & Sons' opts for the composition schemes for goods, both the offices would pay taxes under composition scheme and abide by all the conditions as may be prescribed for the said composition scheme.
2	ABC Industries, a manufacturer in Mumbai, is engaged in supply of goods in Mumbai as well as Chennai (i.e. inter - State supply of goods).	Here, ABC Industries cannot enter into the composition scheme as it is effecting inter - State supply of goods i.e. Chennai
3	A person availing composition scheme during a financial year crosses the turnover of Rs. 1.5 crore on 9 th of December.	The option availed shall lapse from the day on which his aggregate turnover during the financial year exceeds Rs. 1.5 crore, i.e. on 9 th December, in this case.
4	A shoes' dealer 'Prithviraj' has offices in Maharashtra and Goa. He makes intra-State supply of goods from both these offices.	In order to determine whether 'Prithviraj' is eligible to avail benefit of the composition scheme for goods, turnover of both the offices would be taken into account and if the same does not exceed Rs. 1.5 crore in the preceding financial year, 'Prithviraj' can opt to avail the composition levy scheme (subject to fulfillment of other prescribed conditions) for goods for both the offices in the current financial year.

Test Yourself

Illustration

A Ltd is a manufacturing concern in Pune. In FY 2023 - 24 total value of supplies **including** inward supplies taxed under reverse charge basis are Rs 1,53,60,000 (exclusive of taxes). The breakup of supplies are as follows -

No	Particulars	Amount (Rs)
1	Intra State supplies made under forward charge	75,00,000
2	Intra State supplies of goods which are chargeable to GST at Nil Rate	43,00,000
3	Intra State supplies which are wholly exempt under Section 11 of CGST Act, 2017	32,00,000
4	Value of Exempt Supply of Services being Interest earned on Fixed Deposit with bank	1,00,000
5	Value of inward supplies on which tax is payable under RCM	2,60,000

Briefly explain whether A Ltd is eligible to opt for Composition Scheme in FY 2024 - 25.

Ans:

A registered person, whose aggregate turnover in the preceding FY did not exceed Rs. 1,50,00,000 may opt for payment of tax under Composition scheme. As per section 2(6) of the CGST Act, 2017, "Aggregate turnover" means the aggregate value of

No	Particulars
1	All taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis),
2	Exempt supplies,
3	Exports of goods or services or both, and
4	Inter - state supplies of persons having the same PAN, to be computed on all India basis, but excludes - <ul style="list-style-type: none"> ➤ Central tax, ➤ State tax, ➤ Union Territory tax, ➤ Integrated tax, and ➤ Cess.

According to Explanation 1,

No	Particulars
1	For the purposes of computing aggregate turnover of a person for determining his eligibility to pay tax under this section, the expression "aggregate turnover" shall not include the 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

Thus, aggregate turnover shall be computed as under -

Computation of Aggregate Turnover

No	Particulars	Amount
1	Supplies made under forward charge	75,00,000
2	Supplies made which are chargeable to GST at Nil rate (covered under exempt supply)	43,00,000
3	Supplies which are wholly exempt u/s 11 of CGST Act, 2017	32,00,000
4	Value of exempt supply of services being interest earned on fixed deposits with Bank	Nil
5	Value of inward supplies on which tax payable under RCM (specifically excluded)	Nil
Total		1,50,00,000

Since, aggregate turnover does not exceed Rs. 1,50,00,000 during the FY 2023 - 24, so A Ltd., is entitled for Composition Scheme for FY 2024 - 25.

Illustration

A Ltd a manufacturing concern in Rajasthan having aggregate turnover of Rs 120 lakh in financial year 2023 - 24 has opted for composition scheme furnishes you the following information for FY 2024 - 25. It requires you to determine its composition tax liability and total tax liability. The break-up of supplies are as follows -

No	Particulars	Amount
1	Intra State Supplies of goods X chargeable @ 5% GST	30,00,000
2	Intra State Supplies of goods which are chargeable to GST at Nil rate	18,00,000
3	Intra state supply of services chargeable with 5% GST	6,00,000
4	Interest earned on fixed deposits with banks	8,00,000
5	Intra State Supplies which are wholly exempt under Section 11 CGST Act, 2017	2,40,000

6	Value of inward supplies on which tax payable under RCM (GST Rate 5%)	5,00,000
7	Intra state supplies of Goods Y chargeable @ 18% GST	30,00,000

Also determine composition tax liability if A Ltd is a trader instead of manufacturer.

Ans:

The composition tax liability of A Ltd., shall be as under -

Computation of aggregate turnover and composite tax

No	Particulars	Manufacturer	Trader
1	Intra State supplies of Goods X chargeable @ 5% GST	30,00,000	30,00,000
2	Intra State supplies of Goods which are chargeable to GST at Nil rate	18,00,000	-
3	Intra State supplies of Services chargeable with 5% GST	6,00,000	6,00,000
4	Interest earned on FD with banks (WN - 2)	-	-
5	Intra State supplies which are wholly exempt u/s 11 of CGST Act, 2017	2,40,000	-
6	Value of inward supplies on which tax payable under RCM (GST Rate 5%) (not to be included)	Nil	Nil
7	Intra state supplies of Goods Y chargeable @ 18% GST	30,00,000	30,00,000
Aggregate Turnover		86,40,000	66,00,000
Rate of composite tax		1%	1%
Total Composite tax (A)		86,400	66,000

Tax payable under Reverse Charge Basis

No	Particulars	Amount	Amount
1	Value of inward supplies on which tax payable under RCM	5,00,000	5,00,000
2	Rate of GST	5%	5%
3	Tax payable under RCM (B)	25,000	25,000
4	Total Tax liability (A+B)	1,11,400	91,000

Working note:

No	Particulars
1	<p>As per Second proviso to Section 10(1) to provide that a composition supplier may supply services of value not exceeding 10% of the turnover in the preceding FY in a State or UT or Rs. 5 lakh whichever is higher. Thus, A Ltd. can supply services to the extent of 10% of Rs. 120 lakhs i.e., 12 lakhs.</p> <p>According to Explanation to Sec. 10(1), for the purposes of second proviso, the 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 shall not be taken into account for determining the value of turnover in a State or UT.</p> <p>Since the value of services provided excluding interest earned on deposits is Rs. 6,00,000 which is within the limit of Rs. 12 lakhs, hence A Ltd. is eligible for Composition Scheme.</p>
2	<p>According to Explanation 2 to Sec. 10, for the purposes of determining the tax payable by a person under this section, the expression "Turnover in State or UT" shall not include the 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</p>

Illustration

Mr. X opened a retail shop - 'Aapki Dukan' in Janta Market, Jaipur and Rajasthan on 1st April, 2024. He opted to pay tax under Sec. 10(1) of the CGST Act, 2017 in the said FY. The aggregate turnover of the retail shop for the quarter ending 30th June, 2024 was Rs. 40 lakh. Further, for the half year ending 30th September, 2024, the turnover reached Rs. 85 lakh. Aapki Dukan recorded a rapid growth and the turnover reached Rs. 150 lakh by the end of Dec 2024 and Rs. 165 lakh by the end of Jan 2025.

Determine the total tax liability of Aapki Dukan. Mr. X has duly complied with the provisions of GST laws. Normal rate of tax in respect of goods sold in shop is 12%.

Ans:

No	Particulars
1	<p>Sec 10(1) of the CGST Act, 2017 provides that a registered person, whose aggregate turnover in the preceding FY did not exceed Rs. 1.5 crore in the State of Rajasthan, will be eligible to opt for payment of tax under the composition scheme</p>

2	According to Sec 10(3), the benefit of composition scheme can be availed up to the aggregate turnover of Rs. 1.5 crore in current FY. The option availed of by a registered person under Section 10(1) shall lapse with effect from the day on which his aggregate turnover during a FY exceeds the limit of Rs. 1.5 crore						
3	According to explanation 2, for the purposes of determining the tax payable by a person under this section, the expression "Turnover in State or Turnover in UT" shall not include the value of following supplies, namely: - <table border="1"> <thead> <tr> <th>No</th><th>Particulars</th></tr> </thead> <tbody> <tr> <td>1</td><td>Supplies from the 1st day of April of a F.Y. upto the date when such person becomes liable for registration under this Act; and</td></tr> <tr> <td>2</td><td>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</td></tr> </tbody> </table>	No	Particulars	1	Supplies from the 1 st day of April of a F.Y. upto the date when such person becomes liable for registration under this Act; and	2	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
No	Particulars						
1	Supplies from the 1 st day of April of a F.Y. upto the date when such person becomes liable for registration under this Act; and						
2	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						

Thus, Aapki Dukan is eligible to pay tax under this section upto the turnover of Rs. 150 lakhs. The total tax payable by it is as under:

Period	Tax rate	Turnover (Rs.)	Tax Liability (Rs.)
1 st Quarter	Since turnover did not exceed Rs. 40 Lakhs, it was not required to obtain registration. Hence, no tax was required to be paid	40 Lakhs	Nil
2 nd Quarter	Effective rate is 1% (CGST + SGST/UTGST) under sec. 10(1)	45 lakh [(85 - 40) lakh]	45,000
For 3 rd Quarter	Effective rate is 1% (CGST + SGST/UTGST) under sec. 10(1) upto Rs. 150 lakh	65 lakh - [(150 - 85) lakh]	65,000
For the month of Jan 2025	Normal rate of tax i.e., 12% will be applicable	15 lakh - [(165 - 150) lakh]	1,80,000
Total tax liability			2,90,000

Illustration

Mr A, a retailer who keeps no inventories, presents the following estimated information for the year -

No	Particulars
1	Purchase of Goods: Rs 50 Lakhs (GST @ 5%)
2	Sales (at fixed selling price inclusive of all taxes): Rs 60 Lakhs (GST on sales @ 5%)

Discuss whether he should opt for composition scheme if composite tax is 1% of turnover.

Expenses of keeping detailed statutory records required under the GST Laws will be Rs 1,20,000 p.a., which shall get reduced to Rs 50,000 if composition scheme is opted for. Other Expenses are Rs 3,00,000p. a

Ans:

The cost to the ultimate consumer under two schemes is as under

No	Particulars	Normal GST Scheme	Composition Scheme*
1	Cost of goods sold (*No credit under the composition scheme, hence cost of goods sold will be higher)	50,00,000	52,50,000
2	Add: Cost of maintaining records	1,20,000	50,000
3	Add: Normal expenses	3,00,000	3,00,000
4	Total Costs	54,20,000	56,00,000
5	Sales (inclusive of all taxes)	60,00,000	60,00,000
6	Less: Tax (GST = Rs. 60 lakh x 5 /105); (Composite Tax = Rs. 60 lakh x 1%)	(2,85,714)	(60,000)
7	Sales (net of taxes)	57,14,286	59,40,000
8	Profit of the dealer (Sales, net of taxes - Total Costs)	2,94,286	3,40,000

Conclusion:

It is apparent that while cost to ultimate consumer, in both the cases remains same, the profit of the dealer is higher if the dealer opts for composition scheme. Hence, composition scheme should be opted.

Illustration

Examine whether the suppliers are eligible for composition scheme in the following independent cases. Is there any other option available for concessional tax payment with any of these suppliers, wherever composition scheme cannot be availed?

No	Particulars
1	M/s Devlok, a registered dealer, is dealing in intra - State trading of electronic appliances in Jaipur (Rajasthan). It has turnover of Rs. 130 lakhs in the preceding financial year. In the current financial year, it has also started providing repairing services of electronic appliances

(ICAI P.Q.)

Ans:

No	Particulars	Explanation								
1	Eligibility under Composition scheme	As per section 10 of the CGST Act, 2017, the following registered persons, whose aggregate turnover in the preceding financial year did not exceed Rs. 1.5 crore, may opt to pay tax under composition levy.								
		<table><tr><th>No</th><th>Particulars</th></tr><tr><td>1</td><td>Manufacturer,</td></tr><tr><td>2</td><td>Persons engaged in making supplies referred to paragraph 6(b) of Schedule II (restaurant services), and</td></tr><tr><td>3</td><td>Any other supplier eligible for composition levy.</td></tr></table>	No	Particulars	1	Manufacturer,	2	Persons engaged in making supplies referred to paragraph 6(b) of Schedule II (restaurant services), and	3	Any other supplier eligible for composition levy.
		No	Particulars							
		1	Manufacturer,							
		2	Persons engaged in making supplies referred to paragraph 6(b) of Schedule II (restaurant services), and							
		3	Any other supplier eligible for composition levy.							
		Thus,								
		<table><tr><th>No</th><th>Particulars</th></tr><tr><td>1</td><td>Essentially, the composition scheme can be availed in respect of goods and only one service namely, restaurant service. However, the scheme permits supply of other marginal services for a specified value along with the supply of goods and restaurant services, as the case may be. Such marginal services can be supplied for a value upto 10% of the turnover in the preceding year or Rs. 5 lakh, whichever is higher</td></tr><tr><td>2</td><td>Further, the registered person should not be engaged in making any inter - state outward supplies of goods</td></tr></table>	No	Particulars	1	Essentially, the composition scheme can be availed in respect of goods and only one service namely, restaurant service. However, the scheme permits supply of other marginal services for a specified value along with the supply of goods and restaurant services, as the case may be. Such marginal services can be supplied for a value upto 10% of the turnover in the preceding year or Rs. 5 lakh, whichever is higher	2	Further, the registered person should not be engaged in making any inter - state outward supplies of goods		
		No	Particulars							
		1	Essentially, the composition scheme can be availed in respect of goods and only one service namely, restaurant service. However, the scheme permits supply of other marginal services for a specified value along with the supply of goods and restaurant services, as the case may be. Such marginal services can be supplied for a value upto 10% of the turnover in the preceding year or Rs. 5 lakh, whichever is higher							
2	Further, the registered person should not be engaged in making any inter - state outward supplies of goods									

In view of the above-mentioned provisions, the answer to this case is as under,

No	Particulars	Explanation
1	Composition suppliers can supply services for a value upto 10% of the turnover in the preceding year or Rs. 5 lakhs, whichever is higher:	The turnover limit for composition scheme in case of Jaipur (Rajasthan) is Rs. 1.5 crore. Thus, M/s Devlok can opt for composition scheme as its aggregate turnover is does not exceed Rs. 1.5 crore. Further, since the registered person opting for composition scheme can also supply services (other than restaurant services) for a value up to 10% of the turnover in the preceding year or Rs. 5 lakh, whichever is higher, in the current financial year, M/s Devlok can supply repair services upto a value of Rs. 13 lakh (10% of Rs. 130 lakh or Rs. 5 lakh, whichever is higher) in the current financial year.

CHAPTER 8A - COMPOSITION SCHEME FOR SERVICE SUPPLIERS

01 - INTRODUCTION TO COMPOSITION SCHEME FOR SERVICE SUPPLIERS

The relevant provisions are discussed as under -

No	Particulars	Explanation
1	Composition scheme for service suppliers - Optional scheme	Section 10(2A) has provided an option to a registered person whose aggregate turnover in the preceding FY is up to Rs. 50 lakh and who is not eligible to pay tax under section 10(1), to pay tax @ 6% (3% CGST and 3% SGST/UTGST).
2	Thus	<ul style="list-style-type: none"> ➤ Traders and ➤ Manufacturers of goods and ➤ Restaurant service providers who are eligible for composition scheme u/s 10(1) (even if not opted) will not enter this facility.

02 - APPLICABILITY

A registered person can claim the benefit of this scheme provided he complies with the following conditions:

No	Particulars
1	His aggregate turnover in the preceding FY must not exceed Rs. 50 lakh. Thus, the registered persons intending to opt for this scheme in the FY 2023 - 24 should not have aggregate turnover of more than Rs. 50 lakhs during the FY 2022 - 23

Example:

No	Particulars
1	<p>A hair stylist 'Billoo Barber' has his salon in Delhi and Haryana, making intra-State supplies.</p> <p>In order to determine whether 'Billoo' is eligible to avail benefit of the composition scheme for services, turnover of both the salons would be taken into account and if the same does not exceed Rs. 50 lakhs in the preceding financial year, 'Billoo' can opt to avail the composition levy scheme (subject to fulfillment of other prescribed conditions) for services for both the salons in the current financial year.</p>

PROVISO TO SECTION 10(2A)

No	Particulars	Explanation
1	Applicable for all transactions of registered person with same PAN	Where more than one registered person are having the same PAN issued under the Income - tax Act, 1961, the registered person shall not be eligible to opt for this scheme unless all such registered persons opt to pay tax under this scheme.

03 - AGGREGATE TURNOVER (ATO)

While computing the threshold limit of Rs 50 Lakhs as the case may be inclusions in and exclusions from 'Aggregate turnover' are as follows:

Includes	Excludes
Value of all outward supplies	➤ Value of inward supplies on which tax is payable under reverse charge
➤ Taxable Supplies	➤ CGST
➤ Exempt Supplies	➤ SGST
➤ Export of goods or services or Both	➤ UTGST
➤ Inter - State Supplies	➤ IGST
Of persons having the same PAN be computed on all India basis	➤ Cess

EXPLANATION TO THE DEFINITION OF ATO -Inserted by F.A. 2019,
w.e.f.01 - 01 - 2020

For the purpose of computing aggregate turnover of a person for determining his eligibility to pay tax under this section, the expression "**Aggregate Turnover**" -

No	Particulars
1	Shall include the value of supplies made by such person from 1 st April of a FY upto the date when he becomes liable for registration under this Act
2	But shall not include the value of exempt supply of services provided by way of extending deposits

04 - RATE OF TAX - SECTION 10(2A)

The rate of tax under this scheme levy is as under -

Eligible person	Rate of Tax cannot exceed (% of turnover)		Total rate of tax cannot exceed
	CGST	SGST	
Service supplier and mixed supplier	3% of Turnover of Supplier of Goods And Services in the State/UT	3% of Turnover of Supplier of Goods And Services in the State/UT	6% of Turnover of Supplier of Goods And Services in the State/UT

05 - STATE TURNOVER

Definition of State Turnover:

Includes	Excludes
Value of all outward supplies ➤ Taxable Supplies ➤ Exempt Supplies made within a state or U.T. by a taxable person ➤ Export of goods or services or both ➤ Inter state supply of goods or services or both made from the state or U.T. by the said taxable person.	➤ Value of inward supplies on which tax is payable under reverse charge ➤ CGST ➤ SGST ➤ UTGST ➤ IGST ➤ Cess

EXPLANATION - 2

No	Particulars	Explanation						
1	Supplies to be excluded for determining turnover in State/UT for determining payment of tax - Exp. 2	For the purposes of determining the tax payable by a person under this section, "Turnover in State or Turnover in UT" shall not include the value of following supplies, namely: -						
		<table><tr><th>No</th><th>Particulars</th></tr><tr><td>1</td><td>Supplies from the 1st day of April of a F.Y. up to the date when such person becomes liable for registration under this Act; and</td></tr><tr><td>2</td><td>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</td></tr></table>	No	Particulars	1	Supplies from the 1 st day of April of a F.Y. up to the date when such person becomes liable for registration under this Act; and	2	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
		No	Particulars					
		1	Supplies from the 1 st day of April of a F.Y. up to the date when such person becomes liable for registration under this Act; and					
2	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							

06 - NON - APPLICABILITY

No	Particulars
1	He is not engaged in making any supply of goods or services which are not leviable to tax under this Act;
2	He is not engaged in making any inter - state outward supply - neither of goods nor of services.
3	He is not engaged in making any supply of goods or services through an electronic commerce operator who is required to collect tax at source under section 52
4	He is not a manufacturer of such goods or supplier of such services as may be notified by the Government on the recommendations of the council. Note: In composition scheme u/s.10(1), condition is that the supplier should not be engaged in manufacture of notified goods
5	He is not a casual taxable person or a non - resident taxable person

The supplier of following goods will not be eligible to opt for this scheme

No	Tariff item, subheading, heading or Chapter	Description
1	2105 00 00	Ice cream and other edible ice, whether or not containing cocoa
2	2106 90 20	Pan Masala
2A	2202 10 10	Aerated Water
3	24	All goods, i.e., tobacco and manufactured tobacco substitutes.

07 - SECTION - 10(3) - OPTION LAPSES

No	Particulars	Explanation
1	Option lapses if aggregate turnover exceeds Rs. 50 lakh Section 10(3)	<ul style="list-style-type: none"> ➤ The benefit of composition scheme can be availed up to the aggregate turnover of Rs. 50 lakhs in current FY. ➤ The option availed of by a registered person u/s 10(2A) shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit of Rs. 50 lakhs.

EXAMPLE 1:

No	Particulars
1	A photographer 'Champak' has commenced providing photography services in Delhi from April this year. His turnover for various quarters till December is as follows: April-June - Rs. 20 lakhs July-Sept - Rs. 30 lakhs Oct-Dec - Rs. 20 lakhs While registering under GST, he opts for composition scheme for services.
2	In the given case, since Champak has started the supply of services in the current financial year, his aggregate turnover in the preceding FY is Nil. Consequently, in the current FY, he is eligible for composition scheme for services. He becomes eligible for the registration when his aggregate turnover exceeds Rs. 20 lakhs.
3	For determining his turnover of the State for payment of tax under composition scheme for services, turnover of April-June quarter (Rs. 20 lakh) shall be excluded as the value of supplies from the first day of April of a financial year up to the date when such person becomes liable for registration under this Act are to be excluded for this purpose.
4	On next Rs. 30 lakhs (turnover of July-Sept quarter), he shall pay tax @ 6% (3% CGST and 3% SGST), i.e. CGST Rs. 90,000 and SGST Rs. 90,000 By the end of July-Sept quarter, his aggregate turnover reaches Rs. 50 lakhs*
5	Consequently, his option to avail composition scheme for services shall lapse by the end of July-Sept quarter and thereafter, he is required to pay tax at the normal rate of 18%. Thus, the tax payable for Oct-Dec quarter is Rs. 20 lakhs x 18%. i.e. Rs. 3,60,000
6	*While computing aggregate turnover for determining Champak's eligibility to pay tax under composition scheme, value of supplies from the first day of April of a financial year up to the date when such person becomes liable for registration under this Act (i.e. turnover of April-June quarter), are included.

08 - SECTION - 10(4) - NO OUTPUT / INPUT TAX

No	Particulars	Explanation
1	Composition tax not to be Collected from Recipients - Section 10(4)	A taxable person to whom the provision of composition scheme applies shall not collect any tax from the recipient on supplies made by him. It means that a composition scheme supplier can't issue a tax invoice. Note: - Instead, they should issue Bill of Supply

09 - SECTION - 10(5) - PENAL CONSEQUENCES

No	Particulars	Explanation
1	Penal Consequences - Section 10(5)	If the proper officer has reasons to believe that a taxable person has paid tax under composition scheme despite not being eligible , such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of Section 73 or Section 74 shall be applicable for determination of tax and penalty.
2	Composition scheme not applicable for tax payable under RCM	Rate of tax payable on supplies taxable under RCM will be regular rates and not in composition rate

10 - OTHERS PROVISIONS

No	Particulars	Explanation
1	Composition scheme not applicable for tax payable under RCM	It is important to note that for any tax payable under RCM, the option of payment under this scheme will not be available. Rate of tax payable on supplies taxable under RCM will be regular rates and not the composition rate.
2	Customer not entitled to take credit of composition tax	Customer who buys goods from registered person who is under composition scheme is not eligible for composition ITC because a composition scheme supplier cannot issue a tax invoice.

Test Yourself

Illustration

Case	Particulars
1	Shublaxmi traders is engaged in trading of goods within the state of Maharashtra. In the Preceding FY, it has a turnover of Rs. 140 lakhs from the trading of goods. Further, it has also earned a bank interest of Rs. 20 lakhs from the Fixed Deposits. Shublaxmi traders wish to opt for composition scheme in the current year. You are required to advise Shublaxmi traders on the same
2	Would your answer be different if Shublaxmi traders is also engaged in supply of farm labour and the turnover from the said activity is Rs. 14 lakhs?

(ICAI P.Q.)

Ans:

The eligibility of Shublaxmi traders under composition scheme is discussed as under

No	Particulars	Explanation
1	Eligibility under composition scheme	<p>As per sec. 10(1) of the CGST Act, 2017, a registered person, engaged in trading of goods and supplier of services whose aggregate turnover in the preceding FY did not exceed Rs. 1.5 crore, may opt to pay, in lieu of the tax payable by him, an amount calculated at the specified rates.</p> <p>According to Exp. 1, "Aggregate turnover" shall include the value of supplies made by such person from the 1st day of April of a financial year upto the date when he becomes liable for registration under this Act, but shall not include the 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.</p> <p>Thus, in computing his aggregate turnover in order to determine his eligibility for composition scheme, value of supply of any exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account</p>

Case - 01 - Shublaxmi traders is eligible for composition scheme

No	Particulars
1	In the given case, the services provided by Shublaxmi traders apart from trading of goods, viz. services by way of extending deposits where the consideration is represented by way of interest shall not be taken into account for computation of aggregate turnover for determination of eligibility of composition scheme. Since the aggregate turnover of Shublaxmi traders do not exceed Rs. 1.5 crores in preceding FY, it shall be eligible to opt for composition scheme

Case - 02 - Shublaxmi traders is not eligible for composition scheme

No	Particulars
1	However, if Shublaxmi traders is also engaged in supply of farm labour, it will not be eligible for composition levy since only value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account. Other exempt services shall be taken into account. Since its aggregate turnover is Rs. 1.54 crores in preceding FY it will not be eligible to opt for composition scheme

Illustration

Chanchal started providing beauty and grooming services and inaugurated "Care & Care Beauty Centre" in JanakPuri, Delhi on 1st April, 2024. She opted to pay tax under Section 10(2A) of the CGST Act, 2017 in the said FY. The aggregate turnover of Care & Care for the quarter ending 30th June, 2024 was Rs. 20 lakh. Further, for the half year ending 30th September, 2024, the turnover reached Rs. 50 lakh. Care & Care recorded a rapid growth and the turnover reached Rs. 70 lakh by the end of October, 2024. Determine the total tax liability of Care & Care Beauty Centre by the end of October, 2024. Care & Care wishes to opt for composition scheme under section 10(1) from the next FY. You are required to advise it whether it can do so?

Note: Rate of GST applicable on such services is 18%.

Ans:

Section 10(2A) of the CGST Act, 2017 provides an option to a registered person to pay CGST @ 3% - Effective rate 6% (CGST + SGST/UTGST) on first supplies of goods and / or services upto an aggregate turnover of Rs. 50 lakh made on/after 1st April in any FY, subject to specified conditions.

According to Exp. 2, for the purposes of determining the tax payable by a person under this section, the expression "Turnover in State or Turnover in UT" shall not include the value of following supplies, namely: -

No	Particulars
1	Supplies from the 1 st day of April of a F.Y. upto the date when such person becomes liable for registration under this Act; and
2	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

Thus, Care & Care Beauty Centre is eligible to pay tax under this notification upto the turnover of Rs. 50 lakhs. The total tax payable by it is as under: -

Period	Tax rate	Turnover (Rs.)	Tax Liability (Rs.)
1 st Quarter	Since turnover did not exceed Rs. 20 lakh, it was not required to obtain registration. Hence, no tax was required to be paid	20 lakh	Nil
2 nd Quarter	Effective rate is 6% (CGST + SGST/UTGST) as per sec. 10(2A) of the Act.	30 lakh [(50 - 20) lakh]	1,80,000
For the month of October, 2024	Normal rate of GST of 18% is to be applied.	20 lakh [(70 - 50) lakh]	3,60,000
Total tax payable			5,40,000

No, Care & Care beauty center cannot opt for composition scheme under Section 10(1) from the next FY. Fundamentally, the composition scheme can be availed in respect of goods and only one service namely, restaurant service. As regards services other than restaurant services are concerned, only marginal supply of such services for a specified value along with the supply of goods and/or restaurant service, as the case may be, is permitted under section 10(1) of CGST Act, 2017. Therefore, a person engaged exclusively in supply of services other than restaurant services is not eligible to opt for composition scheme.

Illustration

Examine whether the suppliers are eligible for composition scheme in the following independent cases. Is there any other option available for concessional tax payment with any of these suppliers, wherever composition scheme cannot be availed?

No	Particulars
1	M/s Narayan & sons, a registered dealer, is running a Khana Khazana Restaurant near City Palace in Jaipur. It has turnover of Rs. 140 lakh in the preceding financial year. In the current year, it has also started dealing in intra - state trading of beverages in Jaipur (Rajasthan).
2	M/s Indra & bro, a registered dealer, is providing restaurant services in Uttarakhand. It has turnover of Rs. 70 lakh in the preceding financial year. It has started providing intra - state interior designing services in the current financial year and discontinued rendering restaurant services
3	M/s Naresh, a registered dealer, is exclusively providing intra - state architect services in Uttarakhand. It has turnover of Rs. 40 lakh in the preceding financial year.

(ICAI P.Q.)

Ans:

No	Particulars	Explanation
1	Composition scheme for service suppliers	Furthermore, an option of availing benefit of concessional payment of tax has been provided to a registered person whose aggregate turnover in the preceding financial year is upto Rs. 50 lakh and who is not eligible to pay tax under composition scheme. Said person can pay tax @ 3% - Effective rate 6% (CGST + SGST/ UTGST) on first supplies of goods and / or services upto an aggregate turnover of Rs. 50 lakh and who is not eligible to pay tax under composition scheme. Said person can pay tax @ 3% (Effective rate 6% (CGST + SGST / UTGST)) on first supplies of goods and / or services upto an aggregate turnover of s. 50 lakhs made on / after 1 st April in any financial year (FY), subject to specified conditions u/s 10(2A) of the CGST Act. One of such condition is that the registered person should not be engaged in making any inter - state outward taxable supplies

In view of the above-mentioned provisions, the answer to the given independent cases is as under,

No	Particulars	Explanation
1	Restaurant	Eligible under composition scheme: In the given case:

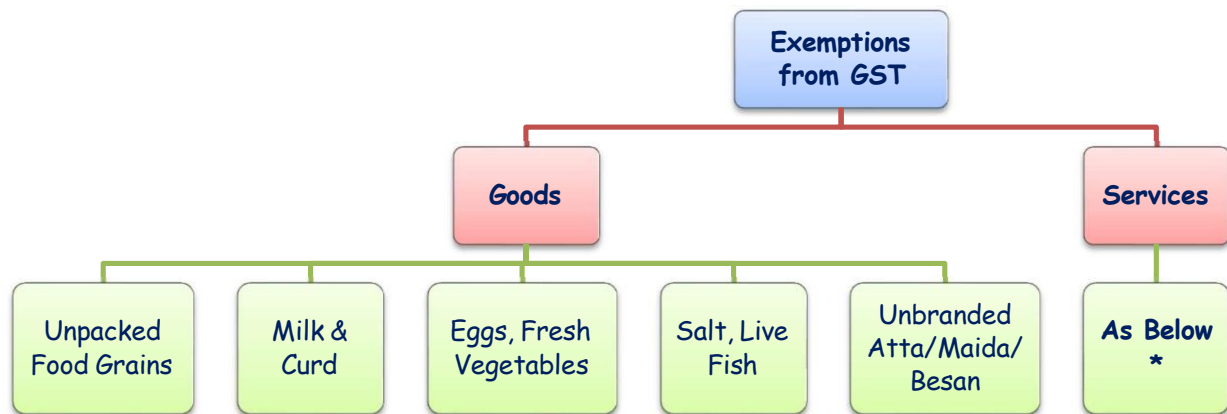
	service suppliers engaged in trading of goods:	<p>a) The turnover in the preceding year is less than the eligible turnover limit, i.e. Rs. 1.5 crore.</p> <p>b) The supplier is engaged in providing restaurant service which is an eligible supply under composition scheme. The supplier wants to engage in trading of goods which is also an eligible supply under composition scheme. Thus, M/s Narayan & Sons is eligible for composition scheme.</p>
2	Service suppliers not eligible for composition scheme:	<p>The turnover limit for composition scheme u/s 10(1) in case of Uttarakhand is Rs. 75 lakhs. Further, a registered person who is exclusively engaged in supplying services other than restaurant services are not eligible for composition scheme. Thus, M/s Indra & bro cannot opt for composition scheme u/s 10(1) of the CGST Act, 2017. Further, the benefit of concessional tax payment u/s 10(2A) of the CGST Act, 2017 is available in case of a registered person whose aggregate turnover in the preceding financial year does not exceed Rs. 50 lakh. Thus, in view of the above - mentioned provisions, M/s Indra & bro cannot avail the benefit of concessional tax payment as its aggregate turnover in the preceding FY is more than Rs. 50 lakh.</p>
3	Composition scheme for service suppliers:	<p>An exclusive service provider can opt for the composition scheme only if he is engaged in supply of restaurant services. The composition scheme permits supply of marginal services for a specified value, but only when the same are supplied along with goods and / or restaurant service. Since M/s Him Naresh is exclusively engaged in supply of services other than restaurant services, it is not eligible for composition scheme u/s 10(1) even though its turnover in the preceding year is less than Rs. 75 lakhs, the eligible turnover limit for Uttarakhand. However, since M/s Him Naresh is not eligible to opt for composition scheme, its aggregate turnover in the preceding financial year does not exceed Rs. 50 lakhs and it is exclusively engaged in supply of services other than restaurant services, M/s Him Naresh is entitled to avail benefit of composition scheme u/s 10(2A) of the CGST Act, 2017.</p>

CHAPTER 9 - EXEMPTIONS - INTRODUCTION

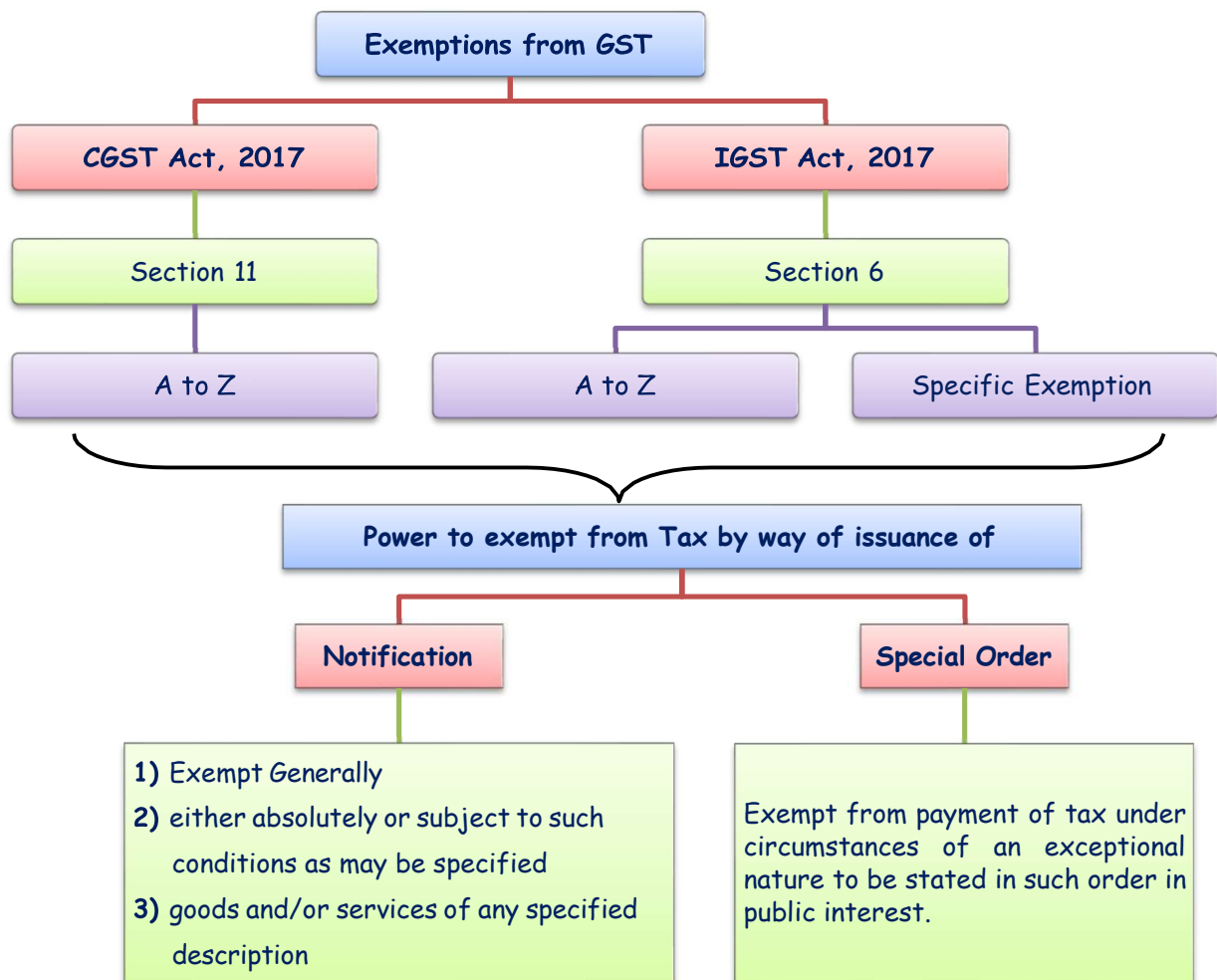
SERVICES EXEMPTED FROM GST

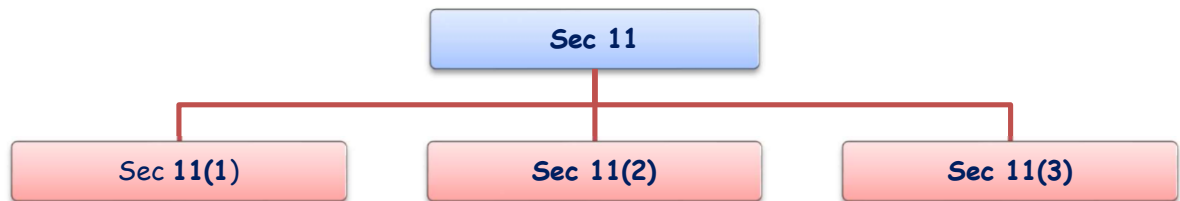
NO	PARTICULARS
A	Agricultural & Art related Services
B	Bridge
C	CAB -Transportation of Passengers
D	Services by Foreign Diplomatic Mission
E	Distribution of Electricity
F	Financial Services
G	Transportation of Goods /GTA
H	Health related Services
I	Services related to Immovable property & Insurance Services
J	Jungle
K	Knowledge
L	Legal Services
M	MACCA
N	Services by NCCCD
O	Other Events
P	Pension related Services
Q	Qualification - Educational related Services
R	Services by various Regulatory & Registered Charitable Trust
S	SARKAR - Services by Government
T	Transfer of Going concern & Tour
U	Services by Un - incorporated body
V	Services related to Fruits & Vegetables
W	Services related to Works Contract
X	Business outside India
Y	Services covered under various Yojana
Z	Other Exempted Services

EXEMPTIONS FROM GST - AN OVERVIEW



POWER TO EXEMPT FROM TAX



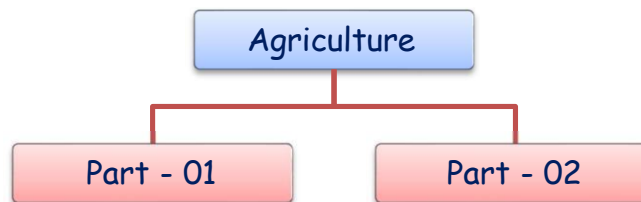
POWER TO GRANT EXEMPTION FROM TAX - SECTION 11**SPECIFIC SERVICES EXEMPT FROM CGST/IGST**

Notification No. 12/2017 CT (R) dated 28.06.2017/ Notification No. 9/2017 IT (R) dated 28.06.2017 unless otherwise specified, has exempted the following services wholly from CGST/IGST respectively:

No	Particulars	Description
1	General Exemption - Section 11(1)	<p>Where the Government is satisfied that it is necessary in the public interest so to do, it may -</p> <ul style="list-style-type: none"> ➤ On the recommendations of the Council, ➤ by notification, ➤ exempt generally, <ul style="list-style-type: none"> - either absolutely or - subject to such conditions as may be specified therein, ➤ goods or services or both of any specified description ➤ from the whole or any part of the tax leviable thereon ➤ With effect from such date as may be specified in such notification. <p>It must be noted that the exemption would be in respect of goods or services or both and not specifically for any classes of persons.</p>
2	Special exemption or Adhoc Exemption - Section 11(2)	<p>Where the Government is satisfied that it is necessary in the public interest so to do, it may, -</p> <ul style="list-style-type: none"> ➤ on the recommendations of the Council, ➤ by special order in each case, ➤ under circumstances of an exceptional nature to be stated in such order, ➤ Exempt from payment of tax any goods or services or both on which tax is leviable.
3	Power to clarify scope of exemption - Within a	<p>The Government may, if it considers necessary or expedient so to do -</p> <ul style="list-style-type: none"> ➤ for the purpose of clarifying the scope or applicability of any notification issued u/s 11 (1) or order issued u/s11 (2), ➤ insert an explanation in such notification or order, as the case may be,

period of 1 year from date of issue of exemption notification - Section 11(3)	<ul style="list-style-type: none">➤ by notification at any time within one year of issue of the notification u/s 11 (1) or order u/s 11 (2), and➤ Every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.
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CHAPTER 9A - AGRICULTURE - A



PART - 01

Services relating to cultivation of plants and rearing of all life forms of animals, **except the rearing of horses**, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of:

No	Particulars
1	Supply of farm Labor
2	Agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing
3	Processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market
4	Renting or leasing of agro machinery or vacant land with or without a structure incidental to its use
5	Loading, unloading, packing, storage or warehousing of agricultural produce
6	Agricultural extension services
7	Services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce

Example:

No	Particulars	Answer
1	Moolchand has leased out to a farmer - Tulsidas - a vacant land for agriculture. The land has a greenhouse and storage shed which are incidental to its use for agriculture.	Such service of leasing of vacant and with a greenhouse and a storage shed which is incidental to its use for agriculture is exempt from GST.

PART - 02

No	Particulars
1	Services by way of warehousing of minor Forest produce
2	Services by way of artificial insemination of livestock (Other than horses)
3	Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals except the rearing of horses, for food , fiber, fuel, raw material or other similar or agricultural produce
4	Services by way of fumigation in a warehouse of agricultural produce are exempt
5	Services by way of loading , unloading, packing, storage or warehousing of rice
6	Storage or Warehousing of Cereals, Pulses, fruits and vegetables.

Test Yourself**Illustration**

"Kissan Care Limited" registered under GST furnishes the following details with respect to the activities undertaken by them in the month of March:

No	Particulars	Amount
1	Receipts from supply of Farm Labour	85,000
2	Charges for Seed testing	65,000
3	Charges for Soil testing of Farm land	35,000
4	Charges for Warehousing of Potato chips	85,000
5	Commission received on sale of Wheat	75,000
6	Charges for training of farmers on use of new pesticides and fertilizers developed through Scientific Research	10,000
7	Renting of Vacant land to a Stud Farm	1,85,000
8	Leasing of Vacant Land to a Cattle Farm	83,500
9	Charges for Warehousing of Rice	1,50,000
10	Charges for Warehousing of unmanufactured tobacco	2,00,000
11	Retail packing and labelling of Fruits and Vegetables	5,00,000
12	Charges for warehousing of minor forest produce	8,00,000
13	Charges for warehousing of spices	2,20,000
14	Charges for fumigation in the warehouse of agricultural produce	2,50,000

Compute the value of taxable supply of 'Kissan Care Limited' for the month of March if all the above amounts are exclusive of GST.

Ans:

Computation of Value of taxable supply:

No	Particulars	Explanation / Notification	Amount
1	Receipts from supply of farm labour	Exempt vide Entry No. 54 Exemption NN. 12/2017 - CT (Rate)	Nil
2	Charges for seed testing	Exempt vide Entry No. 54 Exemption NN. 12/2017 - CT (Rate)	Nil
3	Charges for soil testing of farm land	Exempt vide Entry No. 54 Exemption NN. 12/2017 - CT (Rate)	Nil
4	Charges for warehousing of potato chips	Potato chips is not an agricultural produce hence, warehousing of the same shall be taxable	85,000
5	Commission received on sale of wheat	Exempt vide Entry No. 54 Exemption NN. 12/2017 - CT (Rate)	Nil
6	Charges for training of farmers on use of new pesticides and fertilizers developed through scientific research	Exempt vide Entry No. 54 Exemption NN. 12/2017 - CT (Rate)	Nil
7	Renting of vacant land to a stud farm	The same will be liable for GST as rearing of horses has been specifically excluded from exemption	1,85,000
8	Leasing of vacant land to a cattle farm	Exempt vide Entry No. 54 Exemption NN. 12/2017 - CT (Rate)	Nil
9	Charges for warehousing of rice	Exempt vide Entry No. 24 Exemption NN. 12/2017 - CT (Rate)	Nil
10	Charges for warehousing of unmanufactured tobacco	Liable to GST	2,00,000
11	Retail packing and labelling of fruits and vegetables	Exempt vide Entry No. 57 Exemption NN. 12/2017 - CT (Rate)	Nil
12	Charges for warehousing of	Exempt vide Entry No. 24A	Nil



	minor forest produce	Exemption NN. 12/2017 - CT (Rate)	
13	Charges for warehousing of spices	Liable to GST	2,20,000
14	Charges for fumigation in warehouse of agricultural produce	Liable to GST	2,50,000
15	Value of taxable supply		9,40,000

CHAPTER 9B - ART RELATED SERVICES

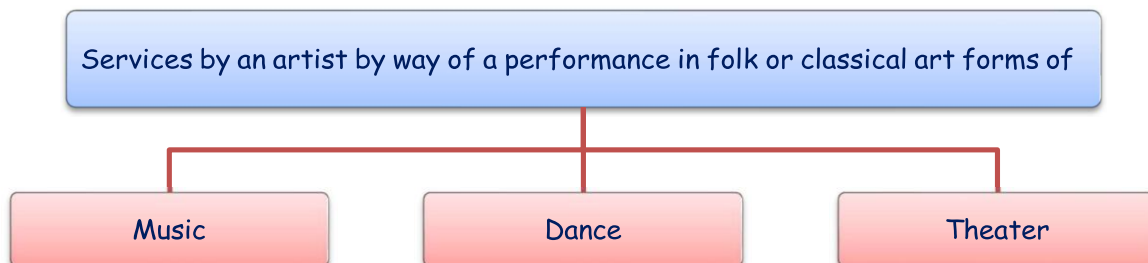
No	Particulars								
1	Services by an artist by way of a performance in folk or classical art forms of:								
	<table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>Music, or</td></tr> <tr> <td>2</td><td>Dance, or</td></tr> <tr> <td>3</td><td>Theatre</td></tr> </table>	No	Particulars	1	Music, or	2	Dance, or	3	Theatre
No	Particulars								
1	Music, or								
2	Dance, or								
3	Theatre								
	If the consideration charged for such performance is not more than Rs. 1,50,000.								

However, the exemption shall not apply to service provided by such Artist as a Brand Ambassador

Notes: -

No	Particulars
1	Performances like Western music, Dance, Modern Theatres, performance of actors in films or television serials would be taxable
2	Brand Ambassador means a person engaged for promotion or marketing of a brand of goods, services, property or actionable claim , event or endorsement of name , including a trade name , logo or house mark of any person

SUMMARY



Test Yourself

Illustration

Mr. Mujeeb, a performing artist, provides the following information relating to December. Receipts from:

No	Particulars	Amount
1	Performing Classical Dance	98,000
2	Performing in Television Serial	2,80,000
3	Services as Brand Ambassador	12,00,000
4	Coaching in recreational activities relating to Arts	2,10,000
5	Activities in sculpture making	3,10,000
6	Performing Western Dance	90,000

Determine the value of taxable supply and GST payable by Mr. Mujeeb for December. GST @ 18% has been charged separately, wherever applicable.

Ans:

Computation of Value of taxable supply and GST liability:

No	Particulars	WN	Amount
1	Classical dance performance	1	Nil
2	Performance in television serial - taxable since not covered in folk or classical art forms	-	2,80,000
3	Services as a brand ambassador	1	12,00,000
4	Coaching in recreational activities relating to arts	2	Nil
5	Sculpture making activities - taxable as it is an activity in still art form	-	3,10,000
6	Western dance performance - taxable since not covered in folk or classical art forms	-	90,000
7	Value of taxable supply		18,80,000
8	GST payable @ 18%		3,38,400

Working notes:

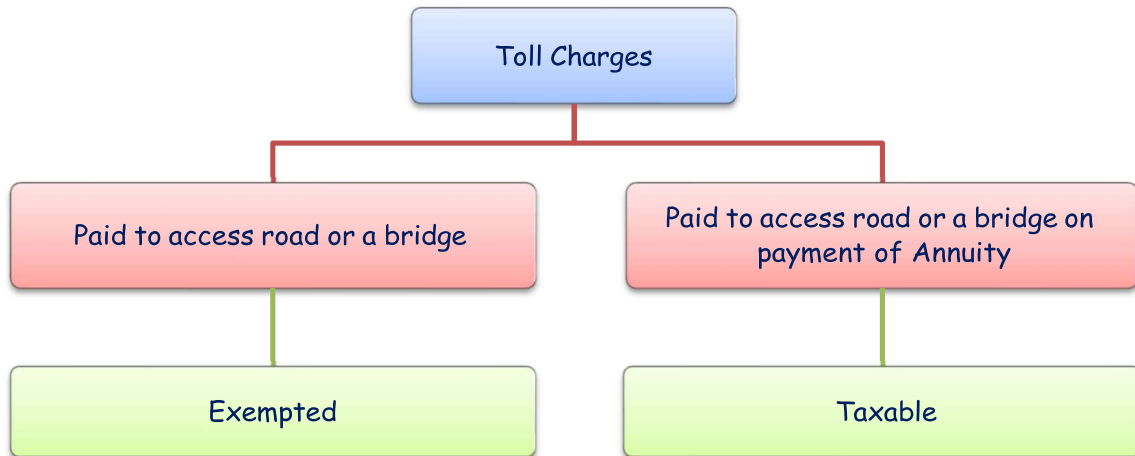
No	Particulars
1	Services by a performing artist in folk or classical art forms of Music, Dance, or Theatre. If the consideration charged for such performance is not more than Rs. 1,50,000 are exempt from GST vide entry 78 of NN 12/2017 CT - (Rate). However, the exemption shall not apply to services provided by such artist as a brand ambassador
2	Services by way of training or coaching in recreational activities relating to arts or culture by an individual are exempt from GST

CHAPTER 9C - BRIDGE - B

ACCESS TO A ROAD / BRIDGE ON PAYMENT OF TOLL CHARGES

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

Analysis:



Test Yourself

Illustration

Compute taxable value of supply and GST from following sums received by M/s Road maintenance Ltd. (Exclusive of GST):

No	Particulars	Amount
1	Toll receipts from Highway of Coimbatore to Palakkad	8,000 Lakhs
2	Commission earned on Toll receipts	75 Lakhs
3	Rate of GST is 18%	

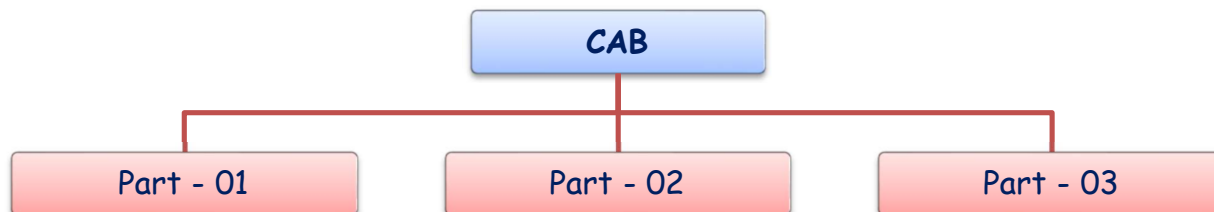
Ans:

Toll receipts are exempt vide Entry 23 of NN 12/2017 - CT (Rate) from GST. However, commission thereon is liable to GST.

No	Particulars	Amount
1	Taxable value of supply	75,00,000
2	GST @ 18%	13,50,000

CHAPTER 9D - CAB TRANSPORTATION OF PASSENGERS - C

TRANSPORTATION OF PASSENGERS



TRANSPORTATION OF PASSENGERS

PART - 01

Service of transportation of passengers, with or without accompanied belongings, by:

No	Particulars						
1	Metered Cabs or Auto rickshaws including e - rickshaws						
2	Railways in a class other than <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>First class; or</td></tr> <tr> <td>2</td><td>An Air - conditioned coach</td></tr> </table>	No	Particulars	1	First class; or	2	An Air - conditioned coach
No	Particulars						
1	First class; or						
2	An Air - conditioned coach						
3	Metro, Monorail or Tramway						
4	Inland Waterways						
5	Public transport, other than predominantly for Tourism purpose, in a vessel between places located in India. Eg; Services by way of transportation of passengers [not predominantly for tourism purpose] on a vessel, from Kolkata to Port Blair (mainland to island) or Port Blair to Neil Island (inter island) is covered in clause (d) of Entry 17 since such transportation is between two places located in India.						

Note:

However nothing contained in item 1 above shall apply to services supplied through an ECO, and notified under section 9(5) of the CGST Act, 2017.

PART - 02

No	Particulars
1	Services by way of giving on hire to a state transport undertaking, a motor vehicle meant to carry more than 12 passengers ; or
2	Services provided to the Central Govt. , by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a Regional Connectivity Scheme Airport, against consideration in the form of viability gap funding are exempted. However, nothing contained in this entry shall apply on or after the expiry of a period of 3 years from the date of commencement of operations of RCS airport as notified by the Ministry of Civil Aviation

PART - 03

Transport of passengers, with or without accompanied belongings, by :

No	Particulars
1	Air in economy class, embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal
2	Non - air conditioned contract carriage other than Radio taxi, for transportation of passengers, excluding Tourism, conducted tour, charter or hire; or Example: The non-air conditioned buses are being operated by a State Transport Corporation for carrying passengers within the State. The passengers are being picked and dropped from and to various points by issuing individual tickets to the passengers. Such services provided by said State Transport Corporation are exempt from GST.
3	Stage carriage other than Air - conditioned stage carriage

However, nothing contained in (b) & (c) above shall apply to services supplied through an ECO , and notified u/s 9(5) of the CGST Act , 2017.

Example:

No	Particulars	Answers
1	GST is exempt on tickets purchased for transportation from one point to another	It is irrespective of whether the ferry is owned or operated by a private sector enterprise or by a PSU or Government
2	Rituraj has book air tickets in economy class of a flight from Delhi to Guwahati, Assam.	Transport of passengers by air terminating in an airport located in Assam is exempt from GST.
3	Subroto has hired a non-air-conditioned bus from Mohit Travels for organizing a recreation tour from Delhi to Jaipur.	Transport of passengers by a non-air-conditioned contract carriage is exempt from GST. However, said transportation of passengers for tourism purposes is excluded therefrom. Therefore, in the given case, passenger transportation services are taxable.

Test Yourself**Illustration**

M/s ANM Ltd is engaged in providing service of transportation of passengers by following modes in the month of November

No	Particulars	Amt
1	Service of transportation of Passengers by National Waterways	30,00,000
2	Service of transportation of Passengers by AC - stage carriage	25,00,000
3	Service of transportation of Passengers by Non - AC stage carriage	25,00,000
4	Service of transportation of Passengers by contract carriage for Tourism	20,00,000
5	Service of transportation of Passenger for Mumbai to Chennai port in a vessel & such service is not for tourism purpose	10,00,000
6	Service of transportation of Passengers in Metered Cab	35,00,000
7	Service of transportation of Passengers in radio Taxis	10,00,000
8	Service of transportation of Passengers in Non - AC contract carriages	10,00,000
9	Service of transportation of Passengers in AC contract carriages	15,00,000

Compute the value of taxable supply if all charges are exclusive of GST.

Ans:

Computation of value of taxable supply

No	Particulars	Explanation / Notification	Amount
1	Transportation of passengers by National Waterways - Since National Waterways are covered in definition of Inland Waterways	Exempt from GST vide Entry 17 of NN. 12/2017 - CT (Rate)	Nil
2	Transportation of passenger by A/C Stage Carriage	Liable to GST	25,00,000
3	Transportation of passenger by non - Air - Conditioned Stage Carriage	Exempt from GST vide Entry 15 of NN. 12/2017 - CT (Rate)	Nil
4	Transportation of passengers by contract carriage for tourism	Liable to GST	20,00,000
5	Transportation of passenger from Mumbai to Chennai port in a vessel	Being a public transport in a vessel sailing in India and not for tourism - Exempt from GST vide Entry 17 of NN 12/2017 - CT (Rate)	Nil
6	Transportation of passenger in Metered Cab	Exempt from GST vide Entry 17 of NN 12/2017 - CT (Rate)]	Nil
7	Service of transportation of passengers in Radio Taxis	Liable to GST	10,00,000
8	Service of transportation of passengers in non - Air - Conditioned contract carriages	Exempt from GST vide Entry 15 of NN 12/2017 - CT (Rate)	Nil
9	Service of transportation of passengers in air - conditioned contract carriages	Liable to GST	15,00,000
10	Value of taxable supply		70,00,000

Illustration

Indian Railways has provided following services -

No	Particulars	Amt in Billion
1	Transport of passengers by general class	15
2	Transport of passengers by sleeper class	10
3	Transport of passengers by 1 st class air-conditioned coach	2
4	Transport of passengers by 2 nd tier air-conditioned coach	4
5	Transport of passengers by 3 rd tier air-conditioned coach	8

Compute taxable value of supply and GST liability if rate of GST is 5%.

Ans:

Computation of taxable value of supply and GST payable (Rs. in billion):

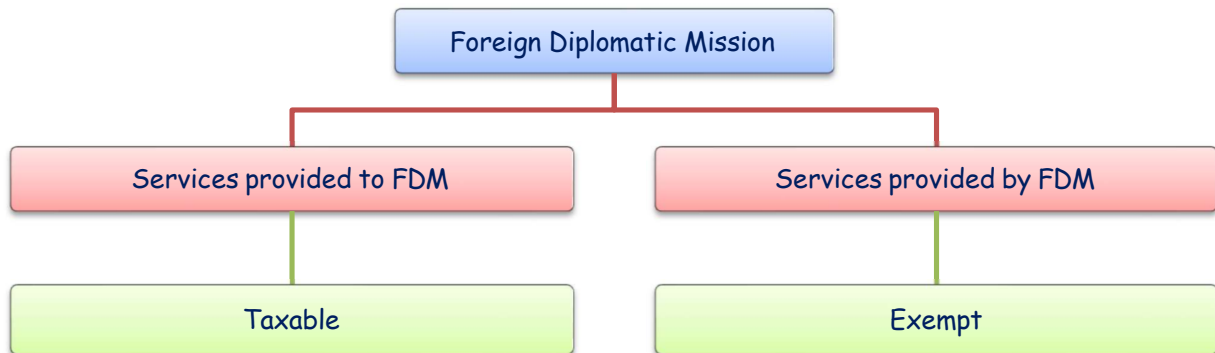
No	Particulars	Explanation or Notification	Rs in billion
1	Transport of passengers by general class	Exempt vide Entry 17 of Notification No. 12/017 - CT (Rate)	Exempt
2	Transport of passengers by sleeper class	Exempt vide Entry 17 of Notification No. 12/017 - CT (Rate)	Exempt
3	Transport of passengers by 1 st class air conditioned coach	Liable for GST	2
4	Transport of passengers by 2 nd tier air conditioned coach	Liable for GST	4
5	Transport of passengers by 3 rd tier air conditioned coach	Liable for GST	8
6	Total Receipts		14
7	Total GST payable @ 5%		0.7

CHAPTER 9E - DIPLOMATIC MISSION - D & ELECTRICITY - E

SERVICE BY FOREIGN DIPLOMATIC MISSION

Services by a Foreign Diplomatic mission located in India is fully Exempted.

SUMMARY:



SERVICE BY TRANSMISSION / DISTRIBUTION OF ELECTRICITY

No	Exemption
1	Transmission or distribution of electricity by an electricity transmission or distribution utility
2	Services supplied by Electricity Distribution Utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network upto the tubewell of the farmer or agriculturalist for agricultural use .

Note:

Transmission or Distribution Utility means the central Electricity Authority, a state Electricity Board, the Central Transmission utility or a state Transmission utility notified under the Electricity Act 2003 or a distribution or transmission licensee under the said Act , or any other entity entrusted with such function by the CG or, as the case maybe , the SG

Test Yourself

Illustration

British High Commission, chief diplomatic mission of the UK in India, is providing advisory services to the students willing to travel to UK for further studies. The mission has organized a seminar for such students and a registration fee of Rs.5,000 per student has been charged from the students for the same. You are required to determine whether the advisory services provided by British High Commission are liable to GST.

Ans:

No	Exemption
1	Services by a foreign diplomatic mission located in India are exempt from GST vide exemption notification
2	Hence, in the given case, advisory services by British High Commission located in India to the students are exempt from GST

CHAPTER 9F - FINANCIAL SERVICES - F

FINANCIAL SERVICES

Exemption 1

No	Exemption 1
1	Services by the Reserve Bank of India.

Exemption 2

Services by way of

No	Particulars
1	Extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services);
2	Inter se sale or purchase of foreign currency amongst banks or authorized dealers of foreign exchange or amongst banks and such dealers.

Exemption 3

No	Exemption 3
1	Services by an acquiring bank, to any person in relation to settlement of an amount upto Rs.2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card service.

Explanation:

For the purposes of this entry, "Acquiring bank" means any banking company, financial institution including non - banking financial company or any other person, who makes the payment to any person who accepts such card.

Exemption 4

No	Exemption 4
1	Services by an intermediary of financial services located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located outside India for international financial services in currencies other than Indian rupees (INR).

Explanation. - For the purposes of this entry, the intermediary of financial services in IFSC is a person, -

No	Particulars
1	Who is permitted or recognized as such by the Government of India or any Regulator appointed for regulation of IFSC; or
2	Who is treated as a person resident outside India under the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015; or
3	Who is registered under the Insurance Regulatory and Development Authority of India (international Financial Service Centre) Guidelines, 2015 as IFSC Insurance Office; or
4	Who is permitted as such by Securities and Exchange Board of India (SEBI) under the Securities and Exchange Board of India (International Financial Services Centre) Guidelines, 2015.

Exemption 5

No	Exemption 5
1	Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).

Test Yourself

Illustration

Vijaya Bank Ltd. furnishes the following information relating to services provided and the gross amount received during the month of December. Compute the value of taxable supply and GST payable if rate of GST is 18%

No	Particulars	Amount
1	Amount of commission received for debt collection service	10,00,000
2	Discount earned on bills discounted	4,50,000
3	Dealing in sale and purchase of forward contract	5,70,000
4	Charges received on credit card and debit card facilities extended	3,80,000
5	Penal interest recovered from the customers for the delay in Re - payment of loan	2,60,000
6	Commission received for service rendered to Government for tax collection	6,00,000
7	Interest earned on reverse repo transaction	25,00,000
8	Service to merchants accepting credit/debit card payments using point of sale machine of Vijaya Bank Ltd. (in 30% cases, the amount per transaction was upto Rs. 1,800; while in other case, the amount was exceeding Rs. 2,000)	10,00,000

(5 Marks, May 2013)

Ans:**Computation of value of taxable supply and GST payable -**

No	Particulars	Explanation or Notification	Rs.
1	Commission received on debt collection service	Liable to GST	10,00,000
2	Discount earned on Bills Discount	Exempt vide Entry 27 of Notification No. 12/2017 - CT (Rate)	Exempt
3	Dealing in sale and purchase of forward contract	Forward contracts are 'securities' - Not covered in goods as well as services, hence not liable to GST	Not Taxable
4	Charges received on credit and debit card facilities extended	processing and other related charges for extending credit card and debit card facilities are liable to GST, as it is activity carried out for consideration.	3,80,000
5	Penal interest charged for delay in repayment	Exempt vide Entry 27 Notification No. 12 / 2017 - CT (Rate) (Circular No 102/21/2019 - GST dated 28.06.2019)	Exempt
6	Commission received for services rendered to Government for collection of taxes	since it is on activity carried out for consideration and there is no exemption in force, it is liable to GST	6,00,000
7	Interest earned on Reverse repo transaction	Reverse repo are 'securities' -Not covered in goods as well as services, hence not liable to GST	Not Taxable
8	Service to merchants accepting credit/debit card payments using point of sale machine of VijayaBank Ltd.	(in 30% cases, the amount per transaction was upto Rs. 1,800 hence exempt vide Entry 34 of Notification No. 12/2017 - CT (Rate); while in other cases, the amount was exceeding Rs. 2,000, hence liable to GST	7,00,000
9	Value of taxable supply		26,80,000
10	Total GST payable @ 18%		4,82,400

CHAPTER 9G - TRANSPORTATION OF GOODS - G

TRANSPORTATION OF GOODS

Exemption 1

Services by way of transportation of goods:

No	Exemption 1						
1	By road except the services of: <table border="1" style="margin-left: 20px;"> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>A goods transportation agency</td></tr> <tr> <td>2</td><td>A courier agency</td></tr> </table>	No	Particulars	1	A goods transportation agency	2	A courier agency
No	Particulars						
1	A goods transportation agency						
2	A courier agency						
2	By inland waterways						

Example

Hari Prasad owns a truck and operates it himself. He carries the goods booked for his truck without issuance of consignment note. Services provided by Hari Prasad by way of transportation of goods by road are exempt under Entry 18.

Exemption 2

No	Exemption 2
2	Services by way of transportation of goods by an Aircraft from a place outside India upto the customs station of clearance in India.

Exemption 3

Services by way of transportation by rail or a vessel from one place in India to another of the following goods :

No	Exemption 3
1	Relief materials meant for victims of natural or man - made disasters, calamities, accidents or mishap
2	Railway equipment's or materials
3	Defence or military equipment's
4	Agricultural produce
5	Milk, salt and food grain including flours, pulses and rice
6	Organic manure
7	Newspaper or magazines registered with the Registrar of Newspapers

Exemption 4

No	Exemption 4
1	Supply of services associated with transit cargo to Nepal and Bhutan

(landlocked countries) are exempt.

Movement of empty containers from Nepal and Bhutan after delivery of goods there, is a service associated with the transit cargo to Nepal and Bhutan and is therefore covered by the exemption.

RECENT NOTIFICATIONS

No	Particulars	Explanation
1	Air Freight for export goods (Entry 19A of Notification No 12/2017 - CT (Rate) Amended by Notification No 21/2019 - CT (rate) w.e.f. 01.10.2019.	Services by way of transportation of goods by an aircraft from custom station of clearance in India to a place outside India are exempt. However, nothing contained in this entry shall apply after 30.09.2022.
2	Sea Freight for Export goods (Entry 19B of Notification No 12/2017 - CT (Rate)	Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India are exempt. However, nothing contained in this entry shall apply after 30.09.2022.

Test Yourself

Illustration

Compute value of taxable supply and GST Liability for transport of goods by rail by Indian railway within India (all sums exclusive of all taxes) the information relates to the month of November.

No	Particulars	Amount in Lakhs
1	Transport of Postal mails and Postal bags	55.00
2	Transport of Household effects	50.00
3	Transport of Petroleum products	25.00
4	Transport of Relief materials to flood affected areas	25.00
5	Transport of railway equipment	25.00
6	Transport of Newspapers & Magazines registered with registrar of newspapers	15.00
7	Transport of Milk	15.00
8	Transport of Tea	10.00
9	Transport of Sugar	25.00
10	Transport of Alcoholic beverages	7.00
11	Transport of Defence and Military Equipment	40.00
12	Transport of Organic manure	90.00



13	Transport of Baled cotton	25.00
14	Transport of other goods	5000.00
	Applicable GST Rate	5%

Ans:

Computation of value of taxable supply

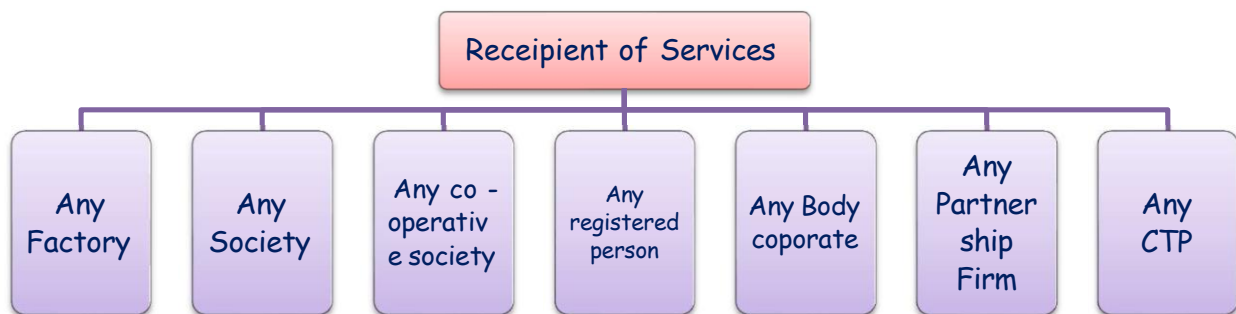
No	Particulars	Explanation / Notification	Amount (Rs. in lakh)
1	Transport of postal mails and postal bags	Liable to GST	55
2	Transport of household effects	Liable to GST	50
3	Transport of petroleum products	Liable to GST	25
4	Transport of relief materials to flood affected areas	Exempt vide Entry 20 of NN 12/2017 CT (Rate)]	Nil
5	Transport of Railway Equipment	Liable to GST	25
6	Transport of newspapers and magazines registered with registrar of newspapers	Exempt vide Entry 20 of NN 12/2017 - CT (Rate)]	Nil
7	Transport of milk	Exempt vide Entry 20 of NN 12/2017 - CT (Rate)]	Nil
8	Transport of tea	Liable to GST	10
9	Transport of sugar	Liable to GST	25
10	Transport of alcoholic beverages	Liable to GST	7
11	Transport of defence and military equipment	Exempt vide Entry 20 of NN 12/2017 - CT (Rate)]	Nil
12	Transport of organic manure	Exempt vide Entry 20 of NN 12/2017	Nil
13	Transport of baled cotton	Liable to GST	25
14	Transport of other goods - Rs. 5,000	Liable to GST	5,000
15	Total Value of taxable supply		5,222
16	GST payable @ 5%		261.10

CHAPTER 9H - GTA SERVICES - G

REVERSE CHARGE

Supply of Service by a Goods Transport Agency ~~who has not paid CGST @ 6%~~
in respect of transaction of goods by road

No	Supplier of Service	Recipient of Service	
1	Goods transport Agency		
		No	Particulars
		1	Any factory registered under or governed by the Factories Act, 1948; or
		2	Any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India; or
		3	Any co - operative society established by or under any law; or
		4	Any person registered under the Central Goods and Service Tax Act or the Integrated Goods and Service Tax or the State Goods and Service Tax Act or the Union Goods and Service Tax Act; or
		5	Any body corporate established, by or under any law
		6	Any partnership firm whether registered or not under any law including association of persons; or
		7	Any casual taxable person
Located in the taxable territory.			



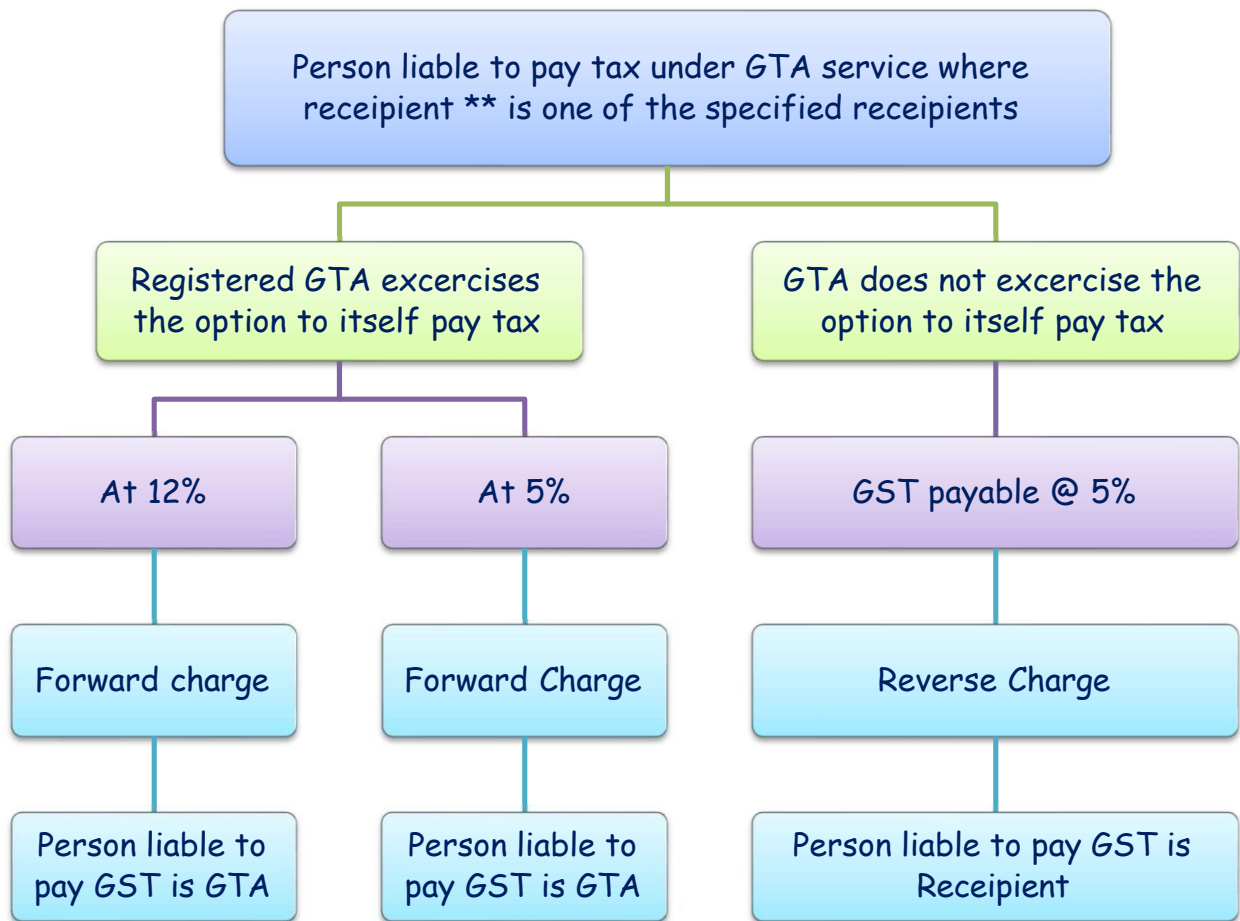
No	Nature / Supplier of Service	Recipient of Service								
1	Forward Charge in case of GTA paying 12% of GST	GTA has been given an option to pay GST @ 12% and avail full ITC admissible under law. If GTA charges GST @ 12% in his tax invoice, the recipient is not liable to pay GST under reverse charge. The option once exercised cannot be withdrawn during the remaining part of financial year.								
2	Explanation - Person liable to pay freight is Service Recipient	The person who pays or is liable to pay freight for the transportation of goods by road in goods carriage, located in taxable territory shall be treated as the person who receives the service for the purpose of this notification								
3	RCM not applicable if recipient registered only for TDS	<div>However, nothing contained in this entry shall apply to services provided by a goods transport agency, by way of transport of goods in a goods carriage by road, to, -<table><tr><th>No</th><th>Particulars</th></tr><tr><td>1</td><td>A Department or Establishment of the Central Government or State Government or Union Territory; or</td></tr><tr><td>2</td><td>Local Authority; or</td></tr><tr><td>3</td><td>Governmental Agencies,</td></tr></table>Which has taken registration under the CGST Act, 2017 only for the purpose of deducting tax u/s 51 and not for making a taxable supply of goods or services.</div>	No	Particulars	1	A Department or Establishment of the Central Government or State Government or Union Territory; or	2	Local Authority; or	3	Governmental Agencies,
No	Particulars									
1	A Department or Establishment of the Central Government or State Government or Union Territory; or									
2	Local Authority; or									
3	Governmental Agencies,									

AMENDMENT

If a GTA has exercised the option to pay tax under forward charge for a particular financial year, it shall be deemed that the option has been exercised for the next and future financial years also unless the GTA files a declaration that it wants to revert to the reverse charge mechanism during 1st January to 31st March of the preceding financial year

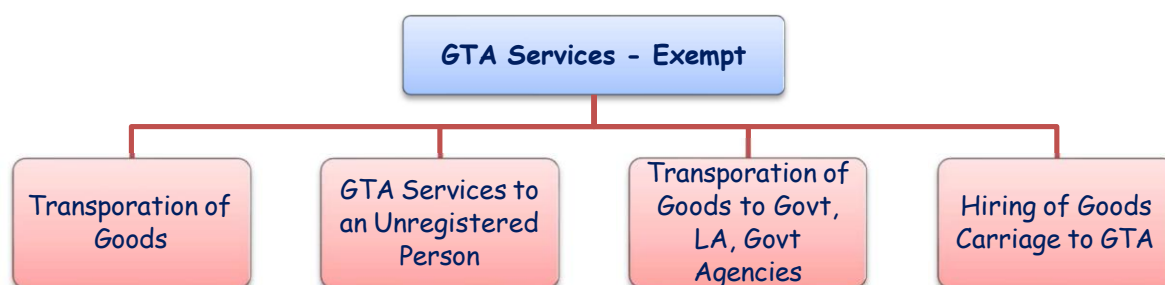
Note:

Transport of minerals from mining pit heads to railway siding, beneficiation plant etc., by vehicles deployed with driver for a specific duration of time - liable to GST under rental services of transport vehicles with operator.

GTA REVERSE CHARGE - OVERVIEW

** Recipient of GTA service is the person who pays / is liable to pay freight for transportation of goods by road in goods carriage, located in the taxable territory

EXEMPTIONS U/S 11



EXEMPTIONS 1

Services provided by a goods transport agency, by way of transport in a goods carriage of:

No	Particulars
1	Relief materials meant for victims of natural or man - made disasters, calamities, accidents or mishap; or
2	Defense or military equipments.
3	Agricultural produce
4	Milk, salt and food grain including flour, pulses and rice
5	Organic manure
6	Newspaper or magazines registered with the Registrar of Newspapers

EXEMPTIONS 2

Services provided by a GTA to an unregistered person, including an unregistered casual taxable person, other than the following recipients, namely:

-

No	Particulars
1	Any factory registered under or governed by the Factories Act 1948 or
2	Any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India; or
3	Any Co - operative Society established by or under any law for the time being in force; or
4	Any body corporate established, by or under any law for the time being in force; or
5	Any partnership firm whether registered or not under any law including AOP
6	Any Casual taxable person registered under the CGST Act or the IGST Act or the SGST Act or the UTGST Act, are exempt.

EXEMPTIONS 3

Services provided by a GTA, by way of transport of goods in a goods carriage, to, -

No	Particulars
1	Department or Establishment of the Central Government or State Government or Union territory; or
2	local authority; or
3	Governmental agencies.

Which has taken registration under the CGST Act, 2017 only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.

EXEMPTIONS 4

No	Particulars
1	Services by way of giving on hire to a goods transport agency - GTA, a means of transportation of Goods.

Example:

No	Particulars	Answer
1	Nishant owns a truck which he has rented to Sindhu and Bansal Transport Agency - a GTA. Services by way of giving on hire a means of transportation of goods (truck in the given case) to a GTA [Sindhu and Bansal Transport Agency],	These are exempt from tax. However, if Nishant had rented a vehicle designed to carry passengers to such GTA, said activity is not exempt under this entry.

CHAPTER 9I - COURIER AGENCY SERVICES- G

DEFINITION

No	Particulars	Explanation
1	Courier Agency	Means any person engaged in the door - to - door transportation of time - sensitive documents, goods or articles utilising the services of a person, either directly or indirectly to carry or accompany such documents, goods or articles.
2	Difference	<p>The main difference between courier agency and GTA is the courier agency does not issue Consignment Note.</p> <p>If Consignment Note Issued: GTA If Consignment Note not issued: Courier Agency</p>

Note

No	Particulars
1	Individual truck or tempo operators who do not issue any consignment note are not covered within the term GTA
2	Express Cargo Service - Courier agency - Taxable
3	Angadia liable under courier service

Difference between GTA and Courier agency

No	GTA	Courier
1	Engaged in transportation of goods by road only	Engaged in transportation of goods/docs & articles by any mode
2	RCM is applicable	No RCM always FCM
3	GTA issues consignment number which contains the registration number of the Motor vehicle used for transportation.	Courier services are generally door to door + time sensitive any item (goods, articles or documents)

Test Yourself

Illustration

M/s. Speedy Couriers (in India) furnishes you the following information of services provided by it for the quarter ended 30.09.2022 (all information are separate and in addition to each other):

No	Particulars
1	Amounts charged from corporate customers: Rs. 55 lakhs (including Rs. 5 lakhs towards packing of goods and documents in boxes and envelopes)
2	Charges for Express Cargo Service: Rs. 25 lakhs (consignment note is not issued)
3	Charges for documents destined to Western States: Rs 40 lakhs (for documents destined to western states, the delivery is carried out by M/s West Express who is paid 50%)
4	Charges for services where the customers came to the office of M/s Speedy Couriers: Rs. 4 lakhs

Required to Compute:

No	Particulars
1	The value of taxable supply
2	The net amount of GST, if any, payable thereon by M/s Speedy Couriers
3	Rate of GST is 18%

Ans:

Computation of Value of taxable supply and GST payable -

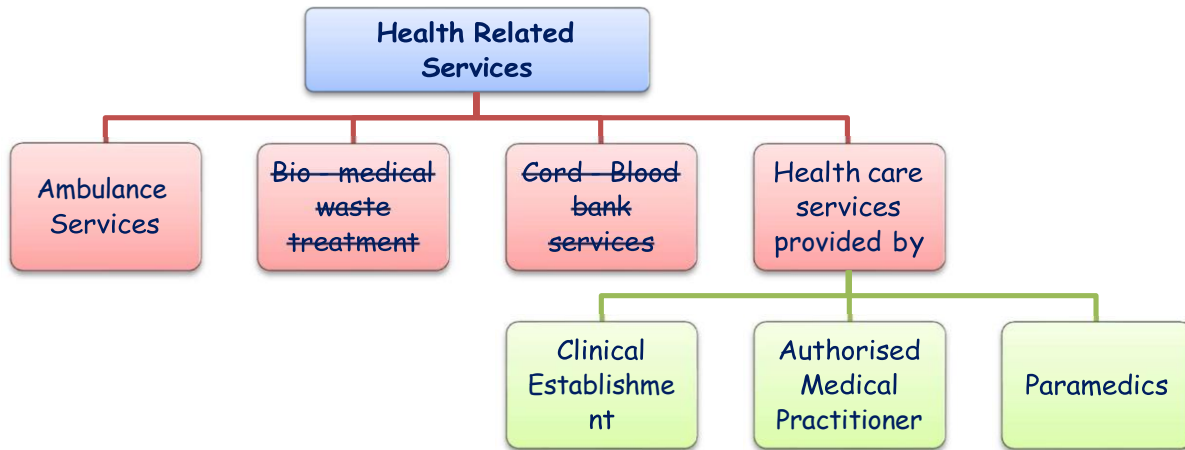
No	Particulars	Explanation	Rs.
1	Amounts charged from corporate customers	Charges towards packing of goods in boxes and envelopes will form part of value of taxable supply, since most of the courier agencies carry out such activities and the same fall under natural bundle of service	55,00,000
2	Charges for Express Cargo Service	Since consignment note is not issued, the service will fall under courier service	25,00,000
3	Charges for documents destined to Western States	M/s Speedy Courier will be liable to pay GST on full amount charged. The amount paid to co-loader M/s West Express will be eligible as 'input service' on which ITC credit will be available	40,00,000



4	Charges for services where the customers came to the office of M/s Speedy Couriers	Even if the customers come to the office of courier agency the same would amount of 'door - to - door transportation' and will be covered by courier agency	4,00,000
5	Taxable value		1,24,00,000
6	GST thereon @ 18%		22,32,000
7	Less: ITC on charges of co - loaders M/s West Express - Rs. 40 lakhs x 50% x 18%		3,60,000
8	Net GST payable in cash		18,72,000

CHAPTER 9J - HEALTH CARE SERVICES - H

OVERVIEW



EXEMPTIONS 1

Services by way of:

No	Exemptions
1	Health care services by a clinical establishment, an authorized medical practitioner or Para - medics; However, the above exemption shall not apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/ Critical Care Unit (CCU) / Intensive Cardiac Care Unit (ICCU)/ Neo Natal Intensive Care (NICU)] having room charges exceeding Rs. 5,000 per day to a person receiving health care services
2	Services provided by way of transportation of a patient in an ambulance, other than those specified in (1) above are exempt

EXEMPTIONS 2

No	Exemptions
2	Services provided by operators of the common bio-medical waste treatment facility to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto are exempt

EXEMPTIONS 3

No	Exemptions
3	Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are exempt

EXEMPTIONS 4

No	Exemptions
4	Services by veterinary Clinic in relation to health care of animals or birds are exempt

EXEMPTIONS 5

No	Exemptions
5	Services provided by rehabilitation professionals recognised under the Rehabilitation Council in India Act, 1992 by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centres established by Central Government, State Government or Union territory or an entity registered under Section 12AA / 12AB of the Income - tax Act, 1961 are exempt.

Note:

The abnormality / disease / ailment of infertility is treated using ART procedure such as IVF. It is clarified that services by way of IVF are also covered under the definition of health care services for the purpose of above exemption notification.

Test Yourself

Illustration

Rukmini Nursing home has received the following amounts in the month of November in lieu of various services rendered by it in the same month. You are required to determine its GST liability for November from the details furnished below:

No	Particulars	In Lakhs
1	Palliative care for terminally ill patients at patients home (Palliative care is given to improve the quality of life of patients who have a serious or life - threatening disease but the goal of such care is not to cure the disease)	30
2	Renting of rooms of nursing home for providing health care services (room rent is Rs. 7,500 per day)	75
3	Renting of rooms of nursing home for providing health care services (room rent is Rs. 5,000 per day)	50
4	Receipts from patients admitted in intensive care unit (rental charges is Rs. 10,000 per day)	85
5	Services provided by cord blood bank unit of the nursing home by way of preservation of stem cells	24
6	Hair transplant services	100
7	Ambulance services to transport critically ill patients from various locations to nursing home	12
8	Naturopathy treatments, Such treatment is a recognised system of medicine in terms of Section 2(h) of the clinical establishment Act. 2010.	80
9	Plastic surgery to restore anatomy of a child affected due to an accident	30
10	Pranic healing treatments. Such treatment is not a recognised system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010	120
11	Mortuary Services	10

Note: All the amounts given above are exclusive of GST. Rate of GST - 18%

Ans:**Computation of Value of taxable supply and GST liability:**

No	Particulars	WN	Amount (in lakhs)
1	Palliative care for terminally ill patients at patient's home	WN - 1(a)	-
2	Renting of rooms of nursing home for providing health care services (room rent is Rs. 7,500 per day)	WN - 1(g)	75.00
3	Renting of rooms of nursing home for providing health care services (room rent is Rs. 5,000 per day)	WN - 1(g)	-
4	Receipts from patients admitted in intensive care unit (rental charges is Rs. 10,000 per day)	WN - 1(g)	-
5	Services provided by cord blood bank by way of preservation of stem cells	WN - 2	24.00
6	Hair transplant services	WN -1(b)	100.00
7	Ambulance services to transport critically ill patients from various locations to nursing home	WN - 1(c)	-
8	Naturopathy treatments	WN - 1(d)	-
9	Plastic surgery to restore anatomy of a child affected due to an accident	WN - 1(e)	-
10	Pranic healing treatments	WN - 1(f)	120.00
11	Mortuary services	WN - 3	-
12	Value of taxable supply		319.00
13	GST payable @ 18%		57.42

Working note - 01:

Health care services provided by, inter alia, a clinical establishment in any recognized system of medicines in India is exempt from GST vide Entry 74 of NN 12/2017 - CT (Rate).

No	Particulars
a	It is immaterial whether health care service is provided at the clinical establishment or at the home of the patient or at any other place. Thus, palliative care for terminally ill patients at patient's home is eligible for exemption
b	Hair transplant services are specifically excluded from the health care services, and thus are not eligible for exemption
c	Ambulance services to transport critically ill patients from various locations to nursing home are eligible for exemption
d	Since naturopathy is a recognized system of medicine in terms of Sec. 2(h) of the Clinical Establishments Act, 2010, it would be eligible for exemption
e	Plastic surgery to restore anatomy of a child affected due to an accident will be eligible for exemption
f	Since pranic healing is not a recognized system of medicine in terms of section 2(h) of the Clinical Establishments Act, 2010, it would not be eligible for exemption
g	Exemption in respect of healthcare services shall not apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/ Critical Care Unit (CCU)/ Intensive Cardiac Care Unit (ICCU)/ Neo natal Intensive Care Unit (NICU)] having room charges exceeding Rs. 5,000 per day to a person receiving health care services

Working note - 02:

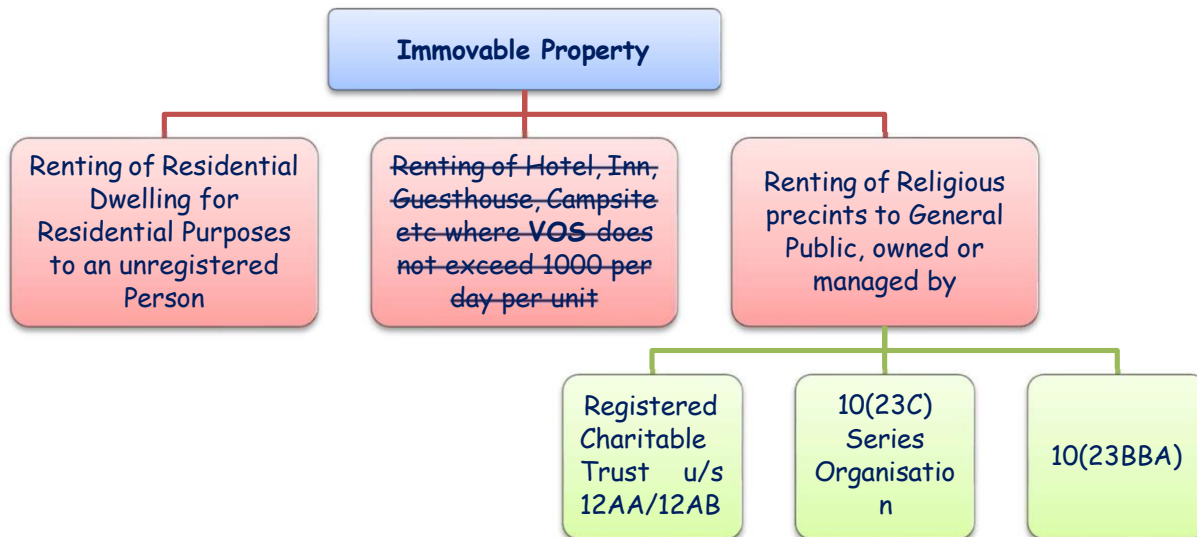
No	Particulars
1	Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation is liable to GST.

Working note - 03:

No	Particulars
1	Mortuary services are covered under negative list under Schedule III of CGST Act, 2017. Hence, the same are not liable to GST

CHAPTER 9K - RENTING OF IMMOVABLE PROPERTY - I

SUMMARY



No	Exemptions
1	<p>Services by way of renting of Residential Dwelling for use as Residence except where the residential building is rented to a registered person are exempt.</p> <p>Note: Services by way of renting of residential dwelling for use as residence where the residential dwelling is rented to a registered person is liable to GST under RCM.</p>
2	<p>Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having Value of Supply of a unit of accommodation below or equal to Rs. 1,000 per day or equivalent.</p>

Explanation

For the purpose of exemption under this entry, this entry shall cover services by way of renting of residential dwelling to a registered person where, -

- the registered person is proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence; and
- such renting is on his own account and not that of the proprietorship concern.

Test Yourself

Illustration

M/s. PQR Properties registered under GST as taxable person is engaged in the business of renting various immovable properties owned by it. During the month ending March, it collected a rent of Rs. 7,10,000. The said sum includes rent from:

No	Particulars	Amount
1	Vacant land used for Agriculture	50,000
2	Land used for Appu Circus	80,000
3	Houses let to unregistered individuals for residential purposes	70,000
4	Houses let to registered person being company assessee for residential purposes	1,70,000
5	Residential house let out to Mr. X a registered sole proprietor for his personal use and on his own account	1,00,000
6	Vacant land, given on lease to M/s. ABC Ltd. for construction of building at a later stage to be used for furtherance of business or commerce	40,000
7	Premises let to a Temple Trust	40,000
8	Premises let to a Coaching Centre	80,000
9	Building let to a Theatre	80,000

Compute the amount of GST payable by the firm, assuming that the rent is exclusive of GST, if any, applicable in each case. Rate of GST - 18%. Make suitable assumptions.

Ans:

Computation of GST payable:

No	Particulars	Explanation / Notification	Amount
1	Total rent		7,10,000
2	Less: Rent from vacant land used for agriculture	Exempt vide Entry no. 54 of exemption NN 12/2017 - CT (R)	(50,000)
3	Rent from land used for Appu circus	Liable to GST	Taxable
4	Houses let to unregistered individuals for residential purposes	Exempt vide Entry no. 12 of exemption NN 12/2017 - CT (R)	(70,000)
5	Houses let to registered person being company assessee for residential purposes	Liable to tax under RCM	(1,70,000)
6	Residential house let out to Mr. X	Exempt vide Entry no. 12 of	(1,00,000)



	a registered sole proprietor for his personal use and on his own account	NN 12/2017 - CT (R)	
7	Vacant land, given on lease to M/s ABC Ltd., for construction of building at a later stage to be used for furtherance of business or commerce	Liable to GST	Taxable
8	Premises let to a religious body being temple trust	Liable to GST	Taxable
9	Premises let to a coaching centre	Liable to GST	Taxable
10	Building let to a theatre	Liable to GST	Taxable
11	Total taxable value of supply		3,20,000
12	GST payable @ 18%		57,600

Illustration

ABC, an entity registered as religious trust under Section 12AB of the Income Tax Act, 1961, has furnished the following details with respect to the activities undertaken by it. You are required to compute its value of taxable supply from the information given below:

No	Particulars	Amount
1	Renting of Room where charges are Rs. 500 per day	6,00,000
2	Renting of Room where charges are Rs. 1,500 per day	9,00,000
3	Renting of Community Hall where charges are Rs. 25,000 per day	10,00,000
4	Renting of Kalyanmandapam where charges are Rs. 5,000 per day	7,50,000
5	Renting of shops for business where charges are Rs. 15,000 per month	7,50,000
6	Renting of shops for business where charges are Rs. 5,000 per month	5,50,000

Ans:**Computation of GST liability of ABC**

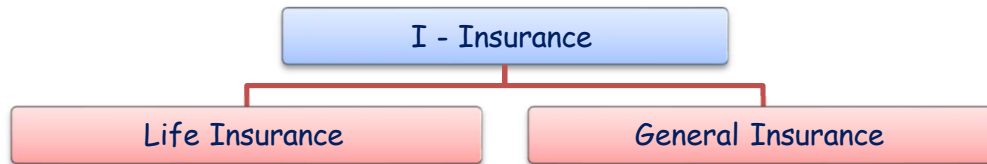
No	Particulars	Amount (Rs.)
1	Renting of room where charges are Rs. 500 per day	Nil
2	Renting of room where charges are Rs. 1500 per day	9,00,000
3	Renting of community halls where charges are Rs. 25,000 per day	10,00,000
4	Renting of Kalyanmandapam where charges are Rs. 5,000 per day	Nil
5	Renting of shops for business where charges are Rs. 15000 per month	7,50,000
6	Renting of shops for business where charges are Rs. 5,000 per month	Nil
7	Value of taxable supply	26,50,000

Working notes:

Services by a person by way of renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust u/s 12AB of the Income - Tax Act, 1961 are exempt. However, this exemption shall not apply to,

No	Particulars
1	Renting of rooms where charges are Rs. 1,000 or more per day
2	Renting of premises, community halls, kalyanmandapam or open area, and the like where charges are Rs. 10,000 or more per day
3	Renting of shops or other spaces for business / commerce where charges are Rs. 10,000 or more per month

CHAPTER 9L - INSURANCE SERVICES - I



INSURANCE SERVICES

No	Description of services		
1	Services of LIFE INSURANCE business provided by way of annuity under	the NATIONAL PENSION SYSTEM regulated by the pension Fund Regulatory and Development Authority of India (PFRDA)	under the Pension Fund Regulatory and Development Authority Act, 2013 are exempt.
2	Services of LIFE INSURANCE business provided or agreed to be provided by the	ARMY, NAVAL AND AIR FORCE GROUP INSURANCE FUNDS to members of the Army, Navy and Air Force, respectively,	under the Group Insurance Schemes of the Central Government are exempt.
3	Services of LIFE INSURANCE provided or agreed to be provided by the	NAVAL GROUP INSURANCE FUND to the personnel of Coast Guard	under the Group Insurance Schemes of the Central Government are exempt.
4	Services of life insurance provided or agreed to be provided by the	Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members	under the Group Insurance Schemes of the concerned CAPF are exempt.
5	Services of life insurance business provided under following schemes - are exempt.	-	*As Below

*As below

No	Particulars
1	Janashree Bima Yojana
2	Aam Aadmi Bima Yojana
3	Life micro - insurance product** as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of Rs.2,00,000;
4	Varishtha Pension Bima Yojana
5	Pradhan Mantri Jeevan Jyoti Bima Yojana
6	Pradhan Mantri Jan Dhan Yojana
7	Pradhan Mantri Vaya Vandan Yojana

Notes: -

****Life micro - insurance product** means any term insurance contract with/without return of premium, any endowment insurance contract or health insurance contract, with/without an accident benefit rider, either on individual/group basis, as per terms stated in schedule - II appended to the regulations

GENERAL INSURANCE BUSINESS SERVICES

EXEMPTION 1

Services of general insurance business provided under following schemes are exempt.

No	Particulars
1	Hut Insurance Scheme
2	Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna - earlier known as Integrated Rural Development Programme);
3	Scheme for Insurance of Tribals
4	Janata Personal Accident Policy and Gramin Accident Policy
5	Group Personal Accident Policy for Self - Employed Women
6	Agricultural Pumpset and Failed Well Insurance
7	Premia collected on export credit insurance
8	Restructured Weather Based Crop Insurance Scheme (RWCIS), approved by the Government of India and implemented by the Ministry of Agriculture
9	Jan Arogya Bima Policy
10	Pradhan Mantri Fasal Bima Yojana (PMFBY)
11	Pilot Scheme on Seed Crop Insurance
12	Central Sector Scheme on Cattle Insurance;
13	Universal Health Insurance Scheme;
14	Rashtriya Swasthya Bima Yojana;

15	Coconut Palm Insurance Scheme;
16	Pradhan Mantri Suraksha Bima Yojana;
17	Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral palsy, Mental Retardation - and Multiple Disabilities Act, 1999.
18	Bangla Shasya Bima

EXEMPTION 2

No.	Description of services
1	Services by way of reinsurance of the insurance schemes specified in Entry no 35 or 36 or 40 are exempt.

CHAPTER 9M - JUNGLE - J& KNOWLEDGE - K

SERVICE RELATED TO JUNGLE

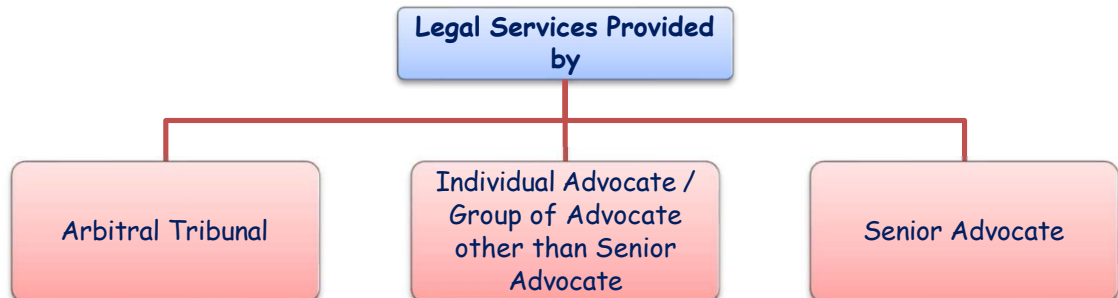
No	Particulars
1	Services by way of admission to a <ul style="list-style-type: none"> ➤ Museum, ➤ National Park, ➤ Wildlife Sanctuary, ➤ Tiger Reserve or ➤ Zoo.
2	Services by a veterinary clinic in relation to health care of animals or birds.
3	Services by way of Slaughtering of animals.

SERVICE RELATED TO KNOWLEDGE

No	Exemption								
1	Services by way of collecting or providing news by <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>An independent journalist</td></tr> <tr> <td>2</td><td>Press Trust of India or</td></tr> <tr> <td>3</td><td>United News of India</td></tr> </table>	No	Particulars	1	An independent journalist	2	Press Trust of India or	3	United News of India
No	Particulars								
1	An independent journalist								
2	Press Trust of India or								
3	United News of India								
2	Services of public libraries by way of <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>Lending of books</td></tr> <tr> <td>2</td><td>Publications</td></tr> <tr> <td>3</td><td>Any other knowledge - enhancing content or material</td></tr> </table>	No	Particulars	1	Lending of books	2	Publications	3	Any other knowledge - enhancing content or material
No	Particulars								
1	Lending of books								
2	Publications								
3	Any other knowledge - enhancing content or material								
3	Services by way of providing information under Right to Information Act, 2005, are exempt.								

CHAPTER 9N - LEGAL SERVICES - L

LEGAL SERVICES - OVERVIEW



EXEMPTION 1

Services provided by An arbitral tribunal to :

No	Particulars
a	Any person other than a business entity; or
b	A business entity with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017; or
c	The Central Govt, State Govt. ,Union Territory, Local authority , Governmental Authority or Government Entity

EXEMPTION 2

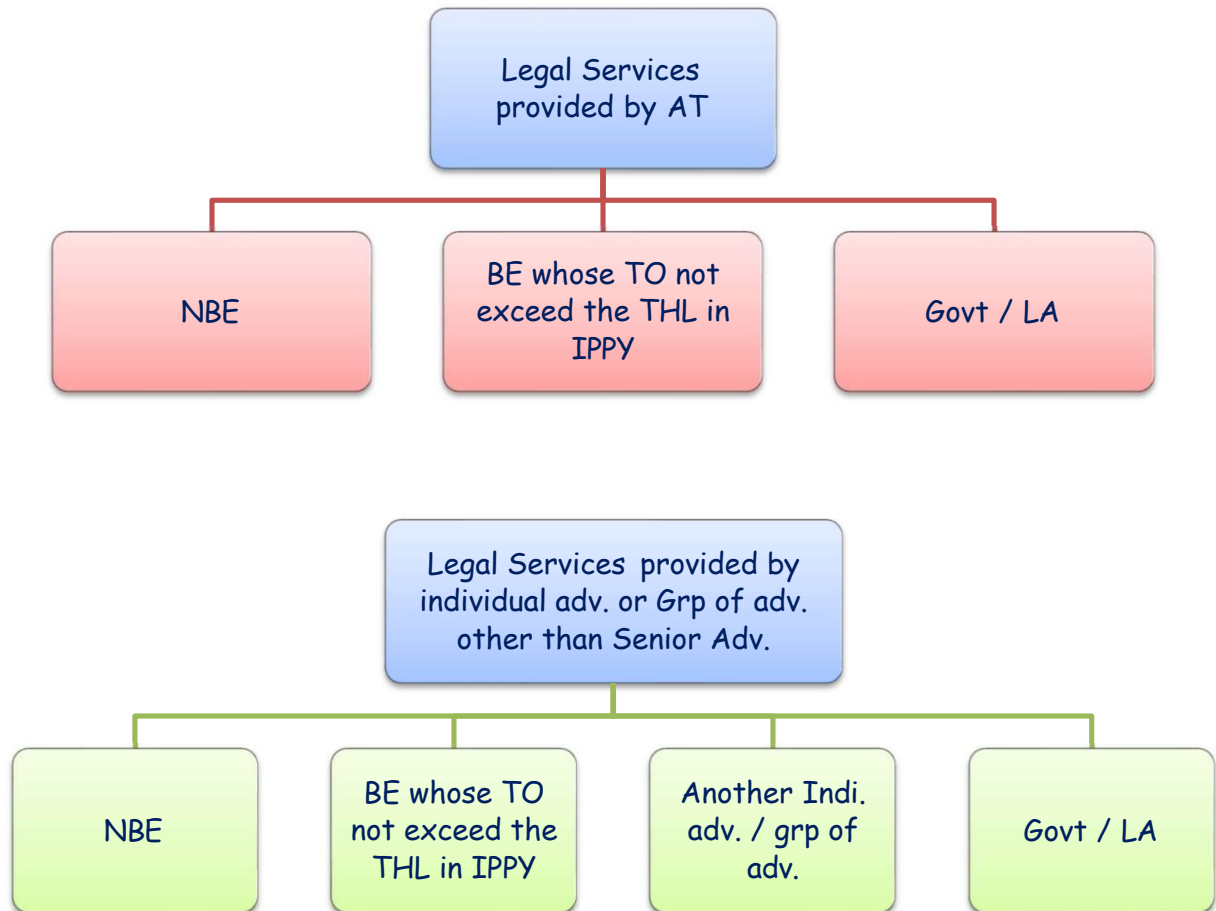
A partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to:

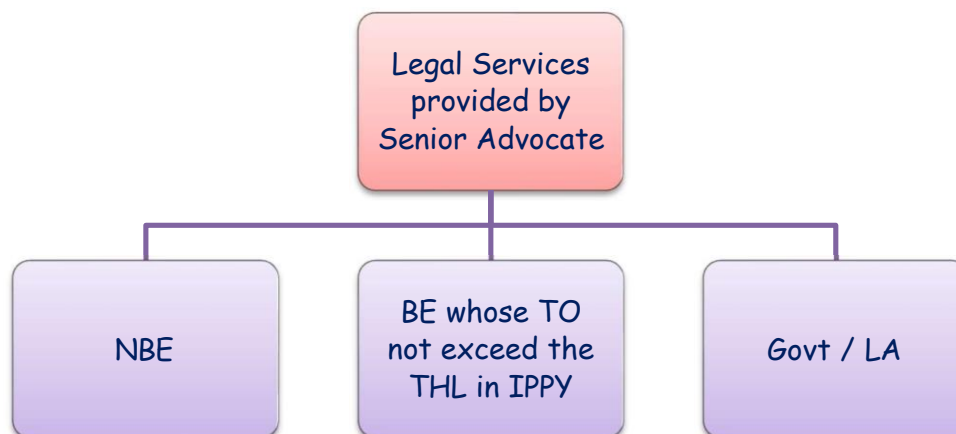
No	Particulars
a	An advocate or partnership firm of advocates providing legal services;
b	Any person other than a business entity; or
c	A business entity with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017; or
d	The Central Govt, State Govt. ,Union Territory, Local authority , Governmental Authority or Government Entity;

EXEMPTION 3

A senior advocate by way of legal services to:

No	Particulars
a	Any person other than a business entity; or
b	A business entity with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017; or
c	The Central Govt, State Govt., Union Territory, Local authority, Governmental Authority or Government Entity;

SUMMARY:



REVERSE CHARGE

Category	Supplier of Service	Recipient of Service
Services provided by an individual advocate including senior advocate or firm of advocates by way of legal services, directly or indirectly	An individual advocate including a senior advocate or firm of advocates	Any business entity located in taxable territory. Business entity located in the taxable territory who is litigant, applicant or petitioner, as the case may be, shall be treated as the person who receives the legal services.
Services supplied by an arbitral tribunal to a business entity	An arbitral tribunal	Any business entity located in the taxable territory.

Circular No 27/01/2018 - GST dt 04 - 01 - 2018 - Reverse Charge:

Questions /Clarifications sought	Clarifications
Whether legal services other than representational services provided by an individual advocate or a senior advocate to a business entity are liable for GST under reverse charge mechanism?	Yes, In case of legal services including representational services provided by an advocate including a senior advocate to a business entity, GST is required to be paid by the recipient of the service under reverse charge mechanism, i. e. The business entity.

Test Yourself

Illustration

Mr. Arjun, an advocate, has rendered the following services in the month of October,

No	Particulars
1	Representing Mr. Akshay in his divorce case before High Court
2	Representing Mr. Anu, an architect by profession, in relation to his GST liability (Turnover of Mr. Anu in the preceeding financial year was Rs. 25 Lakhs)
3	Legal consultancy given to Anil Associates, a partnership firm of advocates (Turnover of services of Anil Associates in the preceeding financial year was Rs. 28 Lakhs)

Examine whether GST is payable on each of the above services assuming Mr. Arjun to be:

No	Particulars
a	An Advocate other than a Senior Advocate
b	A Senior Advocate in terms of Section 16 of the Advocates Act, 1961?

Ans:

In background of Entry 45 of NN 12/2017 - CT (Rate) dated 28 - 06 - 2017, GST liability of each of the services rendered by Arjun, are examined hereunder -

No	When Mr. Arjun is an advocate other than senior advocate	When Mr. Arjun is a senior advocate
1	Service of representing Mr. Akshay in his divorce case will be exempt as Mr. Akshay is not a business entity.	Such service will be exempt even if the same are rendered by a senior advocate
2	Since, the turnover of Mr. Anu, a business entity, is more than such amount in the preceding FY as makes it liable for registration under the CGST Act, 2017 - i.e., Rs. 20 lakhs, the same will be liable to GST.	Such services, when provided by senior advocate, will also be liable to GST.
3	Legal consultancy provided by an advocate to partnership firm of advocates is exempt from GST.	Such services, when provided by a senior advocate, will be liable to GST if the turnover of the partnership firm (business entity) in the preceding FY is more than such amount as makes it liable for registration under the CGST Act, 2017. Thus, legal consultancy provided by Mr. Arjun to Anil Associates, a partnership firm of advocates, will be liable to GST.

CHAPTER 9P - MACCA - M& NCCCD - N

SERVICES BY MACCA

No	Exemption
1	Services by a specified organisation
2	in respect of religious pilgrimage
3	facilitated by the Govt. of India, under bilateral arrangement are exempt.

Specified Organisation

No	Particulars	Explanation
1	"Specified Organisation" shall mean,	Kumaon Mandal Vikas Nigam Ltd, a Government of Uttarakhand Undertaking; or 'Committee' or 'State Committee' as defined in Section 2 of the Haj Committee Act, 2002

Example:

No	Exemption	Answers
1	KMVN supplies numerous services, namely, medical facilities, catering services, security, accommodation services, etc. to the pilgrims undertaking Kailash-Mansarovar pilgrimage.	Such services provided by KMVN in respect of the religious pilgrimage to Kailash-Mansarovar are covered under entry 60 and thus, are exempt.

SERVICES BY NCCCD

No	Particulars
1	Services provided by the National Centre for Cold Chain Development
2	Under the Ministry of Agriculture, Co - operation and Farmer's Welfare
3	By way of cold chain knowledge dissemination are exempt

CHAPTER 9Q - OTHER EVENTS - O & PENSION RELATED SERVICES - P

O - OTHER EVENTS

Services by way of right to admission to -

No	Exemption
1	Circus, dance, or theatrical performance including drama or ballet;
2	Award function, concert, pageant, musical performance or any sporting event other than a recognized sporting event;
3	Recognized sporting event;
4	Planetarium

Where the consideration for right to admission to the events or places as referred above is **not more than Rs 500 per person** are exempt

PENSION RELATED SERVICES

No	Particulars
1	Services by way of collection of contribution under the Atal Pension Yojana are exempt
2	Services by way of collection of contribution under any pension scheme of the State Governments are exempt

Test Yourself

Illustration

Compute value and GST from following sums received by M/s A Ltd. (exclusive of GST) -

No	Particulars	Amount in Lakhs
1	Holding a dance programme, entry tickets whereof were sold for Rs. 1000 per person	75.00
2	Holding a dance programme, entry tickets whereof were sold for Rs. 100 per person	10.00
3	Admission to Planetarium, entry tickets whereof were sold for Rs 1000 per person	1.00
4	Holding a cricket match between India and South Africa organized by BCCI, entry tickets whereof were sold for Rs. 100 per person	50.00

5	Holding an Indian Premier League (IPL), entry tickets whereof were sold for Rs. 750 per person	60.00
6	Holding an award function, entry tickets whereof were sold for Rs. 250 per person	25.00
7	Collections from a joy - rides	10.00
8	Running a video parlour showing cinematographic films (ticket is Rs. 150 per person)	1.50
9	Acting as an event manager for organization of an entertainment event	6.00
10	Receipts from running a circus (Ticket is Rs. 1000 per person)	2.00
11	Ballet, with ticket prices of Rs. 1200 per person	12.00
12	Gambling Services and Casinos: Bet Value Rs. 50 lakhs, Earning Rs. 5 lakh.	

Ans:

Computation of Value of taxable supply

No	Particulars	Taxability	Taxable Value
1	Holding a dance programme, entry tickets whereof were sold for Rs. 1,000 per person	Liable to GST	75,00,000
2	Holding a dance programme, entry tickets whereof were sold for Rs. 100 per person -	Exempt vide entry 81 of NN 12/2017 - CT (Rate)	Exempt
3	Admission to Planetarium entry tickets whereof were sold for Rs.1000 per person (liable to GST)	Liable to GST	1,00,000
4	Holding a cricket match between India and South Africa organized by BCCI, entry tickets whereof were sold for Rs. 100 per person	Exempt vide entry 81 of Notification No 12/2017 - CT as price is upto Rs 500 per person	Exempt
5	Holding an Indian Premier League (IPL), entry tickets whereof were sold for Rs. 750 per person	Liable to GST	60,00,000
6	Holding an award function, entry tickets whereof were sold for Rs. 250 per person	Exempt as price is upto Rs 500 per person	Exempt
7	Collections from a joy - rides	Liable to GST	10,00,000
8	Running a video parlour showing cinematographic films (ticket is Rs.	Liable to GST	1,50,000

	150 per person)		
9	Acting as an event manager for organization of an entertainment event	Liable to GST	6,00,000
10	Receipts from running a circus	Liable to GST	2,00,000
11	Ballet, with ticket prices of Rs. 1200 per person	Liable to GST	12,00,000
12	Gambling Services and Casinos Bet Value	Liable to GST	50,00,000
Total Taxable Value			2,17,50,000

CHAPTER 9R - QUALIFICATION - Q

EXEMPTION 1 - Services provided by an educational institution - (a)

No	Particulars
1	to its students, faculty and staff
2	by way of conduct of entrance examination against consideration in the form of entrance fee

EXEMPTION 2 - Services provided to an educational institution - (b)

No	Particulars		
1	by way of,		
	No	Particulars	
	i	transportation of students, Staff & faculty	✓
	ii	Catering, including any mid - day meals scheme sponsored by the Central Government, State Government or Union Territory	✓
	iii	Security or cleaning or house - keeping services performed in such educational institution	✓
	iv	Services relating to admission to, or conduct of examination by, such institution	-
	v	Supply of online educational journals or periodicals	✓
2	However, nothing contained in Sub - items (i), (ii) and (iii) of item (b) shall apply to an educational institution other than an		
	No	Particulars	
	1	Institution provides services by way of pre - school education &	
	2	Education up to higher secondary school or equivalent.	
3	Besides this nothing contained in sub - item (v) of item (b) shall apply to an institution providing services by way of		
	No	Particulars	
	1	Pre - School education and education up to higher secondary school or equivalent; or	
	2	Education as a part of approved vocational education course	

Explanation:

No	Particulars	Explanation
1	Educational institution	<p>"Educational institution" means an institution providing services by way of,-</p> <ul style="list-style-type: none"> (i) Pre-school education and education up to higher secondary school or equivalent; (ii) Education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force; (iii) Education as a part of an approved vocational education course. [Para 2(y) of Notification No. 12/2017-CT (Rate)]
2	Approved vocational education course	<p>"Approved vocational education course" means,-</p> <ul style="list-style-type: none"> i. A course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961; or ii. A Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship. [Para 2(h) of Notification No. 12/2017-CT (Rate)]

Note :

The Modular Employable Skills is the minimum skill set which is sufficient for gainful employment or self-employment in the world of work. This Scheme provides certification on vocational training from NCVT that is nationally and internationally recognized in world of work in the Government (Centre & State) as well as private sector. It provides employable skills to early school drop-outs, existing workers seeking skill upgradation, workers seeking certification of their skills acquired informally, ITI graduates, etc. to improve their employability and provides certification after completion of the course

Examples of Educational Institutions:

No	Particulars	Answer
1	'Littleways Public School' is a school located in Tamil Nadu. The school has two branches - one is a pre-school and another is a higher secondary school affiliated to CBSE.	A pre-school and a higher secondary school are educational institutions. Thus, Littleways Public School qualifies as an educational institution.
2	Kaladrishti ITI, Gorakhpur is engaged in providing skill development courses in other than designated trades notified under the Apprentices Act, 1961.	Since courses offered by Kaladrishti ITI are not in designated trades notified under the Apprentices Act, 1961, education provided by it is not approved as vocational educational course as defined above. Resultantly, it doesn't qualify as an educational institution.
3	'Super Minds', a coaching institute in Raipur, provides coaching for Institute of Banking Personnel Selection (IBPS) Probationary Officers Exam.	Super Minds, being a coaching centre which trains candidates to secure a banking job, is not an educational institution in terms of the exemption notification.
4	Dharam Institute of Technology (DIT), a private engineering college in M.P., offers post graduate engineering programmes. All the engineering courses including the distances learning post graduate engineering programme offered by DIT are recognized by the law [The All India Council for Technical Education (AICTE)].	Since DIT imparts education as a part of a curriculum for obtaining a qualification recognized by the Indian law, the same is an educational institution.

Other Examples:

No	Particulars	Answer
1	SM Transports has provided services of transportation of students and faculty from their residence to school and back, to Pathwheels School - a higher secondary school.	Services of transportation of students, faculty and staff provided, inter alia, to an institution providing services by way of education upto higher secondary school or equivalent are exempt.
2	Shiksha College, offering degree courses (recognized by law), has to conduct its half yearly examination in	Services provided to an educational institution relating to admission to, or conduct of examination by, such

	November. For this purpose, it has paid the honorarium to paper setters and examiners (not on the rolls of Shiksha College) for their services. Further, it availed the printing services for printing the question papers (paper and content are provided by Shiksha College) for conducting examination.	institution is exempt. Therefore, services of paper setters and examiners and printing services availed by Shiksha College are exempt.
3	Gyaani Public School - a higher secondary school - has hired Suvidha Services Ltd. for security and housekeeping services in the school.	Security and housekeeping services provided within the premises of, inter alia, a higher secondary school is exempt. Therefore, said services provided by Suvidha Services Ltd are exempt.
4	The school subsequently hired Suvidha Services Ltd for providing the security and housekeeping services at School's Annual Day function organized in an auditorium outside the school campus.	Security and housekeeping services provided to Gyaani Public School for School's Annual Day function organized outside the school campus will be taxable as only the security and housekeeping services performed within the premises of the higher secondary school are exempt.
5	Little Millenium - a pre-school in outskirts of Mumbai - has subscribed the online journals on child development and experiential learning.	Services of supply of online educational journals or periodicals provided, inter alia, to an institution providing services by way of pre-school education are not exempt.

Following summary table may be referred to while determining eligibility of various programs conducted by Indian Institute of Management from exemptions from GST.

Periods	Programs offered by IIM	Whether exempt from GST
01-01-19 onwards	All long duration programs (one year or more) conferring degree or diploma as recommended by board of governors as per the power vested in them under the IIM Act, 2019 including one year Post Graduation Programs of executives.	Exempt from GST
	All short duration Executive development programs or need based specifically designed programs (less than one year) which are not a qualification recognized by law.	Not Exempt from GST

Note:

No	Particulars						
1	Services by way of giving on hire - motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of preschool education and education up to higher secondary school or equivalent are exempt						
2	Educational institutions providing non recognized qualifications with recognized qualification courses - Separate services to be assessed separately. In case of artificial bundling to be treated as fixed supply and attracts highest liability of GST						
3	College, hostel, mess - Taxability - <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>Catering services provided by educational institutions - exempt.</td></tr> <tr> <td>2</td><td>Catering services provided by third person in hostel, mess or colleges - liable to GST.</td></tr> </table>	No	Particulars	1	Catering services provided by educational institutions - exempt.	2	Catering services provided by third person in hostel, mess or colleges - liable to GST.
No	Particulars						
1	Catering services provided by educational institutions - exempt.						
2	Catering services provided by third person in hostel, mess or colleges - liable to GST.						
4	Application fee charged for entrance or the fee charged for issuance of eligibility certificates for admission or for issuance of migration certificate by educational institution - exempt from GST						
5	CBSE and SEB's to be treated as educational institutions for the limited purpose of providing services by way of conduct of examination to the students						

AMENDMENT:

SERVICES PROVIDED BY TRAINING PROVIDERS UNDER DEEN DAYAL UPADHYAYA GRAMEEN KAUSHALYA YOJANA [Entry 71 of Notification No. 12/2017-CT (Rate)]:

Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training are exempt.

Test Yourself

Illustration

Edu Serve Ltd., providing educational services, furnishes you with the following information for the various services provided by it. It has collected an aggregate sum of Rs. 25 lakhs during the month ended September as under -

No	Particulars	Amount In Lakhs
1	Receipts of 'Gyan sagar' an industrial training institute (IIT) affiliated to the National Council for Vocational Training (NCVT)	1.20
2	Receipts of 'Edu care' a vocational education provider affiliated to Sector Skill Council formed under National Skill Development Corporation (NSDC)	1.80
3	Receipts of 'Abhigyan Skill Centre' an industrial training centre (ITC) affiliated to the State Council for Vocational Training, Rajasthan	2.00
4	Receipts of 'Mission', an institute, registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESC) approved by the National Council of Vocational Training	1.00
5	Receipts of 'Scinart' a Commercial coaching institute providing commercial coaching in the field of arts and science (no certificate was issued on completion of the training)	0.80
6	Receipts of 'Commerce concepts' a Commercial coaching institute providing coaching in the field of commerce(a certificate was awarded to each trainee after completion of the training)	1.20
7	Receipts of Gurukul school providing education upto higher secondary	6.00
8	Receipts of 'Play Kids' school providing education upto primary level (such receipts includes receipts from renting of premises to commercial coaching centre: Rs. 3 lakhs)	11.00

Compute the value of taxable supply and GST payable thereon. All the amounts are exclusive of GST. Rate of GST - 18%.

Ans:

Computation of Value of taxable supply and GST liability (amount in Rs) -

No	Particulars	Explanation / Notification	Rs.
1	Total Receipts		25,00,000
2	Less: Receipts of 'Gyan Sagar' an industrial training institute (IIT) affiliated to the National Council for Vocational Training (NCVI), are not liable to GST.	Exempt vide Entry 66 of Notification No 12/2017 - CT(Rate)	(1,20,000)
3	Less: Receipts of 'Edu - care' a vocational education provider affiliated to Sector Skill Council formed under National Skill Development Corporation (NSDC)	Exempt. Vide Entry 69 of Notification No. 12/2017 - CT (Rate)	(1,80,000)
4	Less: Receipts of 'Abhigyan Skill Centre' an industrial training centre (ITC) affiliated to the State Council for Vocational Training, Rajasthan, not liable to GST,	Exempt vide Entry 66 of Notification No 12/2017 - CT(Rate)	(2,00,000)
5	Less: Receipts of 'Mission', an institute, registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESC) approved by the National Council of Vocational Training	Not liable to GST, since the same is exempt vide Entry 66 of Notification No 12/2017 - CT(Rate)	(1,00,000)
6	Less: Receipts of 'Scinart' a Commercial coaching institute providing commercial coaching in the field of arts and science shall be.	Liable for GST	Taxable
	Less: Receipts of 'Commerce concepts' a Commercial coaching institute providing coaching in the field of commerce shall be liable for GST.	Liable for GST, irrespective of the fact that a certificate was awarded to each trainee after completion of the training.	Taxable
7	Less: Receipts of Gurukul school providing education upto higher	Exempt vide Entry 66 of Notification No 12/2017 - CT(Rate)	(6,00,000)



	secondary		
8	Less: Receipts of 'Play Kids' school providing education upto primary level i.e. Rs. 8,00,000	Exempt vide Entry 66 of notification No 12/2017 - CT (Rate). However, receipts from renting of premises by the school to commercial coaching centre shall be liable for GST.	(8,00,000)
9	Value of Taxable Supply		5,00,000
10	Total GST payable @ 18%		90,000

Illustration

Apollo Trainers Ltd., a commercial training or coaching centre, provides the various services as follows:

No	Particulars	Amount In Lakhs
1	Training and coaching of Hockey	7.00
2	Coaching to students for preparation of IIT exams	25.00
3	Conduct admission test for admission to ICG college providing qualification recognized by foreign law	5.00
4	Training in recreational activities relating to culture	10.00
5	Receipt from sale of prospectus / application forms to trainees	10.00
6	A building which was let out to school providing pre - school education	2.00
7	Postal coaching receipts	7.00
8	Placement services provided to MNC College, providing qualifications by Indian law	10.00
9	Receipts from running training centre in relation to art classes	17.00

Compute the GST payable thereon if all charges are exclusive of GST. Rate of GST - 18%

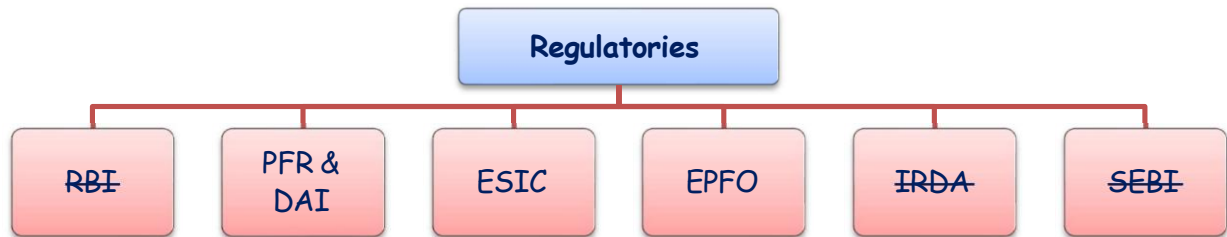
Ans:

Computation of Value of taxable supply and GST payable (amount in Rs)

No	Particulars	Explanation	Rs.
1	Training and coaching in field of sports -	Liable to GST since exemption in respect of sports training is available to charitable institution only vide Entry 80 of Notification No 12/2017 - CT(Rate)	7,00,000
2	Coaching for preparation of IIT	Taxable	25,00,000
3	Conduct admission test	Taxable since such qualification is not recognized by Indian law	5,00,000
4	Training in recreational activities relating to culture	Exempt vide Entry 80 of Notification No. 12/2017 - CT (Rate)	Exempt
5	Receipt from sale of prospectus / application forms to trainees	Taxable	10,00,000
6	Building let out to school	Taxable	2,00,000
7	Postal coaching receipts	Taxable	7,00,000
8	Placement services	Taxable	10,00,000
9	Receipts from running training centre in relation to art classes	Exempt vide Entry 80 of Notification No. 12/2017 - CT (Rate)	Exempt
10	Value of taxable supply		66,00,000
11	Total GST payable @ 18%		11,88,000

CHAPTER 9S - REGULATORIES - R

SERVICE BY VARIOUS REGULATORY



No	Regulatory	To	Under Act
1	Services of life Insurance Business provided by way of annuity	under the National Pension System regulated by the Pension Fund Regulatory and Development Authority of India	under the Pension Fund Regulatory and Development Authority Act, 2013.
2	Services by the Employees' State Insurance Corporation	to persons governed	under the Employees' State Insurance Act, 1948
3	Services provided by the Employees Provident Fund Organisation	to the persons governed	under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952.
4	Services by Coal Mines Provident Fund Organisation	to persons governed	by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948.
5	Services by National Pension System (NPS) Trust	to its members	against consideration in the form of administrative fee.

CURRENTLY TAXABLE SERVICES

No	Taxable
1	Services by the Reserve Bank of India.
2	Services provided by the Insurance Regulatory and Development Authority of India to insurers under the Insurance Regulatory and Development Authority of India Act, 1999.
3	Services provided by the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.

SUMMARY:

NO	SET - 1 - Taxable	SET - 2 - Exempted
1	RBI	PFR + DRI
2	IRDA	CMPFO
3	SEBI	NPS
4		EPFO
5		ESIC

CHAPTER 9T - SERVICES BY REGISTERED CHARITABLE TRUST

EXEMPTION 1

No	Description of services
1	Services by an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 by way of charitable activities are exempt.

In order to claim exemption under this head, following two conditions must be satisfied: -

No	Particulars
1	The entity is registered with Income Tax authorities under Section 12AA or 12AB of the Income tax Act, 1961, and
2	The entity carries out one or more of the specified charitable activities. It implies that tax is payable on any service other than by way of Charitable activities to any other person (subject to fulfillment of other conditions of taxability) provided by an entity registered under Section 12AA or 12AB of the Income Tax Act, 1961

DEFINITION OF CHARITABLE ACTIVITIES

"Charitable activities" means activities relating to -

No	Particulars								
1	Public health by way of, - <table border="1" data-bbox="295 1264 1411 1541"> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>a</td><td>Terminally ill persons or persons with severe physical or mental disability</td></tr> <tr> <td>b</td><td>Person afflicted with HIV or AIDS</td></tr> <tr> <td>c</td><td>Persons addicted to a dependence - forming substance such as narcotic drugs or alcohol; or</td></tr> </table>	No	Particulars	a	Terminally ill persons or persons with severe physical or mental disability	b	Person afflicted with HIV or AIDS	c	Persons addicted to a dependence - forming substance such as narcotic drugs or alcohol; or
No	Particulars								
a	Terminally ill persons or persons with severe physical or mental disability								
b	Person afflicted with HIV or AIDS								
c	Persons addicted to a dependence - forming substance such as narcotic drugs or alcohol; or								
	b. Public awareness of preventive health, family planning or prevention of HIV infection;								
2	Advancement of religion, spirituality or yoga								

3 Advancement of educational programmes or skill development relating to, -

No	Particulars
a	Abandoned, orphaned or homeless children;
b	Physically or mentally abused and traumatized persons;
c	Prisoners; or
d	Persons over the age of 65 years residing in a rural area;

4 Preservation of environment including watershed, forest and wildlife**Note:**

No	Particulars
1	Advancement of any other object of general public utility is not a charitable purpose
2	Hostel accommodation - Accommodation service in hostels including by trusts having value of supply up to Rs. 1,000/day is exempt

EXEMPTION 2

Services by a person by way of -

No	Particulars
a	conduct of any religious ceremony
b	renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA or 12AB of the Income - tax Act, 1961 or a trust or an institution registered under section 10(23C)(v) of the Income - tax Act or a body or an authority covered under section 10(23BBA) of the said Income - tax Act are exempt

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

No	Particulars
1	Renting of rooms where charges are Rs.1,000 or more per day
2	Renting of premises , community halls, kalyanmandapam or open area, and the like where charges are Rs.10,000 or more per day
3	Renting of shops or other spaces for business or commerce where charges are Rs.10,000 or more per month

EXEMPTION 3

No	Description of services
1	OLD AGE EXEMPTION

EXEMPTION 4

Services by way of training or coaching in recreational activities relating to -

No	Particulars
1	Arts or culture by an individual , or
2	Sports by charitable entities registered under section 12AA or 12AB of the Income - tax Act are exempt

EXAMPLE:

No	Particulars	Answer
1	Shiksha Academy, an educational institute run by Sarvsewa Trust, a charitable trust registered under section 12AB of the Income-tax Act, 1961, has organized a Skill Development Programme for the old age people over the age of 65 years residing in Bangalore city (an urban area).	Services provided by Shiksha Academy do not fall within the purview of 'charitable activities'. The relating to advancement of skill development relating to persons over the age of 65 years, are covered under the definition of 'charitable activities' only when such persons are residing in rural area.
2	Bhavyajyoti Foundation, a charitable trust registered under section 12AB of the Income-tax Act, 1961, has organized a 'Yoga Meditation Camp' for the old age people.	GST would be exempt on the same as services provided by entity registered under section 12AB of the Income-tax Act, 1961 by way of advancement of religion, spirituality or yoga are exempt.
3	If donation is received with specific instructions/ mutual understanding between the donor and the receiver that religious place will host an advertisement promoting business of the donor, such donation will be subject to GST.	However, if donation is received without such instructions or without a quid pro quo in the form of supply of any goods or services by the receiver to the donor, it shall not be subject to GST.
4	Sarvodaya Trust, a religious trust, registered under section 10(23BBA)	The consideration so received is exempt from GST as the

	of the Income-tax Act, owns and manages a Gurudwara. It rents the community hall located in the precincts of the Gurudwara for a rent of Rs. 9000 per day for a marriage function.	consideration is less than Rs. 10,000 per day.
5	Durgadevi Trust, a religious trust registered under section 12AB of the Income-tax Act, owns and manages a temple in their locality. It rents the commercial shops located in the precincts of the temple for a rent of Rs. 10,000 per month per shop.	The consideration so received is liable to GST as such services are exempt only when the consideration is less than Rs. 10,000 per month.
6	Manavtaa Santhaan, a charitable trust registered under section 12AB of the Income-tax Act, 1961, has organized a 'Basketball Training Camp' for teenagers.	GST would be exempt on the same as services provided by entity registered under section 12AB of the Income-tax Act, 1961 by way of training or coaching in sports are exempt.

Test Yourself

Illustration

ABCT, an entity registered under section 12AA of the Income - tax Act, 1961, has furnished you the following details with respect to the activities undertaken by it. You are required to compute its GST liability from the information given below:

No	Particulars	Rs.
1	Fees charged for yoga camp conducted by the trust	6,00,000
2	Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children	10,50,000
3	Amount received for renting of commercial property owned by the trust	35,00,000
4	Payment made for the services received from a service provider located in England, for the purposes of providing 'charitable activities'	10,00,000
5	Amount received for activities relating to preservation of forests and wildlife	12,35,000
6	Donation received from Mr. Daanveer for construction of orphanage in memory of his father. - "Donated by Mr. Daanveer the memory of his father" was written on the main door of the orphanage constructed with the said donation	30,00,000

7	Receipts of old age home meant for residents of 60 years or more - Consideration per month per member is Rs. 5,000 (inclusive of boarding lodging and maintenance)	10,00,000
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Note: GST has been charged separately wherever applicable. Rate of GST is 18%.

Ans:

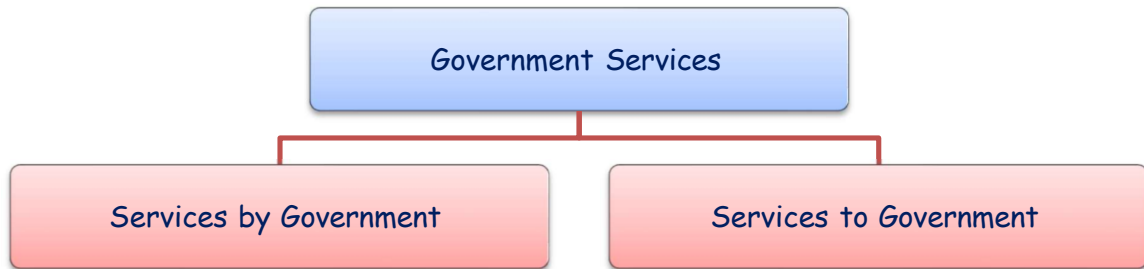
Computation of GST liability of ABCT -

No	Particulars	WN	Rs.
(A)	Fees charged for yoga camp conducted by the trust	1	Nil
	Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children	1	Nil
	Amount received for activities relating to preservation of forests and wildlife	1	Nil
	Receipts of old age home meant for residents of 60 years or more - Consideration per month per member is Rs. 5000 (inclusive of boarding lodging and maintenance)	4	Nil
	Donation received from Mr. Danveer for construction of orphanage in memory of his father	5	Nil
	Amount received for renting of commercial property owned by the trust	3	35,00,000
	Value of Taxable supply		35,00,000
	GST payable @ 18% - A		6,30,000
(B)	Services to be taxed on reverse charge basis:		
	Payment made for the services received from a service provider located in England for the purposes of providing 'charitable activities'	2	Nil
	GST liability - (A) + (B)		6,30,000

Working Notes:

No	Particulars								
1	<p>Services provided by an entity registered under section 12AA of the Income tax Act, 1961 by way of charitable activities are exempt from GST vide Exemption Notification No. 12/2017 - CT (Rate) dated 28.06.2017. The definition of term charitable activities, inter alia, means activities relating to:</p> <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>Advancement of yoga</td></tr> <tr> <td>2</td><td>Advancement of educational programmes relating to abandoned, orphaned or homeless children</td></tr> <tr> <td>3</td><td>Preservation of environment including watershed, forests and wildfire</td></tr> </table>	No	Particulars	1	Advancement of yoga	2	Advancement of educational programmes relating to abandoned, orphaned or homeless children	3	Preservation of environment including watershed, forests and wildfire
No	Particulars								
1	Advancement of yoga								
2	Advancement of educational programmes relating to abandoned, orphaned or homeless children								
3	Preservation of environment including watershed, forests and wildfire								
2	Service recipient is liable to pay GST in case of a taxable service provided by any person located in a non - taxable territory and received by any person located in the taxable territory. However, services received from a provider of service located in a non - taxable territory by an entity registered under section 12AA of the Income - tax Act, 1961 for the purposes of providing charitable activities are exempt from GST vide Entry 10 of Notification No. 9/2017 - IT (Rate) dated 28.06.2017								
3	Renting of commercial property owned by the trust is liable to GST.								
4	Services by an old age home run by an entity registered under section 12 AA of the Income Tax Act, 1961 to its residents (aged 60 years or more) against consideration upto Rs 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding lodging and maintenance are exempt from tax vide Entry 9D of Notification No 12/2017 - CT (R)								
5	The CBIC vide Circular No.116/35/2019 - GST dated 11 - 10 - 2019 has clarified that when the name of the donor is displayed in recipient institution premises, in such a manner, which can be said to be an expression of gratitude and public recognition of donor's act of philanthropy and is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is no supply of service for a consideration (in the form of donation). There is no obligation (quid pro quo) on part of recipient of the donation or gift to do anything (supply a service). Therefore, there is no GST liability on such consideration								

CHAPTER 9U - GOVERNMENT SERVICES- S



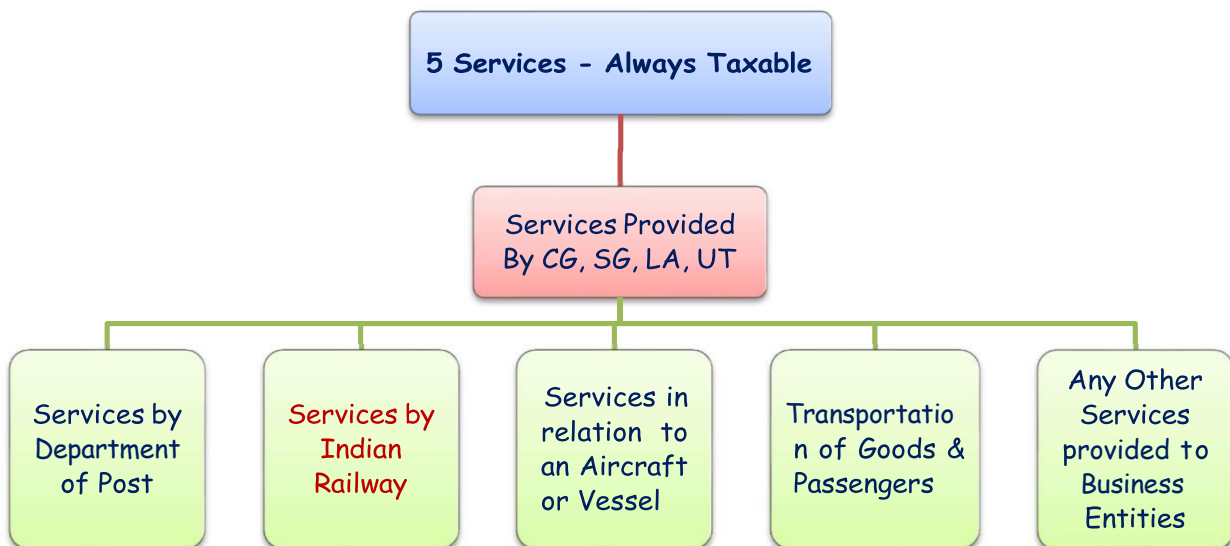
SUMMARY - SERVICES BY GOVT / LA

No	PART I	PART II	PART III
1	One Govt / LA to another Govt / LA	Govt / LA to Individual farmer by way of natural resources for the purpose of agriculture	Guaranteeing Loan (G)
2	Govt / LA to Business Entity whose consideration does not exceed Rs.5,000	Statutory Function entrusted to a Municipality entrusted to a Panchayat under Article 243W of the Constitution	Govt Grants (GG)
3	Govt / LA to B.E whose Turnover does not exceed the Threshold Limit for Registration	Statutory Function entrusted to a Municipality entrusted to a Panchayat under Article 243G of the Constitution	Services by Old age homes
4	<ul style="list-style-type: none"> ➤ Registration, ➤ Calibration, ➤ Testing ➤ Safety Check 	Fines / Liquidated Damages	Excess Royalty Collection Contractor - (ERCC)
5	<ul style="list-style-type: none"> ➤ Issuance of Birth Certificate ➤ Death Certificate ➤ Passport ➤ Visa ➤ License 	Merchant Over Time Charges (MOT Charges)	Rehabilitation Professional

SERVICES BY GOVERNMENT

Services by the CG, SG, UT or local authority excluding the following services:

No	Particulars
1	Services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory and the Ministry of Railways (Indian Railways).
2	Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport
3	Transport of goods or passengers; or
4	Any service, other than services covered under entries (a) to (c) above, provided to business entities

SUMMARY: -

Postal Services

Services of Post Card Inland Letter Etc. by Postal Department

No	Exemption
1	Services by Department Posts by way of Post Card, Inland letter, Book Post & Ordinary Post (Envelops weighting less than 10 Grams) are exempt from Tax.

Note:

No	Particulars
1	Transfer of money through money order, operation of savings account, issue of postal orders, pension payments and such other services are exempt
2	Services by way of ordinary post (envelops weighing 10 grams or more), registered post , speed post, express parcel post, life insurance and agency services provided to a person other than the government or union territory are not exempt
3	Services provided by police or security agencies of Government to PSU or private business entities are not exempt from GST

Test Yourself

Illustration

Jambulingam Street Post Office provided the following services to persons other than Government during the month of March. All charges are exclusive of GST:

No	Particulars	Amount
1	Services by way of post card	1,00,000
2	Services by way of ordinary post (envelopes weighing less than 10 gms)	2,50,000
3	Services by way of ordinary post (envelopes weighing exceeding 10 gms)	4,00,000
4	Services by way of registered post (envelopes weighing less than 10 gms)	5,50,000
5	Distribution of mutual funds, bonds and passport applications	5,00,000
6	Collection of telephone and electricity bills	1,00,000
7	Speed post services	5,00,000
8	Express parcel post services	2,00,000

Compute the value of taxable supply of the month.

Ans:**Computation of value of taxable supply**

No	Particulars	Amount
1	Post card services - [Exempt since covered in Entry 24C of Exemption notification no. 12/2017-CT (Rate)]	Nil
2	Services by way of ordinary post (envelopes weighing less than 10 gms) - [Exempt since covered in Entry 24C of Exemption notification no. 12/2017-CT (Rate)]	Nil
3	Services by way of ordinary post (envelopes weighing exceeding 10 gms) - Liable to GST	4,00,000
4	Services by way of registered post (envelopes weighing less than 10 gms) - Liable to GST	5,50,000
5	Distribution of mutual funds, bonds and passport applications - Liable to GST	5,00,000
6	Collection of telephone and electricity bills - Liable to GST	1,00,000
7	Speed post services - Liable to GST	5,00,000
8	Express parcel post services - Liable to GST	2,00,000
Value of taxable supply		22,50,000

Transportation of Goods and Passengers

No	Exemption
1	Services by way of granting National Permit to a goods carriage to operate throughout India or contiguous states are exempt.

PART I

EXEMPTION 1

No	Exemption
1	Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority.

Note:

However, nothing contained in this entry shall apply to services referred in clauses (a), (b) and (c)

EXEMPTION 2

No	Exemption
1	Services provided by the Central Government, State Government, Union territory or local authority where the consideration for such services does not exceed Rs. 5000.

Note:

However, nothing contained in this entry shall apply to services referred in Clause (a), (b) and (c)

Further, in case where **Continuous supply of Service*** is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed Rs. 5,000 in a FY.

***As defined in Section 2(33) of the CGST Act, 2017**

EXEMPTION 3

No	Exemption
1	Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017 are exempt.

Explanation:

It is hereby clarified that the provisions of this entry shall not be applicable to following services:

No	Particulars
1	Clauses (a), (b) and (c)
2	Services by way of renting of Immovable Property

EXEMPTION 4

Services provided by the Central Government, State Government, Union territory or local authority by way of:

No	Exemption
1	Registration required under any law for the time being in force;
2	Testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force

EXEMPTION 5

Services provided by the Central Government, State Government, Union territory or local authority **by way of issuance of,**

No	Exemption
1	Passport,
2	Visa,
3	Driving License,
4	Birth certificate or
5	Death certificate.

PART II

EXEMPTION 6

No	Exemption
1	Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals, except the rearing of horses , for food, fibre, fuel, raw material or other similar products.

EXEMPTION 7

No	Exemption
1	Services by Governmental authority by way of any activity in relation to any function entrusted to a Municipality under Article 243 W of the Constitution are exempt.

EXEMPTION 8

No	Exemption
1	Services by a Governmental Authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution.

EXEMPTION 9

No	Exemption
1	Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non - performance of a contract for which consideration in the form of finances or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.

EXEMPTION 10

No	Exemption
1	Services provided by the Central Government, State Government, Union territory by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges .

PART III

EXEMPTION 11

No	Exemption
1	Services supplied by Central Government, State Government, and Union territory to their undertaking or public sector undertakings (PSU) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial Institutions.

EXEMPTION 12

No	Exemption
1	Supply of service by a Government entity to Central Government, State Government, Union territory, local Authority or any other person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, SG, Union territory or local authority, in the form of grants

EXEMPTION 13

No	Services by	Services to
1	Services by an Old age home run by an entity registered under section 12AA/12AB of the Income Tax Act, 1961	to its residents (aged 60 years or more) against consideration up to Rs. 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance

Example:

No	Particulars	Answer
1	Public Works Department of Karnataka entered into an agreement with M/s ABC, a construction company, for construction of its office complex for an agreed consideration. In the agreement dated 10 th July, it was agreed by both the parties that M/s ABC shall complete the construction work and handover the project on or before 31 st December. It was further agreed that any breach of the terms of contract by either party would give right to the other party to claim for damages or penalty. M/s ABC did not complete the	As per the contract, the Department asked for damages/penalty from M/s ABC and threatened to go to the court if not paid. Resultantly, M/s ABC paid an amount of Rs. 10,00,000 to the Department for non-performance of contract. Amount paid by M/s ABC to Department is exempt from payment of

construction and did not handover the project by the specified date i.e. on or before 31 st December.	tax.
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EXEMPTION 14

No	Exemption
1	Services supplied by a State Government to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the state government on the mineral dispatched by the mining lease holders.

Note:

However, at the end of the contract period, ERCC shall submit an account to the State Government and certify that amount of GST deposited by mining lease holders on royalty is more than GST exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and where such amount of GST paid by mining lease holders is less than the amount of GST exempted, the exemption shall be restricted to such amount as is equal to the amount of GST paid by the mining lease holders and the ERCC shall pay the difference between GST exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and GST paid by the mining lease holders on royalty.

Explanation

Mining lease holder means a person who has been granted mining lease, quarry lease or license or other mineral concession under the Mines and Minerals (Development and Regulation) Act, 1957, the rules made thereunder or the rules made by a State Government under section 15(1) of the Act.

EXEMPTION 15

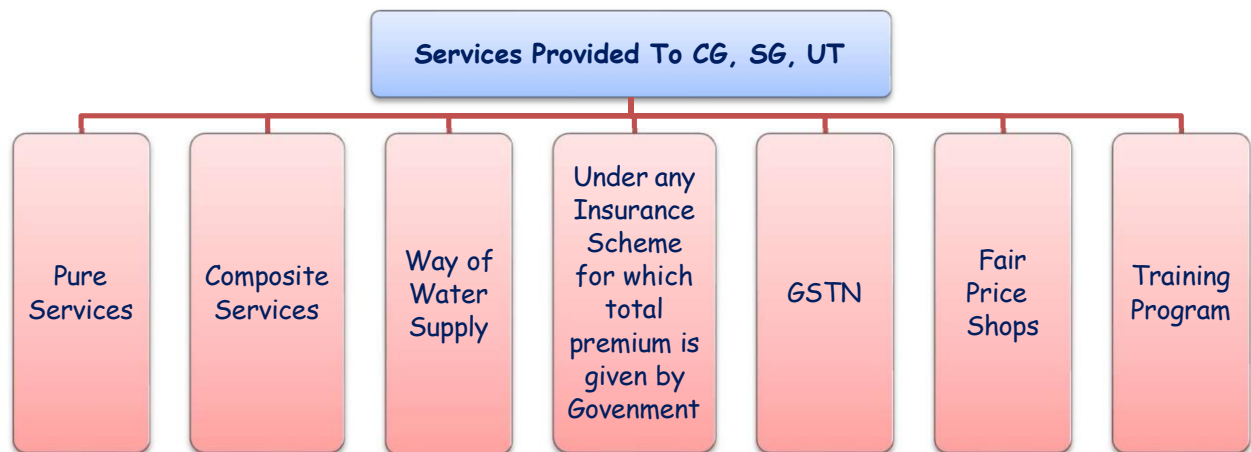
No	Exemption
1	Services provided by rehabilitation professionals recognised under the Rehabilitation Council in India Act, 1992 by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centres established by Central Government, State Government or Union territory or an entity registered under Section 12AA / 12AB of the Income - tax Act, 1961 are exempt.

Example:

No	Particulars	Answer
1	<p>The Karnataka Cricket Association, Bangalore requests the Commissioner of Police, Bangalore to provide security in and around the Cricket Stadium for the purpose of conducting the cricket match.</p> <p>The Commissioner of Police arranges the required security for an agreed consideration.</p>	<p>In this case, services of providing security by the police personnel are not exempt.</p> <p>As the services are provided by Government, Karnataka Cricket Association is liable to pay the tax on the consideration paid, albeit under reverse charge mechanism.</p>

CHAPTER 9V - SERVICES PROVIDED TO GOVERNMENT - S

OVERVIEW



SERVICES TO GOVERNMENT

EXEMPTION 1 - Pure services provided To Government are exempt.

Pure Services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union Territory or Local Authority by way of any activity -

No	Particulars
1	In relation to any function entrusted to a Panchayath under Article 243G of the Constitution; or
2	In relation to any function entrusted to a Municipality under Article 243W of the Constitution

EXEMPTION 2 - Composite Supply of Goods & Services to Government is exempt.

Composite supply of goods and services in which the value of supply of goods constitutes **not more than 25%** of the value of said composite supply provided to Central government, State Government or Union territory or Local Authority by way of any activity -

No	Particulars
1	In relation to any function entrusted to a Panchayath under Article 243G of the Constitution; or
2	In relation to any function entrusted to a Municipality under Article 243W of the Constitution

Note:

Supply of pure services and composite supplies by way of horticulture/horticulture works (where the value of goods constitutes not more than 25% of total value of supply) made to CPWD are exempt from GST

AMENDMENT**EXEMPTION 3 - Way of Water Supply etc to a Governmental Authority are exempt.**

Services provided to a Governmental Authority by way of -

No	Particulars
1	Water supply;
2	Public health;
3	Sanitation conservancy;
4	Solid waste management; and
5	Slum improvement and upgradation.

[Entry 3B] [Inserted by Notification No. 13/2023-CT(Rate), 19-10-2023 w.e.f. 20-10-2023]:

OTHER EXEMPTION:

No	Exemption
4	Services provided to the Central Government, State Government, and Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, and Union territory.
5	Service provided by Fair Price Shops to Central Government, State Government or Union territory by way of sale of food grains, kerosene, sugar, edible oil, etc. under public distribution system against consideration in the form of commission or margin .
6	Services provided to the Central Government, State Government, and Union territory administration under any training programme , for which 75% or more of the total expenditure is borne by the Central Government, State Government, and Union territory administration.
7	Supply of service by a government entity to CG, SG, UT, LA or any person specified by CG, SG, UT or LA against consideration received from CG, SG, UT or LA, in the form of grants is exempt .
8	Services by way of giving on hire to a local authority, an electrically operated vehicle meant to carry more than 12 passengers are exempt.

EXAMPLE: -

No	Examples	Answer
1	<p>Supply of man power for cleanliness of roads, public places, architect services, consulting engineer services, advisory services, and like services provide by business entities not involving any supply of goods would be treated as supply of pure services.</p> <p>On the other hand, let us take the example of a governmental authority awarding the work of maintenance of street lights in a Municipal area to an agency which involves apart from maintenance, replacement of defunct lights and other spares.</p>	<p>In this case, the scope of the services involves maintenance work and supply of goods, which falls under the works contract services. The exemption is provided to services which involves only supply of services and not for works contract services.</p>

CHAPTER 9W - TRANSFER OF GOING CONCERN - T

SERVICE BY TRANSFER OF GOING CONCERN

Services by way of **transfer of a going concern**, as a whole or an independent part thereof is exempt from

Example: -

No	Particulars
1	Royal Hotel Group is in the business of running a chain of restaurants. It intends to sell its business as a going concern. It would not be required to pay GST on such sale of its business.

No	Particulars	Explanation
1	Transfer of going concern means,	Transfer of a running business which is capable of being carried on by the purchaser as an independent business, but shall not cover mere or predominant transfer of an activity comprising a service. Such sale of business as a whole will comprise comprehensive sale of immovable property, goods and transfer of unexpected orders, employees, goodwill etc. Since the transfer in title is not merely a transfer in title of either the immovable property or goods or even both it may amount to service and has thus been exempted.
2	As per Para 4(a) of Schedule II	Goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business as no longer to form part of those assets, whether or not for a consideration is regarded as supply of goods. In case transfer is without consideration, it will be liable to GST, if ITC was availed on such goods as per clause I of Schedule I
3	As per Para 4(c) of Schedule II	Where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be taxable person, unless the business is transferred as a going concern to another person. Thus, transfer as going concern would also not amount to supply of goods as per schedule II.

CHAPTER 9X - TOUR - T

TOUR OPERATOR SERVICES SUPPLIED TO FOREIGN TOURISTS

No	Exemptions
1	Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service, which is performed outside India, shall be exempt from tax.
2	"Foreign tourist" means a person not normally resident in India, who enters India for a stay of not more than 6 months for legitimate non-immigrant purposes.

Value of services performed outside India:

Value of the tour operator service performed outside India shall be lower of the following -

No	Particulars
1	(Total consideration charged for the entire tour into number of days for which the tour is performed outside India) / (Total number of days comprising the tour) or
2	50% of the total consideration charged for the entire tour

Note: -

In making the above calculation, any duration of time equal to or exceeding 12 hours shall be considered as one full day and any duration of time less than 12 hours shall be taken as half a day.

EXAMPLE: A tour operator provides a tour operator service as follows:-

No	Particulars	Answer
1	3 days in India, 2 days in Nepal; consideration charged for the entire tour: Rs. 1 lakh.	Exemption: Rs. 40,000/- (Rs. 1 lakh \times 2/5) or Rs. 50,000/- (50% of Rs. 1 lakh) whichever is less, i.e., Rs. 40,000/-. Taxable value: Rs. 60,000/-
2	2 days in India, 3 nights in Nepal; consideration charged for the entire tour: Rs. 1 lakh.	Exemption: Rs. 60,000/- (Rs. 1 lakh \times 3/5) or Rs. 50,000/- (50% of Rs. 1 lakh) whichever is less, i.e., Rs. 50,000/-. Taxable value: Rs. 50,000/-
3	2.5 days in India, 3 days in Nepal; consideration charged for the entire tour: Rs. 1 lakh.	Exemption: Rs. 54,545/- (1 lakh \times 3/5.5) or Rs. 50,000/- (50% of Rs. 1 lakh) whichever is less, i.e., Rs. 50,000/-. Taxable value: Rs. 50,000/-

IGST EXEMPTION

No	Exemptions
1	Services provided by a tour operator to a foreign tourist in relation to a Tour conducted wholly outside India.

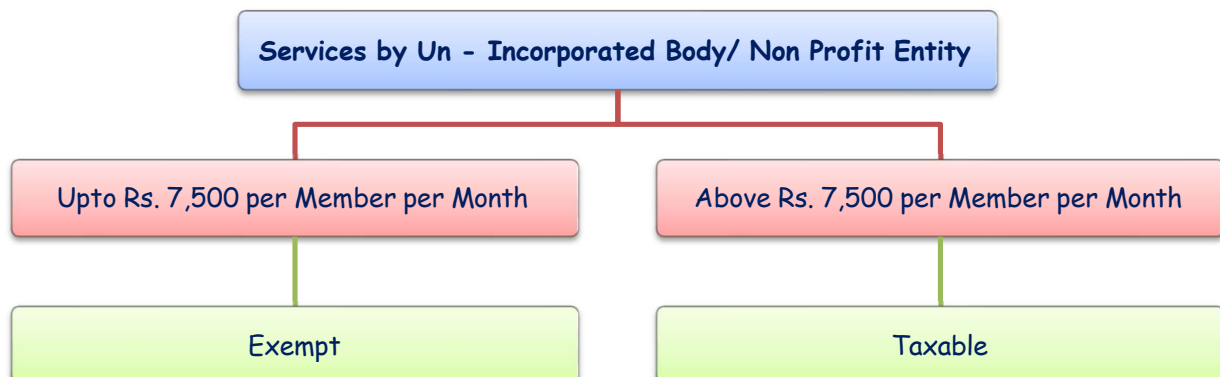
CHAPTER 9Y - UNINCORPORATED BODY - U

SERVICES BY UN - INCORPORATED BODY/NON - PROFIT ENTITY

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

No	Examples						
1	As a trade union;						
2	For the provision of carrying out any activity which is exempt from the levy of Goods and Services Tax; or						
3	Up to an amount of Rs. 7,500 per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex						
4	Services provided by an unincorporated body or a non - profit entity registered under any law for the time being in force, engaged in - <table border="1" data-bbox="295 898 1409 1266"> <thead> <tr> <th>No</th><th>Particulars</th></tr> </thead> <tbody> <tr> <td>1</td><td>Activities relating to the welfare of industrial or agricultural labour or farmers; or</td></tr> <tr> <td>2</td><td>Promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee up to an amount of Rs.1,000/- per member per year</td></tr> </tbody> </table>	No	Particulars	1	Activities relating to the welfare of industrial or agricultural labour or farmers; or	2	Promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee up to an amount of Rs.1,000/- per member per year
No	Particulars						
1	Activities relating to the welfare of industrial or agricultural labour or farmers; or						
2	Promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee up to an amount of Rs.1,000/- per member per year						

Limit for RWA



EXAMPLES:

No	Particulars	Answers
1	RWA of Chulbul Housing Society, registered under GST, collected the maintenance charges of Rs. 6000 per month per member.	In this case, no GST is to be charged by the RWA
2	If, in above example, other things remaining the same, the RWA of Chulbul Housing Society collected the maintenance charges of Rs 9000 per month per member,	GST @ 18% shall be payable on the entire amount of Rs. 9000 and not on [Rs. 9000 - Rs . 7500] = Rs. 1500
3	The turnover of RWA of Bulbul Housing Society located in New Delhi in a financial year is Rs. 15 lakh. It has collected the maintenance charges of Rs. 6000 per month per member. RWA is not providing any other taxable service to its members.	In this case, RWA is not required to take registration under GST since its aggregate turnover is less than the applicable threshold limit of Rs. 20 lakhs.
4	In the above example, other things remaining the same, if the maintenance charges collected by the RWA are Rs. 8000 per month per member.	RWA is still not required to take registration under GST since its aggregate turnover is less than the applicable threshold limit of Rs. 20 lakhs.
5	Gareeb Chand owns two residential apartments in a residential complex and pays Rs. 15,000 per month as maintenance charges towards maintenance of these two apartments to the RWA (Rs. 7500 per month in respect of each residential apartment).	In this case, the exemption from GST shall be available with respect to maintenance charges paid for each apartment.
6	RWA of Tintin Housing Society, registered under GST, has collected the maintenance charges of Rs. 9000 per month per member from 1000 members of the society in the month of May.	For paying the GST of Rs. 16,20,000 [payable @ 18% on the amount of Rs. 90,00,000], RWA can utilize the ITC of GST of Rs. 1,00,000 paid by it on purchase of swings for garden, ITC of Rs. 20,000 on electric cables and ITC of Rs. 15,000 on plumbing services, which were made/ availed during the month of May.

Test Yourself

Illustration

The Resident Welfare Association (RWA) of Sind Housing Society in Delhi provides the following information with respect to the various amounts received by it in the month of November.

No	Particulars	Amount
1	Monthly Subscription collected from member families (Rs. 10,000 each from 100 families)	10,00,000
2	Electricity charges levied by State Electricity Board on the members of RWA (The same was collected from members and remitted to the board on behalf of Members)	3,50,000
3	Electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area. (Bill was raised in the name of RWA. RWA collected the said charges by apportioning them equally among 100 families and then, remitted the same to the Board)	4,32,400
4	Proceeds from sale of entry tickets to a musical performance conducted by the RWA in the Park of Sind Housing Society (Where the consideration for admission is not more than Rs, 500 per person)	40,000
5	Other Services to Non-members	2,92,000

Compute the value of taxable supply and GST liability of RWA of Sind Housing Society for the month of November. It does not avail threshold exemption.

Notes:

No	Particulars
1	All the above amounts are exclusive of GST
2	Wherever applicable , the time of supply falls in the month of November.
3	Rate of GST - 18%

Ans:**Computation of value of taxable supply and GST liability -**

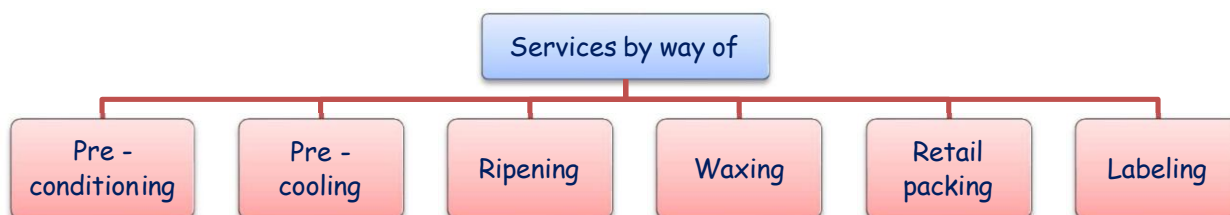
No	Particulars	WN	Rs.
1	Monthly subscription charges	1	10,00,000
2	Amount collected towards electricity charges levied by State Electricity Board on the members of RWA	2	-
3	Amount collected towards electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area	3	4,32,400
4	Proceeds from sale of entry tickets to a musical performance held in the park of the Housing Society.	4	—
5	Other Services to non - members - Liable for GST		2,92,000
6	Value of taxable supply exclusive of GST		17,24,400
7	GST payable @ 18%		3,10,392

Working Notes:

No	Particulars
1	If per month per member contribution of any or some members of a RWA exceeds Rs. 7,500, entire contribution of such members whose per month contribution exceeds Rs. 7,500 would be ineligible for the exemption under the said notification. GST would then be leviable on the aggregate amount of monthly contribution of such members.
2	Services provided by a RWA in the name of its members, acting as a "pure agent" of its members, are excluded from value of taxable supply available for the purposes of exemption provided under mega exemption notification
3	In the case of electricity bills issued in the name of RWA, in respect of electricity consumed for common use of lifts and lights in common area, etc., the exclusion from the value of taxable supply would not be available, since there is no agent involved in these transactions
4	Entry to entertainment events where the consideration for admission is not more than Rs. 500 per person is exempt vide Entry 81 of Notification No. 12/2017 - CT (Rate)

CHAPTER 9Z - VEGETABLES - V + WORKS CONTRACT - W + EXIBITION OUTSIDE INDIA - X + YOJANA - Y

SERVICES RELATED TO FRUITS & VEGETABLES - V



of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables

SERVICES RELATED TO WORKS CONTRACT - W

No	Exemptions
1	Services provided by way of Pure Labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary - led individual house construction or enhancement under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana
2	Services supplied by Electricity Distribution Utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network up to the tube well of the farmer or agriculturalist for agricultural use.
3	Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a Residential complex.
4	Supply of TDR, FSI, long term lease (premium) of land by a landowner to a developer are exempted subject to the condition that the constructed flats are sold before issuance of completion certificate and tax is paid on them. Exemption of TDR, FSI, long term lease (premium) shall be withdrawn in case of flats sold after issue of completion certificate, but such withdrawal shall be limited to 1% of value in case of affordable houses and 5% of value in case of other than affordable houses.

BUSINESS EXHIBITION OUTSIDE INDIA - X

Services by an organizer to any person in respect of a Business exhibition held outside India.

SERVICES COVERED UNDER YOJANA - Y

Services of life Insurance Business provided under following schemes

No	Particulars
1	Janashree Bima Yojana
2	Aam Aadmi Bima Yojana
3	Life Micro - Insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of Two Lakh rupees
4	Varishtha Pension Bima Yojana
5	Pradhan Mantri Jeevan Jyoti Bima Yojana
6	Pradhan Mantri Jan Dhan Yojana
7	Pradhan Mantri Vaya Vandan Yojana

CHAPTER 9AA - OTHER EXEMPTIONS

SPORTS RELATED SERVICES

EXEMPTION 1 - Services provided to a recognized sports body by

No	Particulars
1	An individual as a <ul style="list-style-type: none"> ➤ player, ➤ referee, ➤ umpire, ➤ coach or ➤ team manager for participation in a sporting event organized by a recognized sports body
2	Another recognized sports body

are exempt

EXEMPTION 2 - Recognized sports body

It means -

No	Particulars
1	The Indian Olympic Association
2	Sports authority of India
3	A national sports federation recognized by the Ministry of Sports and Youth Affairs of the Central Govt, and its affiliate federations
4	National sports promotion organizations recognized by the Ministry of Sports and Youth Affairs of the Central Govt
5	The International Olympic Association or a federation recognized by the IOA; or
6	A federation or a body which regulates a sport at International level and its affiliated federations or bodies regulating a sport in India.

EXEMPTION 3 - Services by way of sponsorship of sporting events organised

No	Particulars
1	By a national sports federation, or its affiliated federations, where the participating teams or individuals represent any District, State, Zone or Country
2	By Association of Indian Universities, Inter - University Sports Board, School Games Federation of India, All India Sports council for the Deaf, Paralympics Committee of India or Special Olympics Bharat
3	By the Central Civil Services Cultural and Sports Board
4	As part of national games, by the Indian Olympic Association; or
5	Under the Panchayat Yuva Kreedha Aur Khel Abhiyan Scheme

are exempt.

EXEMPTION 4

No	Particulars
1	Services provided by and to Federation International de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U - 17 Women's World Cup 2017 to be hosted in India whenever rescheduled are exempt
2	Provided the Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under FIFA U - 17 Women's World Cup 2017

EXEMPTION 5

No	Particulars
1	Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women's Asia Cup 2022 to be hosted in India are exempt provided the Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under AFC Women's Asia Cup 2022.

EXEMPTION 6

No	Particulars
1	Services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020 whenever rescheduled are exempt.

OTHER SERVICES

No	Description of services
1	Services by the following persons in respective capacities : a) Business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch ; b) Any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (1); or c) Business facilitator or a business correspondent to an insurance company in a rural area.
2	Services of Leasing of assets (rolling stock assets including wagons, coaches, and locos) by the Indian Railways Finance Corporation to Indian Railways.
3	Services provided by an incubate up to a total turnover of Rs. 50 Lakhs in a Financial Year subject to the following conditions, namely: - a. The total turnover had not exceeded Rs. 50 Lakhs during the preceding Financial Year; and b. A period of three years has not elapsed from the date of entering into an agreement as an incubate.
4	Taxable services, provided or to be provided, by a Technology Business Incubator or a Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio - incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.
5	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.
6	Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 or any of the State Acts, for the time being in force are exempt.
7	Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators.
8	Satellite Launch Services [Entry 19C of Notification No. 12/2017-CT (Rate)] [Amended by Notification No. 07/2023 CT (Rate) dated 26-07-2023]: Satellite launch services are exempt.

LEASING SERVICES

No	Particulars	Explanation
1	Upfront Amount payable in respect of service by way of granting of Long Term Lease of Industrial Plots or Plots for Development of Infrastructure for Financial Business	Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of the service, by way of granting of long term (30 years, or more) lease of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 20% or more ownership of Central Government, State Government, Union Territory to the industrial units or the developers in any industrial or financial business area is exempt.

Conditions:

No	Particulars	Explanation
1	Used for specified purpose	The leased plots shall be used for the purpose for which they are allotted, that is, for industrial or financial activity in an industrial or financial business area
2	Monitoring by State Govt	The State Government concerned shall monitor and enforce the above condition as per the order issued by the State Government in this regard
3	Tax, interest and penalty payable on violation of conditions	In case of any violation or subsequent change of land use, due to any reason whatsoever, the original Lessor, original lessee as well as any subsequent lessee or buyer or owner shall be jointly and severally liable to pay such amount of central tax, as would have been payable on the upfront amount charged for the long term lease of the plots but for the exemption contained herein, along with the applicable interest and penalty
4	Agreement to incorporate the terms of condition	The lease agreement entered into by the original Lessor with the original lessee or subsequent lessee, or sub - lessee, as well as any subsequent lease or sale agreements, for lease or sale of such plots to subsequent lessees or buyers or owners shall incorporate in the terms and conditions, the fact that the central tax was exempted on the long term lease of the plots by the original Lessor to the original lessee subject to above condition and that the parties to the said agreements undertake to comply with the same

Above Services have been exempted from both CGST and IGST by virtue of Notifications issued under respective Acts.

Test Yourself

Illustration

Mr. X a famous cricketer furnishes you with the following information of the various receipts for the month ended September. You are required to determine his GST liability of all the amounts are exclusive of GST.

No	Particulars
1	Receipts from Sports Authority of India for participation in recognized sport : Rs. 50 Lakh
2	Receipts from Franchisee of Indian Premier League (Not a recognized sports body) : Rs. 75 Lakhs
3	Receipts from acting as Brand Ambassador for Corporate client : Rs. 22 Lakhs
4	Receipts of Sports training academy to coach young players : Rs. 15 Lakhs

Rate of GST - 18%

Ans:

Computation of value of taxable supply and GST liability

No	Particulars	Amount
1	Receipts from sports authority of India for participation in recognized sports - Exempt since Entry 68 of Exemption NN 12/2017 - CT (Rate)	Exempt
2	Receipts from Franchisee of Indian Premier League (Not a recognized sports body) - Liable to GST	75,00,000
3	Receipts from acting as brand ambassador for corporate client - Liable to GST	22,00,000
4	Receipts of sports training academy to coach young players - Liable for GST since sports training by charitable entities registered under Section 12AB of the Income - Tax Act is exempt vide entry no. 80 of Exemption NN 12/2017 CT - (Rate)	15,00,000
5	Value of taxable supply	1,12,00,000
6	GST payable @ 18%	20,16,000

CHAPTER 9AB - EXEMPTIONS UNDER IGST

EXEMPTIONS UNDER IGST

Apart from the above, list of Services exempt from IGST by Notification No. 9/2017 IT (R) dated 28.06.2017 as amended also include following three Services:

No	Description of services																								
1	<p>Services received from a provider of Service located in a Non - Taxable Territory by :</p> <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>a</td><td>The Central Government, State Government, Union territory, a Local Authority, a Governmental Authority or an Individual in relation to any purpose other than Commerce, Industry or any other Business or Profession</td></tr> <tr> <td>b</td><td>An Entity Registered under Section 12AA/12AB of the Income - Tax Act, 1961 for the purposes of providing Charitable Activities; or</td></tr> <tr> <td>ba</td><td>Way of supply of online educational journals or periodicals to an educational institution other than an institution providing services by way of -</td></tr> <tr> <td></td><td> <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>Pre - school education and education up to higher secondary school or equivalent; or</td></tr> <tr> <td>2</td><td>Education as a part of an approved vocational education course</td></tr> </table> </td></tr> <tr> <td>c</td><td>A person located in a Non - Taxable Territory</td></tr> </table> <p>However, the Exemption shall not apply to :</p> <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>a</td><td>Online information and database access or retrieval Services received by persons specified in entry (a) or entry (b); or</td></tr> <tr> <td>b</td><td>Services by way of Transportation of Goods by a Vessel from a place outside India up to the customs station of clearance in India received by persons specified in the entry</td></tr> </table>	No	Particulars	a	The Central Government, State Government, Union territory, a Local Authority, a Governmental Authority or an Individual in relation to any purpose other than Commerce, Industry or any other Business or Profession	b	An Entity Registered under Section 12AA/12AB of the Income - Tax Act, 1961 for the purposes of providing Charitable Activities; or	ba	Way of supply of online educational journals or periodicals to an educational institution other than an institution providing services by way of -		<table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>1</td><td>Pre - school education and education up to higher secondary school or equivalent; or</td></tr> <tr> <td>2</td><td>Education as a part of an approved vocational education course</td></tr> </table>	No	Particulars	1	Pre - school education and education up to higher secondary school or equivalent; or	2	Education as a part of an approved vocational education course	c	A person located in a Non - Taxable Territory	No	Particulars	a	Online information and database access or retrieval Services received by persons specified in entry (a) or entry (b); or	b	Services by way of Transportation of Goods by a Vessel from a place outside India up to the customs station of clearance in India received by persons specified in the entry
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b	Services by way of Transportation of Goods by a Vessel from a place outside India up to the customs station of clearance in India received by persons specified in the entry																								
2	Services received by the RBI, from outside India in relation to management of Foreign Exchange Reserves.																								

3	Services provided by a tour operator to a foreign tourist in relation to a Tour conducted wholly outside India.										
4	Services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in accordance with explanation 1 in section 8 of the IGST Act, 2017. Condition: Place of supply of the services outside India in accordance with section 13 of the IGST Act, 2017.										
5	<p>Import of services by United Nations or a Specified International Organisations for official use of the United Nations or the Specified International Organisation are exempt.</p> <p>Specified International Organisation means an international organisation declared by the CG in pursuance of section 3 of the United Nations (Privileges and Immunities Act) 1947, to which the provisions of the schedule to the said Act apply.</p>										
6	<p>Import of service by a Foreign Diplomatic Mission or Consular post in India, or Diplomatic agents or Carrier Consular Officers posted therein shall be exempt from IGST, subject to the conditions -</p> <table border="1"> <thead> <tr> <th>No</th><th>Particulars</th></tr> </thead> <tbody> <tr> <td>1</td><td>That the Foreign Diplomatic Mission or Consular Post in India, or Diplomatic agents or Carrier Consular Officers posted therein, are entitled to exemption from integrated tax, as stipulated in the certificate issued by the Protocol Division of the Ministry of External Affairs, based on the principle of reciprocity</td></tr> <tr> <td>2</td><td>That the services imported are for official purpose of the said Foreign Diplomatic Mission or Consular Post; or for personal use of the said Diplomatic agent or Carrier Consular Officer or members of his or her family</td></tr> <tr> <td>3</td><td>That in case the Protocol Division of the Ministry of External Affairs, after having issued certificate to any Foreign Diplomatic Mission or Consular Post in India, decides to withdraw the same subsequently, it shall communicate the withdrawal of such certificate to the Foreign Diplomatic Mission or Consular Post</td></tr> <tr> <td>4</td><td>That the exemption from the whole of the Integrated Tax granted to the Foreign Diplomatic Mission or Consular Post in India for official purpose or for the personal use or use of their family members shall not be available from the date of withdrawal of such certificate</td></tr> </tbody> </table>	No	Particulars	1	That the Foreign Diplomatic Mission or Consular Post in India, or Diplomatic agents or Carrier Consular Officers posted therein, are entitled to exemption from integrated tax, as stipulated in the certificate issued by the Protocol Division of the Ministry of External Affairs, based on the principle of reciprocity	2	That the services imported are for official purpose of the said Foreign Diplomatic Mission or Consular Post; or for personal use of the said Diplomatic agent or Carrier Consular Officer or members of his or her family	3	That in case the Protocol Division of the Ministry of External Affairs, after having issued certificate to any Foreign Diplomatic Mission or Consular Post in India, decides to withdraw the same subsequently, it shall communicate the withdrawal of such certificate to the Foreign Diplomatic Mission or Consular Post	4	That the exemption from the whole of the Integrated Tax granted to the Foreign Diplomatic Mission or Consular Post in India for official purpose or for the personal use or use of their family members shall not be available from the date of withdrawal of such certificate
No	Particulars										
1	That the Foreign Diplomatic Mission or Consular Post in India, or Diplomatic agents or Carrier Consular Officers posted therein, are entitled to exemption from integrated tax, as stipulated in the certificate issued by the Protocol Division of the Ministry of External Affairs, based on the principle of reciprocity										
2	That the services imported are for official purpose of the said Foreign Diplomatic Mission or Consular Post; or for personal use of the said Diplomatic agent or Carrier Consular Officer or members of his or her family										
3	That in case the Protocol Division of the Ministry of External Affairs, after having issued certificate to any Foreign Diplomatic Mission or Consular Post in India, decides to withdraw the same subsequently, it shall communicate the withdrawal of such certificate to the Foreign Diplomatic Mission or Consular Post										
4	That the exemption from the whole of the Integrated Tax granted to the Foreign Diplomatic Mission or Consular Post in India for official purpose or for the personal use or use of their family members shall not be available from the date of withdrawal of such certificate										

- 7 Services provided by an intermediary when location of both supplier and recipient of goods is outside the taxable territory are exempt.**

Documentation requirement:

Following documents shall be maintained for minimum duration of 5 years:

No	Particulars
1	Copy of Bill of Lading
2	Copy of executed contract between Supplier / Seller and Receiver / Buyer of goods.
3	Copy of commission debit note raised by an intermediary service provider in taxable territory from service recipient located in non - taxable territory
4	Copy of certificate of origin issued by service recipient located in non - taxable territory
5	Declaration letter from intermediary service provider in taxable territory on company letter head confirming that commission debit note raised relates to contract when both supplier and receiver of goods are outside the taxable territory

OTHER EXEMPTIONS

No	Description of services
1	Intra - State supplies of goods or services or both received by a Deductor under Section 51, from any Unregistered supplier, is exempt from the whole of the Central Tax leviable thereon under Section 9(4), subject to the condition that the Deductor is not liable to be Registered otherwise than under Section 24(vi).
2	All Services imported by a Unit/developer in the Special Economic Zone (SEZ) for authorized operations are exempt from the whole of the integrated tax leviable thereon under Section 3(7) of the Customs Tariff Act, 1975 read with Section 5 of the IGST Act, 2017
3	The Central Govt. has exempted the intra - state supply of services by way of grant of license or lease to explore or mine petroleum crude or natural gas or both, from so much of the central tax as is leviable on the consideration paid to the Central Govt. in the form of Central Govt.'s share of profit petroleum as defined in the contract entered into by the Central Govt. in this behalf.
4	The Central Govt. has exempted the integrated tax on the supply of services, imported into the territory of India, covered by sub - item (c) of item 5 of Schedule II to the CGST Act, 2017 (i.e., temporary transfer or permitting the use or enjoyment of any intellectual property right), to the extent of the aggregate of the duties of Customs leviable u/s 3(7) of the Customs Tariff

	Act, 1975, on the consideration declared u/s 14(1) of the Customs Act, 1962 towards royalties and license fee included in the transaction value as specified under rule 10(1)(c) of the Customs Valuation (Determination of value of imported goods) Rules, 2007 on which the appropriate duties of customs have been paid.
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Test Yourself

Illustration

State with reasons whether the following are liable to Goods and Services Tax:

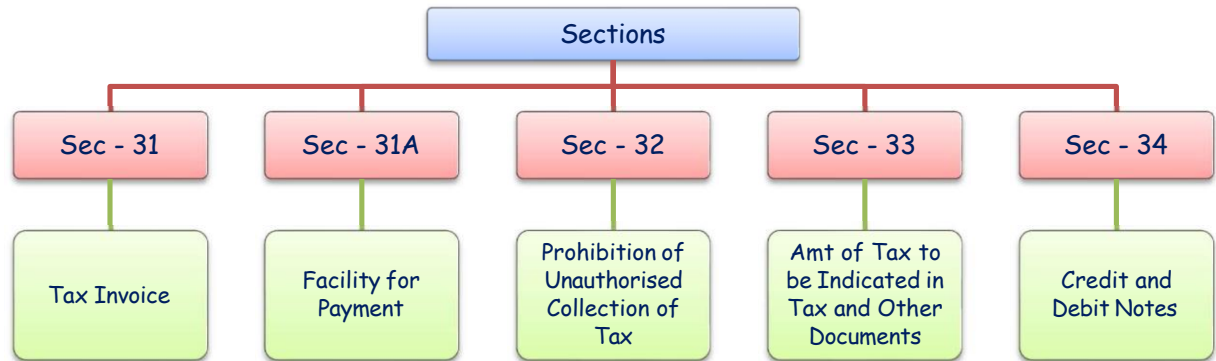
No	Particulars
1	Services by an individual way of training or coaching in recreational activities relating to arts and culture
2	Services provided by a player to a franchisee which is not a recognized sports body
3	Pre School education and education up to higher secondary school or equivalent
4	Services by a veterinary clinic in relation to health care of animals or birds.
5	Services by way of public conveniences such as provision of facilities of washrooms

Ans:

No	Answer	Explanation
1	Exempt	Services by an individual way of training or coaching in recreational activities relating to arts or culture are not liable to GST as it is specifically exempt vide entry no. 80 of NN. 12/2017 - CT (Rate)
2	Taxable	Service of a player to a franchisee which is not a recognized sports body is taxable as it does not get covered under entry 68 of NN 12/2017 - CT (Rate)
3	Exempt	Pre - school education and education up to higher secondary school or equivalent is not liable to GST as it is specifically exempt under entry 66 of NN 12/2017 - CT (Rate)
4	Exempt	Services by a veterinary clinic in relation to health care of animals or birds is not liable to GST as it is specifically exempt vide entry 46 of NN 12/2017 - CT (Rate).
5	Exempt	Services by way of public conveniences such as provision of facilities of washrooms are not liable to GST as it is specifically exempt vide entry 76 of NN 12/2017 - CT (Rate)

CHAPTER 10 - TAX INVOICE

TOPICS



SECTION 31

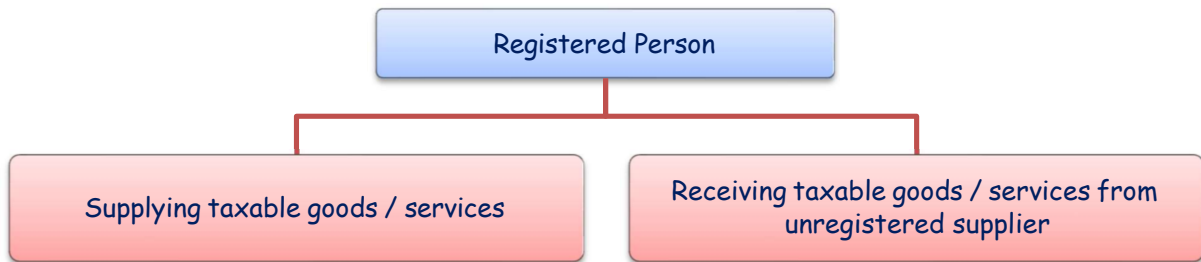
Sec	Name
31(1)	TL for issuance of invoice in case of Supplier of Goods
31(2)	TL for issuance of invoice in case of Supplier of Services
31(3)	Other Provisions
31(4)	Issuance of Invoice in case of Continuous supply of Goods
31(5)	Issuance of Invoice in case of Continuous supply of Services
31(6)	Issuance of Invoice at the time of Cessation of Supply
31(7)	Invoice for SORB

TAX INVOICE - SECTION 31

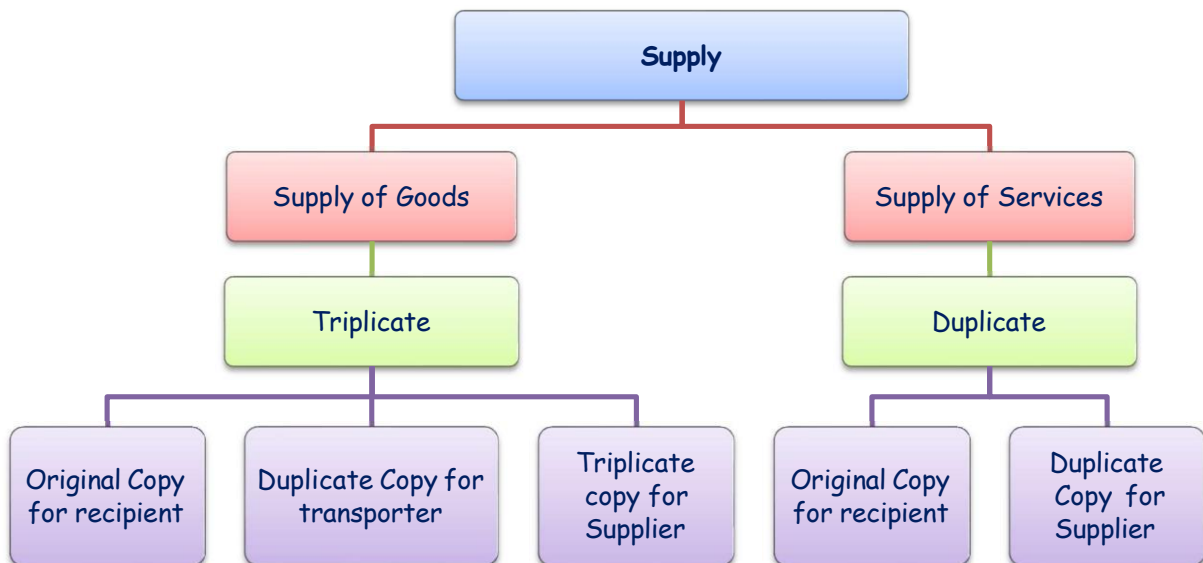
Particulars	Description
Supplier of goods to issue a tax invoice - Section 31(1)	A registered person supplying taxable goods shall issue a tax invoice showing <ul style="list-style-type: none"> ➤ The description ➤ Quantity and value of goods ➤ The tax charged thereon, and ➤ Such other particulars as may be prescribed

Note: Tax invoice shall include any revised invoice issued by the supplier in respect of the supply made earlier.

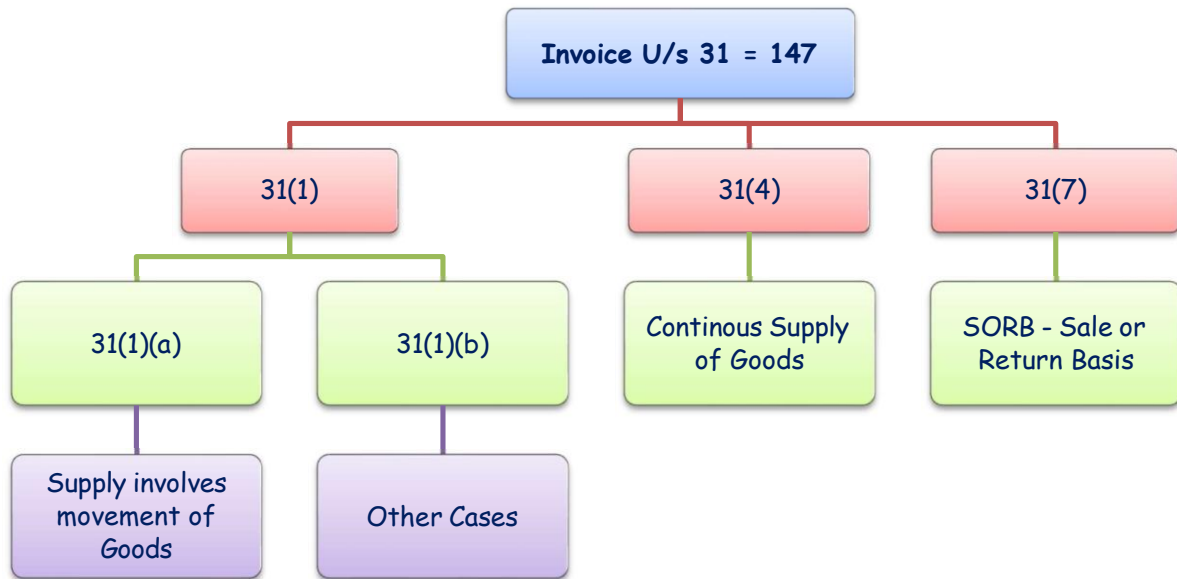
Who can raise Tax Invoice?



Manner of issuing the invoice



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

I - INVOICE PROVISIONS IN RESPECT OF GOODS**Time limit for issuance of invoice in case of Supplier of Goods - Section 31(1)**

No	Particulars	Explanation
1	Time limit for issuance of invoice in case of Supplier of Goods - Sec 31(1)	A registered person supplying taxable goods shall issue invoice before or at the time of , - a) Removal of goods for supply to the recipient, where the supply involves movement of goods ; or b) Delivery of goods or making available thereof to the recipient, in any other case

Removal - Section 2(96)

No	Explanation
1	Dispatch of the goods for delivery by the supplier thereof or by any other person acting on behalf of such supplier; or
2	Collection of the goods by the recipient thereof or by any other person acting on behalf of such recipient

Issuance of Invoice in case of *Continuous Supply of Goods - Section 31(4)

No	Explanation
1	In case of Continuous supply of goods, where successive statements of accounts or successive payments are involved , the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

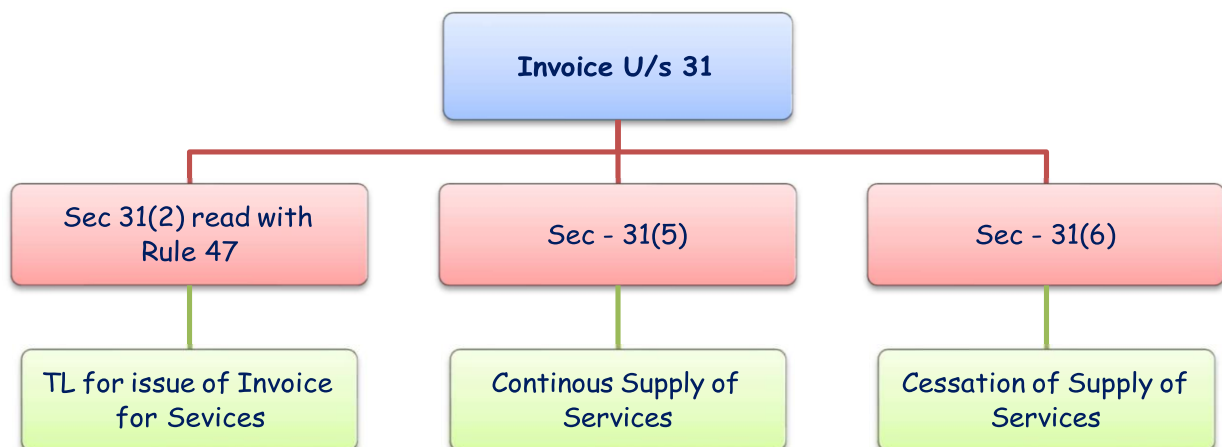
Continuous Supply of Goods - Section 2(32)

No	Explanation
1	A supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular basis
2	And includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify

Goods sent on Approval - Section 31(7)

No	Particulars	Time limit
1	Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued	<ul style="list-style-type: none"> ➤ Before or at the time of supply, or ➤ 6 Months from the date of removal, Whichever is earlier

II - INVOICE PROVISIONS IN RESPECT OF SERVICES - 256



TIME LIMIT**NORMAL CASES**

No	Particulars	Explanation
1	Taxable Supply of Services - 30 Days from the date of Supply of Services - Rule 47	The invoice in the case of taxable supply of services shall be issued within a period of 30 days from the date of supply of services.

NBFC

No	Particulars	Explanation
1	Insurers, Banks etc. - Time Limit 45 Days - Rule 47	Where the supplier of services is an insurer or a banking company or a financial institution, including a non - banking financial company, the period within which, the invoice or any document in lieu thereof is to be issued shall be 45 days from the date of supply of service.

NBFIT

No	Particulars	Explanation
1	Inter - branch transactions in case of insurers, banks, telecom operators etc.	An insurer or a banking company or a financial institution , including a non - banking financial company , or a telecom operator , or any other class of supplier of service as may be notified by the government on the recommendations of the council, making taxable supplies of services between distinct person as specified in section 25, may issue the invoice - <ul style="list-style-type: none"> ➤ Before or at the time such supplier records the same in his books of account; or ➤ Before the expiry of the quarter during which the supply was made

TL FOR ISSUING OF INVOICES - CONTINUOUS SUPPLY OF SERVICES - S. 31(5)

No	Particulars	Date of Raising Invoices
1	Where the due date of payment is ascertainable from the contract	The invoice shall be issued on or before the due date of payment.
2	Where the due date of payment is not ascertainable from the contract	The invoice shall be issued before or at the time when the supplier of service receives the payment.
3	Where the payment is linked to the completion of an event	The invoices shall be issued on or before the date of completion of that event.

CONTINUOUS SUPPLY OF SERVICES:

No	Particulars
1	A supply of services which is provided, or agreed to be provided, continuously or on recurrent basis , under a contract, for a period exceeding 3 months with periodic payment obligations,
2	And includes supply of such services as the Government may, subject to such conditions, as it may, by notification, specify

TEST YOURSELF

Illustration

Maintenance Ltd., a registered person, provides the services of repair and maintenance of Plant and Machinery. On April 1, it has entered into an annual maintenance contract with RSWM Ltd. for its textile machinery. As per the terms of contract, maintenance services will be provided on the first day of each quarter of the relevant financial year and payment for the same will also be due 15th day on which service is supplied. During the year, it supplied the services on April 1, July 1, October 1, and January 1 in accordance with the terms of contract. When should Maintenance Ltd. issue the invoice for the services rendered?

Ans:

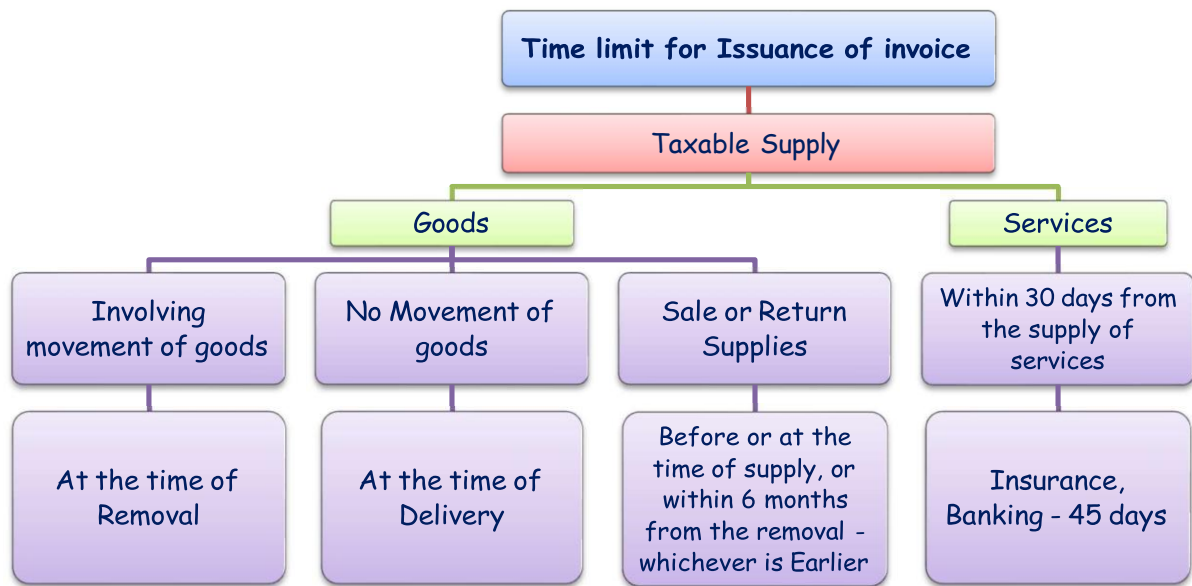
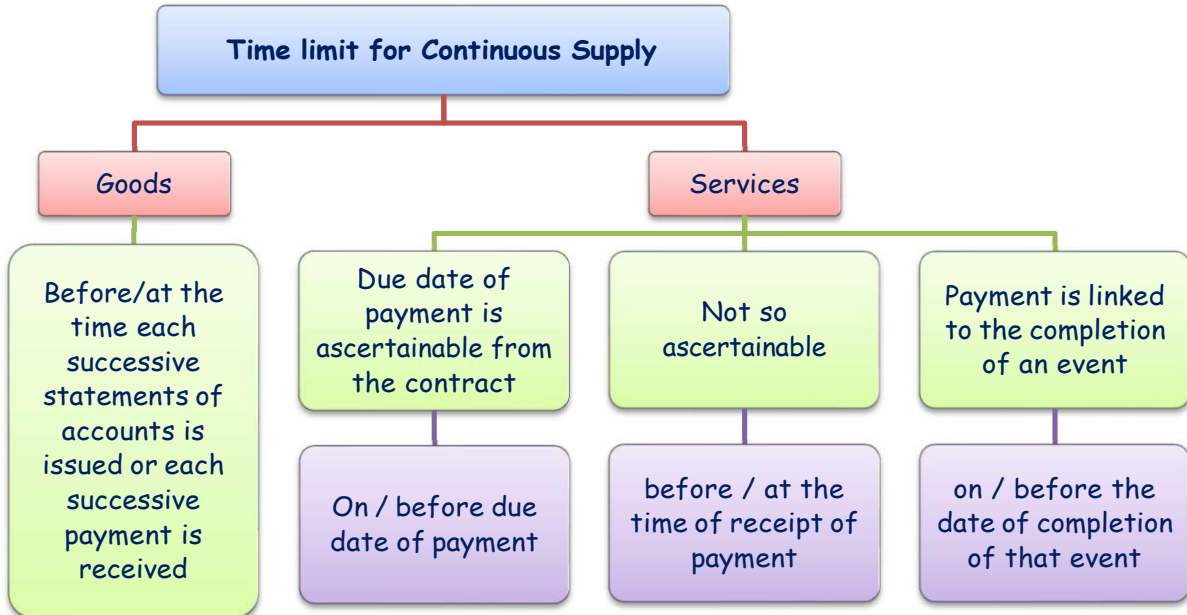
No	Particulars
1	Continuous supply of service means, inter alia, supply of any service which is provided, or agreed to be provided continuously or on recurrent basis, under a contract, for a period exceeding 3 months with the periodic payment obligations
2	Therefore, the given situation is a case of continuous supply of service as repair and maintenance services have been provided by Maintenance Ltd. on a quarterly basis, under a contract, for a period of one year with the obligation for quarterly payment
3	In terms of section 31, in case of continuous supply of service, where due date of payment is ascertainable from the contract (as in the given case), invoice shall be issued on or before the due date of payment. Therefore, in the given case, Maintenance Ltd. should issue quarterly invoices on or before April 15 th , July 15 th , Oct 15 th , and Jan 15 th

CESSATION OF SUPPLY OF SERVICES - INVOICE TO BE ISSUED AT THE TIME WHEN SUPPLY CEASES - SEC 31(6)

No	Explanation
1	In a case where the supply of services ceases under a contract before the completion of supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.

TIME LIMIT FOR ISSUANCE OF INVOICE - S. 31(1), (2), (4) & (5) READ WITH RULE 47

No	Particulars	Answer
1	Ritu Manufactures, Delhi supplies goods to Prakhar Electronics, Haryana. The goods were removed from its factory in Delhi on 23 rd September.	Ritu Manufacturers needs to issue a tax invoice on or before 23 rd September.
2	Katyani Security Services Ltd provides security services to Royal Jewellers for their Jewellery Exhibition to be organized on 5 th October.	Katyani Security Services Ltd needs to issue a tax invoice within 30 days of supply of security services, i.e. on or before 4 th November.
3	Jhanvi Cinemas entered into an annual maintenance contract with Peer Services Ltd. for one year [April - March] for the Air conditioners fitted in their theaters. As per the contract, payment for said services had to be made on 7th April. However, Jhanvi Services made the payment on 15th April.	Since services provided by Peer Services Ltd. to Jhanvi Cinemas is a continuous supply of services and due date of payment is ascertainable from the contract, Peer Services Ltd. had to issue a tax invoice on or before such due date, viz. 7th April

OVERALL SUMMARY: -**TIME LIMIT FOR CONTINUOUS SUPPLY**

CHAPTER 10A - TAX INVOICE OTHER PROVISIONS

- S. 31(3)

No	Sec	Name
1	31(3)(a)	Revised invoice on issuance of Registration Certificate
2	31(3)(b)	No Tax Invoice if the Value is less than 200
3	31(3)(c)	Bill of Supply
4	31(3)(d)	Receipt Voucher for Advances
5	31(3)(e)	Refund Voucher
6	31(3)(f)	Buyer to Prepare invoice if he purchased from URP
7	31(3)(g)	Issuance of Payment Voucher

REVISED TAX INVOICE - 31(3)(a)

Revised invoice on issuance of Registration certificate - Section 31(3)(a) read with Rule 53(2):

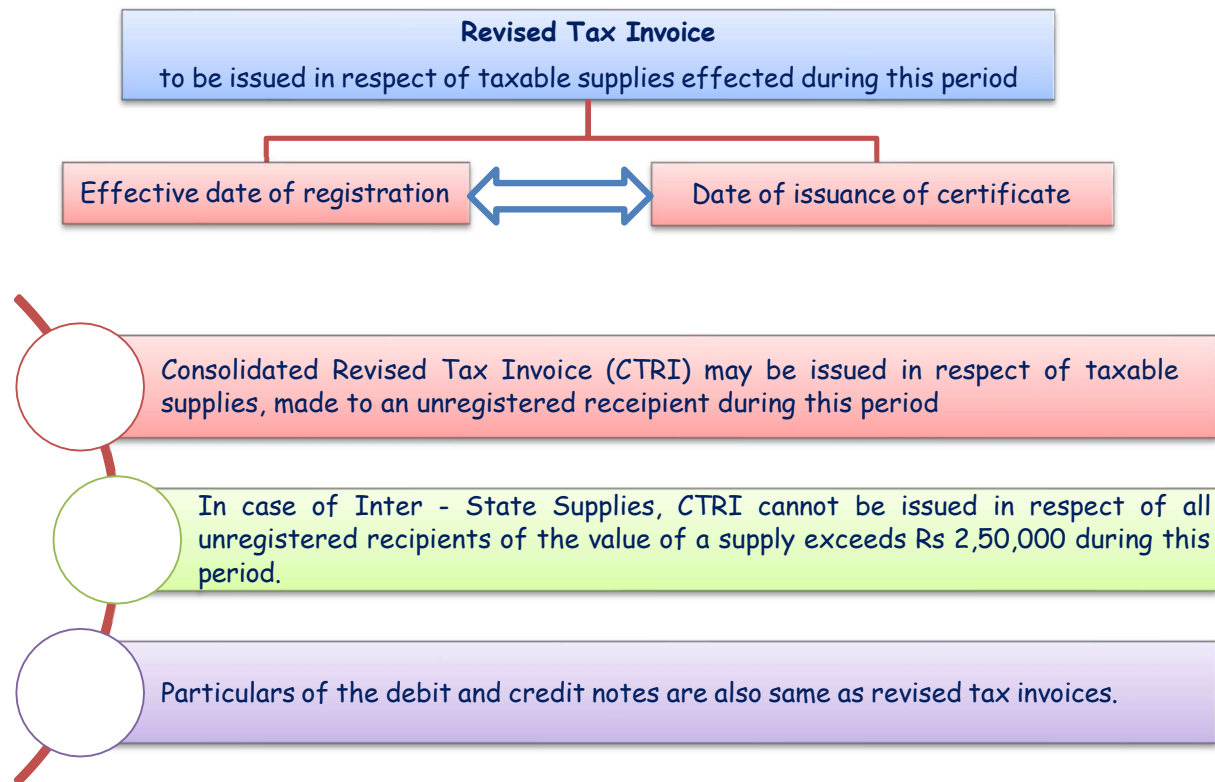
No	Description
1	A registered person may, within one month from the date of issuance of certificate of registration and in such manner as may be prescribed, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him.
2	This provision is necessary, as a person who becomes liable for registration has to apply for registration within 30 days of becoming liable for registration. When such an application is made within the time period and registration is granted, the effective date of registration is the date on which the person became liable for registration.
3	Thus, there would be a time lag between the date of grant of certificate of registration and the effective date of registration. For supplies made by such person during this intervening period, the law enables the issuance of a revised invoice, so that ITC can be availed by the recipient on such supplies.

EXAMPLE:

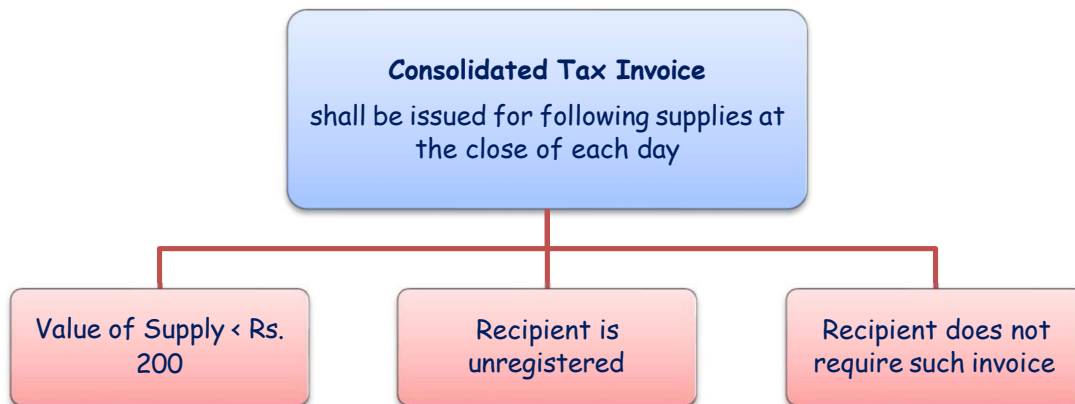
No	Particulars	Answer
1	Sarabhai Pvt. Ltd. commenced business of supply of goods on 1 st April in Delhi. Its turnover exceeded the applicable threshold limit on 3 rd September. Thus, it became liable to registration on 3 rd September. It applied for registration on 29 th September and was granted registration certificate on 5 th October.	Since it applied for registration within 30 days of becoming liable to registration, registration granted is effective from 3 rd September. Sarabhai Pvt Ltd. may issue Revised Tax Invoices on or before 5 th November in respect of taxable supplies effected between 3 rd September and 5 th October.
2	XYZ Pvt Ltd commenced business of supply of goods on 1 st April in Rajasthan. Its turnover exceeded Rs. 40,00,000 on 5 th November. Thus, it became liable to registration on 5 th November. It applied for registration on 28 th November and granted registration certificate on 3 rd December.	Since it applied for registration within 30 days of becoming liable to registration, it was granted registration with effect from 5 th November. XYZ Pvt Ltd. may issue Revised Tax Invoices in respect of taxable supplies effected between 5 th November and 3 rd December.

Consolidated Revised tax invoice

No	Particulars	Explanation
1	Consolidated Revised tax invoice	The registered person may issue a consolidated revised tax invoice in respect of all taxable supplies made to a recipient who is not registered under the Act during such period.
2	Consolidated Revised tax invoice in case of inter - State supply	In case of inter - State supplies, where the value of a supply does not exceed Rs. 2,50,000, a consolidated revised invoice may be issued separately in respect of all the recipients located in a State, who are not registered under the Act

SUMMARY:**CONSOLIDATED TAX INVOICE - 31(3)(b)**

No	Particulars	Explanation
1	No tax invoice if the value is less than Rs.200 - Sec 31(3)(b) read with 4 th proviso to Rule 46 - Inserted vide Notification No. 33/2019 - CT dated 18 - 07 - 2019 w.e.f 01 - 09 - 2019	<p>A registered person other than the supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens, may not issue a tax invoice if -</p> <ul style="list-style-type: none"> ➤ Value of goods or Services or both supplied is less than Rs.200 ➤ The recipient is unregistered and ➤ The recipient does not require such invoice <p>Instead such registered person shall issue a Consolidated Tax Invoice for such supplies at the close of each day in respect of all such supplies</p>
2	Bill of Supply	Above provisions are also applicable to Bill of Supply

SUMMARY:**Test Yourself****Illustration**

Gemini Traders is a trader dealing in stationery items. It is registered under GST and has undertaken following sales during the day:

No	Receipt of supply	Amount
1	Kamlesh Traders - a registered retail dealer under composition levy	185
2	Kalpesh Stationers - an unregistered trader	425
3	Husain - Painter - Unregistered	675
4	Shanti Charitable Trust - an unregistered entity	195
5	Manisha - a Student - Unregistered	140

None of the recipients require a tax invoice.

Determine in respect of which of the above supplies, Gemini Traders may issue a Consolidated Tax Invoice instead of Tax Invoice at the end of the day?

Ans:

No	Particulars
1	In the given illustration, Gemini Traders can issue a Consolidated Tax Invoice only with respect to supplies made to Shanti Charitable Trust [worth Rs. 195] and Manisha [worth Rs. 140] as the value of goods supplied to these recipients is less than Rs. 200 as also these recipients are unregistered and don't require a tax invoice
2	As regards the supply made to Kamlesh Traders, although the value of goods supplied to it is less than Rs. 200, Kamlesh Traders is registered under GST.

	So, Consolidated Tax Invoice cannot be issued
3	Consolidated Tax Invoice cannot be issued for supplies of goods made to Kalpesh Stationers and Hussain although both of them are unregistered. The reason for the same is that the value of goods supplied is not less than 200

BILL OF SUPPLY - 31(3)(C)

No	Particulars	Description
1	Bill of supply instead of tax invoice to be issued in case of Exempted Supply or Composite Levy	A registered person supplying: a) Exempted goods or services or both , or b) paying tax under the provisions of Section 10 i.e. Composition scheme shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed.

NOTE:

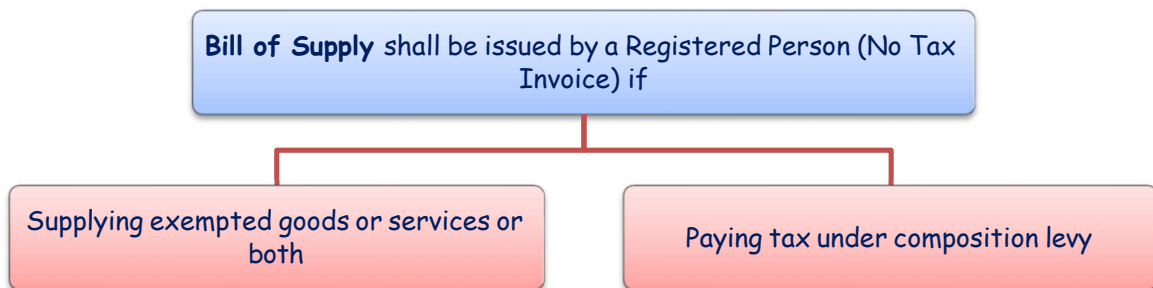
Bill of Supply issued by such persons **does not contain the details pertaining to rate of tax** and amount of tax. Further, **value** to be mentioned in the Bill of Supply is **not also taxable value**.

EXAMPLE:

No	Particulars	Answer
1	Patel & Sons is a manufacturer of goods who has opted for composition levy under section 10(1) and 10(2).	It will issue a Bill of Supply to the buyers of goods and not the tax invoice.
2	Ramesh & Sons is a manufacture of goods who has opted for composition levy under Section.	It will issue a Bill of Supply to the buyers of goods and not the tax invoice as it does not collect any tax from the buyers, but amount at the rate specified under Section 10.

NO BILL OF SUPPLY

No	Particulars	Description
1	No bill of supply if value is less than Rs. 200	The registered person may not issue a bill of supply if the value of the goods or services or both supplied is less than Rs. 200 subject to such conditions and in such manner as may be prescribed.
2	Bill of supply shall have QR code	However, the Govt. may, by notification, on the recommendations of the council, and subject to such conditions and restrictions as mentioned therein, specify that the bill of supply shall have QR code.[w.e.f. date yet to be notified]

SUMMARY:**RECEIPT VOUCHER - 31(3)(d)**

No	Particulars	Description
1	For advances Issuance of receipt voucher - Sec 31(3)(d)	A registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a receipt voucher or any other document, containing such particulars as may be prescribed, evidencing receipt of such payment

Rate of Tax & Nature of Supply

No	Particulars	Description
1	Rate of tax to be 18% and supply to be inter - state supply if the same is not determinable at the time of receipt of advance	Where at the time of receipt of advance - a) the rate of tax is not determinable, the tax shall be paid @ 18%; b) the nature of supply is not determinable, the same shall be treated as inter - state supply.

REFUND VOUCHER - 31(3)(e)

No	Particulars	Description
1	Refund voucher if no supply is made and Advance Refunded - Section 31(3)(e)	Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment.

INVOICE REQUIREMENTS IN CASE OF REVERSE CHARGE - 31(3)(f)**PURCHASES FROM UNREGISTERED SUPPLIER OR UNDER REVERSE CHARGE - BUYER TO PREPARE AN INVOICE - SEC. 31(3)(f)**

No	Description
1	A registered person who is liable to pay tax under Section 9(3)/(4) shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both.
2	Thus, a recipient liable to pay tax by virtue of Section 9(3) has to issue invoice only when supplies have been received from an unregistered supplier.
3	The recipient is liable to pay tax on RCM basis where he receives supply of such goods or services or both which are notified for reverse charge purposes, such supplies can be received from a registered or an unregistered supplier - S. 9(3).

Further, a builder or promoter is required to pay GST on reverse charge basis under section 9(4) in one or more of the following cases:

No	Particulars
1	A builder or promoter must purchase 80% of inputs and input services used in supplying these service from registered persons. In case of short fall, he is required to pay tax under reverse charge on all such inward supplies (to the extend short of 80% of inward supplies from registered supplier)
2	Where cement is received from an unregistered person, promoter or builder has to pay tax on supply of such cement on reverse charge basis and
3	GST on capital goods is payable by the promoter on RCM basis

ISSUANCE OF PAYMENT VOUCHER - 31(3)(g)

Particulars	Description
Issuance of Payment Voucher - Sec 31(3)(g)	A registered person who is liable to pay tax u/s 9(3)/(4) shall issue a payment voucher at the time of making payment to the supplier .

Test Yourself**Illustration**

Discuss the provisions relating to issue of an invoice/document in the following circumstances:

No	Particulars
1	Advance payment is received against a supply, but subsequently no supplies are made
2	Goods are sent on approval for sale or return and are removed before the supply takes place
3	Mr. Mohan provides continuous supply of services to his client, where the due date of payment for such services is not ascertainable. No advance has been received in this behalf.

Ans:

No	Particulars
1	As per section 31(3)(e) of CGST Act, 2017, where advance payment with respect to any supply of goods or services or both the registered person issued a receipt voucher, but subsequently no supplies are made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made payment a refund voucher against such payment.
2	As per section 31(7) of CGST Act, 2017, where the goods are sent on approval for sale or return and are removed before the supply takes place, the invoice shall be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier.
3	As per section 31(5)(b) of CGST Act, 2017, in case of continuous supply of services, where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment

CHAPTER 10B - OTHER PROVISIONS / DEBIT & CREDIT NOTE

SEC 31A - FACILITY FOR PAYMENT

No	Particulars	Explanation
1	Facility of digital payment to recipient [Section 31A] - Inserted by FA 2019, w.e.f. 01.01.2020	The Govt. may, on the recommendations of the council, prescribe a class of registered persons who shall provide prescribed modes of electronic payment to the recipient of supply of goods or services or both made by him and give option to such recipient to make payment accordingly, in such manner and subject to such conditions and restrictions, as may be prescribed.

PROHIBITION OF UNAUTHORIZED COLLECTION OF TAX - S.32

No	Particulars	Description
1	Prohibition of Unauthorized Collection of Tax - Section 32	<p>a) Unregistered person not to collect tax: A person who is not a registered person shall not collect in respect of any supply of goods or services or both any amount by way of tax under this Act.</p> <p>b) Registered person to collect tax as per Act: No registered person shall collect tax except in accordance with the provisions of this Act or the rules made there - under.</p>

Example

No	Particulars	Answer
1	Rujuta is engaged in providing grooming services. She is not registered under GST law as her turnover is below the threshold limit.	Rujuta cannot collect tax on the grooming services provided by her as a person who is not a registered person cannot collect any amount by way of tax under GST law in respect of any supply of goods or services or both.

AMT OF TAX TO BE INDICATED IN INVOICE & OTHER DOCUMENTS - S.33

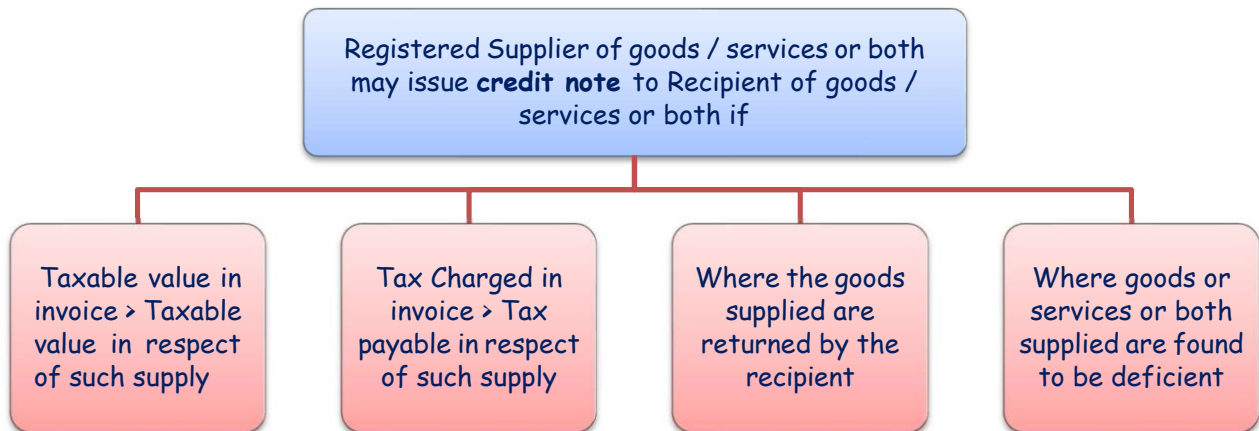
No	Particulars	Description
1	Amount of tax to be indicated in tax invoice and other documents - Section 33	Notwithstanding anything contained in this Act or any other law for the time being in force, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

CREDIT & DEBIT NOTES - SECTION 34**Issuance of Credit Note - Section 34(1)**

No	Description
1	<p>Where one or more tax invoices have been issued for supply of any goods or services or both and</p> <ul style="list-style-type: none"> ➤ the taxable value in the tax invoice is found to exceed the taxable value in respect of such supply, or ➤ the tax charged in that tax invoice is found to exceed the tax payable in respect of such supply, or ➤ where the goods supplied are returned by the recipient, or ➤ where goods or services or both supplied are found to be deficient, <p>the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed. Thus, a single consolidated credit note can be issued against one or more tax invoices.</p>

Credit Note - Sec 2(37)

No	Description
1	"Credit note" means a document issued by a registered person under section 34(1)

SUMMARY**Details of Credit Note to be given in return - Section 34(2)**

No	Description
1	Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note - <ul style="list-style-type: none"> ➤ in the return for the month during which such credit note has been issued but not later than 30th November following the end of the financial year in which such supply was made, or ➤ the date of furnishing of the relevant annual return, Whichever is earlier , and the tax liability shall be adjusted in such manner as may be prescribed.

Output Tax Liability of the supplier not to be reduced - If tax incidence passed on:

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

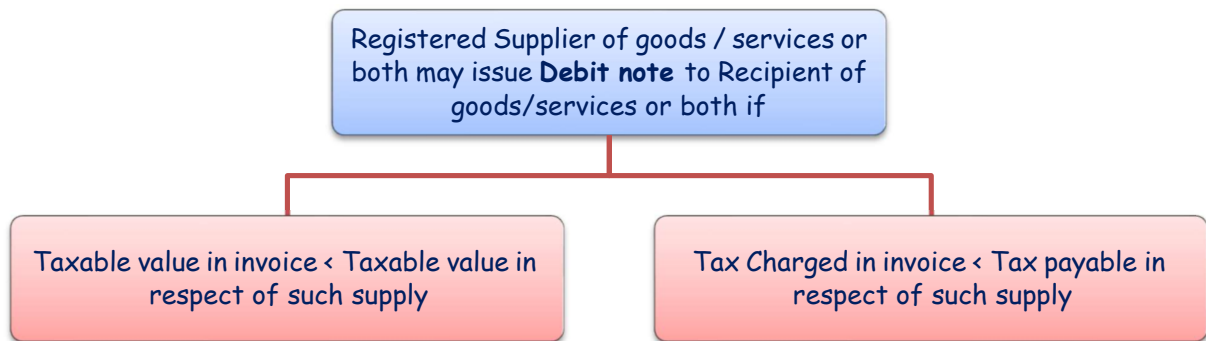
Secondary Discounts - Credit Note need not be issued

No	Particulars
1	Secondary discounts are the discounts which are not known at the time of supply / are offered after the supply is already over. These discounts are not excluded from the value of supply since conditions laid down in section 15(3)(b) of the CGST Act are not satisfied.
2	It is important to note that credit note(s) are not permitted to be issued in case secondary discounts are allowed by the supplier since the tax liability of the supplier does not get reduced in such case.
3	However, supplier can issue financial or commercial credit note(s) to reduce the value of supply payable by the recipient to the supplier.

DEBIT NOTE

No	Description
1	"Debit note" means a document issued by a registered person u/s 34(3)
2	<p>Where one or more tax invoices have been issued for supply of any goods or services or both and</p> <ul style="list-style-type: none"> ➤ the taxable value in the tax invoice is found to be less than the taxable value in respect of such supply, ➤ the tax charged in the tax invoice is found to be less than the tax payable in respect of such supply, <p>the registered person, who has supplied such goods or services or both, shall issue to the recipient one or more debit notes for supplies made in a financial year containing such particulars as may be prescribed.</p>

SUMMARY



Details of Debit Note to be given in return - Section 34(4)

No	Particulars	Description
1	Details of Debit Note to be given in return - Section 34(4)	Any registered person who issues a debit note in relation to a supply of goods or services or both shall declare the details of such debit note in the return for the month during which such debit note has been issued and the tax liability shall be adjusted in such manner as may be prescribed.
2	Explanation	The expression "debit note" shall include a supplementary invoice.

CHAPTER 10C - CONTENTS OF TAX INVOICE

CONTENTS OF TAX INVOICE

A tax invoice shall be issued by the registered person containing the following particulars, namely, -

No	Particulars	
1	Name, address and GSTIN of the supplier;	
2	A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, unique for a financial year;	
3	Date of its issue;	
4	If recipient is registered - Name, address and GSTIN or UIN of recipient	
5	If recipient is unregistered and value of supply is-	
	No	Particulars Explanation
	1	Rs. 50,000 or more Name and address of the recipient and the address of delivery, along with the name of the State and its code
	2	less than Rs. 50,000 Un-registered recipient may still request the aforesaid details to be recorded in the tax invoice; However, in cases involving supply of online money gaming or in cases where any taxable service is supplied by or through an ECO or by a supplier of OIDAR services to a recipient who is unregistered, irrespective of the value of such supply, a tax invoice issued by the registered person shall contain the name of the state of the recipient and the same shall be deemed to be the address on record of the recipient.
6	HSN code for goods or services;	
7	Description of goods or services;	
8	Quantity in case of goods and unit or Unique Quantity Code thereof;	
9	Total value of supply of goods or services or both;	
10	Taxable value of the supply of goods or services or both taking into account discount or abatement, if any,	
11	Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);	

12	Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
13	Place of supply along with the name of the State, in the case of a supply in the course of inter-State trade or commerce;
14	Address of delivery where the same is different from the place of supply;
15	Whether the tax is payable on reverse charge basis; and
16	Signature or digital signature of the supplier or his authorized representative. The signature or digital signature of the supplier or his authorized representative shall not be required in the case of issuance of an electronic invoice in accordance with the provisions of the Information Technology Act, 2000.
17	Quick response code, having embedded Invoice Reference Number (IRN) in it, in case e-invoice has been issued under Rule 48(4).
18	A declaration as below, that an e-invoice is not required to be issued u/r 48(4), in all cases where an invoice is issued, other than an e-invoice, by the taxpayer having aggregate turnover in any preceding financial year from 2017-18 onwards more than 5 crores. "I/We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under Rule 48(4), we are not required to prepare an invoice in terms of the provisions of the said sub-rule."
19	However, the Government may, by notification, on the recommendations of the Council, and subject to such conditions and restrictions as mentioned therein, specify that the tax invoice shall have Quick Response (QR) code.

Invoice having QR code:

The Central Government vide Notification No. 14/2020-CT dated 21-03-2020 as amended vide Notification No. 71/2020-CT dated 30-09-2020, has notified that -

No	Particulars
1	An invoice issued by a registered person, whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds Rs. 500 crore,
2	Other than those referred to Rule 54(2)/(3)/(4)/(4A) (i.e. service suppliers of notified services), and registered person referred to in section 14 of the IGST Act, 2017 (i.e. OIDAR service suppliers),
3	To an unregistered person (hereinafter referred to as B2C invoice), shall have Dynamic Quick Response (QR) code

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

I - QUOTING OF HSN / ACCOUNTING CODE

The Board may, on the recommendations of the Council, by notification, specify-

No	Explanation
1	The number of digits of Harmonized System of Nomenclature code for goods or services that a class of registered persons shall be required to mention; or
2	A class of supply of goods or services for which specified number of digits of Harmonized System of Nomenclature code shall be required to be mentioned by all registered taxpayers; and
3	The class of registered persons that would not be required to mention the Harmonized System of Nomenclature code for goods or services.

In this regard, Notification No. 78/2020 - CT dated 15 - 10 - 2020 has amended Notification No. 12/2017 - CT and has notified the following w.e.f. 01 - 04 - 2021:

No	Annual Turnover in the preceding FY	Number of Digits of HSN Code
1	Up to Rs 5 Crores	4
2	More than Rs 5 Crores	6

Exception:

However, a registered person having aggregate T/O up to Rs. 5 crores in Previous FY may not mention 4 digits of HSN Code in a tax invoice issued by him under the rules in respect of supplies made to unregistered persons.

II - EXPORT / SEZ SUPPLIES

Invoice requirements in case of Export/ SEZ supplies:

In the case of the export of goods or services, the invoice shall carry an endorsement,

No	Explanation
1	"SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS ON PAYMENT OF INTEGRATED TAX", or
2	"SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX".

as the case may be.

Notes:

No	Explanation
1	Particulars of an Export Invoice are same as a tax invoice
2	However, where recipient is unregistered and value of supply is Rs. 50,000 or more , instead of name of State and its code, in case of an export invoice, name of the country of destination is to be mentioned

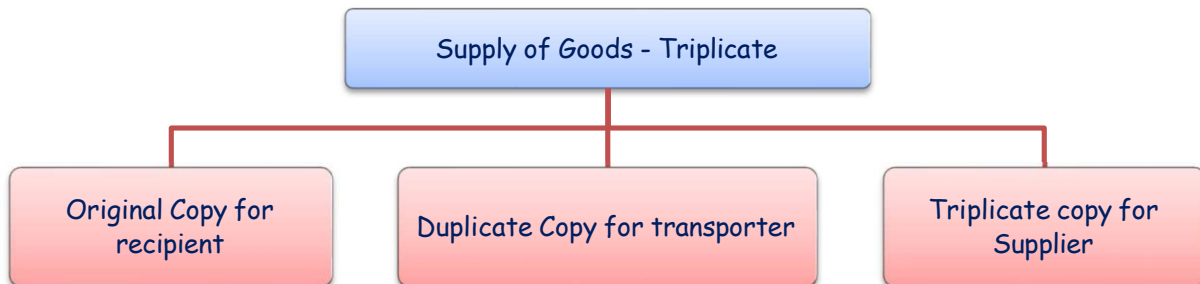
III - INVOICE-CUM-BILL OF SUPPLY - RULE 46A

No	Particulars
1	Where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single "invoice-cum-bill of supply" may be issued for all such supplies.
2	The said single "invoice-cum-bill of supply" shall contain the particulars as specified under rule 46 or rule 54, as the case may be, and rule 49.

IV - MANNER OF ISSUING INVOICE - RULE 48**01 - Three Copies in case of supplier of goods - Rule 48(1)**

The invoice shall be prepared in triplicate, in the case of supply of goods, in the following manner, namely,

No	Particulars	Named as
1	The original copy	Being marked as ORIGINAL FOR RECIPIENT
2	The duplicate copy	Being marked as DUPLICATE FOR TRANSPORTER
3	The triplicate copy	Being marked as TRIPLICATE FOR SUPPLIER

Manner of issuing the invoice

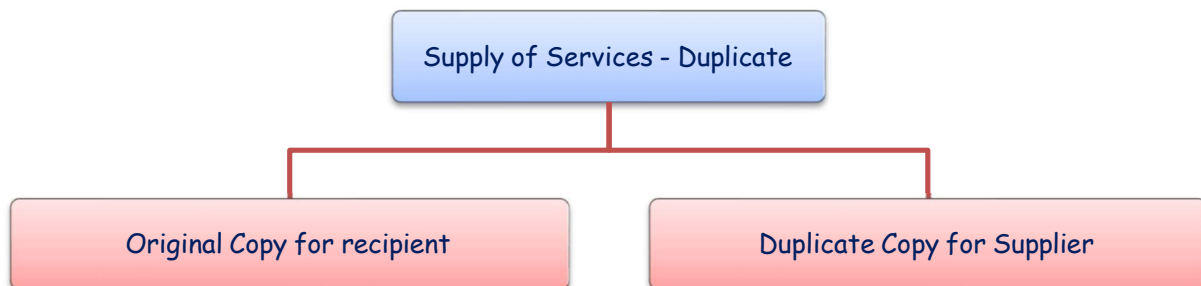
The serial number of invoices issued during a month/quarter shall be furnished electronically in **FORM GSTR - 1**.

02 - Two Copies in case of supplier of services - Rule 48(2)

The invoice shall be prepared in duplicate, in the case of the supply of services, in the following manner, namely,

No	Particulars	Named as
1	The original copy	Being marked as ORIGINAL FOR RECIPIENT
2	The duplicate copy	Being marked as DUPLICATE FOR SUPPLIER

Manner of issuing the invoice



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

03 - Serial No. to be furnished Electronically - Rule 48(3)

No	Particulars
1	The serial number of invoices issued during a tax period shall be furnished electronically through the common portal in FORM GSTR - 1

04 - E- Invoicing - Rule 48(4)

No	Particulars
1	The invoice shall be prepared by such class of registered persons as may be notified by the Government, on the recommendations of the Council, by including such particulars contained in FORM GST INV-01 after obtaining an Invoice Reference Number by uploading information contained therein on the Common Goods and Services Tax Electronic Portal in such manner and subject to such conditions and restrictions as may be specified in the notification

Exemption by Commissioner:

No	Particulars
1	However, the Commissioner through notification may exempt a person or a class of registered persons from issuance of e-invoice for a specified period, subject to such conditions and restrictions as may be specified in the said notification

The applicability of E-invoicing is as follows:

No	Aggregate Turnover in any Financial Year From 2017 - 18	Applicability Date
1	More than 500 Crores	1 st October 2020
2	More than 100 Crores	1 st January 2021
3	More than 50 Crores	1 st April 2021
4	More than 20 Crores	1 st April 2022
5	More than 10 Crores	1 st October 2022
6	More than 5 Crores	1 st August 2023

05 - Invoices other than E - Invoice - not regarded as invoice - Rule 48(5)

No	Particulars
1	Every invoice issued by a person to whom above provision applies in any manner other than the manner specified in the said sub-rule shall not be treated as an invoice

06 - Non applicability of certain provisions in case of E - Invoice - Rule 48(6)

No	Particulars
1	The provisions of Rule 48(1)&(2) shall not apply to an invoice prepared in the manner specified in Rule 48(4)

V - E - INVOICING

01 - E - invoicing

No	Explanation
1	E-invoicing is not generation of invoice by a Government portal. Taxpayers will continue to create their GST invoices on their own Accounting/Billing/ERP Systems as per e-invoice schema.
2	These invoices will then be reported to 'Invoice Registration Portal (IRP)'. On such reporting, IRP will generate a unique 'Invoice Reference Number (IRN)', digitally sign it and return the e-invoice to the supplier.
3	A GST invoice will be valid only with a valid IRN. Presently, invoices, credit notes and debit notes, when issued by notified persons (to registered persons (B2B) or for the purpose of exports) are covered under e-invoice.
4	Though different documents are covered, for ease of reference and understanding, the system is referred as 'e-invoicing'.

02 - Advantages of E-invoicing:

No	Explanation
1	Auto-reporting of invoices into GST return and auto-generation of e-way bill (wherever required) thus resulting in a substantial reduction in transcription errors.
2	It will facilitate standardization and inter-operability leading to reduction of disputes among transacting parties, improve payment cycles, reduction of processing costs and thereby greatly improving overall business efficiency.
3	It will enable the system-level matching of input tax credit and output tax thereby reducing the tax evasion.
4	It will eliminate the fake invoices as the tax authorities will have access to data in real-time.

03 - Class of persons notified to mandatorily issue e-invoice:

No	Explanation
1	A registered person (except specified class of persons), whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds Rs. 5 crores, has been notified as class of persons who shall prepare e-invoice in respect of B2B supplies (supply of goods or services or both to a registered person) or for exports.
2	Thus, presently, such notified persons are not required/allowed to report B2C invoices. Further, e-invoicing is also not applicable to invoices issued by Input

	Service Distributor (ISD).
3	If the invoice issued by a notified person is in respect of supplies made by him tax on which is payable under reverse charge under section 9(3), e-invoicing is applicable.
4	On the other hand, where specified category of supplies are received by notified person from unregistered persons [attracting reverse charge under section 9(4)] or through import of services, e-invoicing doesn't arise/not applicable. E-invoicing is also not applicable for import of goods (Bills of Entry).

EXAMPLE

No	Particulars
1	A taxpayer (say a firm of advocates) having aggregate turnover in a FY of more than 5 crore is supplying services to a company (who will be discharging tax liability as recipient under reverse charge mechanism), such invoices have to be reported by said tax payer (since it is a notified person) to IRP.

04 - Exemption from E-invoicing:

Following entities are exempt from the mandatory requirement of e-invoicing:

No	Explanation
1	Special Economic Zone units Note: It is important to note here that only SEZ units and not SEZ, developers are exempt from issuing e-invoices. Thus, SEZ developers whose turnover exceeds 5 crores in any preceding financial year from 2017-18 onwards are mandatorily required to issue e-invoices. Further, in case of supplies made by notified persons to SEZ units, e-invoices need to be issued.
2	Insurer or banking company or financial institution including NBFC
3	GTA supplying services in relation to transportation of goods by road in a goods carriage
4	Supplier of passenger transportation service
5	Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
6	A government department, a local authority

Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds Rs. 5 crores in the preceding financial year from 2017-18 onwards.

EXAMPLE

No	Particulars	Answer
1	XYZ Private Limited has an SEZ unit and a regular DTA unit (both having same PAN). The aggregate total turnover of XYZ Private Limited is more than 5 crores (considering both the GSTINs). However, the turnover of DTA unit is below 5 crores for FY 2022-23.	In this scenario, SEZ unit is exempt from e-invoicing. However, e-invoicing will be applicable to DTA Unit because the aggregate turnover of the legal entity in this case is > Rs. 5 crores. The eligibility is based on aggregate annual turnover on the common PAN.

05 - Generation of E - Invoice:

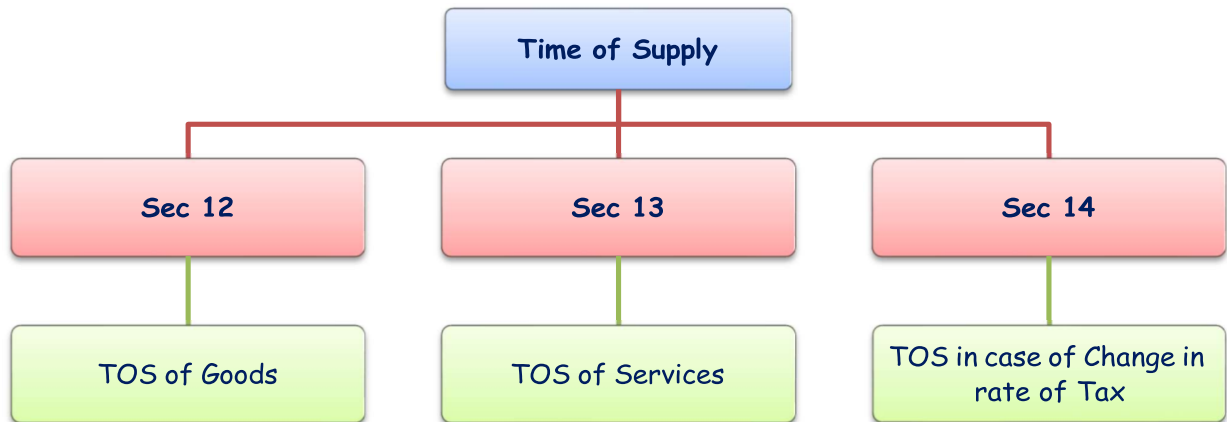
No	Explanation
1	The taxpayer first prepares and generates his invoice using his own ERP/ accounting/ billing system or manual system.
2	The invoice must conform to the e-invoice schema (standard notified format) and must have the mandatory parameters.
3	The details of this invoice are uploaded/reported by the taxpayer to the Invoice Registration Portal (IRP).
4	This way taxpayer registers his supply transaction on IRP. On uploading, IRP returns the e-invoice with a unique 'Invoice Reference Number (IRN)' after digitally signing the e-invoice and adding a QR Code (Quick Response Code).
5	Then, the supplier shares the e-invoice with the receiver (along with QR Code).

06 - Cancellation/amendment of reported invoice:

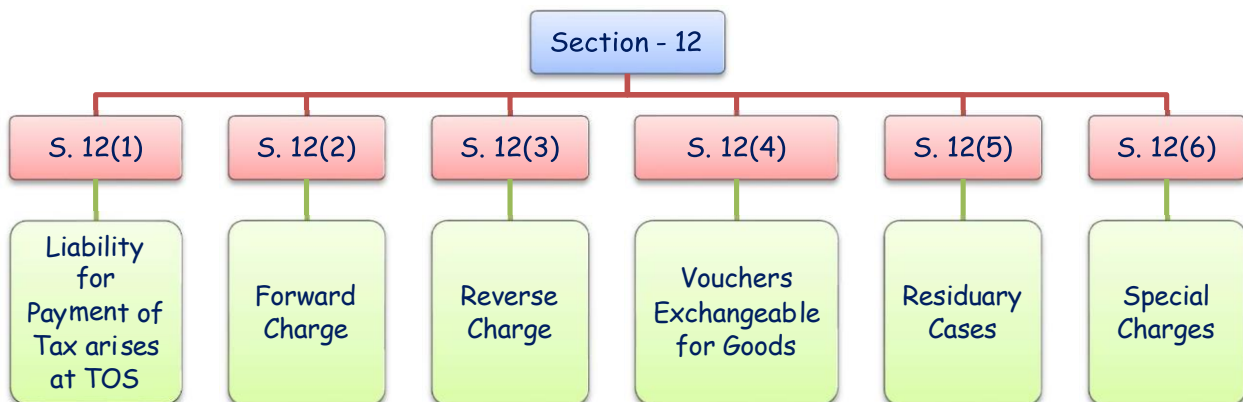
No	Explanation
1	Where needed, the seller can cancel IRN for an e-invoice already reported by reporting it on IRP within specified time.
2	Amendment of e-invoice already uploaded on IRP will be done only on GST portal. Amendment of invoices is not possible through the IRP

CHAPTER 11 - TIME OF SUPPLY OF GOODS - SEC 12

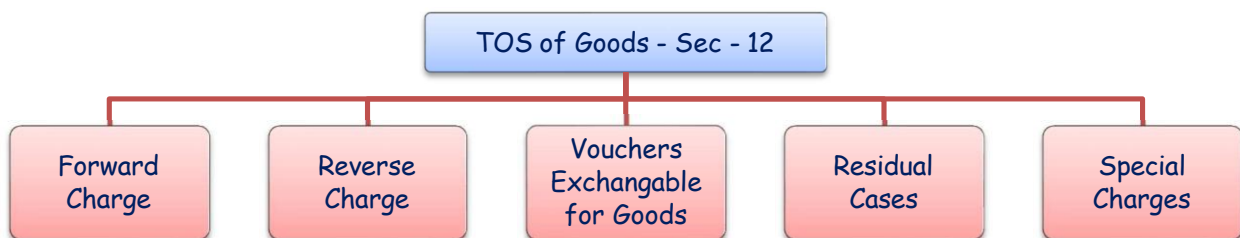
CHAPTER OVERVIEW



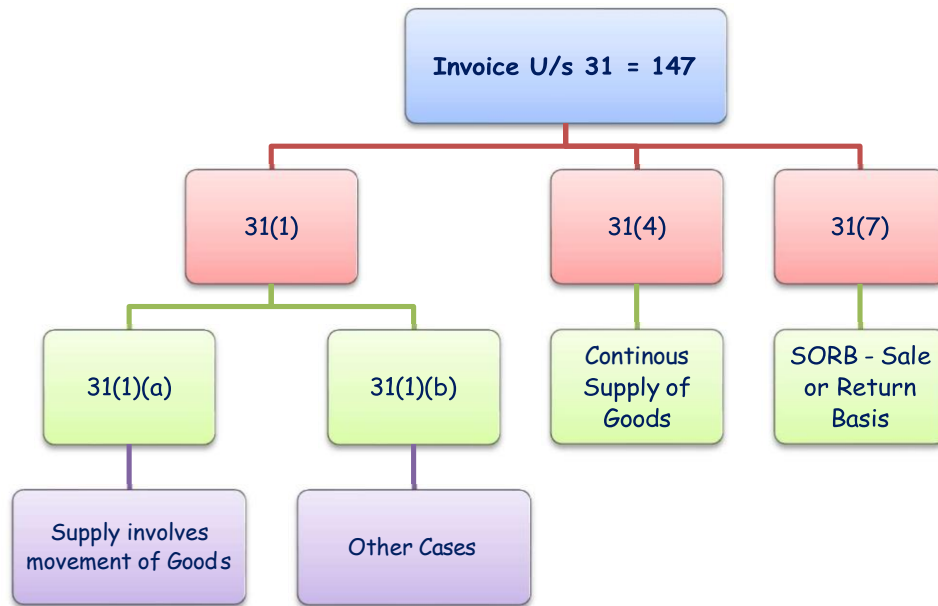
SECTION - 12



Time of Supply of Goods:



I - INVOICE PROVISIONS IN RESPECT OF GOODS



Time limit for issuance of invoice in case of Supplier of Goods - Section 31(1)

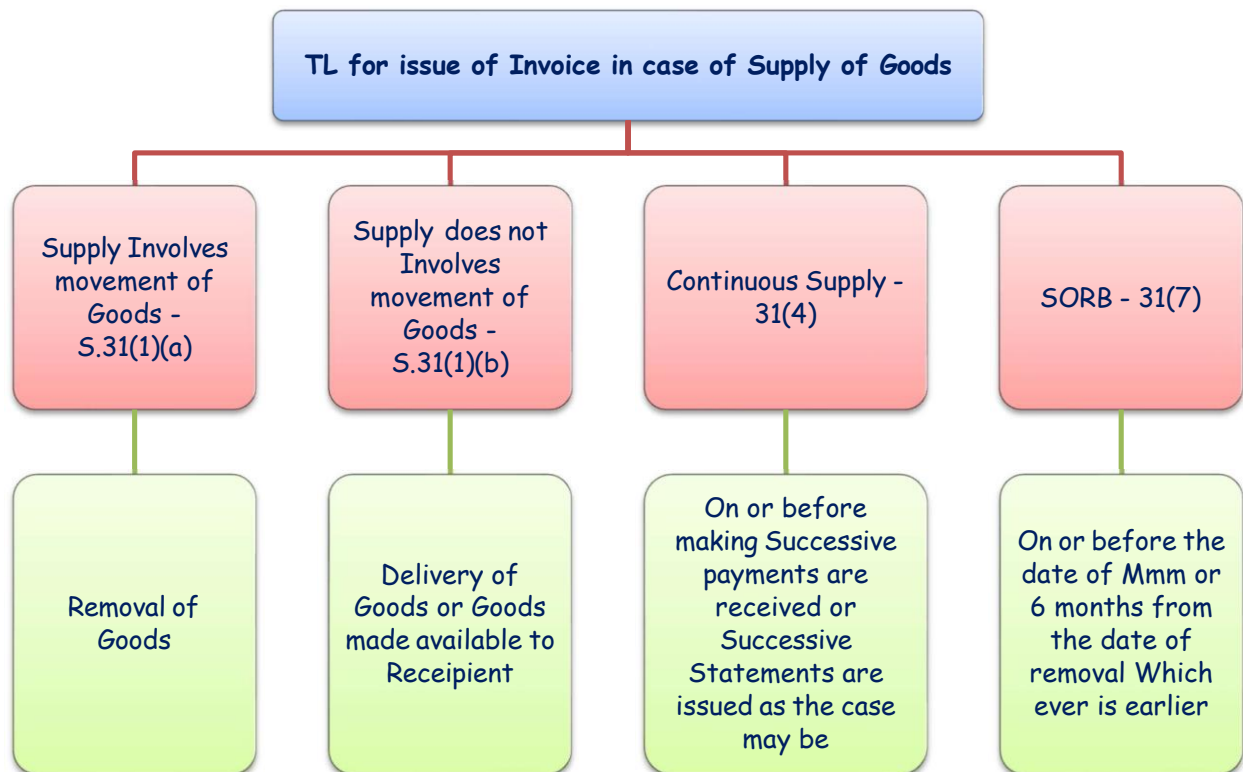
No	Explanation
1	<p>A registered person supplying taxable goods shall issue invoice before or at the time of, -</p> <p>a) Removal of goods for supply to the recipient, where the supply involves movement of goods; or</p> <p>b) Delivery of goods or making available thereof to the recipient , in any other case</p>

Issuance of Invoice in case of *Continuous Supply of Goods - Section 31(4)

No	Explanation
1	<p>In case of Continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.</p>

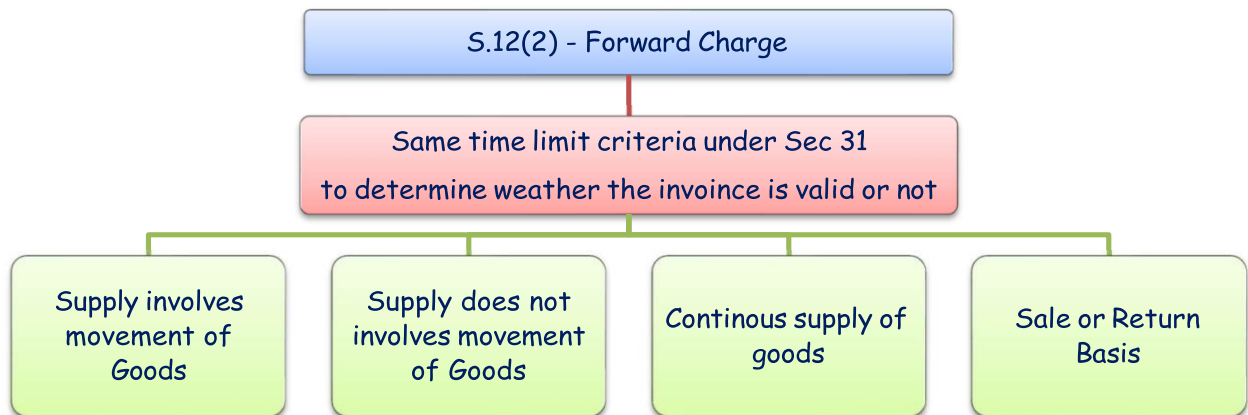
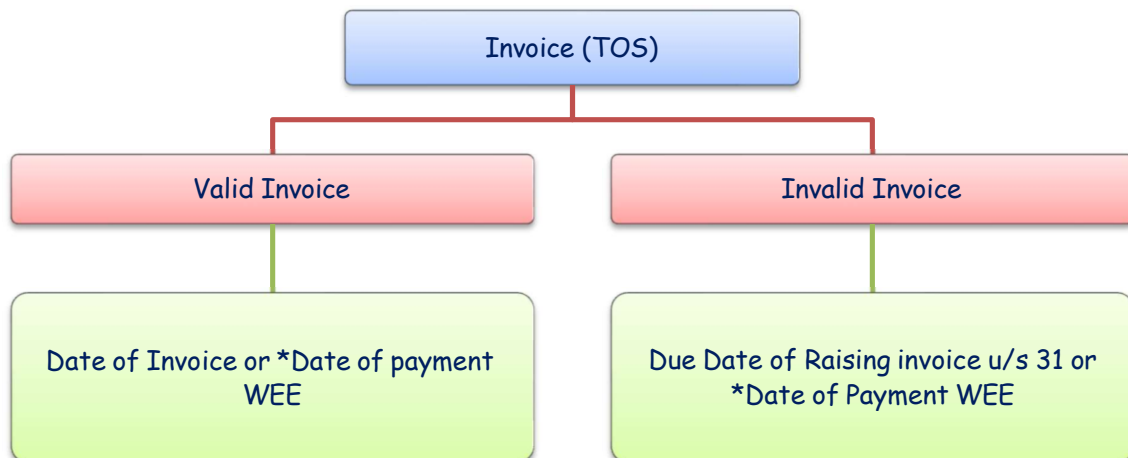
Goods sent on Approval - Section 31(7)

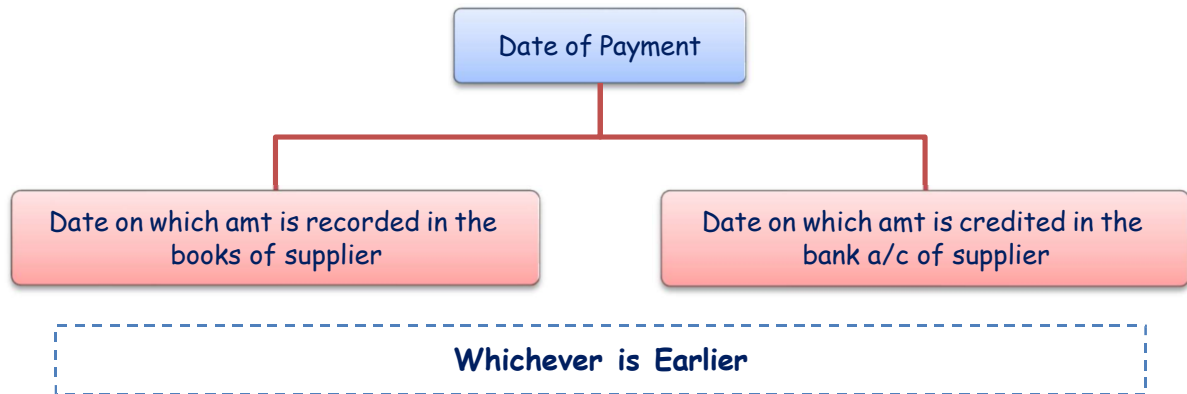
No	Particulars	Time limit
1	Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued -	<ul style="list-style-type: none"> ➤ Before or at the time of supply, or ➤ 6 Months from the date of removal, Whichever is earlier

SUMMARY:

APPLICABILITY - 12(1)**Liability for payment of tax arises at TOS - Section 12(1)**

No	Particulars
1	The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this Section.

FORWARD CHARGE - 12(2)**Summary:**

Date of payment:**Normal Supply of Goods - Section 12(2)**

The time of supply of goods shall be the earlier of the following dates, namely:

No	Particulars
1	The date of Issue of Invoice by the supplier; or the last date on which he is required, u/s 31, to issue the invoice with respect to the supply; or
2	The date on which the supplier received the payment with respect to the supply

Determination of date when supplier receives the payment - Explanation 2

For the purpose of clause (b), 'the date on which the supplier receives the payment' shall be -

No	Particulars
1	The date on which the payment is entered in the books of account; or
2	The date on which the payment is credited to his bank account

Whichever is earlier.

RECENT NOTIFICATION-NO GST ON ADVANCES FOR SUPPLIER OF GOODS

Exemption to all tax payers from payment of tax on advances received in case of supply of goods - Tax on 'supply of goods' is to be paid on invoice basis and receipt basis is not applicable

No	Explanation								
1	The registered person, who did not opt for Composition levy under section 10 of the said Act, shall pay GST on the outward supply of goods								
	<table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>a</td><td>At the time of supply as specified in section 12(2)(a) i.e. date of issuance of notice</td></tr> <tr> <td>b</td><td>Including in the situations attracting the provisions of section 14 of the said act &</td></tr> <tr> <td>c</td><td>Shall accordingly furnish the details and returns as mentioned in Chapter IX of the said Act and the rules made thereunder and the period prescribed for the payment of tax by said class of registered persons shall be such as specified in the Act</td></tr> </table>	No	Particulars	a	At the time of supply as specified in section 12(2)(a) i.e. date of issuance of notice	b	Including in the situations attracting the provisions of section 14 of the said act &	c	Shall accordingly furnish the details and returns as mentioned in Chapter IX of the said Act and the rules made thereunder and the period prescribed for the payment of tax by said class of registered persons shall be such as specified in the Act
No	Particulars								
a	At the time of supply as specified in section 12(2)(a) i.e. date of issuance of notice								
b	Including in the situations attracting the provisions of section 14 of the said act &								
c	Shall accordingly furnish the details and returns as mentioned in Chapter IX of the said Act and the rules made thereunder and the period prescribed for the payment of tax by said class of registered persons shall be such as specified in the Act								

In short:

No	Particulars
1	All tax payers (except composition suppliers) are exempted from paying GST at the time of receipt of advance in relation to supply of goods.
2	The entire GST shall be payable only when the invoice for the supply of such goods is issued or ought to have been issued

Composition Supplier:

No	Particulars
1	A composition supplier has to pay, in lieu of tax payable by him, an account calculated at the prescribed rate applied on his 'turnover in the State / Union Territory' for a quarter.
2	Therefore, the composition supplier is not required to pay any tax on advance received as the same does not form part of taxable supplies and, in turn, also does not form part of the 'turnover in State / Union Territory' at the end of the quarter (tax period)

Note:

No	Particulars
1	The relief of not paying GST at the time of receipt of advance is available only in case of supply of goods, the tax on which is payable under forward charge. In case of reverse charge, GST is payable at the time of payment, if payment is recorded or made before receipt of goods (advance payment)
2	As per special procedure under section 148 for payment of tax in case of goods, GST is to be paid at the time of supply as specified in section 12(2)(a) i.e., date of issue of invoice / last date of issue of invoice under section 31

TOS OF GOODS IN CASE OF SMALL ADVANCES UP TO Rs. 1000**Small advances upto Rs. 1000 - date of invoice to be time of supply**

No	Particulars
1	Where the supplier of taxable goods received an amount up to Rs. 1000 in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect to such excess amount

Supply deemed to be made to the extent covered by invoice or payment

-

Explanation 1

No	Particulars
1	For purpose of - <ul style="list-style-type: none"> ➤ Clause (a) i.e. the date on which the supplier issues invoice with respect to supply; and ➤ Clause (b) i.e. the date when supplier receives the payment with respect to supply;

Supply

No	Particulars
1	"Supply" shall be deemed to have been to the extent it is covered by the invoice or, as the case may be the payment

Significance of "to the extent the payment covers the goods"

No	Particulars
1	Suppose a part of the consideration is paid in advance or invoice is issued for part payment, the time of supply will not cover the full supply. The supply shall be deemed to have been made to the extent it is covered by the invoice or the part advance payment.
2	However, it may be noted that in case of goods, tax will be payable only on the issuance of invoice/last date of issuance even if any advance or part payment has been received before the issuance of invoice/last date of issuance of invoice.

EXAMPLES:

No	Particulars	TOS
1	Company X receives an advance of Rs.50,000 on 30th April, against which it dispatches goods worth Rs.49,200 under invoice dated 5th May. In this example, Company X has received Rs.800 in excess, which cannot be considered as payment for the present invoice, in terms of Explanation 1 to section 12(2). Company X will adjust this excess amount against the next supply.	The time of supply for Rs. 800 can be taken as the date of the next invoice if the supplier so chooses, though the payment was received earlier.

Exemption to all taxpayers from payment of tax on advances received in case of supply of goods - Tax on 'supply of goods' is to be paid on 'invoice Basis' and receipt basis is not applicable - Notification No. 6/2017-CT dated 15-11-2017 - Amended by Notification No. 50/2023-CT w.e.f. 01-10-2023:

The registered person, who did not opt for the composition levy under Section 10 of the said Act, other than the registered person making supply of specified actionable claims as defined in Section 2(102A) of the said Act, shall pay GST on the outward supply of goods,

- at the time of supply as specified in section 12(2)(a) i.e. date of issuance of invoice
- including in the situations attracting the provisions of section 14 of the said Act, and
- shall accordingly furnish the details and returns as mentioned in Chapter IX of the said Act and the rules made thereunder and the period prescribed for the payment of tax by such class of registered persons shall be such as specified in the said Act.

In simple words, all taxpayers (except composition suppliers) are exempted from paying GST at the time of receipt of advance in relation to supply of goods. The entire GST shall be payable only when the invoice for the supply of such goods is issued or ought to have been issued.

A composition supplier has to pay, in lieu of tax payable by him, an amount calculated at the prescribed rate applied on his 'turnover in the State/Union Territory for a quarter. Therefore, the composition supplier is not required to pay any tax on advance received as the same does not form part of taxable supplies and, in turn, also does not form part of the 'turnover in a State/Union Territory' at the end of the quarter (tax period).

Note:

The relief of not paying GST at the time of receipt of advance is available only in case of supply of goods, the tax on which is payable under forward charge. In case of reverse charge, GST is payable at the time of payment, if payment is recorded/made before receipt of goods (advance payment).

Effect of amendment:

GST on advances received against the supply of specified actionable claims - With effect from 01-10-2023, Notification No. 66/2017-CT dated 15-11-2017 has been amended to provide that the registered persons who are engaged in making supply of specified actionable claims as defined u/s 2(102A) of the CGST Act, 2017 shall be liable to pay GST on the advances received for such supply.

TEST YOURSELF

SUPPLY INVOLVE MOVEMENT OF GOODS

Illustration

Determine the time of supply in each of the following independent cases in accordance with provisions of Section 12 of the CGST Act, 2017 in case supply involves movement of goods.

No	Date of Removal	Date of Invoice	Date when goods made available to recipient	Date of receipt of Payment
1	01.10.2023	02.10.2023	03.10.2023	15.11.2023
2	03.10.2023	01.10.2023	04.10.2023	25.11.2023
3	04.11.2023	04.11.2023	06.11.2023	01.10.2023

Ans:

TOS of goods in each of the above cases has been given in following table

No	Date of Removal	Date of invoice	Date when goods made available to recipient	Date of receipt of payment	Time of Supply	Reason
1.	01 - 10 - 23	02 - 10 - 23	03 - 10 - 23	15 - 11 - 23	01 - 10 - 23	Since, invoice is not issued on or before the date of removal of goods, hence, time of supply is date of removal of goods.
2.	03 - 10 - 23	01 - 10 - 23	04 - 10 - 23	25 - 11 - 23	01 - 10 - 23	TOS is date of issuance of invoice since invoice is issued prior to date of removal

						of goods.
3.	04 - 11 - 23	04 - 11 - 23	06 - 11 - 23	01 - 10 - 23	04 - 11 - 23	TOS is date of issue of invoice. Advance received is not liable to be taxed at the time of receipt vide Notification No. 66/2017 - CT dated 15 - 11 - 2017.

SUPPLY DOES NOT INVOLVE MOVEMENT OF GOODS

Illustration

Determine the time of supply in each of following independent cases in accordance with provisions of Section 12 of the CGST Act, 2017 in case supply does not involve movement of goods.

No	Date of Invoice	Date when goods made available to recipient	Date of receipt of Payment
1	02.10.2023	03.10.2023	15.11.2023
2	04.10.2023	01.10.2023	25.11.2023
3	04.11.2023	06.11.2023	01.10.2023

Ans:**TOS of goods in each of the above cases has been given in following table**

No	Date of Invoice	Date when goods made available to recipient	Date of receipt of payment	Time of supply	Reason
1	02 - 10 - 23	03 - 10 - 23	15 - 11 - 23	02 - 10 - 23	TOS is date of issuance of invoice since invoice is issued prior to date when goods are made available to recipient.
2	04 - 10 - 23	01 - 10 - 23	25 - 11 - 23	01 - 10 - 23	TOS is date when goods are made available to the recipient and date of issuance of invoice is after that date.
3	04 - 11 - 23	06 - 11 - 23	01 - 10 - 23	04 - 11 - 23	TOS is date of issue of invoice. Advance received is not liable to be taxed at the time of receipt vide Notification No. 66/2017 - CT dated 15 - 11 - 2017.

CONTINUOUS SUPPLY OF GOODS

Illustration

From the following information determine the time of supply if there is continuous supply of goods

No	Invoice Date	Removal of Goods	Statement of accounts	Receipt of Payment
1	01.12.2023	15.11.2023	05.12.2023	02.12.2023
		25.11.2023		
2	21.01.2024	18.01.2024	05.01.2024	10.02.2024
		31.01.2024		

Ans:

TOS of goods in each of the above cases has been given in following table

No	Invoice date	Removal of goods	Statement of accounts	Receipt of payment	Time of supply	Reason
1	01 - 12 - 2023	15 - 11 - 23 25 - 11 - 23	05 - 12 - 23	02 - 12 - 23	01 - 12 - 23	TOS is date of invoice since invoice is issued before statement of account
2	21 - 01 - 24	18 - 01 - 24 31 - 01 - 24	05 - 01 - 24	10 - 02 - 24	05 - 01 - 24	TOS is date of statement of account since invoice is issued after the date of statement of account and payment is also received after that date.

SALE ON APPROVAL BASIS**Illustration**

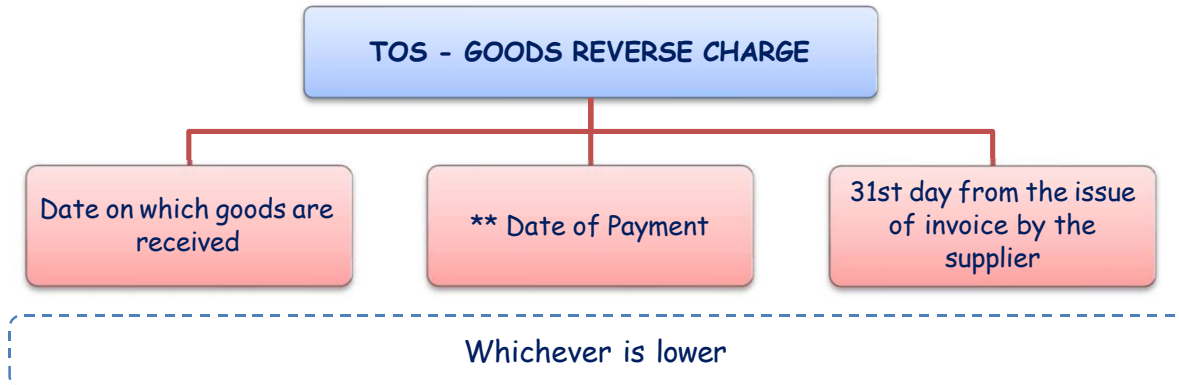
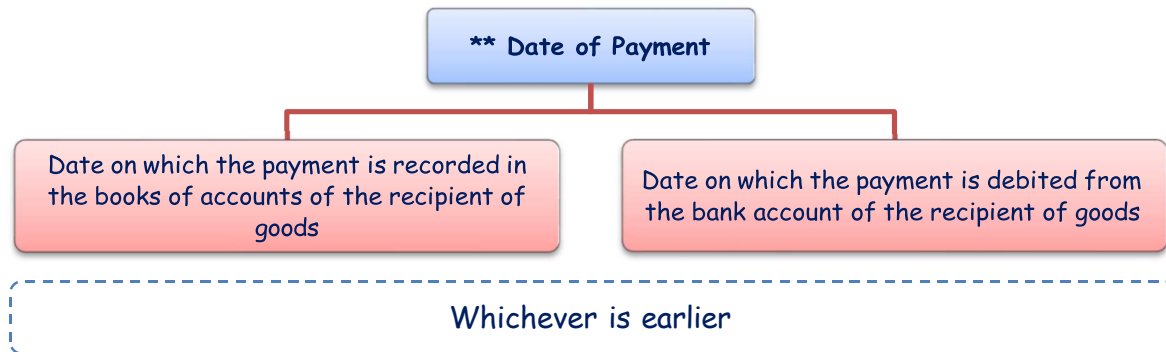
From the following information determine the TOS if goods are supplied on approval basis

No	Removal of Goods	Issue of Invoice	Accepted by recipient	Receipt of Payment
1	01.12.2023	15.12.2023	05.12.2023	25.12.2023
2	01.12.2023	25.07.2024	25.07.2024	20.07.2024

Ans:

Time of supply of goods in each of the above cases in the following table

No	Removal of goods	Issue of invoice	Accepted by recipient	Receipt of payment	Time of supply	Reason
1	01 - 12 - 23	15 - 12 - 23	05 - 12 - 23	25 - 12 - 23	05 - 12 - 23	TOS shall be the date of acceptance by the recipient as invoice was issued after that date.
2	01 - 12 - 23	25 - 07 - 24	25 - 07 - 24	20 - 07 - 24	02 - 06 - 24	TOS shall be date after expiry of 6 months from the date of removal, since invoice is not issued within 6 months from the date of removal and payment is also received after such date.

TIME OF SUPPLY OF GOODS UNDER REVERSE CHARGE - 12(3)**Summary:****Date of payment:**

TOS in case of supplies taxed under Reverse Charge Mechanism - Sec 12(3)

No	Particulars								
1	In case of supplies in respect of which tax is paid or liable to be paid on reverse charge mechanism basis, the time of supply shall be the earliest of the following dates; namely <table> <tr> <th>No</th><th>Particulars</th></tr> <tr> <td>a</td><td>The date of the receipt of goods; or</td></tr> <tr> <td>b</td><td>The date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or</td></tr> <tr> <td>c</td><td>The date immediately following 30 days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier</td></tr> </table>	No	Particulars	a	The date of the receipt of goods; or	b	The date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or	c	The date immediately following 30 days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier
No	Particulars								
a	The date of the receipt of goods; or								
b	The date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or								
c	The date immediately following 30 days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier								

If TOS cannot be determined as above - TOS is date of entry in the books of account of the Recipient of Supply:

No	Particulars
1	However, where it is not possible to determine the time of supply under Section 12(3)(a)/(b)/(c) the time of supply shall be the date of entry in the books of account of the recipient of supply

Test Yourself**Illustration**

Determine the time of supply in each of the following independent cases in accordance with provisions of Section 12 of the CGST Act, 2017 in case recipient of goods is liable to pay tax under reverse charge mechanism.

No	Date of Invoice	Date of receipt of goods	Date of payment in books	Date when payment debited in Bank Account
1	01.10.2023	05.10.2023	10.10.2023	12.10.2023
2	01.10.2023	15.10.2023	10.10.2023	12.10.2023
3	01.10.2023	15.10.2023	12.10.2023	10.10.2023
4	01.10.2023	15.11.2023	18.11.2023	20.11.2023

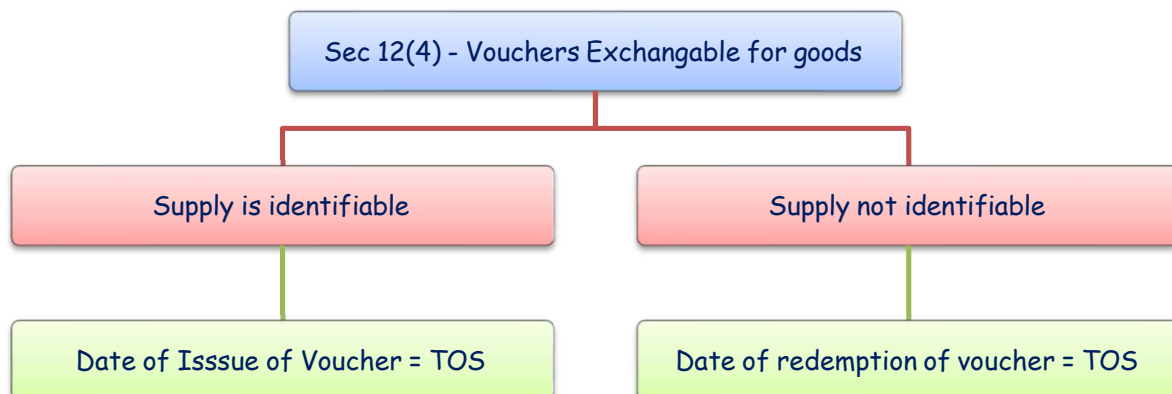
Ans:

Time of supply of goods in each of the above cases in the following table

No	Date of Invoice	Date of receipt of goods	Date of payment in books	Date when payment debited in bank account	Time of supply	Reason
1	01 - 10 - 23	05 - 10 - 23	10 - 10 - 23	12 - 10 - 23	05 - 10 - 23	TOS is date of receipt of goods
2	01 - 10 - 23	15 - 10 - 23	10 - 10 - 23	12 - 10 - 23	10 - 10 - 23	TOS is date of payment in books
3	01 - 10 - 23	15 - 10 - 23	12 - 10 - 23	10 - 10 - 23	10 - 10 - 23	TOS is date when payment is debited in bank account
4	01 - 10 - 23	15 - 11 - 23	18 - 11 - 23	20 - 11 - 23	01 - 11 - 23	TOS is the date immediately following 30 days from the date of issue of invoice by the supplier.

TOS IN CASE OF SUPPLY OF VOUCHERS IRO GOODS - SEC 12(4)

In case of supply of vouchers by a supplier, the time of supply shall be -



Test Yourself**Illustration**

XYZ Ltd has purchased for its customers 100 vouchers dated 24.12.2022 worth Rs. 1000 each from ABC Ltd a footwear manufacturing company. The vouchers were issued by ABC Ltd on 25.12.2022. The vouchers can be encashed at retail outlets of ABC Ltd. The employees of XYZ Ltd encashed the same on 01.01.2023. Determine time of supply of vouchers

Ans:

In case of supply of vouchers by a supplier, the time of supply shall be the date of issue of voucher, if the supply is identifiable at that point. In this case the supply of goods i.e., footwear is identifiable with the voucher, hence time of supply shall be the date of issue of such vouchers by ABC Ltd. i.e. 25 - 12 - 2022.

Illustration

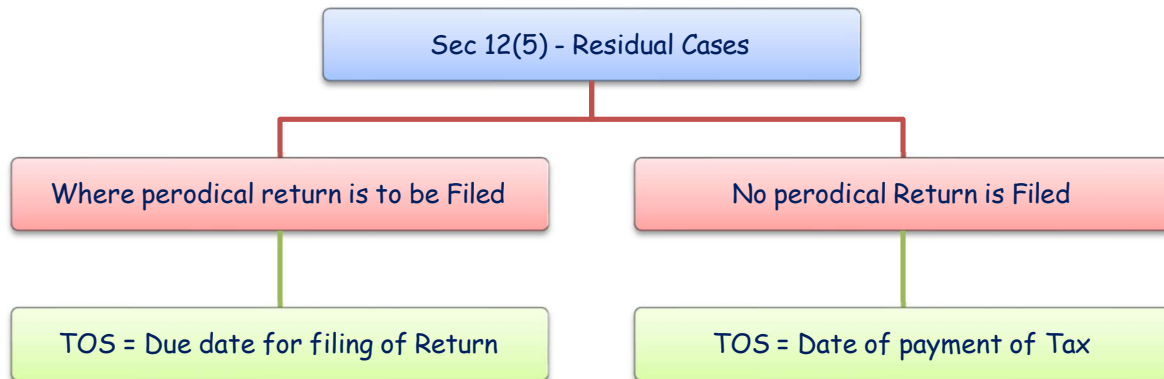
Tasty food meal coupons are sold to a company on 25.08.2022 for being distributed to the employees of the said company. The coupons are valid for 6 months and can be used against purchase of food items. The employees' use them in various stores for purchase of various edible items on different dates throughout the 6 Months. What is the date of supply of the coupons?

Ans:

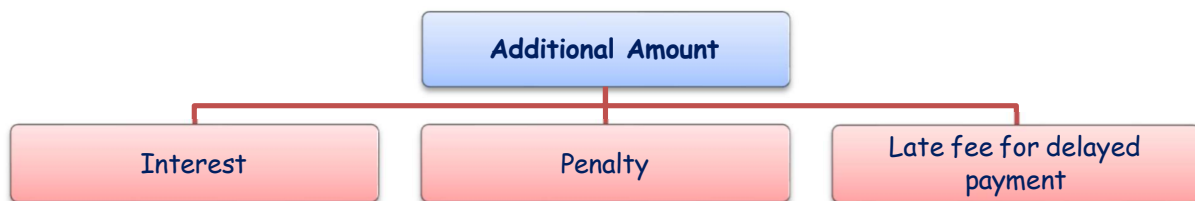
As the coupons can be used for a variety of food items, which are taxed at different rates, the supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of the redemption in terms of Section 12(4).

TIME OF SUPPLY IN RESIDUARY CASES - SECTION 12(5)

Where it is not possible to determine the time of supply as per the above provisions, the time of supply shall -



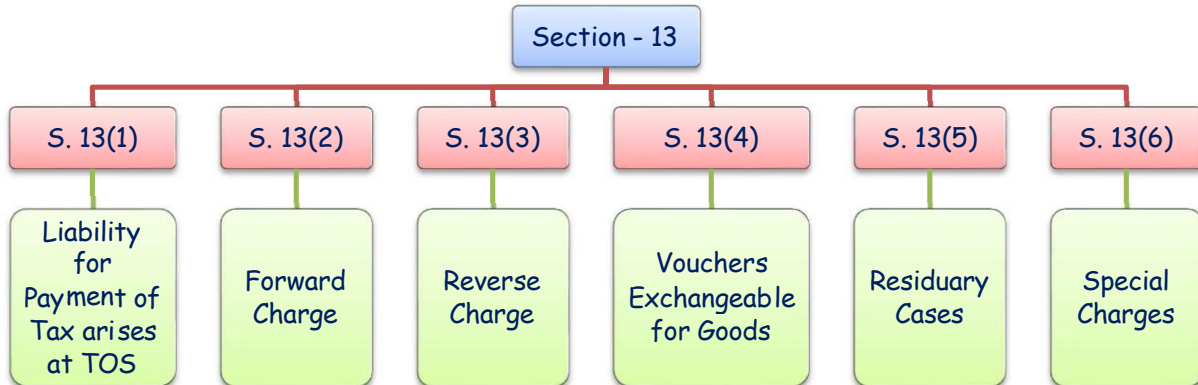
TOS FOR ADDITIONAL AMOUNT - 12(6)



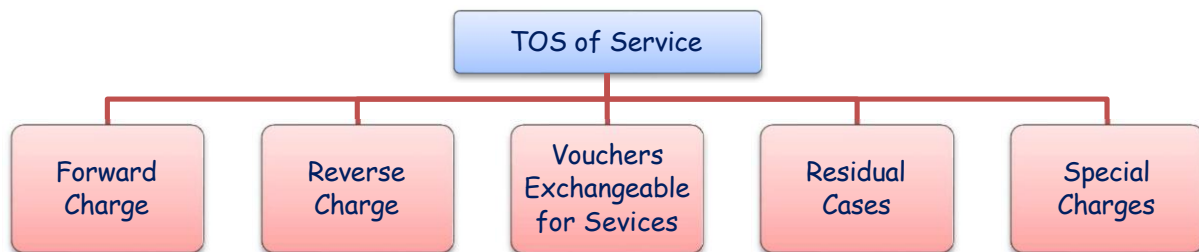
Particulars	Explanation
TOS is date of receipt of additional amount - Section 12(6)	The time of supply to the extent it relates to an addition in the value of supply by way of Interest, Penalty or late fee for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.
In short	In other words the receipts of payment of these amounts are essential to attract levy of tax.

CHAPTER 11A - TIME OF SUPPLY OF SERVICES - SEC 13

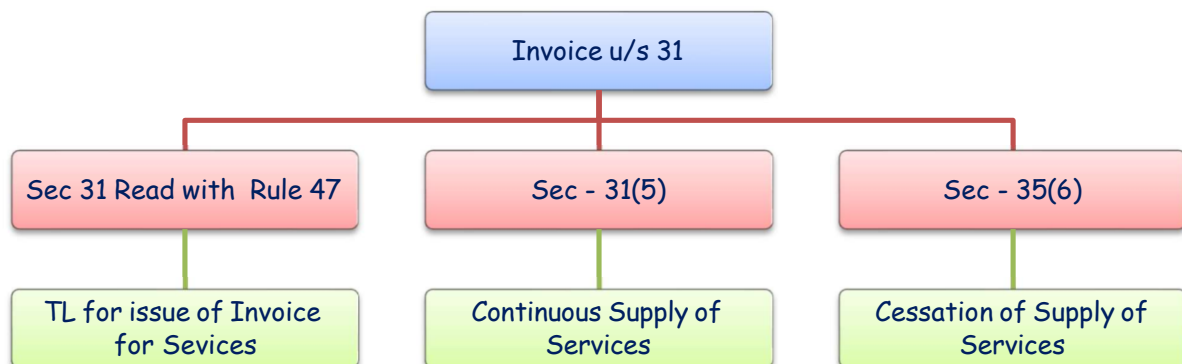
CHAPTER OVERVIEW



Circumstances



TIME LIMIT FOR RAISING INVOICES



INVOICE PROVISIONS IN RESPECT OF SERVICES

NORMAL CASES

No	Particulars	Explanation
1	Taxable Supply of Services - 30 Days from the date of Supply of Services - Rule 47	The invoice in the case of taxable supply of services shall be issued within a period of 30 days from the date of supply of services.

NBFC

No	Particulars	Explanation
1	Insurers, Banks etc. - Time Limit 45 Days - Rule 47	Where the supplier of services is an insurer or a banking company or a financial institution, including a non - banking financial company, the period within which, the invoice or any document in lieu thereof is to be issued shall be 45 days from the date of supply of service.

NBFIT

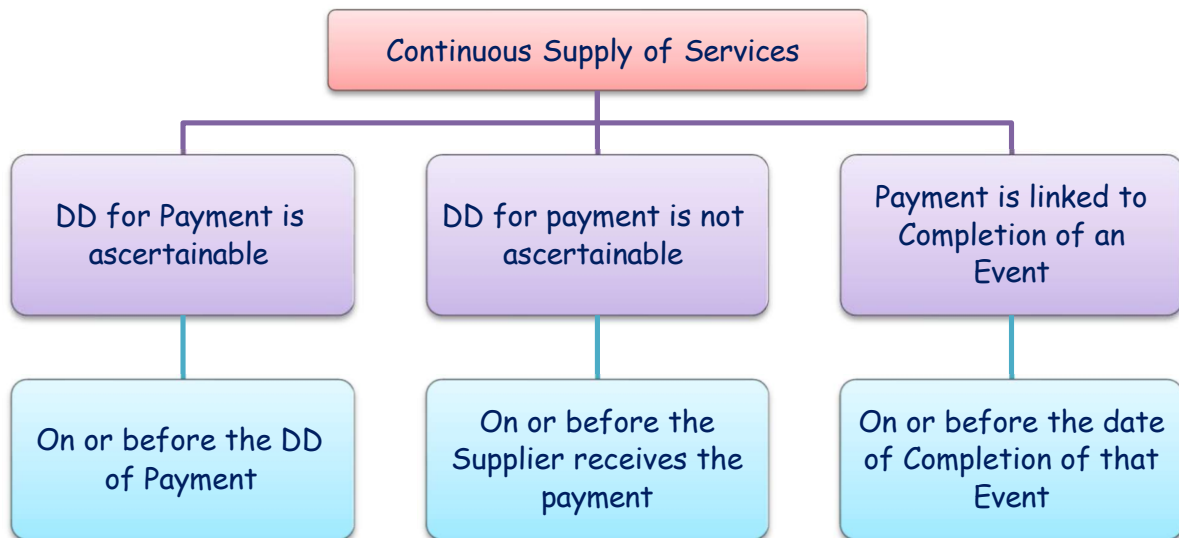
No	Particulars	Explanation
1	Inter - branch transactions in case of insurers, banks, telecom operators etc.	An insurer or a banking company or a financial institution , including a non - banking financial company , or a telecom operator , or any other class of supplier of service as may be notified by the government on the recommendations of the council, making taxable supplies of services between distinct person as specified in section 25, may issue the invoice - <ul style="list-style-type: none"> ➤ Before or at the time such supplier records the same in his books of account; or ➤ Before the expiry of the quarter during which the supply was made

Cessation of Supply of Services - Invoice to be issued at the time when Supply Ceases - Sec 31(6)

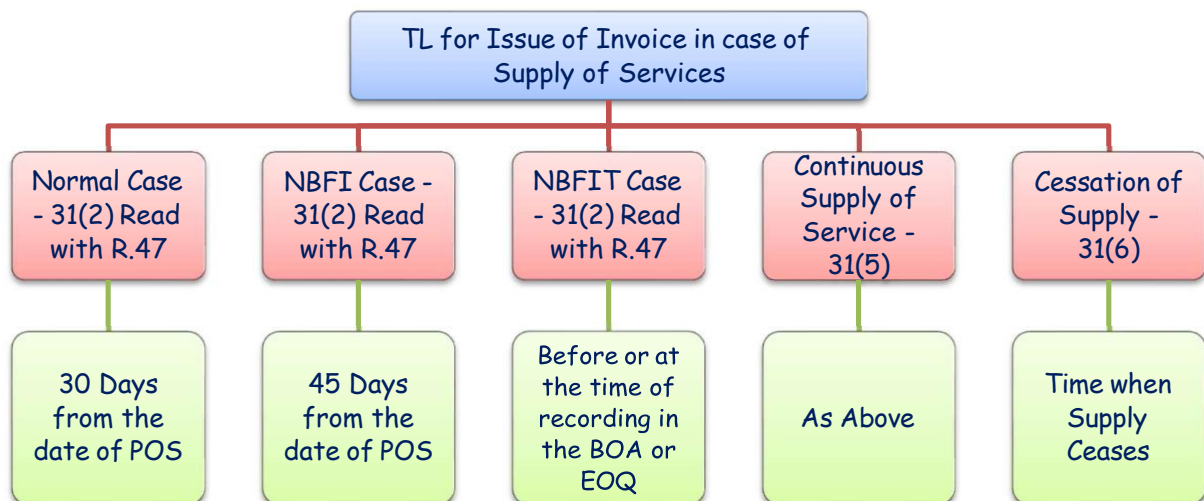
No	Particulars
1	In case of cessation of supply of services before the completion of supply, the invoice (to the extent of supply made before such cessation) should be issued at the time when the supply ceases

CONTINUOUS SUPPLY OF SERVICES

Continuous supply of service:



SUMMARY:



TIME OF SUPPLY OF SERVICES - APPLICABILITY - 13(1)

Liability for payment of tax arises at TOS - Section 13(1)

No	Particulars
1	The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this Section.

FORWARD CHARGE - 13(2)

Determination of Time of Supply - Section 13(2)

The time of supply of services shall be the earliest of the following dates, namely:

No	Particulars
a	The date of Issue of Invoice by the supplier, if the invoice is issued within the period prescribed u/s 31; or Date of receipt of Payment whichever is earlier; or
b	The date of provision of service, if the invoice is not issued within the period prescribed under Section 31; or the date of receipt of payment whichever is Earlier ; or
c	The date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) or clause (b) do not apply

Explanation:

For the purpose of clause (a) and (b), -

No	Particulars	Explanation
1	Deemed Supply - To the extent covered by invoice or payment	The supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment
2	Date of Receipt of payment shall be	<ul style="list-style-type: none"> ➤ The date on which the payment is entered in the books of account of the supplier; or ➤ The date on which the payment is credited to his bank account Whichever is earlier

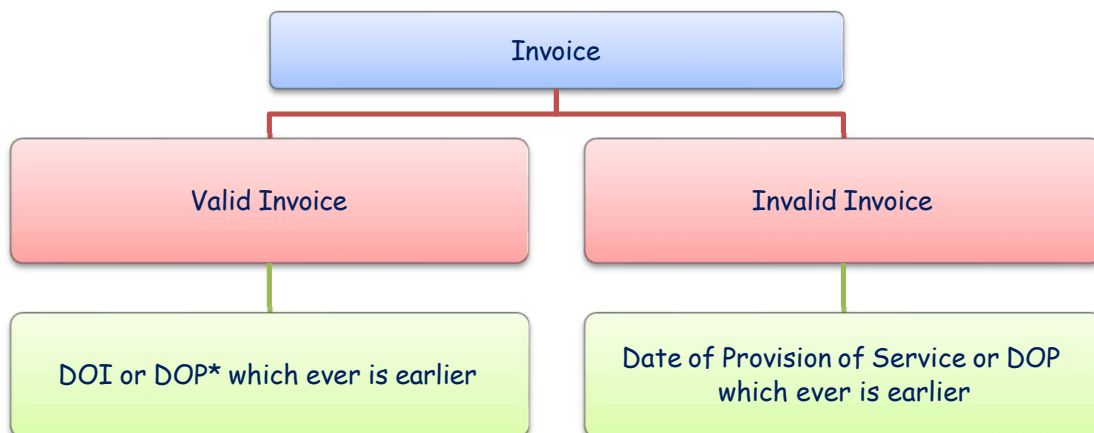
Small Advances upto Rs. 1,000 - Option not to change TOS i.e. TOS may be opted to the date of invoice

No	Particulars
1	Where the supplier of taxable service receives an amount up to Rs. 1,000 in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice relating to such excess amount.

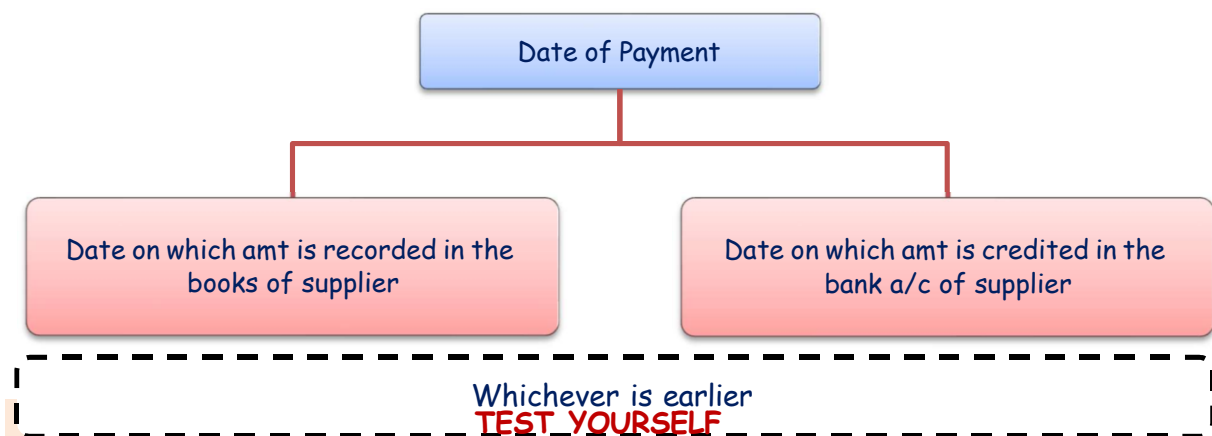
Note:

Time of supply in case of TDR, FSI and long term lease for construction of residential or commercial apartment - Time of supply shall arise on the date of issuance of completion certificate or on its first occupation, whichever is earlier.

Summary:



Date of payment:



Illustration

Determine the time of supply in each of following independent cases in accordance with provisions of CGST Act, 2017

No	Date of Actual provision of Service	Time (Date) of invoice, Bill or Challan as the case may be	Date on which payment received
1	10.11.2023	30.11.2023	15.12.2023
2	10.11.2023	30.11.2023	15.11.2023
3	10.11.2023	30.11.2023	15.11.2023 (Part) and 10.12.2023 (Remaining)
4	10.11.2023	30.11.2023	06.11.2023 (Part) and 09.11.2023 (Remaining)
5	10.11.2023	30.11.2023	06.11.2023 (Part) and 16.11.2023 (Remaining)
6	10.11.2023	12.12.2023	30.04.2024
7	10.11.2023	12.12.2023	05.11.2023 (Part) and 25.12.2023 (Remaining)
8	10.11.2023	22.12.2023	12.12.2023

Ans:

Time of Supply of services in each of the above cases in following table

No.	Date of provision of service	Date of Invoice	Date of receipt of payment	Time of Supply	Remarks
1.	10 - 11 -23	30 - 11 -23	15 - 12 -23	30 - 11 -23	Invoice issued within 30 days and before receipt of payment.
2.	10 - 11 -23	30 - 11 -23	15 - 11 -23	15 - 11 -23	Invoice issued within 30 days but payment received before invoice.
3.	10 - 11 - 23	30 - 11 - 23	15 - 11 - 23 (Part) and 10 - 12 - 23 (remaining)	15 - 11 - 23 and 30 - 11 - 23 for respective amounts	Invoice issued within 30 days. Part payment received before invoice and remaining payment after invoice. As per expl. (i) the supply shall be deemed to have been made to the extent it

					is covered by the invoice or, as the case may be, the payment.
4.	10 - 11 - 23	30 - 11 - 23	06 - 11 - 23 (Part) and 09 - 11 - 23 (remaining)	06 - 11 - 23 and 09 - 11 - 23 for the respective amounts	Invoice issued within 30 days. However, the advance has been received in two instalments before the date of completion of service. Thus, date of receipt of each such advance shall be, treated as TOS. A per Expl. (i) The supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment
5.	10 - 11 - 23	30 - 11 - 23	06 - 11 - 23 (Part) and 16 - 11 - 23 (remaining)	06 - 11 - 23 and 16 - 11 - 23 for the respective amounts	Invoice issued within 30 days. Part Payment (in the form of advance) received before issue of invoice and remaining payment received after completion of service. As per Expl. (i) The supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.
6.	10 - 11 - 23	12 - 12 - 23	30 - 04 - 24	10 - 11 - 23	Invoice not issued with 30 days and payment received after completion of service

7.	10 - 11 - 23	12 - 12 - 23	05 - 11 - 23 (Part) and 25 - 12 - 23 (remaining)	05 - 11 - 23 and 10 - 11 - 23 for respective amounts	Invoice not issued within 30 days. Part payment received as advance before completion of service and remaining payment received subsequently. As per Expl. (i) The supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.
8.	10 - 11 - 23	22 - 12 - 23	12 - 11 - 23	10 - 11 - 23	Invoice not issued within 30 days and entire payment received after completion of service.

Illustration

From the following information determine the time of supply of services. The supply is a continuous supply of service where contract provides for monthly payment up to 15th of the succeeding month.

Entry of provision of Services in Books	Invoice Date	Due date of payment as per Contract	Receipt of Payment
30.11.2023	07.12.2023	15.12.2023	20.12.2023
31.12.2023	22.01.2024	15.01.2024	20.01.2024
31.01.2024	15.02.2024	15.02.2024	11.02.2024

Ans:**Time of supply of services in each of the above cases in the following table**

Entry of provision of services in books	Invoice Date	payment Due date as per contract	Receipt of payment	Time of supply	Reason
30 - 11 - 23	07 - 12 - 23	15 - 12 - 23	20 - 12 - 23	07 - 12 - 23	Since invoice is issued prior to due date and payment is received after the date of invoice.
31 - 12 - 23	22 - 01 - 24	15 - 01 - 24	20 - 01 - 24	31 - 12 - 23	Since invoice is issued after due date of payment and payment is also received after such date.
31 - 01 - 24	15 - 02 - 24	15 - 02 - 24	11 - 02 - 24	11 - 02 - 24	Since payment is received prior to due date of payment.

REVERSE CHARGE - 13(3)

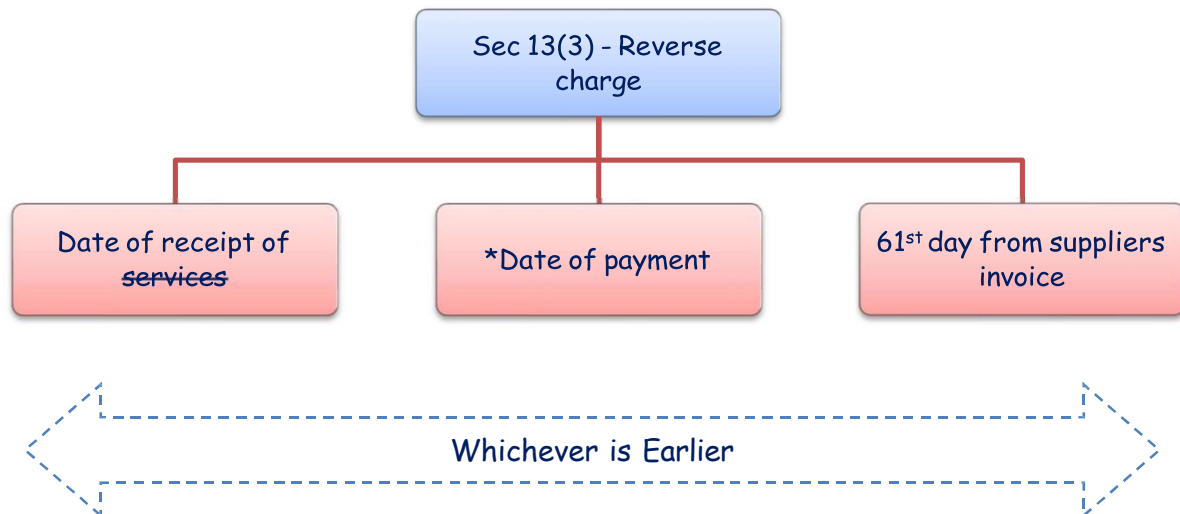
TOS in case of supplies taxed under Reverse Charge Basis - Section 13(3)

Time of Supply - Date of Payment or the date immediately following 60 days from the date of issue of invoice, whichever is earlier :

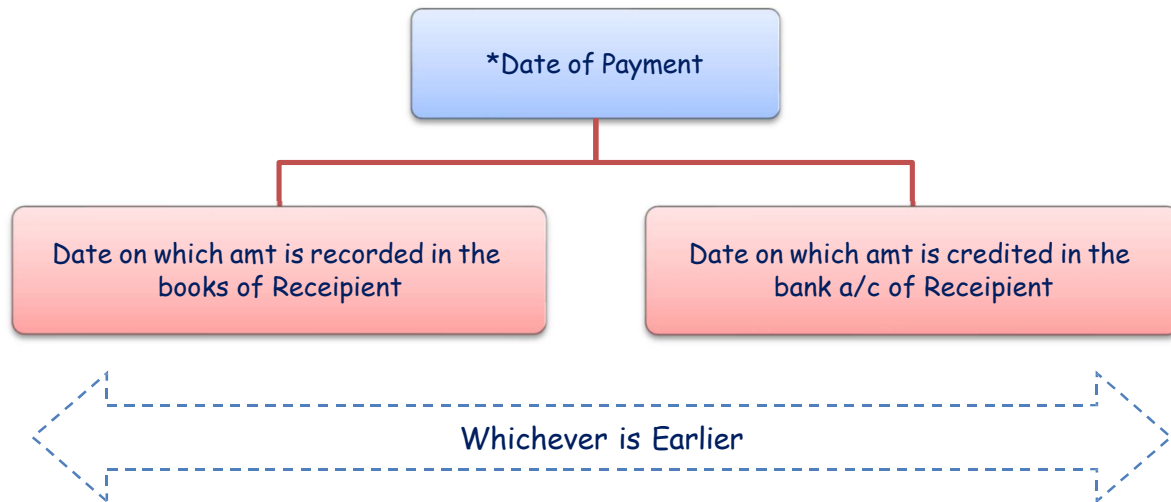
In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply **shall be the earlier of the following dates, namely;**

No	Particulars
1	The date of payment as entered in the books of account of the recipient or the date on which the payment is debited to the bank account whichever is earlier; or
2	The date immediately following 60 days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier

Summary:



Date of payment:



Time of Supply in other cases - TOS - Date of entry in the books of account of the recipient of supply

No	Particulars
1	Where it is not possible to determine the time of supply as per above provisions, the time of supply shall be the date of entry in the books of account of the recipient of supply.

Time of Supply in case of Associated Enterprises

No	Particulars	Time limit
1	In case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be -	<ul style="list-style-type: none"> ➤ The date of entry in the books of account of the recipient of supply; OR ➤ The date of Payment <p>Whichever is Earlier</p>

VOUCHERS EXCHANGEABLE FOR SERVICES - 13(4)

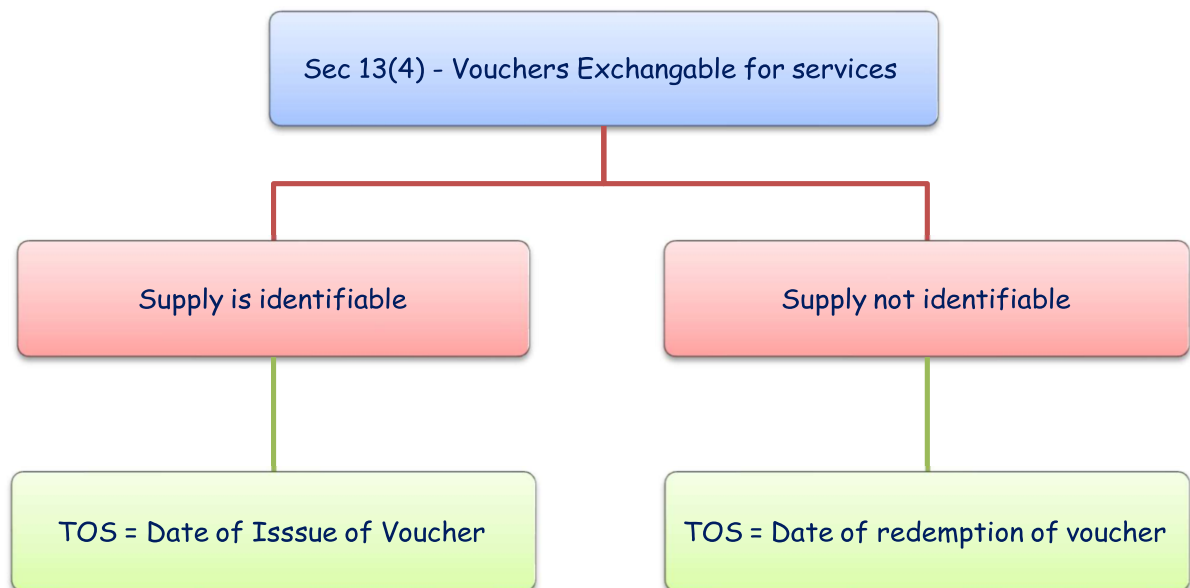
In case of supply of vouchers by a supplier, the time of supply shall be -

No	Particulars
1	The date of issue of voucher, if the supply is identifiable at that point; or
2	The date of redemption of voucher, in all other cases

EXAMPLE:

No	Particulars	Answer
1	Best Hospitality Services enters into agreement with Drive Marketing Ltd by which Drive Marketing Ltd. markets Best Hospitality Services hotel rooms and sells coupons / vouchers redeemable for a discount against stay in the hotel	As the supply against which the voucher will be redeemed is identifiable, the time of supply of the voucher will be its date of issue

Summary:

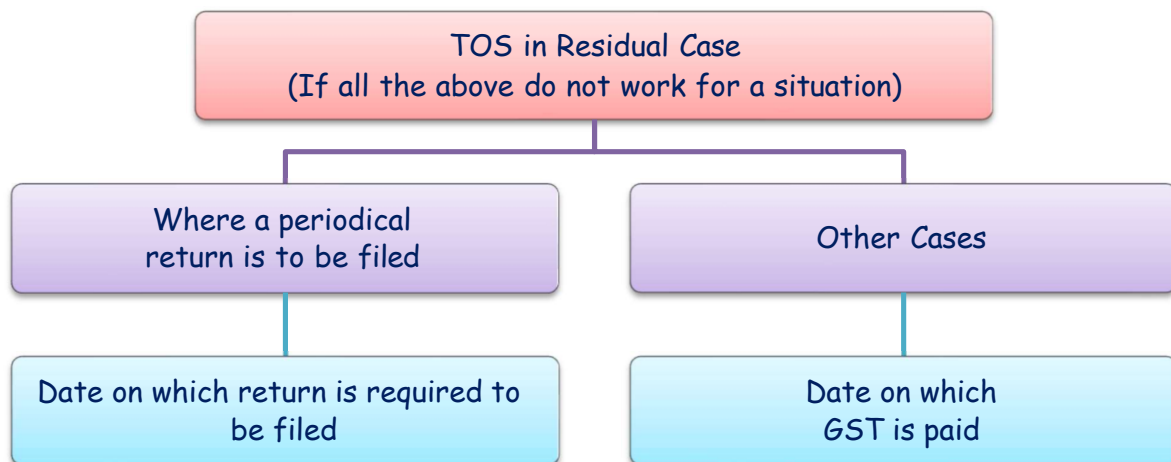


TOS IN RESIDUAL CASES - 13(5)

Where it is not possible to determine the time of supply as per above provisions, the time of supply shall -

No	Particulars
1	In a case where a periodical return has to be filed, be the date on which such return is to be filed; or
2	In any other case, be the date on which the tax is paid

Summary:

**TIME OF SUPPLY FOR SPECIAL CHARGES - S. 13(6)**

TOS is date of receipt of additional amount - Section 13(6)

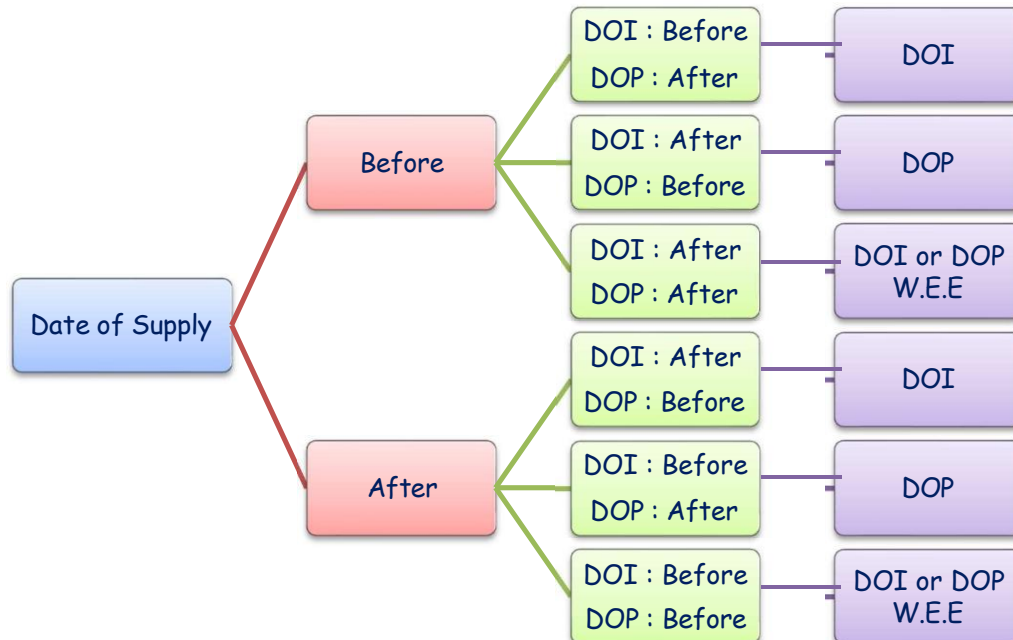
No	Particulars
1	The time of supply to the extent it relates to an addition in the value of supply by way of Interest, Penalty or late fee for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

CHAPTER - 11B

TOS IN CASE OF CHANGE IN RATE OF TAX - S.14

DETERMINATION OF TOS IN CASE OF CHANGE IN RATE OF TAX - S. 14

Notwithstanding anything contained in Section 12 or Section 13, the time of supply, where there is a change in rate of tax in respect of goods or services or both, shall be determined in the following manner, namely -



"Date of receipt of payment" shall be -

No	Particulars
1	The date on which the payment is entered in the books of accounts of the supplier; or
2	The date on which the payment is credited to his bank account, whichever is earlier

However, the date of receipt of payment shall be the date of credit in the bank account if such credit in the bank account is after 4 working days from the date of change in the rate of tax.

TEST YOURSELF

Illustration

Determine the time of supply in the following cases. The rate of GST has been increased to 12% w.e.f. 01.10.2023, before the said date; the rate of tax was 5%.

No	Date of Supply of Service	Date of Invoice	Date of Payment	Value of Service
1	25.09.2023	05.10.2023	08.10.2023	20,00,000
2	25.09.2023	25.09.2023	08.10.2023	10,00,000
3	25.09.2023	08.10.2023	30.09.2023	15,00,000
4	04.10.2023	28.09.2023	30.09.2023	20,00,000
5	04.10.2023	04.10.2023	30.09.2023	10,00,000
6	04.10.2023	30.09.2023	08.10.2023	15,00,000

Ans:

Time of supply shall be determined as under

No	Value of Service (Rs.)	Reason/Remarks	Time of Supply	Rate of Tax	GST (Rs.)
1	20,00,000	<ul style="list-style-type: none"> ➤ Service is supplied before change in rate of tax, ➤ Invoice issued after change in rate of tax, ➤ The payment has been received after change in rate of tax, <p>TOS shall be earlier of date of issue of invoice or date of receipt of payment.</p>	05.10.2023	12%	2,40,000
2	10,00,000	<ul style="list-style-type: none"> ➤ Service is supplied before change in rate of tax, ➤ Invoice issued prior to such change in rate of tax, ➤ The payment is received after change in rate of tax, <p>TOS shall be date of issue of invoice.</p>	25.09.2023	5%	50,000
3	15,00,000	<ul style="list-style-type: none"> ➤ Service is supplied before change in rate of tax, ➤ The payment is received before change in rate of tax, ➤ Invoice issued after change 	30.09.2023	5%	75,000

		in rate of tax, TOS shall be date of receipt of payment.			
4	20,00,000	<ul style="list-style-type: none"> ➤ Service is supplied after change in rate of tax, ➤ Invoice is issued before change in rate of tax, ➤ The payment is also received before change in rate of tax, TOS shall be earlier of date of issue of invoice or date of receipt of payment.	28.09.2023	5%	1,00,000
5	10,00,000	<ul style="list-style-type: none"> ➤ Service is supplied after change in rate of tax, ➤ Invoice is issued after change in rate of tax, ➤ The payment is received before change in rate of tax, TOS shall be the date of issue of invoice.	04.10.2023	12%	1,20,000
6	15,00,000	<ul style="list-style-type: none"> ➤ Service is supplied after change in rate of tax, ➤ The payment is received after change in rate of tax, ➤ Invoice is issued before change in rate of tax, TOS shall be date of receipt of payment.	08.10.2023	12%	1,80,000
Total GST					7,65,000