

# Pioneer of Interactive classes & study materials..

## Introduced 1st time in India



**CA Vishal Bhattad**

Think GST !  
Think Vishal Sir...!!

- Founder Member of V'Smart Academy
- Pioneer of Interactive Classes & Interactive Colour Notes, Charts, Questioners
- Teaching Experience 21+ years
- Taugh more than 1,50,000+ Students
- Tax Advisor for 2014 budget poll
- Tax Consultant of big Export/Import Companies
- Selected as No. 1 Faculty since last 5 years in many Social & Professional Organisation

### Exclusive features

Colourful Notes

Flow Charts

Most Interactive

Comprehensive book

Pictorial Presentation

### Achievements in 2023-2024

1st Choice of Students in GST...

50,000+ Students in GST...

Most preferred by 4000+ CA Professionals in GST...

Choice of Tax Commissioner Body of India to Learn GST...

Most referred by Govt. Agencies,  
Municipal Corp. and Big Industries in GST...

# Index

|    |  |    |
|----|--|----|
| 1  | Basic Concept of GST                   | 3  |
| 2  | Charge of GST & Concept of Supply      | 4  |
| 3  | Reverse Charge Mechanism & ECO         | 8  |
| 4  | Composition Scheme                     | 11 |
| 5  | Value of Supply                        | 12 |
| 6  | Time of Supply                         | 13 |
| 7  | IGST Act (Place of Supply)             | 14 |
| 8  | Exemption                              | 15 |
| 9  | Payment of Tax                         | 20 |
| 10 | TDS- TCS                               | 21 |
| 11 | Input Tax Credit                       | 22 |
| 12 | Registration                           | 25 |
| 13 | Tax Invoice , credit note & Debit Note | 27 |
| 14 | Account & Records                      | 29 |
| 15 | Eway Bill                              | 30 |
| 16 | Return                                 | 31 |

## Expanded Form of Abbreviations used in Chart Book

|             |                                    |  |   |
|-------------|------------------------------------|--|---|
| <b>ACD</b>  | Additional Customs duty            | <b>SEZ</b>   | Special Economic zone                             |
| <b>GTA</b>  | Goods Transport Agency             | <b>GSTIN</b>   | Goods & service tax identification number         |
| <b>ECO</b>  | Electronic Commerce Operator       | <b>RC</b>  | Registration certificate                          |
| <b>BE</b>   | Business Entity                    | <b>POB</b>   | Place of business                                 |
| <b>TT</b>   | Taxable Territory                  | <b>AA</b>  | Aadhaar authentication                            |
| <b>RP</b>   | Registered Person                  | <b>OIDAR</b>   | Online Information Data Base Access and Retrieval |
| <b>URP</b>  | UnRegistered Person                | <b>UIN</b>   | Unique Identification number                      |
| <b>DSA</b>  | Direct Selling Agent               | <b>WD</b>  | Working days                                      |
| <b>NBFC</b> | Non-Banking Financial Corporations | <b>SCN</b>   | Show cause notice                                 |
| <b>FI</b>   | Financial Institutions             | <b>RWA</b>   | Resident Welfare Association                      |
| <b>FC</b>   | Forward Charge                     | <b>HSN</b>   | Harmonised System of Nomenclature.                |
| <b>CTP</b>  | Casual Taxable Person              | <b>QR</b>  | Quick Dynamic                                     |
| <b>NRTP</b> | Non-resident Taxable Person        | <b>QRMP</b>  | Quarterly return monthly payment                  |
| <b>TS</b>   | Taxable supply                     | <b>EWB</b>   | E-way bill  |
| <b>PFY</b>  | Preceding Financial Year           | <b>OOBH</b>  | Opportunity of being heard                        |
| <b>CFY</b>  | Current Financial Year             | <div>For Study Related Doubts<br/>Download<br/><b>V'smart Academy App</b></div> <div>Visit: <a href="http://www.vsmartacademy.com">www.vsmartacademy.com</a></div> |   |
| <b>PO</b>   | Proper officer                     |  |   |
| <b>GSTN</b> | Goods & service tax network        |  |   |
| <b>ISD</b>  | Input Service distributors         |  |   |
| <b>IFF</b>  | Invoice Furnishing facility        |  |   |



V'smart Academy

2

## CA Inter GST ALL In One

### Scan & Learn



CA Inter GST ALL IN ONE

These  
includes

Chapterwise ChartBook  
Revision Book

MCQs

Questioner Smart  
Digital Book

Amendments

Super 30 Questions

One day Before Exam

RTP Discussion

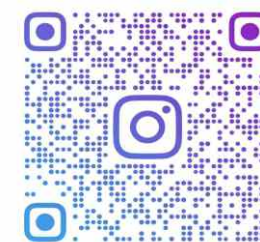
RR batch Planner

Test Series

### Instagram Channel



CA\_VISHAL\_BHATTAD



VSMARTACADEMY

### Telegram Channel





# CHAPTER - 1: BASIC CONCEPT OF GST

3



CA Vishal Bhatta

## FRAMEWORK OF GST

| Name     | Governing Act                                    | Levied by          | Event of Levy  |
|----------|--|--------------------|--|
| CGST     | Central Goods and Services Tax Act, 2017         | Central Government | On Intra State supply of Goods and Services                |
| SGST     | State Goods and Services Tax Act, 2017           | State Government   | On Intra State supply of Goods and Services                |
| UTGST    | Union Territory Goods and Services Tax Act, 2017 | Union Territories  | On Intra State supply of Goods and Services                |
| IGST     | Integrated Goods and Services Tax Act, 2017      | Central Government | On Inter State supply of Goods and Services                |
| GST CESS | GST Compensation Cess Act, 2017                  | Central Government | On Intra/Inter State supply of notified Goods and Services |

## CONCEPT & PRINCIPLE OF GST

- ⇒ GST is a **Broad-based Value added tax**
- ⇒ GST is a **Destination based tax**
- ⇒ GST is technically **paid by suppliers** but it is actually **borne by consumers**.
- ⇒ GST is **collected at multiple stage** of production and distribution of goods and services in which taxes paid on inputs are allowed as set off against taxes payable on output.
- ⇒ GST is a **tax on the consumption of products from business sources**, and not on personal or hobby activities.
- ⇒ Under GST, **input tax credit** is provided throughout the value chain for creditable acquisition.

## CONSTITUTIONAL AMENDMENTS

|                          |   |
|--------------------------|---|
| <b>Article 366 (12A)</b> | GST means "Any tax on supply of Goods or Services or both except tax on Supply of the Alcoholic Liquor for human Consumption"                       |
| <b>Article 246A</b>      | Concurrent powers to both, Parliament and State Legislatures is given to make laws with respect to GST  |
| <b>Article 269A</b>      | Provides exclusive power to the Parliament to legislate with respect to inter-State trade or commerce i.e. integrated tax (IGST) (including import) |

## BENEFITS OF GST

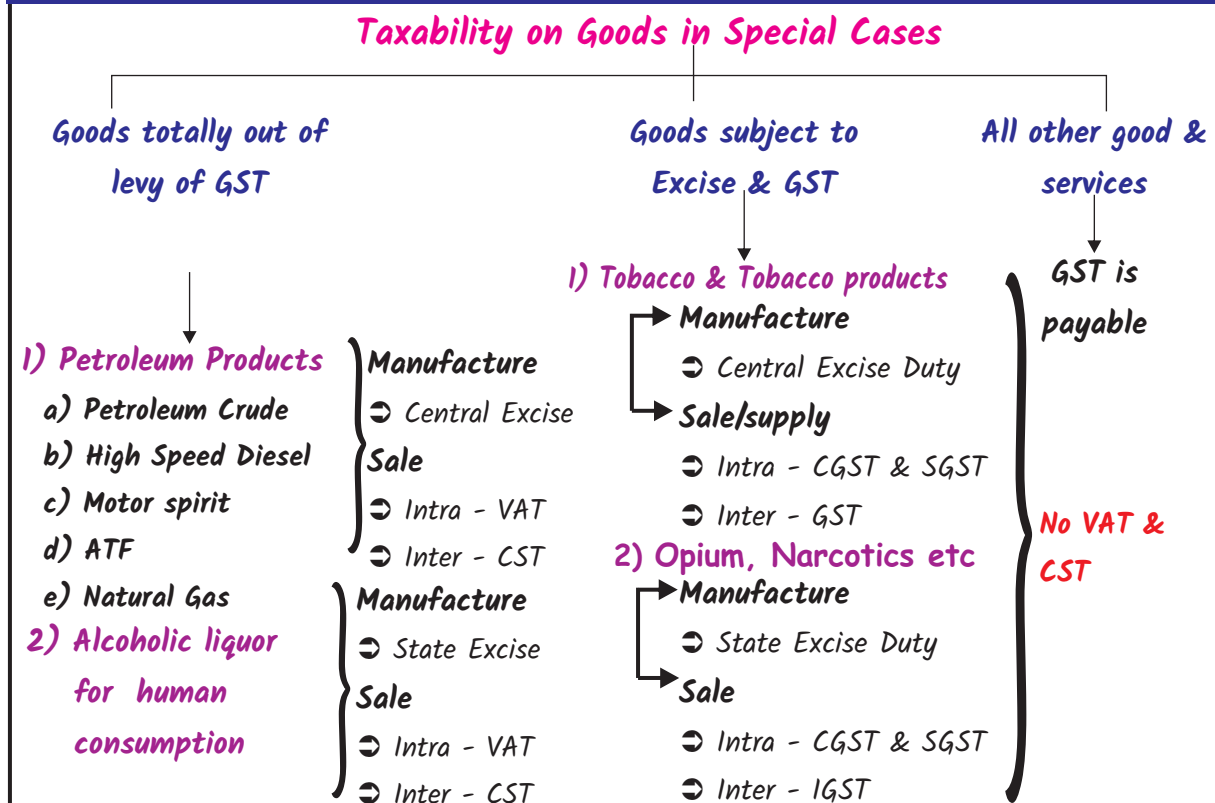
- 1) **Creation of Unified National market**
- 2) **Mitigating Cascading Effect**
- 3) **Elimination of multiple taxes and double taxation**
- 4) **To Promote make in India Initiative**
- 5) **It also helps to increase in allover revenue**

## TAXES ON TOBACCO AND TOBACCO PRODUCTS, OPIUM, INDIAN HEMP AND OTHER NARCOTIC DRUGS AND NARCOTICS:

In the case of tobacco and tobacco products, the Centre alone would have the power to levy excise duty in addition to the GST

|                    |          |
|--------------------|----------|
|                    |          |
| <b>Particulars</b> |          |
| Value              | 1,00,000 |
| Excise             | 10,000   |
|                    | 1,10,000 |
| CGST @ 14%         | 15,400   |
| SGST @ 14%         | 15,400   |
|                    | 1,40,800 |
| <b>WHOLESALE</b>   |          |
| <b>Particulars</b> |          |
| Value              | 2,00,000 |
| Excise             |          |
| CGST @ 14%         | 28,000   |
| SGST @ 14%         | 28,000   |
|                    | 2,56,000 |
| <b>RETAILER</b>    |          |

## TAXABILITY ON GOODS IN SPECIAL CASES



ENA /Spirt - Sec 9 excluded from levy of GST & about levy of State/Excise

NAT is subject to dispute. (applicable for Nov 25 exam)

## TAXES TO BE SUBSUMED IN GST

| Central Taxes   | State Taxes  |
|---|--|
| <ul style="list-style-type: none"><li>Central Excise duty</li><li>Additional excise duty</li><li>Excise duty levied under Medicinal &amp; Toiletries preparation Act</li><li>Additional Customs duty(ACD)</li><li>Service Tax</li><li>Surcharges &amp; Cesses</li><li>Central Sales Tax</li></ul> | <ul style="list-style-type: none"><li>State VAT/Sales Tax</li><li>Central Sales Tax</li><li>Purchase Tax</li><li>Entertainment Tax (other than those levied by local bodies)</li><li>Luxury Tax</li><li>Entry Tax (All forms)</li><li>Taxes on lottery, betting &amp; gambling</li><li>Surcharges &amp; Cesses</li></ul> |

## Taxes not subsumed under GST

|    |                              |
|----|------------------------------|
| 1. | Property Tax & Stamp Duty    |
| 2. | Electricity Duty             |
| 3. | Excise Duty on Alcohol       |
| 4. | Basic Custom Duty            |
| 5. | Excise Duty on Petrol Diesel |

## RECOMMENDATION OF GST COUNCIL

The Goods and Services Tax Council shall make recommendations to the Union and the States on—

- (a) Taxes to be subsumed in GST
- (b) Exemption in GST
- (c) model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-State trade or commerce under article 269A and the principles that govern the place of supply;
- (d) the threshold limit of turnover for Exemption
- (e) the rates of GST & other Special Rates
- (f) **Special Provision w.r.t. the special category state**
- (g) any other matter relating to the goods and services tax, as the Council may decide.
- (h) Special rates to raised additional resources during any natural calamity /disaster

## SPECIAL CATEGORY OF STATE

- 1) Arunachal Pradesh
- 2) Assam
- 3) Jammu and Kashmir
- 4) Manipur
- 5) Meghalaya
- 6) Mizoram
- 7) Nagaland
- 8) Sikkim
- 9) Tripura
- 10) Himachal Pradesh
- 11) Uttarakhand

**Note:-** Jammu and Kashmir is now UT with state legislature, but still covered under special category States.

## MANNER OF UTILIZATION OF ITC IN GST

| INWARD SUPPLY | OUTWARD SUPPLY   |             |                |
|---------------|------------------|-------------|----------------|
| 1. IGST       | First IGST       | Any CGST    | Any SGST/UTGST |
| 2. CGST       | First CGST       | Second IGST |                |
| 3. SGST/UTGST | First SGST/UTGST | Second IGST |                |

**Note:-** CGST cannot be used against SGST/UGST or vice-versa



# CHAPTER 2 :- Charge of GST & Concept of Supply

4



CA Vishal Bhattad

## Section 9 :- Charging Section

### Levy

#### Charge

**9(1) - Intra-State Supply** of Goods or services or Both

**Intra-State Supply - Sec 8 of IGST Act, 2017**

Supply of goods/services shall be treated as intra-state supply Where the location of the supplier and the place of supply are in

- (a) same State
- (b) same Union territory

**5(1) [IGST Act]- Inter-State Supply** of Goods or Services or Both

**Inter State Supply - Sec 7 of IGST Act, 2017**

Supply of goods/services shall be treated as inter-state supply Where the location of the supplier and the place of supply are in-

- (a) two different States
- (b) two different Union territories; or
- (c) a State and a Union territory

**Goods not Subject to Levy of GST - alcoholic liquor for human consumption**

**Sec 9(2):- Levy on Petroleum Products from Notified date :-** Supply of petroleum crude, high speed diesel, petrol, natural gas and ATF shall be levied from the notified date on recommendation of GST Council.

Note : Still levy of GST on such products is not notified

**Analysis:** The type of levy existing or to be continued after GST

|  | (Supply)<br>GST | (Production)<br>ED | (Sale)<br>VAT | CST |
|--|-----------------|--------------------|---------------|-----|
| 1. Alcoholic Liquor for Human Consumption  | X               | ✓                  | ✓             | ✓   |
| 2. Petroleum crude, High speed Diesel, Motor spirit (Petrol), Natural gas, Aviation Turbine fuel | X               | ✓                  | ✓             | ✓   |
| 3. Tobacco & Tobacco products  | ✓               | ✓                  | X             | X   |
| 4. Opium, Indian Hemp and other Narcotic Drugs   | ✓               | ✓                  | X             | X   |
| 5. All other Products  | ✓               | X                  | X             | X   |

#### SEC 2 (56) "INDIA"

**Means**

- a) Territory of India (state and the UTs.)
- b) Its  $\Rightarrow$  Territorial Water,  $\Rightarrow$  seabed and  $\Rightarrow$  sub-soil underlying such waters,  $\Rightarrow$  continental shelf,  $\Rightarrow$  EEZ or  $\Rightarrow$  any other maritime zone as defined in the Territorial Waters, Continental Shelf, EEZ and Other Maritime Zones Act, 1976
- c) Air space above its territory & territorial waters

#### Sec 2(80A):- Online Gaming

**Means** offering of a game on internet or electronic network & includes online money gaming

#### Sec 2(102A):- Specified actionable claim

**Means** actionable claim involved in/by betting, casinos, gambling, horse racing, lottery or online money gaming.

#### Value

As per Sec 15 of CGST Act, 2017

#### Rate

|           |    |        |      |      |     |     |     |
|-----------|----|--------|------|------|-----|-----|-----|
| CGST Rate | 0% | 0.125% | 1.5% | 2.5% | 6%  | 9%  | 14% |
| SGST Rate | 0% | 0.125% | 1.5% | 2.5% | 6%  | 9%  | 14% |
| Total     | 0% | 0.25%  | 3%   | 5%   | 12% | 18% | 28% |

#### Sec 2(84) "Person" - includes

- (a) An Individual
- (b) A hindu undivided family
- (c) A Company
- (d) A Firm
- (e) A limited Liability Partnership
- (f) An association of persons or a body of individuals, whether incorporated or not, in India or outside India
- (g) Any corporation established by or under any Central Act, State Act or Provincial Act or a Govt. company as defined in clause (45) of section 2 of the Companies Act, 2013
- (h) any body corporate incorporated by or under the laws of a country
- (i) A co-operative society registered under any law relating to co-operative societies
- (j) A local authority
- (k) Central Government or a State Government
- (l) Society as defined under the Societies Registration Act, 1860
- (m) Trust
- (n) Every artificial juridical person, not falling within any of the above

#### Type of Supply

##### Sec 2(108): Taxable Supply

**means** a supply of goods or services or both which is leviable to tax under this Act

**Chargeable to GST at specified rate as applicable under this act**

##### Sec 2(78): Non-Taxable Supply

**means** a supply of goods or services or both which is not leviable to tax under this Act (i.e. CGST Act) or under the Integrated Goods and Services Tax Act

##### Sec 2(47): Exempt Supply

**means** a supply of any goods or services or both  $\Rightarrow$  which attracts **nil rate of tax** or  $\Rightarrow$  which may be **wholly exempt from tax** under section 11, or under section 6 of the integrated Goods and Services Tax Act, and **includes** non-taxable supply

### Collection

in such manner as may be prescribed  
(Detail discussion in subsequent chapter)

### Person Liable to Pay Tax

#### Sec 2(107) "Taxable person" - includes

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

**Forward Charge Sec 9(1)**

Taxable Person making Intra State- Supply

**Reverse Charge Sec 9(3)/4(4)**

Recipient of Supply

**E-Commerce Sec 9(5)**

E-Commerce Operator

#### Deemed Distinct Persons : Sec 25 CGST Act

**25 (4)** A person who has obtained or is required to obtain more than one registration.

- $\Rightarrow$  whether in one State or Union territory or
- $\Rightarrow$  more than one State or UT shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.

#### Sec 2(94) "Registered person" - includes

**means** a person -

- $\Rightarrow$  who is registered under section 25
- $\Rightarrow$  but does not include a person having a Unique Identity Number

#### Sec 2 (105) "Supplier"

**means** person supplying the said goods or services or both and **shall include** an agent acting as such on behalf of such supplier

**Proviso:-** Supplier includes person arranging supply of specified actionable claims & also who owns/operates/manages e-platform for supply.

**25 (5)** Where a person who obtained or is required to obtain registration in a State or Union territory in respect of an establishment, **has an establishment in another State or Union territory,**

then such establishment shall be treated as establishment of distinct persons for the purposes of this Act.

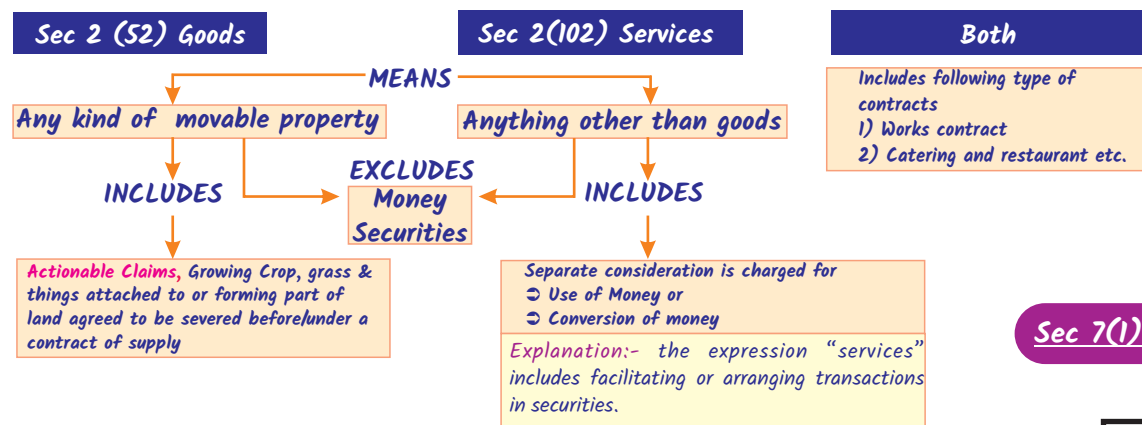
#### Sec 2(93) "Recipient"

| Situation   | Recipient  |
|---|--|
| Where a consideration is payable                              | Person liable to pay that consideration  |
| Where no consideration is payable for the supply of goods     | Person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available |
| Where no consideration is payable for the supply of a service | Person including his agent to whom the service is rendered   |

#### Business includes [Sec 2(17)]

|  |  |
|--|--|
| <b>a</b> Any trade, commerce, manufacture  | Whether or not for pecuniary benefit.  |
| <b>b</b> Any activity or transaction in connection with  | or Incidental or Ancillary to Sub - Clause (a)   |
| <b>c</b> Any activity or transaction in nature of Sub Clause (a)   | Whether or Not There is a volume, frequency, continuity or regularity of such transaction. |
| <b>d</b> Supply or acquisition of goods including capital goods & service in connection with   | Commencement or Closure of business  |
| <b>e</b> Club or Association or Society or Any Such body of facilities or benefits to its members.   | Provision by a   |
| <b>f</b> Admission for a consideration of person to any premises   |  |
| <b>g</b> Services supplied by a person as a holder of an office which has been accepted by him   | In course or furtherance of his trade Profession Vocation                                  |
| <b>h</b> Activity of a race club including by way of totalisator or a licence to book maker or activities or licenced book marker in such club and |  |
| <b>i</b> Any activity or transaction under taken by CG/SG/ local authority in which they are engaged as public authorities.                        |  |





# Sec 7 - Supply

## Sec 7(1)=Supply Includes

## Sec 7(2)(a)=Supply Excludes

### Schedule III (Transaction not be treated as supply)

## Supply of goods / Services with consideration

### Sec 7(1) (a) All forms of supply of goods / services/both

#### Such as

- Sale
- Transfer
- Barter
- Exchange
- Disposal
- Licence
- Rental
- Lease

#### Made or Agreed to be made

**Sec 2(31) for consideration**

**a** Any payment made or agreed to be made whether in money or otherwise

**b** The monetary value of any act or forbearance

-In respect of

-In response to

-For inducement

Supply of goods/ services

excludes

1) Any subsidy given by central or state govt.

2) Deposit unless applied such deposit as consideration for the said supply.

| No | Particulars       | Explanation   |
|----|-------------------|---|
| 1  | Made              | Goods are already delivered or Service is already provided to the recipient   |
| 2  | Agreed to be Made | This is split up in two parts namely: (i) There is an agreement for supply of goods or provision of service (ii) An advance has been received against the supply of goods or provision of service |

### Sec 7(1) (aa) :- Activities or Transactions

#### By Any person [other than Individual]

#### Member or Constituents

#### For

- Cash
- Deferred payment
- Other valuable consideration

Explanation:- the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another

#### In the course or furtherance of Business (of supplier) [Sec 2(17)]



Prasadam supplied by religious places like temples, mosques etc.-Not a supply in Course of furtherance of business



Prasadam supplied by religious places like temples, mosques etc.-Not a supply in Course of furtherance of business

#### Sec 7(1) (b) Import of Services

Import of service for consideration

whether or not in the course or furtherance of business

**Import of Goods**

Governed by Custom Act / valuation as per customs act ACD 3(7), 3 (9)/ Inter State Supply/Importer is liable to pay tax

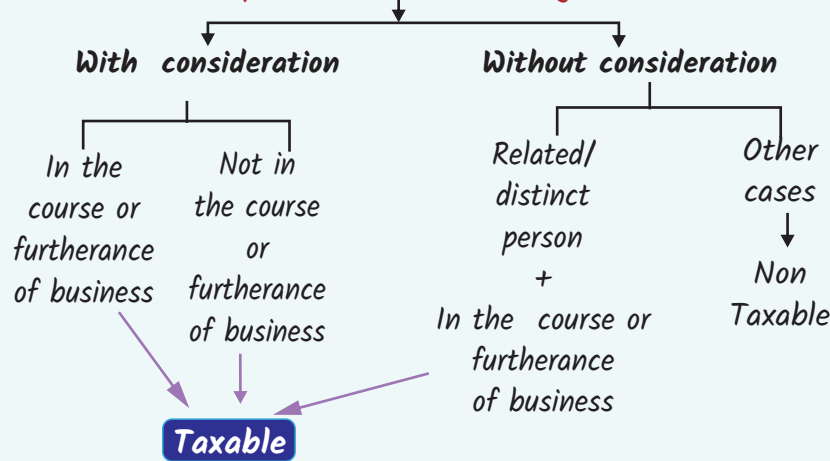
**Import of Service**

Governed by IGST Act/ valuation u/s 15 of CGST Act / Inter state supply/ recipient is liable to pay tax

#### Analysis

| Import of Services for Business           | Taxable                                       |
|---|---|
| Import of Services other than to business | Import by Individual, Govt., Charitable Trust |
|   | Exemption (detail discussion under Exemption) |
|   | Import by others                              |
|   | Taxable                                       |

### Import of Service (Analysis)



## Supply of goods / service without consideration [Deemed supply]

1. Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
2. Supply of goods or services or both
  - between related persons or
  - between distinct person as specified in section 25, Provided that gift upto ₹50,000 in value in a financial year by an employer to an employee shall not be treated as supply

#### Related Person (as per explanation to Sec 15) of CGST Act

- such persons are officers or directors of one another's business
  - such persons are legally recognized partners in business
  - such person are employer and employee
  - an person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them
  - one of them directly or indirectly controls the other
  - both of them are directly or indirectly controlled by a third person
  - together they directly or indirectly control a third person
  - they are members of the same family
- Family [Section 2(49)] :** "Family" means,-
- the spouse and children of the person, and
  - the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.

### 3. Supply of goods

- by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or (agent issuing his own invoice)
- by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal (agent issuing his own invoice)

4. Import of Service without consideration
- Import of Services by any person
  - from a related person outside India or
  - from any of his other establishments outside India, in the course or furtherance of business

|   |   |
|---|---|
| 1 | Services by an employee to the employer in the course of or in relation to his employment.  |
|   | Note:- perquisites provided by the employer to the employee in terms of contractual agreement entered into between the employer and the employee, will not be subjected to GST when the same are provided in terms of the contract between the employer and employee. |
|   | 1) Compensation for premature termination - Non Taxable as it is in relation to employment.   |
|   | 2) Non compete fees received by an employee from employer -Taxable as it is not in the course of or in relation to employment.  |
|   | 3) Casual labour appointed on daily basis for wages - Non Taxable as it is in relation to employment contract   |
|   | 4) Directors Remuneration a) If TDS under IT Act is deducted u/s 192 - Not a Supply<br>b) If TDS under IT Act is deducted u/s other sec - Supply  |
| 2 | Services by any court or Tribunal established under any law for the time being in force.  |
| 3 | a) The functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities  |
|   | b) The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity  |
|   | c) The duties performed by any person as a Chairperson or a Member or a Director in a body established by the CG or a SG or LA  |
| 4 | Services of funeral, burial, crematorium or mortuary including transportation of the deceased.  |
| 5 | Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building   |
|   | Analysis  |
|   | Sale of land and Building   |
|   | Not treated as supply as per sch III, No GST  |
|   | Leasing, licensing of Land & Building   |
|   | Treated as Supply GST Payable   |
|   | Sale of Building before completion certificate or 1st occupancy whichever earlier   |
|   | Treated as supply para 5(b), Sch II GST payable   |
|   | Clarification 177/09/2022 GST: Sale of land either as it or after development like levelling, laying down of drainage, water & electricity lines is also sale of land and not attract GST   |
| 6 | Actionable claims, other than specified actionable claims.  |

### Sec 7(2)(b)= Notified activities by Government

As per N/N 14/2017 -

Services under Article 243G & 243W of Panchayats & Municipality and Services of granting liquor license against consideration in the form of license fee by SG are neither supply of goods nor supply of services. This notification is retrospectively applicable from 1st July 2017

N/N 20/2019 & CBIC Clarification

|   |                            |
|---|----------------------------|
| 1) License fees or application fees etc. for alcoholic liquor license by S.G. | Neither treated as SOG/SOG |
| 2) License fees or application fees for other                                 | SOS & Liable to GST        |



# Schedule II : Activities or transactions to be treated as supply of goods or services

6

Sec 7(1A):- Where certain activities or transaction constitute a supply in accordance with the provisions of subsection (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

### Para 1 : Transfer of goods

**Supply of goods**

- 1) Transfer of title in goods
- 2) Transfer of Title in Goods on future date (Ex. Hire Purchase)

**Hire Purchase Sale**

**Supply of Service**

Transfer of right in goods or undivided share in goods without transfer of title in goods

**Bike Rental Service**

### Para 2 : Land & Building

**Supply of Service**

Any lease, tenancy, easement, license to occupy land

**Supply of Service**

Any lease, letting of building including commercial, industrial complex for business / commerce **either wholly or partly**

**Note :** Sale of land & building not treated as supply as per schedule 3 other than construction intended for sale [of para 5(b)]

**Residential House Rented for Residential Use**

Is covered under the ambit of supply but given an exemption benefit

**Hotel**

Supply liable to GST as renting of immovable property

### Para 3 : Treatment or process

**Supply of Service**

Any treatment or process which is applied to another person's goods

**Process of Job worker**

### Para 4 : Transfer of business asset

**Supply of goods**

**Permanent transfer of Business Asset:-** If goods as a part of the asset are permanently transferred or disposed off

**Supply of Service**

**Temporary transfer of business assets:-** If goods as a part of business asset are put to any private use or are used for any purpose other than business

**Note :** If any person ceases to be a taxable person then goods forming part of business asset shall be **deemed to be supplied (In the course or furtherance of business)** unless :-

- Business is transferred as going concern to another person.
- Business is carried on by personal representative who is deemed to be a taxable person.

### Para 5 : Following activities always treated as supply of service under GST

- Renting of immovable property
- Construction of complex, building, civil structure including a complex, building intended for sale to buyer. **But in following case it shall not be treated as supply.**  
When entire consideration has been received - after completion certificate / - It's 1st occupation **whichever is earlier**  
**Note :-** Construction - it includes addition, alteration, replacement, remodeling of any existing civil structure

**Construction of Service intended for sale before completion**

Flat Value 80,00,000/-

- 1) before Completion: 40,00,000 | 2) After Completion: 20,00,000 | 3) Taxable value for GST = ₹80 Lacs
- 2) ₹1 | 79,99,999 | Taxable Value = ₹80 Lacs
- 3) After Completion: 80,00,000 | Not taxable As per Sch - III

- Temporary transfer of IPR
- Development, design, programming, customisation etc. of info. Tech. Software

|                                   |                   |
|-----------------------------------|-------------------|
| Customized Software               | Supply of Service |
| Sale of Pre-packed Software       | Supply of Goods   |
| License to use prepacked Software | Supply of Service |

- Agreeing to the obligation to refrain from an act or to tolerate an act.
- Transfer of right to use any goods for any purpose for cash, deferred payment or other consideration.

### Para 6 : Composite supply treated as supply of service

**Supply of Service**

- Works contract

Labour + Material = Works Contract (construction)

**Supply of Service**

Restaurant, catering or any supply of service where food/drink is supplied for consideration.

**Catering**

**Restaurant**

### Sec 2(119) : Works contract

|  |   |  |
|--|---|--|
| Building, Construction, Fabrication, Completion, Erection, | Installation, Fitting Out, Improvement, Modification, Repair, | Maintenance, Renovation, Alteration or Commissioning |
|--|---|--|

of any **immovable property**

wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract

Think GST Think Vishal Sir

CA Vishal Bhattad

## Sec 8 : Composite Supply & Mixed Supply

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

- 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
- 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.

### Definition - Composite Supply

**Composite Supply as per Sec 2 (30) :** means a supply made by a taxable person to a recipient consisting of

- two or more taxable supplies of goods or services or both or any combination thereof
- which are naturally bundled and
- supplied in conjunction with each other in ordinary course of business one of which is a principal supply

**Illustration.— (Goods + Service)** Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply;



### Definition - Mixed Supply

**Mixed Supply as per Sec 2 (74) :** means

- Two or more individual supplies of goods or services or any combination thereof
- Made in conjunction with each other by a taxable person for a single price
- Where such supply does not constitute a composite supply

**Illustration.—** A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks 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





**Circular No.:- 1/1/2017**

**Issue:-** Whether Inter-state movement of various modes of conveyance, carrying goods/ passenger/ both, or for Repair and maintenance, between distinct persons (Reg Br.1 to Reg Br.2), is leviable to IGST? (Conveyance = Trains, buses, trucks, tankers, trailers, vessels, containers, aircrafts.)

**Decision:-** It shall not be treated as SOG/SOS, so no IGST. (Except further supply)(Schedule I, Para 2)

**Clarification :-** 1- **Conveyance carrying goods/ passenger/ both:-** Treated neither as SOG or SOS, No IGST.

2- **Conveyance for repair & maintenance:-** Treated neither as SOG or SOS, No IGST.

(On such Repair and maintenance charges:- GST payable)

3- **Conveyance moved for further supply:-** Treated as SOG/SOS, IGST shall be levied.



**Circular No.:- 21/21/2017**

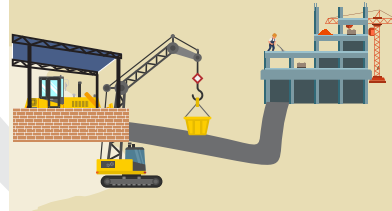
**Issue :-** Whether Inter-state movement of Rigs, tools, spare parts, and all goods on wheels (like cranes) between distinct persons (Reg Br.1 to Reg Br.2), is leviable to IGST?

**Decision:-** It shall not be treated as SOG/SOS, so no IGST (As per Schedule I, Para 2)

**Clarification:-**

1) It shall not be treated as supply of goods nor supply of services, hence no IGST is levied,

2) However, applicable CGST/SGST/IGST shall be leviable on further supply of these goods.



**Circular No.:- 57/31/2018**

**Issue:-** What is the scope of Principal-Agent-Relationship, under Para 3 of schedule I of CGST Act, in context of Agents?

**Clarification:-** (1) Supply by Principal to Agent, where Agent shall issue, for further supply, Invoice

**Invoice in his name:-** Agent shall be covered under Para 3, Schedule I

**Invoice in the name of Principal:-** Agent shall not be covered under Para 3, Schedule I

(2) Supply by Agent to Principal, where goods being procured by Agent on behalf of Principal, Invoice

**Invoice in his name:-** Agent shall be covered under Para 3, Schedule I

**Invoice in the name of Principal:-** Agent shall not be covered under Para 3, Schedule I

**Circular No.:- 116/35/2019**

**Issue:-** Whether GST is leviable on the service of display of name/ placing of name plates of donor in the premises of charitable organisations receiving donation/gifts from individual donors?

**Clarification :-** 1- Individual Donors= provide financial help, etc in form of donation/gift, to charitable institutions, etc

2- Recipient institution= place a Name plate, etc in their premises to express the gratitude

3- Purpose is philanthropic (i.e., it leads to no commercial gain) and not advertisement.

4- No obligation on part of recipient to do anything

5- Hence, No GST on such activity

**Circular no. 172/04/2022**

Any perquisites provided by employer to its employees:

➤ If terms of contract = Not supply under Schedule III.

➤ If not in terms of contract = If value exceeds ₹50,000, it is taxable under Para 2 of Schedule I

**Circular No.:- 44/2018**

**Issue:-** (1) Whether Tenancy premium for transfer of tenancy rights to an incoming tenant, attract GST, when stamp duty and registration charges is levied on the said premium?

(2) Whether supply, in case of transfer of tenancy rights, a part of the consideration for which, accrues to the outgoing tenant, attracts GST?

**Clarification:-** 1- Any lease/tenancy/leasehold/license, to occupy land=SOS (Para-2 Schedule II)

2- Transfer of tenancy rights=Not treated as Sale of Land/Building

3- Renting of residential dwelling for use as a residence= Exempt

4- (Transfer of tenancy rights, against consideration of Tenancy premium):-

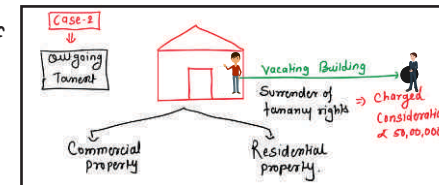
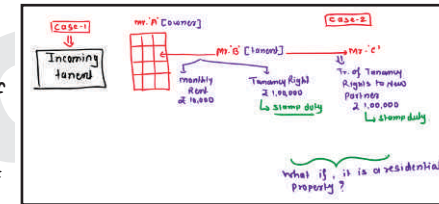
➤ To an Incoming tenant= Taxable

➤ To a New tenant= Taxable

➤ To a New tenant(for Residential Property)= Exempt

5- Service provided by Outgoing tenant as surrendering the tenancy rights, against consideration in the form of a portion of tenancy premium= Taxable

6- Merely because a transaction/ supply involves execution of Docs. (require registration, pay fees, and stamp duty), wouldn't preclude them from scope of supply.



**Circular No.:- 11/11/2017**

**Issue:-** Whether such supplies constitutes SOG/SOS:-

(1) Printing of books, pamphlets, brochures, annual reports, and the like

(2) Supply of Printed envelopes, letter cards, printed box, napkin, wall papers etc, printed with design, logo, etc

**Decision:-** For (1):- SOS For (2):- SOG (Sec 8, composite and mixed supply)

**Clarification**

1- Classification of such supplies as SOG/SOS,= on the basis of what constitutes the Principal Supply.

2- Printing of books, pamphlets, brochures, annual reports, etc= SOS (Supply of printing, on the content supplied by the recipient of supply is the Principal supply.

3- Supply of Printed envelope, letter cards, etc, printed with design, logo, etc.= SOG (Predominant supply is goods, and supply of printing of the content, supplied by recipient, is Ancillary to the Principal supply of goods.

**Circular no. 190/02/2023**

Incentives paid by Ministry of electronic & Information Technology (Meity) to acquiring bank under incentives schemes for promotion of digital payments are treated as Subsidy hence not taxable

**Circular No. 196/08/2023**

Activity of holding of shares of subsidiary company by holding company **cannot be treated as a supply of services** by a holding Co. & **cannot be taxed** since shares are neither goods nor services.

**GST is payable on salvage/wreck value earmarked in the claim assessment of the damage caused to the motor vehicle [Cir. No.215/09/2024]:-**

1) **Salvage Value Deduction:** If a claim is settled after deducting the salvage value, the salvage remains with the insured. Thus, insurance company is **not liable to pay GST** as it is not a supply.

2) **Full Insured Declared Value (IDV) Settlement:** If the contract stipulates settlement on full IDV without deducting salvage value, the salvage becomes the property of the insurance company. Thus, it **must pay GST** when it sells the salvage to a buyer.

**Circular no. 178/10/2022**

**Parameters for taxability under GST:**

- Contractual relationship between supplier & recipient
- Express or implied promise from supplier for services under para 5(e) of sch II ie payment cannot be assumed
- Independent arrangement or activity
- If payment not represent object, it cannot be consideration

a) **Liquidated damages:** Normally no express or implied agreement, thus not taxable, but are taxable in certain cases.

b) **Compensation for cancellation of coal blocks:** not given under contract between govt & allottee, hence not taxable

c) **Cheque dishonour fine/ penalty:** Never implied or express offer, hence not taxable

d) **Penalty imposed for violation of Law:** No agreement between Govt and violater, hence not taxable

e) **Forfeiture of salary or payment of bond amount:** These amounts are not consideration for tolerating the act, hence not taxable

f) **Compensation for not collecting toll charges:** compensation received are treated as supply

g) **Late payment surcharge or fee:** Late payment with interest, fee, fine, penalty are naturally bundled hence assessed as principle supply

h) **Fixed Capacity charges for Power:** These are charged as sale of electricity which is exempt

i) **Cancellation charges:** Assessed as principal supply & same rate is applicable to service contract

**Circular No. 201/13/2023**

➤ Supply of food/beverages in cinema hall is **taxable as 'restaurant service'**, if:

- a) food or beverages are supplied as part of a service, &
- b) supplied independent of the cinema exhibition service.

➤ If sale of cinema ticket & food & beverages **are bundled together as composite supply**, entire supply **will attract GST rate of exhibition of cinema.**

**Taxability of ESOP/ESPP/RSU provided by a company to its employees through its overseas holding company [Cir. No.213/07/2024]:-**

➤ ESOP/ESPP/RSU are part of employee remuneration, **not considered** a supply.

➤ Reimbursements from an Indian subsidiary to a foreign holding company on a cost-to-cost basis, are **not subject** to GST.

➤ However, if the foreign holding company charges any additional fee, it is considered a **SOS**, and **GST will be levied** on the additional amount under RCM.



# Chapter 3:- Reverse Charge Mechanism & ECO

8



CA Vishal Bhattad

## Sec 9(3) : Reverse Charge under notified cases

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

## Sec 2(98) : Reverse Charge

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) or 9(4), or under section 5(3) or 5(4) of the Integrated Goods and Services Tax Act.

## Sec 9(4) (CGST) Reverse Charge - when supply of goods or services by unregistered person to registered person

The central tax in respect of the

supply of specified category of goods or services or both by a supplier, who is not registered, to a specified class of registered person

shall be paid by such person 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 the supply of such goods or services or both.

## Sec 9(5) - CGST liability of E-commerce operator

If there is intrastate supply of specified services through ECO,  
⇒ the tax on such supply shall be paid by ECO &  
⇒ All provisions of act shall apply to that ECO as if he is the person liable to pay tax in relation to such supply.

Note:- Here, Services are notified by govt. on recommendations of the council

|         |   |   |
|---------|---|---|
| Proviso | If ECO is not having physical presence in taxable territory:-                           | Person representing ECO in taxable territory for any purpose = Person liable to pay tax         |
| Proviso | If ECO is not having physical presence as well as representative in taxable territory:- | Person shall be appointed by ECO in taxable territory for paying tax = Person liable to pay tax |

Definition u/s 2(45):- Electronic Commerce Operator (ECO) means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.

## Reverse Charge Mechanism Under sec 9(3) & 9(4)

### Transport and Motor vehicle Sector

| 1. GTA   | by                              | to   | Liability  |
|--|---------------------------------|--|--|
| Service<br>Services in relation to transportation of goods by road | GTA (who has not paid GST @12%) | person (Notified Person) who pays freight is<br>a) Any registered factory. b) Any registered Society<br>c) Any Co-operative Society<br>d) Any person registered under GST<br>e) Body corporate or; f) firm, (including LLP & AOP)<br>g) Any CTP. | Notified person who is liable to pay freight<br>Note: GTA liable in following cases<br>1. If notified person located in non-taxable territory.<br>2. If person liable to pay freight is not falling under notified categories.<br>3. If department or establishment of government or local authority government agency opt for registration only for the purpose of Deducting TDS u/s SI |

### Important Remark:-

Payment of GST@ 12% (6%+6%) with full ITC of GTA

GST is payable under Forward charge by GTA

Condition: If GTA is registered & opts to pay tax under forward charge & issues tax invoice & made declaration on invoice.

Note:- Once exercised the option, GTA has to pay tax in future years until it shifts to RCM by filing declaration in 4th qtr. of P.F.Y

Exempt:- Service provided to any unregistered other than notified person.

### GTA Service at glance

Service provided to RP in GST  
Reverse charge is applicable & recipient who pays the freight is liable to GST

Payment of GST@ 5% (2.5%+2.5%) without ITC to GTA  
Service provided to unregistered person in GST  
If services provided to notified person located in taxable Territory  
Reverse charge is applicable above notified person is liable to pay GST  
If services provided to other unregistered person  
Exempt

## 2. Renting of motor vehicle

| Service  | by  | to                 | Liability                                       |
|--|---|--------------------|---|
| Renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged. | any person other than body corporate (does not issue an invoice charging CGST @ 6 % and SGST 6% to the service recipient) | Any body corporate | Any body corporate located in taxable territory |

### Important Remark:-

#### Renting of Motor vehicle

#### Goods transported service by road [Refer Entry 1]

#### Passenger transport services

Renting of M.V. designed to carry passenger [e.g. car/bus/suto etc.]

Renting of M.V. designed to transport goods [e.g. truck /tractor etc.]

Forward Charge

cost of fuel included in a consideration

Cost of fuel not considered in a consideration

Supplier of service  
Any person other than body corporate

Recipient  
Any body corporate in taxable territory

Forward charge is applicable

If above both conditions are fulfilled

RCM is applicable & recipient body corporate is liable to pay tax

If above both conditions are not fulfilled

Forward charge is applicable

1) Passenger transport by cab/motor cycle, or any other motor vehicle except omnibus.

1a) Passengers transported by omnibus except where such supplier is a company

2) supply of restaurant service other than the services supplied by restaurant, eating joints etc. located at specified premises (Tariff above ₹7500 per unit per day or equivalent)

For all supplies made through ECO

Whether supplier is registered or not ECO is liable to Pay 100% tax.

Renting by rooms by Hotels, Inns, etc.

Housekeeping services

Supplier is liable to registered under GST

Supplier himself is liable to pay tax.

Supplier is not liable to registered under GST

ECO is liable to pay tax on all supplier made through it.

### Student Notes:-



## Legal Sector

### 3. Legal Services

|   |  |
|---|--|
| Legal Services provided by an individual / senior /firm of advocates to business entity directly or indirectly. | Any business entity located in the taxable territory |
|---|--|

**Explanation:-** "legal service" means any service 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."

#### Important Remark:-

| RCM if all following conditions are fulfilled   | Forward Charge in any of the cond's of RCM not fulfilled                            | Exemptions [No FC / RCM]  |
|---|---|---|
| 1) Only if legal services supplied by advocate  | All other services supplied by Advocate   | -   |
| 2) Services must be supplied by Individual Advocate/Senior Advocate /firm of Advocate | Legal services supplied by<br>⇒ advocate company<br>⇒ CA/CS/CMA or other consultant | -   |
| 3) Service is supplied to business entity   | -   | Services supplied to<br>⇒ B.E. having Agg. T/O below threshold in P.F.Y<br>⇒ Non business entity ⇒ CG/SG/UT/ Govt. Entity |
| 4) Recipient (B.E.) is located in taxable territory                                   | If recipient is located in non- taxable territory                                   | -   |

### 4. Arbitral Tribunal

|   |  |
|---|--|
| Services by Arbitral Tribunal to business entity in a taxable territory | Any business entity located in the taxable territory |
|---|--|

## Government Service Sector

### 5. Government

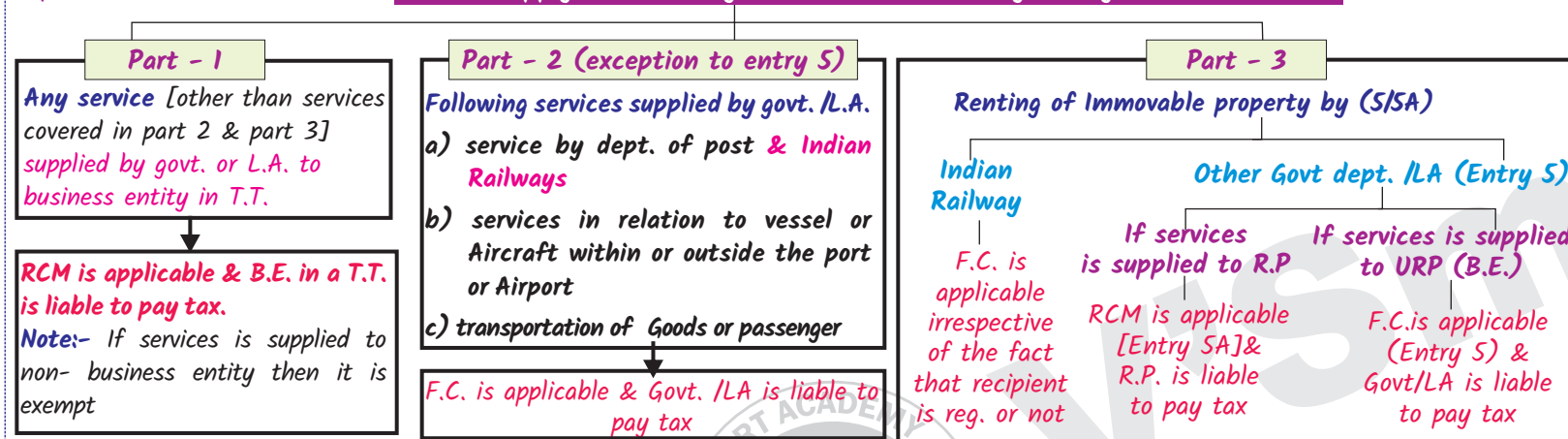
|  |  |
|--|--|
| Any Services provided by Government or Local authority to business entity other than ① renting of immovable property/ ② Service by Department of Post & Ministry of Railways (Indian Railways); ③ Service in relation to Aircraft, Vessel inside /outside precincts of port/airport. ④ transportation of goods or passengers | Any business entity located in the taxable territory |
|--|--|

### 6. Government

|  |                       |
|--|-----------------------|
| Renting of immovable property by CG [excluding Ministry of Railways (Indian Railways)], SG,UT or LA to any registered person | Any registered person |
|--|-----------------------|

#### important Remark:-

#### Supply of service by Govt or Local Authority (Entry 5 & SA)



**Note:-** Above provision also apply to parliament, State Legislature, court & tribunals

## Renting of Residential Dwelling

### 7. Renting of Residential Dwelling

|   |                       |
|---|-----------------------|
| Services by Any Person to a registered person | Any Registered Person |
|---|-----------------------|

#### Analysis:-

| Si. No | Property    | Used for   | Recipient    | Now                          |
|--------|-------------|------------|--------------|------------------------------|
| 1      | Residential | Residence  | Unregistered | Exempt                       |
| 2      |             |            | Registered   | Taxable under Reverse Charge |
| 3      | Residential | Commercial | Registered   | Taxable under Reverse Charge |
| 4      |             |            | Unregistered | Taxable under Forward Charge |
| 5      | Commercial  | Commercial | Any Person   | Taxable under Forward Charge |

## Construction Service Sector

### 8. Sec 9(3)

|                         |  |          |
|-------------------------|--|----------|
| Construction (FSI etc.) | Transfer of development rights or Floor Space Index (FSI) by any person to promotor for construction of a project                                      | Promotor |
| Construction (lease)    | Long term lease of land (30 years or more) by any person to promotor against consideration in the form of upfront amount for construction of a project | Promotor |

## Insurance & Banking Service Sector

### 9. Insurance agent

|  |  |
|--|--|
| Service by an Insurance Agent to a person carrying insurance business located in taxable territory | Insurer carrying life or general insurance business. |
|--|--|

#### Important Remark

| RCM if all following conditions are fulfilled                    | Forward Charge in any of the cond's of RCM not fulfilled                 |
|--|--|
| 1) Only service supplied by Insurance Agent to Insurance Company | Other suppliers like actuary etc. supplies services to Insurance company |
| 2) Insurance Agent is licenced under Insurance Act.              | Insurance Agent not licensed under Insurance Act                         |

### 10. Recovery agent

|  |   |
|--|---|
| Services by any recovery agent to a banking company, Financial Institution or NBFC in a taxable territory. | Such banking company, Financial institution or NBFC |
|--|---|

### 11. Members of Overseeing committee

|   |                             |
|---|-----------------------------|
| Supply of Service by Members of Overseeing committee to Reserve Bank of India (RBI) | Reserve Bank of India (RBI) |
|---|-----------------------------|

### 12. DSAs

|  |  |
|--|--|
| Services by Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or LLP to a banking company or a NBFC | A banking company or a NBFC, located in the taxable territory. |
|--|--|

#### Important remark

| RCM if all following conditions are fulfilled                    | Forward Charge in any of the cond's of RCM not fulfilled         |
|--|--|
| RCM is applicable only if services is supplied by Individual DSA | If service is supplied by body corporate,partnership or LLP Firm |
| 2) Recipient is banking or NBFC                                  | If recipient is ⇒ Financial institution or ⇒ any other person    |
| 3) Recipient is located in taxable territory                     | If recipient is located in non- taxable territory                |

### 13. Business Facillator

|  |  |
|--|--|
| Services supplied by Business Facilitator to A banking company located in the taxable territory. | Banking company located in Taxable Territory |
|--|--|

Important remark

| RCM if all following conditions are fulfilled                 | Forward Charge in any of the cond's of RCM not fulfilled                    | Exemptions  |
|---|---|---|
| 1) RCM is applicable only if supplier is Business facilitator | 1) If supplier is<br>⇒ Business correspondent or ⇒ other                    | business facilitator to a banking company with respect to accounts in its rural area branch |
| 2) Recipient is banking company only                          | 2) If service is supplied to others like Insurance company, FI or NBFC etc. |   |
| 3) Recipient is located in taxable territory                  | 3) Banking company located in non taxable territory                         |   |

14. Agent of Business Correspondent

|  |   |
|--|---|
| Services supplied by An agent of Business Correspondent (BC) to A business correspondent, located in the taxable territory | Business correspondent located in Taxable Territory |
|--|---|

Un-organised to Organised Service Sector

15. Sponsorship

|   |   |
|---|---|
| Sponsorship Service by any person to any body corporate or partnership firm located in taxable territory. | Such body corporate or Partnership Firm located in a Taxable territory. |
|---|---|

Important remark

| RCM if all following conditions are fulfilled                               | Forward Charge in any of the cond's of RCM not fulfilled                                       |
|---|--|
| 1) It is applicable only for sponsorship service                            | 1) Advertising/ Marketing services   |
| 2) Supplier - Any person  | -  |
| 3) Recipient - RCM is applicable only if recipient is body corporate / P.F. | 3) If recipient is any person other than body corporate/ P.F. e. g. Individual /HUF/Trust etc. |
| 4) Recipient - Body corporate or P.F. must be in taxable territory          | 4) If Recipient in non taxable territory   |

16. Director of company

|   |                                |
|---|--------------------------------|
| Services by director of a company or body corporate to the said company or body corporate | Such company or body corporate |
|---|--------------------------------|

17. Security Services

|  |  |   |  |
|--|--|---|--|
| Supply Security services (as a security personnel) | Any person other than a body corporate | to a registered person (other than - department of Govt. / local authority/ Govt. authority/ registered person u/s 10.) | Registered Person located in Taxable Territory |
|--|--|---|--|

Important remark

| RCM if all following conditions are fulfilled                     | Forward Charge in any of the cond's of RCM not fulfilled   |
|---|--|
| 1) Service is supplied only by way of supply of security personal | If security service supplied by other ways e.g. dog sniffer, CCTV investigation etc.   |
| 2) Supplier is any person other than body corporate               | If Supplier is body Corporate  |
| 3) Recipient is registered person under GST                       | If recipient is ⇒ Unregistered Person or ⇒ Registered Person but CG, SG LA and etc. registered only for TDS ⇒ Registered person u/s 10 |

Copyright Service Sector

18. Copyright service

|   |   |
|---|---|
| transfer or permitting use or enjoyment of a copyright relating to Original dramatic, musical works | Music company, producer or the like, located in the taxable territory |
| by Music composer, Photographer, Artist   |   |
| to Music company, producer or the like  |   |

Important remark

| RCM if all following conditions are fulfilled                       | Forward Charge in any of the cond's of RCM not fulfilled |
|---|--|
| 1) Copyright relating to original dramatic artistic or musical work | If it is not related to original word                    |
| 2) Supplier - music composer, photographer or artist                | In other case  |
| 3) recipient should be music company, producer or like              | In case of other recipient                               |
| 4) Music company or producer in taxable territory                   | If they are in non taxable territory                     |

10

19. Copyright relating to literary

|   |  |
|---|--|
| Transfer or permitting use or enjoyment of a copyright relating to original literary work by an author to publisher | A Publisher located in the taxable territory |
|---|--|

Important Remark:- Copyright [entry 9]

| RCM if all following conditions are fulfilled   | Forward Charge in any of the cond's of RCM not fulfilled | Special remark   |
|---|--|--|
| 1) Copyright relating to original literary work | 1) If not related to original literary work              | Shifting of RCM to F.C. the author has taken registration ,and filed a declaration commissioner comply with all the provisions for payment of tax he shall not withdraw the said option within a period of 1 year from the date of exercising such option; |
| 2) Service is supplied by author                | 2) service is supplied by other                          |  |
| 3) Recipient is publisher                       | 3) Recipient is other                                    |  |
| 4) Recipient is located in taxable territory    | 4) If recipient is located in non taxable territory      |  |

Other Service Sector

20. Lending of security

|   |   |
|---|---|
| Lending of securities by lender to borrower | Borrower i.e. a person who borrows the securities |
|---|---|

Circular No.:- 177/09/2022

Issue:- The Question which arose for consideration is whether RCM is applicable on

- 1) Services of renting of motor vehicle designed to carry passengers or
- 2) Service of transportation of passengers

RCM would apply on renting of vehicles if the body corporate use in the manner as it likes subject to agreement with the person providing vehicle on rent.

RCM would not apply on transportation of passengers if body corporate avails said service for specific journeys or voyages and does not take vehicle on rent for any period of time.

Circular No.:- 201/13/2023

- ⇒ Services supplied by director to company or body corporate in his private or personal capacity such as renting of immovable property are not taxable under RCM.
- ⇒ But if supplied by director as or in capacity of director, it is taxable under RCM.



# Chapter 4 :- Composition Scheme

11



CA Vishal Bhattad

## Section 2(6):- Aggregate Turnover

means the aggregate value of

- all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis),
- exempt supplies,
- exports of goods or services or both and
- inter-State supplies of persons having the same PAN, to be computed on all India basis

but excludes central tax, State tax, Union territory tax, integrated tax and cess

For the purposes of computing turnover of a person for determining his eligibility to pay tax under this section for Sec 10(1) & 10(2A),

**aggregate turnover** shall include the value of supplies made by such person from the 1st day of April of a financial year up to the date when he becomes liable for registration under this Act,

but shall not include the value of exempt supply of services provided by way of extending deposits, loans or advances is so far as the consideration is represented by way of interest or discount.

## Section 2(112):- Turnover in State or "Turnover in Union Territory

means the aggregate value of

- all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis) and
- exempt supplies made within a State or Union territory by a taxable person,
- exports of goods or services or both and
- inter-State supplies of goods or services or both made from the State or Union territory by the said taxable person

but excludes central tax, State tax, Union territory tax, integrated tax & cess.

**turnover in State or turnover in Union territory** shall not include the value of following supplies, namely:

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

## 2(47) : Exempt Supply

means a supply of any goods or services or both

- which attracts nil rate of tax or
- which may be wholly exempt from tax
- includes non-taxable supply

## Procedure- Composition Scheme

**Procedure:-Rule-3** Intimation by UR= Pay tax under Composition levy in part B of FORM- GST REG-01.(Considered only after grant of reg.)

**Intimation by RP=** Electronically file an intimation in FORM-CMP-02, prior to commencement of FY, for which option exercised.  
Any intimation i.r.o. any place of business in a State/UT= deemed to be an intimation i.r.o. all other place of business registered on same PAN.

**Rule-4** Effective date= 1st april of the FY for which such option is exercised.

**Rule-6** Validity of Composition Scheme = Till person continues to fulfill conditions u/s 10(2)/(2A)/ Rule-5.

- If person ceases to fulfill above conditions= shall file intimation of opting out scheme in FORM GST CMP 04 (Within 7days)
- If person want to opt out voluntarily= shall file intimation in FORM GST CMP 04 before such withdrawal.
- After withdrawal he shall issue tax invoice & allowed to avail ITC i.r.o.stock held by him as on date.

**Rule-62** File statement- Quarterly till 18th of month following the quarter.(CMP-08)

File Return (GSTR-4)- Annually till 30th April of the following year.

**Rule-80** File Return (GSTR-9A)- Annually

## Implication of Interest or Discounting on loan/Adv./Deposits [Applicable for 10(1) & 10(2A)]

### Agg. T/O of P.F.Y. [for deciding eligibility of composition levy]

**Example:-** Aggregate T/O of XYZ Ltd. in P.F.Y. is ₹152 Lakhs which includes interest on Loan/Adv./Deposits ₹ 3 lakhs. Whether composition levy is available in C.F.Y?

**Ans :-** Agg.T/O - 152L - 3L = 149 L Hence, XYZ Ltd. is eligible for composition Levy.

### Agg. T/O of C.F.Y. [for deciding withdrawal of composition Levy in C.F.Y.]

**Example:-** XYZ Ltd. has opted composition levy in C.F.Y. [as T/O of P.F.Y. is less than 150L/75L/50L]. Till September of C.F.Y. Agg. T/O of XYZ Ltd. is ₹155 Lakhs which includes ₹10 lakhs for interest on loan /adv./deposits, state whether composition levy of XYZ Ltd. has lapsed in month of September or still it can pay tax under composition Levy?

**Ans:-** Agg. T/O - 155 L - 10 L = ₹145Lakhs  
Hence, XYZ Ltd. can still continue composition levy upto 5 lakhs after September.

### T/O in State/UT [for calculation of composition Tax 1%, 5%, 6% under composition levy]

**Example:-** Manufacturer PQR Ltd. has opted for composition levy in C.F.Y. Its T/O of state in Maharashtra is 1st quarter (April-June) is includes

- Taxable supply of goods ₹20 Lakhs
- Taxable supply of service ₹2 Lakhs
- Exempt supply of service ₹1 Lakh
- Interest on Loan/Adv./Deposit ₹0.5 Lakhs

Calculate GST payable in 1st Quarter under composition levy

**Note :-** Whatever service provided in 1st quarter is within marginal limit as per proviso 2

**Ans:-** GST payable = 1% [20+2+1L] = ₹23 lakhs **Note:-** Interest excluded

### T/O of State/UT of P.F.Y for calculation of marginal limit of service under proviso 2 to 10(1) i.e. 10% of T/O in state or ₹ 5 lakhs

**Example:-** ABC Ltd. has turnover in state of Maharashtra in P.F.Y. is ₹80 lakhs. Turnover includes ₹ 7 lakhs for interest on loan/Adv./deposits. Whether ABC Ltd. is eligible for C.L. in C.F.Y. ? Also, what is the amount of marginal limit of service available in C.F.Y?

**Ans:-** 1) Agg. T/O = 80 Lakhs - 7 lakhs = 73 lakhs T/O in state only 1 branch]

ABC Ltd. is eligible for composition levy in C.F.Y.

2) Marginal limit of service = 73L X 10% or ₹ 5Lakhs = ₹ 7.3 Lakhs

**For calculation of Marginal limit of service [10% of T/O in state of P.F.Y. or 5 lakhs, Which ever is higher ]**

Continuing the above Example of ABC Ltd. where marginal limit of C.F.Y for Supply of service = ₹ 7.3 lakhs In C.F.Y, till September ABC Ltd. made supply of goods of ₹ 75lakhs and supply of service ₹ 9 lakhs (includes interest ₹ 2 lakhs)

Whether Composition Levy stands withdrawn in C.F.Y. or it will be continued?

**Ans :-** 1) Agg. T/O till Sep = 75L + (9L - 2L) = 82 Lakhs 2) Use of marginal limit of service = 9 L - 2L = 7 Lakhs. Therefore ABC Ltd. can still continued composition Levy

## Analysis - Threshold, composition & Normal Scheme



| Assessee | Mfg | Trader | SP |
|----------|-----|--------|----|
|          | ✓   | ✓      | ✓  |

| Tax benefits | No Tax Payable | Tax is payable @ Composite Rate  | Tax is payable @ Normal Rate                            |
|--------------|----------------|--|---|
| Registration | Not required   | Compulsory   | Compulsory  |
| GST Invoice  | Not required   | Bill of supply   | Tax invoice   |
| GST Records  | Not required   | Limited Extent   | As prescribed under this Act                            |
| ITC          | Not required   | NO   | Yes   |
| GST Return   | Not required   | 1) GSTR -4, GSTR - 9A Annually<br>2) Quarterly Statement - CMP-08<br>3) Payment of Tax - Quarterly | GSTR -1, 2 & 3, Monthly Quarterly for notified category |

| procedure benefit |              |  |   |
|-------------------|--------------|--|---|
| Registration      | Not required | Compulsory   | Compulsory  |
| GST Invoice       | Not required | Bill of supply   | Tax invoice   |
| GST Records       | Not required | Limited Extent   | As prescribed under this Act                            |
| ITC               | Not required | NO   | Yes   |
| GST Return        | Not required | 1) GSTR -4, GSTR - 9A Annually<br>2) Quarterly Statement - CMP-08<br>3) Payment of Tax - Quarterly | GSTR -1, 2 & 3, Monthly Quarterly for notified category |

## GST Rate under Composition Scheme

### Rule- 7 = Rates:-

| Categories of RP  | CGST | SGST | Total | Basis for Calculation  |
|---|------|------|-------|--|
| a- Manufacturer   | 0.5% | 0.5% | 1%    | Turnover in State/UT (T.S. + Exempt+ Nil rate)                                 |
| b- Catering & Restaurant                                      | 2.5% | 2.5% | 5%    | Turnover in State/UT   |
| c- Trader   | 0.5% | 0.5% | 1%    | Turnover of taxable SOG & SOS in the State/UT Only Taxable Supply of SOG & SOS |
| d- R.P. not eligible u/s 10(1) & (2), but eligible for 10(2A) | 3%   | 3%   | 6%    | Turnover of SOG & SOS in the State/UT (T.S. + Exempt+ Nil rate)                |

Both are Optional Scheme.

Special Category States= Arunachal Pradesh, Assam, J&K, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh & Uttarakhand.

## Sec 10

### Sec 10(1)- Applicability:

- Applicable to 'R.P.', whose Aggregate T/o in PFY is not exceeding:-
  - 75 lakhs- For special category states (Other than H.P./Assam/J&K)
  - 150 lakhs- all other states (including H.P./ Assam / J&K)

### Proviso 2 to Sec 10(1)- Marginal Service

- Provided that a Manufacturer/Catering & Restaurant / Trader- May supply services of value upto 10% of T/o in a State / UT in P.F.Y or ₹ 5 Lakhs whichever is higher. (limit is statewise)

**Note -** while calculating T/o in State/UT above, excludes interest on loans/adv. etc.

### Sec 10(2)- Eligibility Conditions-

- person opting for the scheme u/s 10(1) (Manufacturer/ Catering & Restaurant / Trader) cannot supply any service (Taxable / exempt), except as allowed in proviso 2 to sec 10(1). (Limit is statewise)
- Not engaged in SOG/SOS, which are Non-taxable under GST Act.
- Not engaged in making any inter-state outward SOG/SOS
- Not engaged in SOS, through an ECO, collecting TCS u/s 52.
- Not a manufacturer of Notified Goods\*.
- Neither a CTP nor N RTP

\*[Notified Goods= Ice cream & other edible ice / Pan Masala / Aerated water/ tobacco & tobacco substitutes, Fly ash bricks, Fly ash aggregates, fly ash blocks]

**Proviso to Sec. 10(2) :** Scheme would be applicable for all businesses having registrations under same PAN of the conditions required to opt for composition scheme.

### Sec. 10(3):- Eligibility Criteria for composition scheme:-

- Option availed by RP u/s 10(1)/(2A) - shall lapse w.e.f. the day on which his Aggregate T/o during a FY exceeds 150 lakhs/ 75 Lakhs/ 50 lakhs, as the case may be.

### Sec. 10(4):- Other Conditions:-

- Composition dealer cannot collect tax on outward supplies.
- Composition dealer will not be eligible to claim ITC.
- Composition dealer cannot issue tax invoice, but issue Bill of supply.

### Sec. 10(5):-If PO believes that a taxable person has paid tax u/s 10(1)/(2A) despite not being eligible, such person shall-

- pay tax & penalty as per applicable provisions &
- sec 73/74 shall be applicable.

### Rule-5 Conditions/restrictions:-

- Title on Bill of Supply= "Composition Taxable person, not eligible to collect tax on supplies"
- Display at business premise= "Composition Taxable Person"

## Sec 10(2A)

### Sec 10(2A) - Applicability :-

- Applicable to "R.P.", whose Aggregate T/o in PFY is not exceeding - ₹ 50 lakhs

- & Person is not eligible to opt scheme u/s 10(1)/(2) [Pre-dominantly for service provider]

### Sec 10(2A)- Eligibility Conditions -

- Not engaged in SOG or SOS, which are Non-taxable under GST Act.
- Not engaged in making any inter-state outward SOG or SOS
- Not engaged in SOS, through an ECO, collecting TCS u/s 52
- Not a manufacturer of Notified Goods\*.
- Neither a CTP nor N RTP

### Proviso to sec. 10(2A)- Same



# Chapter 5 : Section 15 - Value of Supply

12



CA Vishal Bhattad

## Sec 15(1)

Value of Taxable Supply = **Transaction value**  
**Price actually paid or payable for Supply**

**Conditions:**  
1) Not related party  
2) Price is sole consideration

**Duties & Taxes** All taxes levied under any law for time being in force other than GST Acts if charged separately



## Sec 15(2)

**Inclusion to Transaction Value**

a

b

c

d

e

**3rd party payment**  
Any payment **incurred** by the recipient for which supplier is **liable to pay**

**Example :** Isha Time Gallery has been appointed as an authorized center of Sony electronics, On sales of worth ₹ 20,00,000 electronic items. Sony electronics is liable to pay commission @ 10 % on such sale i.e. ₹ 2,00,000 but such selling commission to be paid by Sony electronics has been paid by Isha Time Gallery for the month of August. In this case such expense shall be included in transaction value.

**Incidental expenses: (packing, commission etc)**  
Any incidental expenses charged by supplier & any amount charged for anything done by the supplier at the time of supply or before delivery

**Examples of additional recoveries by supplier**

- Packing, labeling, designing etc
- Royalty, warranty charges, etc.
- Insurance charges
- Dharmada
- Weightment charges.
- Loading, weighing, coolie
- Freight shown separately in invoice
- Erection installation charges
- Pre Delivery Inspection Charges

**Interest, late fee penalty** for delay payment of consideration

**Interest, late fee, penalty**  
Interest on loan, advances or deposits  
It is SOS but exempted  
Interest, Late fee, Penalty for delay payment of consideration  
It is taxable

**Important Notes:-**

- 1) **Value:-** Normally interest is assumed to be inclusive of GST whereas late fee & penalty, is assumed to be exclusive of GST.
- 2) **TOS:-** As per 12(6)/13(6) i.e. in a month when a such amount is actually received.
- 3) **Rate:-** Based of original supply

## Sec 15(3)

**Deduction of discount**

Any discount given before or at the Time of Supply

Any discount given after supply

**Any discount given before or at the Time of Supply**  
Deductible from value

**Any discount given after supply**  
Agreed at the Time or before supply  
Deduction allowed  
i) linked to the Invoice  
ii) ITC reversed by recipient

**Not Agreed**  
Deduction not allowed

**Subsidy**  
Subsidy directly linked to price by person other than govt.

**Analysis : Subsidy**  
Given by Govt.  
Not to be added to the value of supply  
Subsidy linked to the price of supply  
it would be added to value of supply  
Given by others  
Not linked to the price  
it will not be added to the value of supply

**Staggered discount (Buy more, save more offers):-** Generally shown in the invoice, to be excluded

**Periodic/ year end discount/ volume discounts :-** Generally not shown on invoice since given at year end such discount are excluded from value of supply subject to fulfillment of conditions u/s 15(3)(b).

**Secondary discounts (not known at TOS):-** Such discount shall not be excluded from value of supply since not known at TOS & 15(3)(b) condition not satisfied.

## Important Clarification

### Circular no. 76/50/2018

**Issue:-** Issue: TCS under Income-Tax Act, 1961 not includible in the taxable value for the purpose of GST

**Clarification:** To determine the value of supply under GST, tax collected at source (TCS) under the IT Act, 1961 would **not be includible** as it is an interim levy not having the character of tax.

### Circular no.186/18/2022

**Issue:-** Whether No Claim Bonus allowed by insurance company can be considered as consideration for supply, for agreeing to the obligation to refrain from the act of lodging insurance claim during the previous year(s)?

**Clarification:**

- It is clarified that there is **no supply provided by the insured** to insurance company in form of agreeing to the obligation to refrain from the act of lodging insurance claim during the PY
- Hence No Claim Bonus **cannot be considered as a consideration** for any supply.

**Issue:-** Whether No Claim Bonus provided by insurance company to the insured can be considered as an admissible discount for the purpose of determination of value of supply of insurance service provided by insurance company to insured?

**Clarification:**

- It is clarified that No Claim Bonus (NCB) is a **permissible deduction u/s 15(3)(a)** of CGST Act to calculate the value of supply of insurance services.
- Accordingly, if the deduction on account of NCB is provided in the invoice, GST shall be **leviable on actual insurance premium** amount, payable by policy holders to insurer, **after deduction of NCB** mentioned on the invoice.





# Chapter 6:- Time of Supply

13



CA Vishal Bhattad

## Section 31- Invoice for supply of goods

| Normal Case  | Invoice by supplier of the Service   |
|--|--|
| As per Sec 31 a registered person supplying taxable goods invoice shall be issued <b>Invoice</b> , before or at the time of<br>(a) <b>removal of goods</b> for supply to the recipient, <b>where the supply involves movement of goods</b> ; or<br>(b) <b>delivery of goods or making available</b> thereof to the recipient, <b>in any other case</b> | As per Sec 31 a registered person supplying taxable services invoice shall be issued, <b>before or after the provision of service but not beyond 30 days (in case of banks or financial institution within 45 days) from the date of supply of service shall issue the Invoice</b> |

## TOS IN CASE OF ASSOCIATED ENTERPRISES

**Sec 2 - Associated Enterprise**  
"Associate Enterprise" Shall have the same meaning as assigned to it in Section 92-A of the Income tax Act, 1961

**TOS** : As per 2nd Proviso of sec 13(3), in case of **supply by associated enterprises**, where the supplier of service is located outside India,  
**the time of supply shall be the**

- date of entry in the books of account of the recipient of supply or
- the date of payment, whichever is earlier

## Time of Supply u/s 12 & 13

|   | Sec 12 : TOS for supply of goods   | Sec 13 :- TOS for Supply of Service  |
|---|--|--|
|   | Sec 12(2) : TOS  | Sec 13(2) :TOS   |
| Forward charge or outward supply                                  | <b>Earlier of</b> ➔ Date of issue of Invoice or<br>➔ Last Date of issue of Invoice<br><b>Note</b> : As per N/N 66/2017, TOS of goods is not on date of Receipt of advance for supplier other than composition dealer & <b>supplier of specified actionable claim</b> | (a) If Invoice is issued within time<br>Date of invoice or Date of Receipt, whichever is earlier<br>(b) If Invoice is not issued within time<br>Date of Completion or Receipt whichever is earlier<br>(c) If TOS cannot be determined as per (a) or (b)<br>Date when Recipient shows receipt of service in his books |
| RCM or Inward Supply  | <b>Sec 12(3)</b> : TOS is on<br>(a) Date of Receipt of goods, or<br>(b) Date of Payment, or<br>(c) 31st Day from Supplier's Invoice<br><b>Whichever is earlier</b><br><b>Note</b> : If (a) (b) or (c) is not possible then date of Entry in Books of Accounts        | <b>Sec 13(3)</b> : TOS is on<br>(a) Date of Payment, or<br>(b) 61st Day from Supplier's Invoice<br><b>Whichever is earlier</b><br><b>Note</b> : If (a) or (b) is not possible then date of Entry in Books of Accounts  |
| Payment upto ₹1000 in excess of Invoice                           | <b>Proviso to Sec 12(2) and 13(2)</b> : TOS is on at the option of Supplier, on the date of issue of next invoice in which such payment is adjusted  |  |
| Vouchers  | <b>Sec 12(4) and 13(4)</b> : TOS is on<br>(a) If Supply is identifiable - Date of Issue of Vouchers<br>(b) In Other Cases - Date of Redemption of Vouchers   |  |
| Residual Cases  | <b>Sec 12(5) and 13(5)</b> : TOS cannot be determined in any of the above section, then<br>(a) In case Periodical returns is to be filed - Date on which such return is filed<br>(b) In Other Cases - Date of Payment of Tax   |  |
| Interest/ Late Fees or Penalty for delay payment of consideration | <b>Sec 12(6) and 13(6)</b> : TOS is on<br>➔ Date on which Supplier receives the addition in value  |  |

**Note:**

i) **Date of Payment received** ➔ Date of book entry, or  
➔ Credited to Bank

ii) **Date of Payment (RCM)=** ➔ Date of Payment entered in books of accounts, or  
➔ Date of debit to bank

} Whichever is earlier

} Whichever is earlier

## TOS for payment of GST on spectrum usage services by telecom operators (Cir. No. 222/16/2024):

- ➔ Spectrum allocation services with deferred payments is considered as continuous SOS.
- ➔ Invoices must be issued by the payment due date specified in the contract as per sec 31(5)(a).
- ➔ For **full upfront payment**, GST is due when the payment is made or due, whichever is **earlier**.
- ➔ For **deferred payments**, GST is due with each instalment, when due or paid, whichever is **earlier**.

## TOS of services of construction of road Services & maintenance thereof of National Highway Projects of NHAI in Hybrid Annuity Mode (HAM) model i.e. (Circular No. 221/15/2024):-

- ➔ If invoices issued on time, TOS is **earlier of invoice date or payment receipt date**.
- ➔ If invoices not issued on time, TOS is **earlier of service provision date or payment receipt date**.



# Chapter 7:- IGST Act, 2017 (Place of Supply)

14



| Section 7 : Inter-State Supply  |  |
|---|--|
| 1) <b>Inter-State SOG (within India)</b> :-Subject to Sec 10, supply of goods, where the <b>Location Of The Supplier (LOS)</b> and the <b>Place Of Supply (POS)</b> are in    |  |
| (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.   |  |
| 2) <b>Inter-State SOS (within India)</b> :-Subject to Sec 12, supply of services, where the <b>Location Of the Supplier (LOS)</b> and the <b>Place Of Supply (POS)</b> are in |  |
| (a) two different States  |  |
| (b) two different Union territories; or   |  |
| (c) a State and a Union territory,  |  |
| shall be treated as a supply of services in the course of inter-State trade or commerce.  |  |
| 3) <b>Inter-State Supply (SOG or SOS outside India)</b> : Supply of goods or services or both,  |  |
| (a) when the supplier is located in India and the <b>POS</b> is outside India   |  |
| (b) to or by a SEZ developer or a SEZ unit  |  |
| (c) in the taxable territory, not being an intra-State supply and not covered elsewhere in this section,  |  |

| Section 8 : Intra-State Supply   |  |
|--|--|
| 1) <b>Intra State SOG</b> :- Subject to the Sec 10, supply of goods where the <b>LOS &amp; POS of goods are in</b>   | 2) <b>Intra State SOS</b> :- Subject to the Sec 12, supply of services where the <b>LOS &amp; POS of services are in</b> |
| ⊃ the same State or<br>⊃ same Union territory<br>shall be treated as intra-State supply  | ⊃ the same State or<br>⊃ same Union territory<br>shall be treated as intra-State supply                                  |
| Section 9 : Supply in Territorial Water  |  |
| Notwithstanding anything contained in this Act,  |  |
| a Where the location of the supplier is in the territorial waters,   | OR   |
| b Where the place of supply is in the territorial waters,  |  |
| LOS (for clause (a) & POS (for clause(b)) shall be deemed to be in the coastal State or UT where the nearest point of the appropriate baseline is located. |  |
|  |  |

## POS for supply of Goods

### Sec 10 :- Place of Supply of Goods other than imported or export goods

| S.No. | Nature of Supply   | Parties Involved   | Place of Supply   |   |
|-------|--|--|---|---|
| a)    | <b>Involves Movement of Goods</b>  | ⊃ Supplier<br>⊃ Recipient<br>⊃ Any other person                                  | Location of the goods when the movement of goods terminates for delivery to the recipient | <b>Case Study 1:</b> Mr A of Pune supplied goods to Mr. B of Nagpur for ₹ 1,00,000. Determine nature of supply and POS of Mr. A delivered the goods at the place of Mr. B.<br>In given case, LOS is Pune Maharashtra and movement terminates in Nagpur. Hence, POS is therefore, transaction is Intra-state supply. |
| b)    | <b>Bill-to-Ship-to Sale</b>  | ⊃ Supplier<br>⊃ Recipient (Shipping address)<br>⊃ Third Person (Billing Address) | Principal place of Business of Third person,  |   |
| c)    | <b>Does not involve Movement of Goods</b>  | ⊃ Supplier<br>⊃ Recipient  | Location of goods at the time of delivery to the recipient                                | <b>Case Study 2:</b> What will your ans is above case, if Mr. B has taken the delivery on Ex-factory basis (i.e. at factory gate) and move the goods from MH to MP.<br>⊃ In given case, movement of goods made by Recipient Mr. B to his place in MP, movement of goods terminated in MP. Hence, POS is MP,         |
| ca)   | <b>Supply of goods to URP (overrides sec 10(1)(a)/(c))</b>   | ⊃ Supplier<br>⊃ Recipient  | Location as per address (State) of URP recorded in invoice, otherwise LOS                 | <b>Case Study 3 :-</b> Mr. A sold goods to Mr. C (URP from Kerala ) for ` 20,000. State name (Kerala) is mentioned in invoice.<br>⊃ In given case, POS is location as per address in invoice (Kerala) for Mr. C. This is because Mr. C is an URP & the state name mentioned in invoice.                             |
| d)    | <b>Installation and Assembly of Goods at Site</b>  | —  | Place of Installation or assembly of Goods  |   |
| e)    | <b>Goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle</b> | —  | Location at which such goods are taken on board.  |   |

**Note :** Where the place of supply of goods cannot be determined, the POS shall be determined as per the prescribed Sec 10(2)

| Sec 12 (1) - Pos where LOS and LOR of Services in India  |  |  |  |
|--|--|--|--|
| Sec  | Description of Service   | Place of Supply  |  |
|  |  | Supply to unregistered person  | Supply to RP                                   |
| 12(2)  | General rule for all services except covered in 12(3) to 12(14)  | (i) Address in records exists <b>POS= LOR</b><br>(ii) Address in records does not exists- <b>POS=LOS</b>   | <b>POS= Location of such registered person</b> |
| 12(5)  | Training and performance appraisal   | <b>POS = Place of performance</b>  |  |
| 12(7)  | Organisation of events including ancillary services, sponsorship   | Place where event is actually held &<br>If held outside India - <b>POS = LOR</b>   |  |
| Rule 5 prescribed for supply of services attributable to different States or Union territories, of Sec 12(7)   |  |  |  |
| In case of service   |  | Basis of apportionment   |  |
| services are supplied to a person other than a RP, the event is held in India in more than one ST/UT and a consolidated amount is charged absence of any contract or agreement for separately collecting |  | Shall be determined by application of the <b>GAAP</b>  |  |
| 12(8)  | transportation of goods, mail or courier   | <b>POS= Place where goods are handed over for their transportation</b> <del>If transportation is outside India, the POS = destination of such goods</del>                        |  |
| 12(9)  | Passenger transport service  | <b>POS= Place where person embarks on the conveyance for continuous Journey</b><br><b>Exception : Right to passage for future &amp; embarkation-not known - POS as per 12(2)</b> |  |
| 12(13)   | Insurance service  | <b>POS= LOR of service in records of insurance Co.</b>   |  |
| 12(3)  | Service directly related to immovable property including agents, experts, lodging n hotels, inn, accomodation for functions & ancillary services | <b>POS = Place where immovable property is located or intended to be located if immovable property located outside India - POS=LOR</b>   |  |
| Rule 4:- The supply of services attributable to different States or Union territories, under section 12(3)   |  |  |  |
| In case of service   |  | Basis of apportionment & Value of services   |  |
| (i) By way of <b>lodging accommodation</b> by a hotel, inn, guest house, club or campsite, and services ancillary to such services (except cover in (ii))  |  | <b>number of nights</b> stayed in such property  |  |
| (ii) <b>a single property</b> located in two or more contiguous States or Union territories or both, and services ancillary to such services   |  | <b>area of the immovable property</b> lying in each State or Union territory   |  |
| (ii) <b>In all other services in relation to immovable property</b> including any immovable property for <b>organising any marriage or reception etc.</b>  |  |  |  |
| (iii) <b>lodging accommodation by a house boat or any other vessel and services ancillary to such services</b>   |  | <b>time spent by the boat or vessel</b> in each such State or Union territory,   |  |
| 12(4)  | Restaurant catering, personal grooming fitness, beauty treatment, health services including plastic surgery                                      | <b>POS=Place where service is actually performed.</b>  |  |
| 12(6)  | Admission to events or amusement park & ancillary Services   | <b>POS=Place where event actually held</b> or park is located.   |  |
| 12(10)   | Service on board a conveyance  | <b>POS= Location of 1st scheduled point of departure</b> of that conveyance for the journey.   |  |
| 12(11)   | Supply of telecom services including data transfer, broadcast, cable or DTH  |  |  |
|  | (a) Fixed lease or cable line  | (a) <b>POS=Location of installation</b>  |  |
|  | (b) Postpaid mobile, internet, DTH   | (b) Billig Address exists- <b>POS= LOR</b><br>Billing address do not exists - <b>POS=LOS</b>   |  |
|  | (c) Prepaid mobile, internet, DTH  | (c) Supply through agent/distributor<br>- <b>POS=Address of agent/distributor supply to final consumer</b><br>- <b>POS=Location of payment recvd. or voucher sold.</b>           |  |
|  | (d) In all other cases   | (d) <b>POS=LOR</b> if address available otherwise <b>POS= LOS</b>  |  |
|  | Proviso - Prepaid - electronic payment   | <b>POS=LOR</b>   |  |
| Rule 6 is prescribed supply of services attributable to different ST/UT , under sub section (11) of section 12 of the said Act,  |  |  |  |
| In case of service   |  | Basis of apportionment   |  |
| the leased circuit is installed in <b>more than one ST/UT</b> and a consolidated amount is charged, In the absence of any contract or agreement for separately collecting Liability on Intermediary      |  | <b>in proportion to the number of points lying in the ST or UT</b>   |  |
| 12(12)   | Banking & Financial Sector including stock broking   | <b>POS=LOR</b> if address available in records of supplier else, <b>POS=LOS</b>  |  |
| 12(14)   | Advertisement services to Govt. or Local authority   | <b>POS=Each of such ST/UT where advertisements broadcasted, run, played</b>  |  |



# Chapter 8:- EXEMPTIONS (Mega N/n 12/2017 & Others)

15



CA Vishal Bhattar

| Exemption Related to Health Care |   | Health Care   |   |
|----------------------------------|---|---|---|
| Sl.No.                           | Exemption   | MEANS   | INCLUDES  |
| Sl.No. 74<br><b>Imp</b>          | a) <b>Health Care Services</b> by<br>• a clinical establishment,<br>• an authorized medical practitioner<br>• paramedics.<br>b) <b>Ambulance Service</b> by others<br>Provided that nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than ICU/CCU /ICCU / NICU] having room charges exceeding ` 5000 per day to a person receiving health care services." | Any service by way of<br>• Diagnosis<br>or<br>• Treatment<br>or<br>• Care<br>For<br>• illness,<br>• injury,<br>• pregnancy<br>• abnormality<br>• deformity<br>in any <b>recognized system of medicines</b> in India (Eg. Allopathy, Yoga, Naturopathy, Ayurveda, Homeopathy, Siddha, Unani) | by way of <b>transportation</b> of the patient to and from a <b>clinical establishment</b> (Ambulance Service)<br>• hair transplant or<br>• cosmetic or plastic surgery,<br>except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma. |
| Sl.No. 46<br><b>Imp</b>          | Health Care or Animal or Birds Service by <b>Veterinary Clinic</b>  |   |   |
| Sl. No. 74A<br><b>Imp</b>        | Service provided by professional by way of <b>rehabilitation, therapy or counseling</b> at medical establishment, Educational Institution, Govt. Center or charitable institution under sec 12AA or 12AB etc.   | <b>Exemption</b><br>i) Hiring of senior Dr./ consultant/ technicians independently by hospital<br>ii) Retention money taken by hospital<br>iii) Food supplied to the admitted patient   | <b>Taxable</b><br>Food supplied to<br>• Non-admitted patient and attendant<br>• Supply to Doctor/staff<br>• Outsourced by hospital to outdoor caterers  |

| Exemption Charitable and Religious Sector   |   |
|---|---|
| Sl.No. 1<br><b>Imp</b>  | Services - entity u/s 12AA/ 12AB of Income tax Act By way of <b>charitable activities</b> |
| <p><b>Public Health by way of</b></p> <ul style="list-style-type: none"> <li><b>Core or counseling</b> <ul style="list-style-type: none"> <li>• Terminally ill person</li> <li>• Person with physical or mental disability</li> <li>• Affected with HIV/AIDS</li> <li>• Person addicted with narcotics or drugs etc.</li> </ul> </li> <li><b>Public awareness</b> <ul style="list-style-type: none"> <li>• Preventive health</li> <li>• Family planing</li> <li>• Prevention of HIV infection</li> </ul> </li> </ul> <p><b>Not includes -</b></p> <ol style="list-style-type: none"> <li>1) Hostel Accommodations</li> <li>2) Lodging or boarding unless it's a composite supply</li> <li>3) Fitness camp &amp; classes</li> </ol> <p><b>A treatment of</b></p> <ul style="list-style-type: none"> <li>• Religion or</li> <li>• Spirituality or</li> <li>• Yoga</li> </ul> <p><b>Advancement of educational programs or skills development relating to</b></p> <ul style="list-style-type: none"> <li>• abandoned, orphaned or homeless children</li> <li>• physically mentally abused person</li> <li>• prisoners</li> <li>• persons over age of 65 years residing in a rural area</li> </ul> <p><b>Prevention environment includes</b></p> <ul style="list-style-type: none"> <li>• watershed</li> <li>• forest &amp; Wildlife</li> </ul> |   |

| Sl.No.13   | Religious Activities - Conduct of Religious Ceremony  |         |                         |                  |  |  |  |   |  |
|--|---|---------|-------------------------|------------------|--|--|--|---|--|
| Sl.No. 13<br><b>Imp</b>  | <p><b>Renting of precinets</b> of a religious place Meant for general public</p> <p>Owned or manage by an entity registered as a - <b>charitable or - religious trust</b></p> <p>Sec 12AA/12AB<br/>Sec 10(23C)(v)<br/>Sec 10(23BBA) } Of Income Tax Act</p> <p><b>Exemption is not available in following cases</b></p> <table> <tr> <th>Renting</th><th>Exemption not available</th></tr> <tr> <td>Renting of Rooms</td><td>where charges are ₹ 1000 or more per day</td></tr> <tr> <td>Renting of Premises, Community halls, kalyanmandapam or open area and the like</td><td>where charges are ₹ 10,000 or more per day</td></tr> <tr> <td>Renting of Shops or other spaces for business or commerce</td><td>where charges are ₹ 10,000 or more per month</td></tr> </table> | Renting | Exemption not available | Renting of Rooms | where charges are ₹ 1000 or more per day | Renting of Premises, Community halls, kalyanmandapam or open area and the like | where charges are ₹ 10,000 or more per day | Renting of Shops or other spaces for business or commerce | where charges are ₹ 10,000 or more per month |
| Renting  | Exemption not available   |         |                         |                  |  |  |  |   |  |
| Renting of Rooms   | where charges are ₹ 1000 or more per day  |         |                         |                  |  |  |  |   |  |
| Renting of Premises, Community halls, kalyanmandapam or open area and the like | where charges are ₹ 10,000 or more per day  |         |                         |                  |  |  |  |   |  |
| Renting of Shops or other spaces for business or commerce                      | where charges are ₹ 10,000 or more per month  |         |                         |                  |  |  |  |   |  |
| Sl.No. 60  | Services provided by specified organization with respect to Kailash Mansarovar and Haj Pilgrimage   |         |                         |                  |  |  |  |   |  |

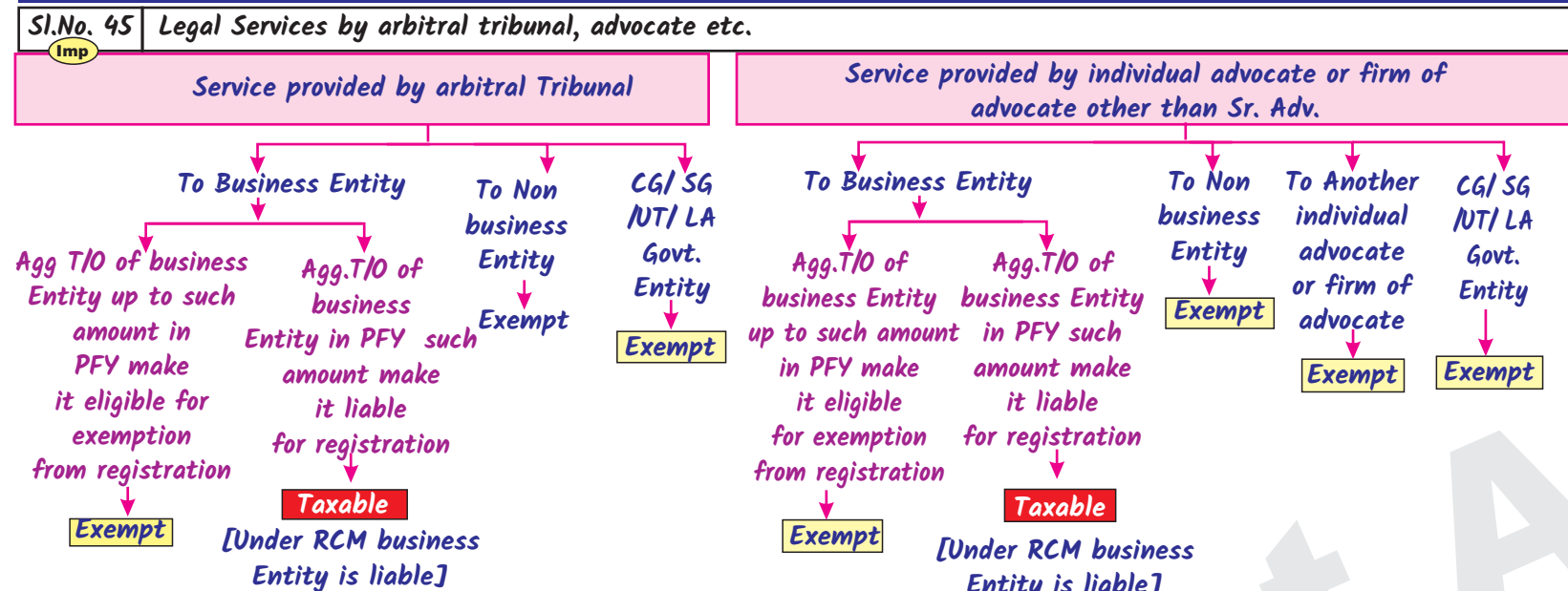
| Exemption in Agriculture Sector  | Imp  |
|--|--|
| a) <b>Agricultural operations directly related to production of any A.P.</b> including cultivation, harvesting, threshing, plant protection or seed testing.   | <b>Agriculture:</b> → food, 1)cultivation of plants and → fibre, 2)Rearing of → fuel, → raw material or → other similar products   |
| b) <b>Supply of farm labour</b>  | <b>Agricultural Produce (A.P.):</b> means any produce of agriculture on which → either no processing is done or → such processing is done as is <b>usually done by a cultivator or producer</b> which does not alter its essential characteristics but makes it marketable for primary market. |
| c) <b>Processes carried out at an agricultural farm</b> including tending, pruning, cutting, harvesting, drying, cleaning, trimming, bulk packaging etc. which do not alter essential characteristics of A.P |  |
| d) <b>Renting or leasing of agro machinery</b> or vacant land with or without a structure incidental to its use.   |  |
| e) <b>Loading, unloading, packing, storage or warehousing of A.P.</b>  |  |
| f) <b>Agricultural extension services.</b>   |  |
| g) <b>Services by any APMC or Board or services provided by a commission agent for sale or purchase of A.P.</b>  |  |

| Agriculture Produce | Non-Agriculture Produce | Agriculture Produce | Non-Agriculture Produce | Agriculture Produce                 | Non-Agriculture Produce |
|---------------------|-------------------------|---------------------|-------------------------|-------------------------------------|-------------------------|
| Tomato              | Tomato Ketchup          | Sugar Cane          | Sugar & jaggery         | Potato                              | Potato Chips            |
| Grams               | Pulses                  | Paddy               | Rice                    | Raw Cotton                          | Ginned Cotton           |
| Rearing of Animals  |                         | Agriculture Produce |                         | Processing                          |                         |
| Cow                 | Dunk                    | Milk Pasteurization | Pasteurized Milk        | Note : Usually not done by producer |                         |
| Agriculture Produce |                         | Processing          |                         | Processing                          |                         |
| Grains              | Wheat                   | Flour               | Flour                   | Note : Usually not done by producer |                         |

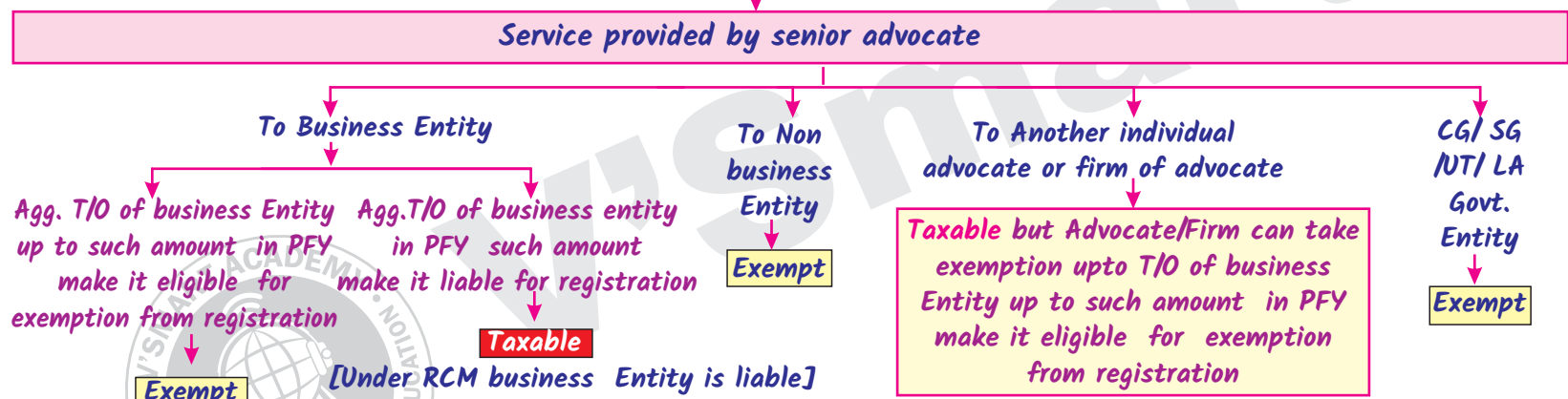
|   |   |
|---|---|
| Sl.No. 55<br><b>Imp</b>   | Exemptions on intermediate production processes<br>Carrying out an intermediate production process as job work in relation to agriculture |
| (Circular no. 19/19/2017 dt 20/11/2017) Milling of paddy into rice <b>cannot</b> be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce, hence not eligible for exemption |   |
| Sl.No. 57<br><b>Imp</b>   | Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of <b>fruits and vegetables.</b>            |
| Sl.No. 24<br><b>Imp</b>   | Services of Loading, Unloading, warehousing, packing, storage of <b>Rice.</b>   |
| Sl. No. 24A   | Warehousing of minor forest produce   |
| Sl. No. 24B<br><b>Imp</b>   | "Services by way of storage or warehousing of cereals, pulses, fruits and vegetables.   |
| Sl. No. 55A   | Services by way of Artificial insemination of live stock <b>other than horses</b>   |



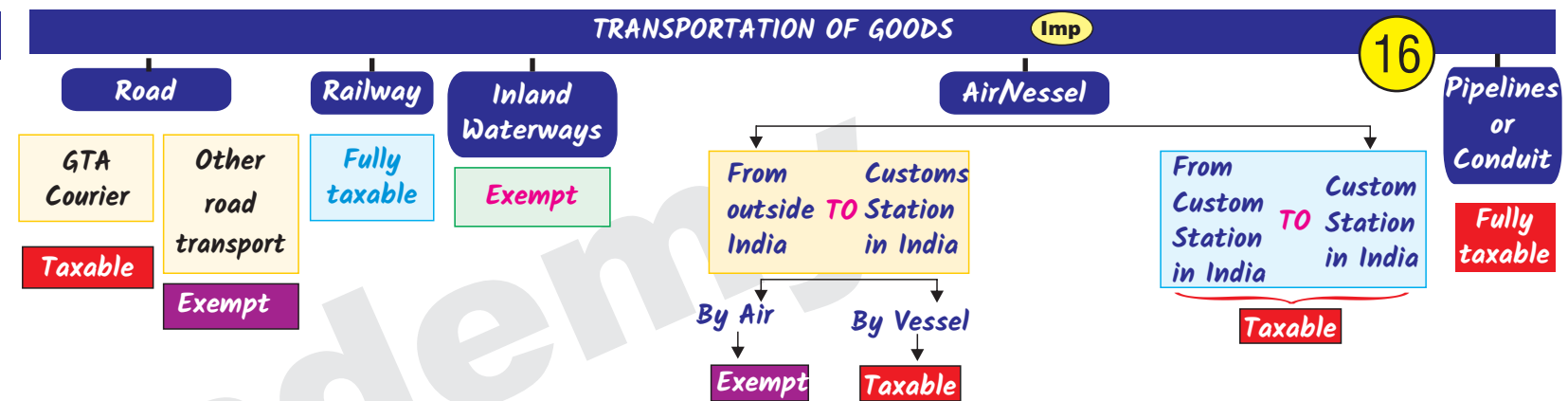
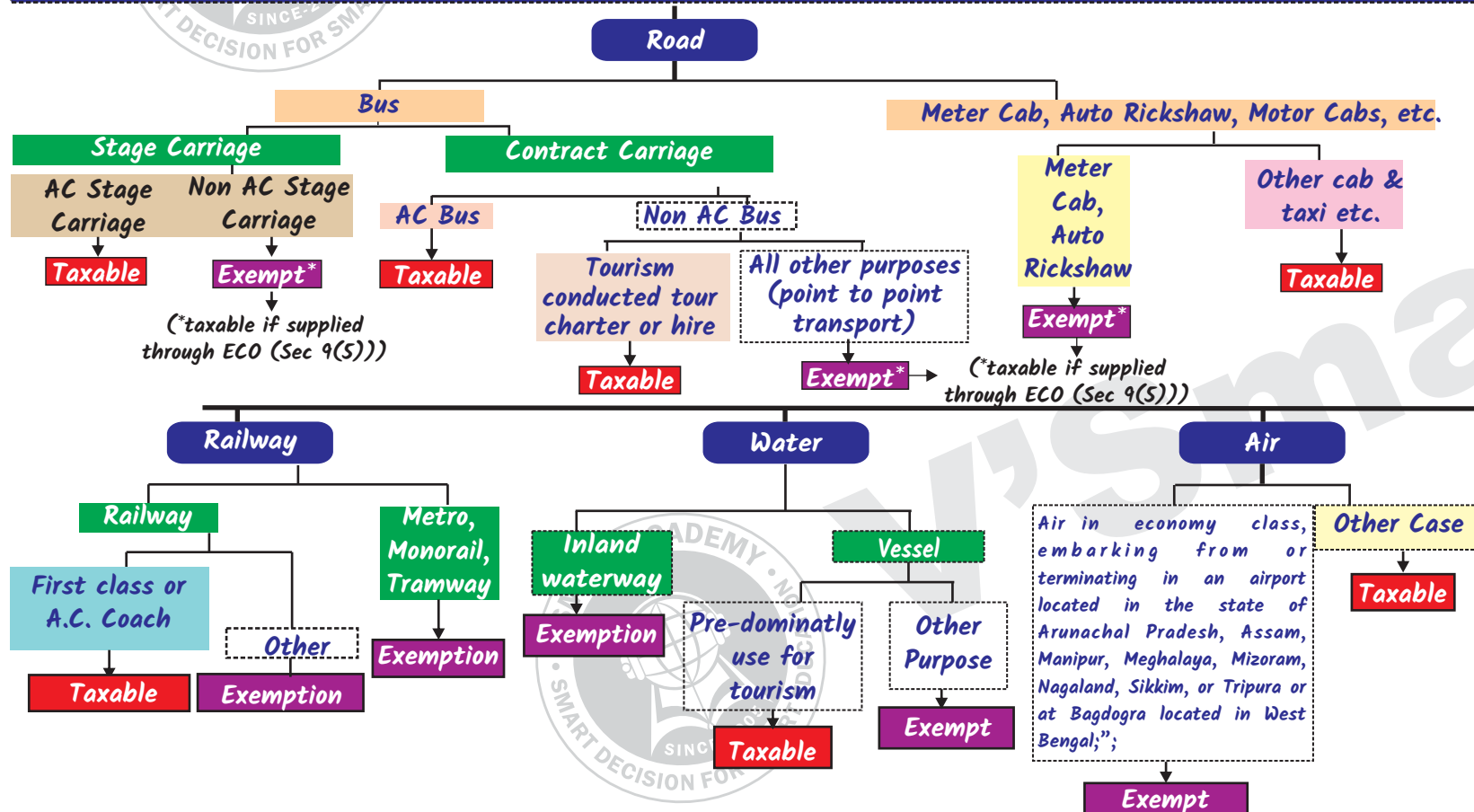
## Exemption in Legal Sector



**Note :- Legal service** = service provided in relation to - advise /consultancy / assistance, in any breach of law in any manner, and includes representational services before any court/ tribunal/ authority



## PASSENGER TRANSPORT SECTOR



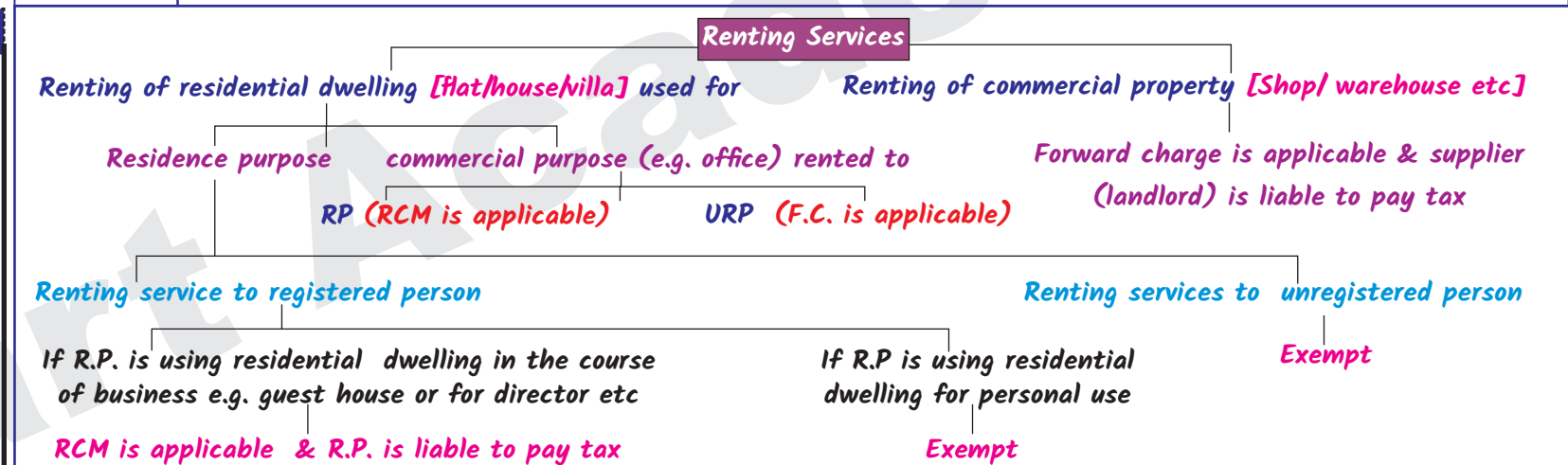
**If following goods are transported by GTA/Rail or vessel then exempted from payment of tax**

- 1) Agriculture produce
- 2) Milk, Salt, food grains, flours, pulses or rice
- 3) Organic manure
- 4) Newspaper or Magazines
- 5) Relief material for victims
- 6) Defense or military equipments.

|            |   |
|------------|---|
| Sl.No. 21B | Service provided by GTA to department or establishment of Government or local authority or government agency who taken registration for the purpose of deducting TDS u/s 51 and not making any other taxable supply.  |
| Sl. No. 22 | Services by way of giving on hire-<br>(a) to a state transport undertaking, a motor vehicle meant to carry more than 12 passengers; or<br>(aa) to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers.<br>(b) to a goods transport agency, a means of transportation of goods.<br>(c) to students, faculty & staff of an edu. inst. providing services by way of pre-school education upto higher secondary school |

## RENTING OF IMMOVABLE PROPERTY

|           |  |
|-----------|--|
| Sl.No. 12 | Renting of residential dwelling for use of residence except where the residential dwelling is rented to a registered person<br>N/no. 15/2022 : under this entry, Registered person is proprietor of proprietary concern & rents the residential dwelling on his own account. |
|-----------|--|



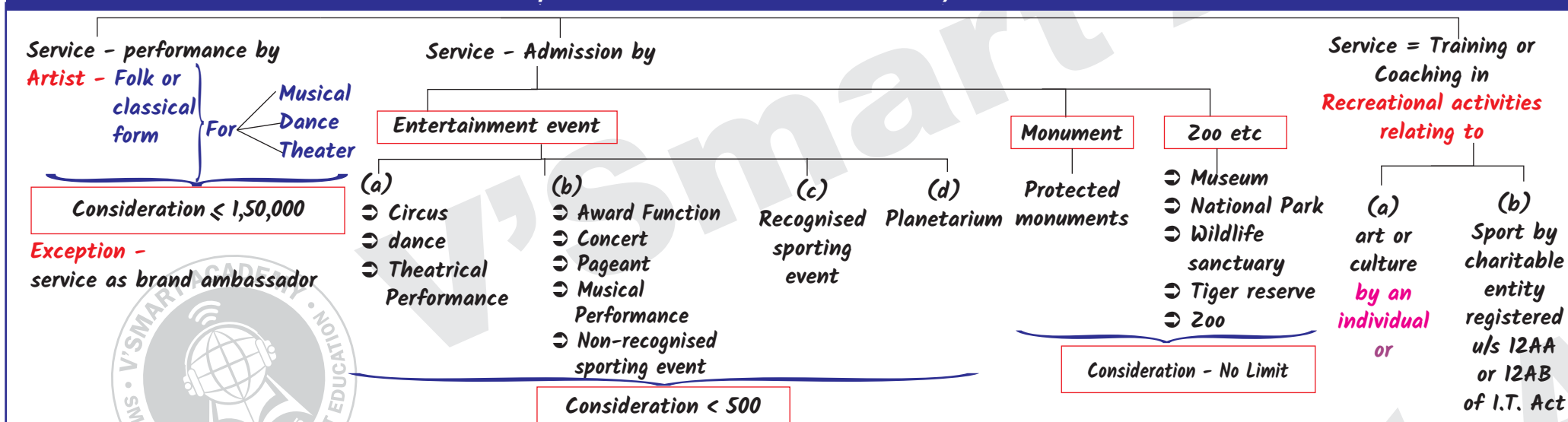
## EXEMPTION IN BANKING AND FINANCIAL SECTOR

|            |   |             |  |
|------------|---|-------------|--|
| Sl. No. 27 | <b>Exemption</b><br>(a) Consideration - Interest or discounting<br>On extending<br>Deposits Loan Advances<br>Except:- Interest involved in credit card services<br>All other services of Bank / FI/NBFC are taxable | Sl. No. 34  | Services by an acquiring bank, to any person in relation to settlement of an amount upto ₹ 2000 in a single transaction transacted through credit card, debit card, charge card or other payment card service. |
|            | (b) Interest sale or Purchase of Foreign Currency<br>Amongst Bank Amongst Dealer Amongst Bank & Dealer  | Sl. No. 27A | Services provided by a banking company to - Basic Saving Bank Deposit account holders under Pradhan Mantri Jan Dhan Yojana   |



| Service Taken by Educational Institution  |  | Service supplied by Educational Institution  |   | Clarification  |  |   |       |          |            |   |   |        |   |   |        |   |   |         |
|---|--|--|---|--|--|---|-------|----------|------------|---|---|--------|---|---|--------|---|---|---------|
| 1)Transportation of students, faculty or staff<br>2) Catering<br>3)Security, cleaning or house keeping<br><br>4) Supply of online education as Journal or periodicals<br><br>5)Service relating to admission to or Conduct of examination | Exempt only if supplied to School  | Educational institution<br>Pre-school or Higher or Secondary school  | Exemption<br>1) Any service supplied by such education institutional to its student and faculty or staff. (e.g. education fees lab charge, lab charges, transportation, catering etc.<br>2) Service by way of Conduct examination against entrance fees | Circular No. 117/36/2019<br>Maritime Training Institutes and their training courses are approved by the DG of Shipping which are duly recognised under the provisions of the Merchant Shipping Act, 1958 | (Circular No. 149/05/2021<br>The definition of Educational institutions includes anganwadi and hence, serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates. | Following clarifications are issued with respect to Central or State Boards (including NBE):- <table><tr><th>S.No.</th><th>Services</th><th>Taxability</th></tr><tr><td>1</td><td>Conducting entrance examination for admission to educational institution by charging fee.</td><td>Exempt</td></tr><tr><td>2</td><td>Input services taken for conducting such entrance examination for students.</td><td>Exempt</td></tr><tr><td>3</td><td>Accreditation of educational institutions or professional so as to authorise them to provide their respective services.</td><td>Taxable</td></tr></table> | S.No. | Services | Taxability | 1 | Conducting entrance examination for admission to educational institution by charging fee. | Exempt | 2 | Input services taken for conducting such entrance examination for students. | Exempt | 3 | Accreditation of educational institutions or professional so as to authorise them to provide their respective services. | Taxable |
|   | S.No.  | Services   | Taxability  |  |  |   |       |          |            |   |   |        |   |   |        |   |   |         |
|   | 1  | Conducting entrance examination for admission to educational institution by charging fee.  | Exempt  |  |  |   |       |          |            |   |   |        |   |   |        |   |   |         |
|   | 2  | Input services taken for conducting such entrance examination for students.  | Exempt  |  |  |   |       |          |            |   |   |        |   |   |        |   |   |         |
|   | 3  | Accreditation of educational institutions or professional so as to authorise them to provide their respective services.  | Taxable   |  |  |   |       |          |            |   |   |        |   |   |        |   |   |         |
| Exempt only if supplied to Colleges etc.  | Colleges, universities or Institution providing education for qualification recognized by law.<br>Approved Vocational courses of NCVT or SCVT  | Taxability Any Service supplied to any person other than student faculty or staff by such educational institutional then it is taxable e.g.<br>1) Auditorium of school given to other for seminar<br>2) Placement services to corporate<br>3) franchisees fees to various franchisees. | Therefore, it is educational institutions under GST Law and their courses are exempt from levy of GST.  |  |  |   |       |          |            |   |   |        |   |   |        |   |   |         |
| Exempt if supplied to all education Institute   | Central and State Educational Boards to the extent of conduct of examination to the students.  |  |   |  |  |   |       |          |            |   |   |        |   |   |        |   |   |         |
|   | Important Comment : The above exemption is available only for supply of services. If educational Institute (i.e. School, colleges) supplied the goods to their student like stationery, uniform etc. then exemption is not available |  |   |  |  |   |       |          |            |   |   |        |   |   |        |   |   |         |

## Exemption Related to Entertainment, Museum etc.



## Access to Road or bridge on Payment of toll

|            |  |
|------------|--|
| Sl. No. 23 | Access to Road or bridge on Payment of toll                            |
| Sl No.61A  | Granting National permit to goods carriage & to operate through India. |

## SERVICES BY FOREIGN DIPLOMATIC MISSIONS IN INDIA

|  |  |
|--|--|
| Sl. No. 59   | All services provided by a foreign diplomatic mission located in India |
| <b>Important Comments:</b> Taxable Service: Services provided by office or establishment of an international organization. |  |

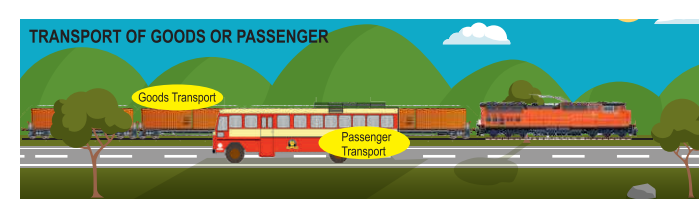
## Services provided by Government to Business Entity

Sl. No.6:- Services by the Central Government, State Government, Union territory or local authority excluding the following services—

- (a) services by the Department of Posts & Ministry of Railways (Indian Railways);
- (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- (c) transport of goods or passengers; or

- (d) any service, other than services covered under entries (a) to (c) above, provided to business entities.

|             |  |
|-------------|--|
| Sl. No. 24C | Services by the department of post by way of<br>⇒ post card, ⇒ inland letter, ⇒ book post and<br>⇒ ordinary post (envelopes weighing less than 10 gram). |
|-------------|--|



| Turnover or Value based |   |
|-------------------------|---|
| Sl. No. 7               | Service provided by Govt/Local Authority to Business Entity where its Agg. T/O less than such amount in PFY make it eligible for exemption from reg.<br><b>Exception :</b> above exemption not applicable to<br>(a) Services covered under above clause (a) to (c) of Si.No. 6<br>(b) Renting of immovable property |
| Sl. No. 9               | Service provided by Govt/LA Where GAC per service (per invoice) does not exceeds ₹ 5000 in case where continuous supply of service the limit is ₹5000 in a F.Y<br><b>Exception :</b> above exemption not applicable to<br>(a) Services covered under above clause (a) to (c) of Si.No. 6                            |

| Certification or Registration based |  |
|-------------------------------------|--|
| Sl. No. 61                          | Service provided by Govt/LA by way of Issuance of passport, visa driving licence, Birth Certificate or Death Certificate   |
| Sl. No. 47                          | Service provided by Govt/LA by way<br>(a) Registration required under any law<br>(b) Testing, calibration, safety, check for protection or safety of worker, consumer or public at large |

| Others  |  |
|---|--|
| Sl. No. 63 (service provided by Govt./LA by way of -) | Assignment of right to use natural resources to an Individual farmer for the purpose of Agriculture.   |
| Sl.No. 9C   | Service Provided by Govt. Entity against consideration in form grants to another Govt. or LA, received from Govt./LA   |
| Sl. No. 9D  | Services by an old age home run by Govt. /Entity reg. u/s 12AA or 12AB, to its resident(Age 60 years or more) (Consideration-upto ₹25000 per month per member) (Consideration includes boarding/loading/maintanance charges) |

|            |   |
|------------|---|
| Sl. No. 8  | Service provided by Govt. or LA to another Govt. or LA.<br><b>Exception :</b> above exemption not applicable to Services covered in above clause (a) to (c) of Si.No. 6 |
| Sl. No. 62 | Fines or liquidated damage for tolerating non performances of Contract  |
| Sl. No. 65 | Merchant overtime charges for inspection of import container by custom officers.  |
| Sl. No.65A | Services by way of providing information under the Right to Information Act, 2005   |



| Services provided to Government |  |
|---------------------------------|--|
| 1)                              | Services provided by fair price shop   |
| 2)                              | Supply of pure services & composite supplies (where value of goods constitutes $\leq 25\%$ of total value of supply) made to Govt. or LA in relation to functions entrusted under article 243G or 243W |
| 3)                              | Services provided to a Governmental Authority by way of - (a) water supply (b) public health (c) sanitation conservancy (d) solid waste management (e) slum improvement & upgradation                  |
| 4)                              | Insurance scheme where total premium is paid by Government   |
| 5)                              | Training program to Government where for which <b>75% or more</b> expenditure is borne by Government.  |
| 6)                              | Passenger transport Service by air where boarding or termination at a regional connectivity scheme, Airport avails the consideration in the form of viability gap funding.                             |

| EXEMPTION IN SPORT SECTOR  |  |
|----------------------------|--|
| Sl. No. 68<br><b>(Imp)</b> | Service Provided to recognized Sport Body <b>by-</b><br>a) An individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body; b) Another recognised sports body; |
| Sl. No. 53                 | Sponsorship of Certain Sport Events (Read from Notes)  |
| Sl. No. 82                 | Admission to events organised under FIFA world cup 2017  |
| Sl. No. 9A                 | Services Provided by and to FIFA   |
| Sl. No. 9AA                | Services Provided by and to FIFA at its subsidiary directly, indirectly related to event under FIFA U-17 Women's World cup 2020 to be hosted in India <b>whenever rescheduled.</b>   |
| Sl. No. 9AB                | 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.   |
| Sl. No. 82A                | Service by way of right to admission to the event organise under FIFA U-17 Woman's World cup 2020 [ <b>whenever rescheduled.</b> ]   |
| Sl. No. 82B                | Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022  |

| Other Exemption |  |
|-----------------|--|
| Sl. No. 30      | Services provided by Employees State Insurance Corporation   |
| Sl. No. 31      | Services provided by Employees Provident Fund Organisation (EPFO) to persons governed under the Employees provident Funds and Miscellaneous Provisions Act, 1952.  |
| Sl. No. 31A     | Services Provided by coal mines provident fund organisation  |
| Sl. No. 31B     | Services Provided by National Pension system   |
| Sl. No. 58      | Services provided by National Centre for Cold Chain Development under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.  |
| Sl. No. 38      | Services by way of collection of contribution under any pension scheme of the State Governments.   |
| Sl. No. 41      | Service by State Government Industrial Development Corporations Upfront amount in respect of service by way of granting of long term lease of 30 years, or more) of industrial plots or plots for development of infrastructure for financial business, Provided by the SG Industrial Development Corporations or Undertakings or by any other entity having <b>20 % or more</b> ownership of CG, SG, UT to industrial units or developers in any industrial or financial business area. |
| Sl. No. 19C     | <b>Satellite Launch Services</b>   |
| Sl. No. 25      | Transmission or Distribution of Electricity  |
| Sl. No. 37      | Collection of Contribution under Atal Pension Yojana   |
| Sl. No. 70      | Service Provided under SDI Scheme  |
| Sl. No. 71      | Training Service under Deen Dayal Upadhyaya GrameenKaushalya Yojana  |
| Sl. No. 44      | Service Provided by Incubatee  |

| Exemption in Construction Sector |   |
|----------------------------------|---|
| Sl. No. 10                       | Construction etc or Original Work to Pradhan Mantri Awas Yojana |
| Sl. No. 10A                      | Services Supplied by Electricity Distribution Utilities         |
| Sl. No. 11                       | Construction etc or Original Work to Single Residential Unit    |
| Sl.No.41A/41B                    | Supply of TDR , FSI, Long term lease (Premium)                  |

| Exemption in Life/ General Insurance Sector |                                     |
|---|-------------------------------------|
| Sl. No. 28                                  | Services of life Insurance Business |
| Sl. No. 29                                  | Services of Life Insurance Business |
| Sl. No. 29A                                 | Services of Life Insurance Business |
| Sl. No. 35                                  | Specified General Insurance Scheme  |
| Sl. No. 36                                  | Service Provided by Incubatee       |
| Sl. No. 36A                                 | Services by way of reinsurance      |

|             |  |
|-------------|--|
| Sl. No. 29B | Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force. |
|-------------|--|

| Miscellaneous              |   |
|----------------------------|---|
| Sl. No. 2                  | Transfer of a Going Concern   |
| Sl. No. 52                 | Organization of Business Exhibition Outside India   |
| Sl. No. 77<br><b>(Imp)</b> | <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p><b>Exemption - Services by RWA to Members</b></p> <p>Services by <b>- Un-incorporated body</b><br/><b>- Registered not profit Entity</b></p> <p><b>RWA or housing society</b> → Exemption Upto Amount = <b>₹ 7500 per month / per member</b></p> <p>↓</p> <p>For sourcing of goods or services</p> <ul style="list-style-type: none"> <li>⇒ From third person</li> <li>⇒ For common use of its member</li> </ul> </div> <div style="width: 45%; text-align: center;"> <p>To <b>Its Member</b></p> <p>By Way of</p> <div style="display: flex; justify-content: space-around;"> <p>Re-imbursement of charged</p> <p>Share of contribution</p> </div> </div> </div> |
| Sl. No. 77A                |   |
| Sl. No. 39                 | Intermediary Service- Read From Notes   |
| Sl. No. 39A                | Services by an intermediary of financial services   |
| Sl. No. 48                 | Services recognised by Biotechnology Industry Research Assistance Council   |
| Sl. No. 49                 | by way of collecting or providing news by - ⇒ An independent journalist, ⇒ Press Trust of India or ⇒ United News of India;  |
| Sl. No. 50                 | Public Library Service  |
| Sl. No. 76                 | Public Services - by way of public conveniences such as provision of facilities of Bathroom, Washrooms, Lavatories, Urinal or Toilets.  |
| Sl. No. 9B                 | Exempting Supply of Services associated with Transit Cargo to Nepal & Bhutan  |
|                            | Exempt certain supplies to NPCIL  |

**CBIC Clarification:-**

- 1) SOS by RWA to its members for contribution upto ₹ 7,500 per month per member(PM) are exempt
- 2) RWA required to pay GST, only if such subscription > ₹ 7,500/- per month per member & ATO of RWA by way of SOS & SOG ≥ ₹ 20 lakhs
- 3) RWAs are entitled to take ITC of GST paid by them on capital goods (taps, pipes, other sanitary/ hardware filling, etc.) and input services such as repair and maintenance service.
- 4) The ceiling of ₹ 7,500 (PM) shall be applied separately for each residential apartment owned by him.
- 5) If amount exceeds 7500, GST shall be payable on the entire amount.

**Circular no. 190/02/2023;**

Accommodation services by Defence mess to person other than business DMFT set up by SGs are Governmental Authorities & eligible entity are exempt & such services are qualified as services by Govt. for same exemptions

**Circular no. 206/18/2023****Cir No. 206/18/2023**

Supply of pure services & composite supplies by way of horticulture / horticulture works (where value of goods constitutes  $\leq 25\%$  of total value of supply) made to CPWD are eligible for exemption.

**Circular no. 177/09/2022**

**It is clarified that** ⇒ Services of IVF are covered under health care and thus **exempt**.

- ⇒ Tickets purchased for transportation from one point to another irrespective of ferry is owned/operated by PSU are **exempt**
- ⇒ If transportation takes place over pre-determined route on a pre-determined schedule. However, if it is hired for period of time, it is **taxable**
- ⇒ Fee charged from prospective students for entrance/admission/issuance of migration certificate are **exempt**.
- ⇒ Additional fee collected through higher toll charges from vehicles not having Fastag is also **exempt**.
- ⇒ Services provided by the guest anchors in lieu of honorarium are **taxable**
- ⇒ 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, hence it is **exempt**.
- ⇒ Services of sanitation & conservancy services are provided by Indian Army or any other Govt Department are **taxable**.
- ⇒ Renting of trucks and other freight vehicles with driver for a period of time is a service of renting of transport vehicles with operator are **taxable**.
- ⇒ Location charges/preferential location charges (PLC) paid upfront in addition to the lease premium for long term lease of land constitute part of upfront amount charged are **exempt**



## Transport Sector

|     |  |
|-----|--|
| GTA | <b>Incidental services related to road transportation of goods are considered part of the GTA service as a composite supply, not as separate independent supplies [Circular no. 234/28/2024]</b>   |
|     | <ul style="list-style-type: none"><li>➤ Ancillary services provided by a GTA during road transportation are part of a composite supply of goods transport, irrespective of how they are invoiced.</li><li>➤ If these services are invoiced separately and not during transportation, they are not considered part of the composite supply.</li></ul> |

## RENTING OF IMMOVABLE PROPERTY

|             |  |
|-------------|--|
| Sl. No. 12  | <p>Renting of residential dwelling for use of residence except where the residential dwelling is rented to RP.</p> <ul style="list-style-type: none"><li>➤ For this entry, RP is a proprietor of proprietary concern &amp; rents the residential dwelling on his own account.</li><li>➤ This entry shall not apply to accommodation services to students in student residences &amp; services provided by Hostels, Camps &amp; Pgs.</li></ul>  |
| Sl. No. 12A | <p><b>Accommodation services costing ₹ 20,000 or less per person per month, provided for at least 90 continuous days.</b></p> <p><b>GST Accommodation services (Circular No. 228/22/2024):-</b></p> <p><b>Issues:</b></p> <ul style="list-style-type: none"><li>➤ Is hostel accommodation or long-term service apartments/hotels considered renting a residential dwelling and exempt under Sl. No. 12?</li><li>➤ Are hostels for poor and middle-class students run by charitable trusts exempt?</li></ul> <p><b>Clarifications:</b></p> <ul style="list-style-type: none"><li>➤ It is <b>taxable</b> under entry 12 but <b>exempt</b> under entry 12A if conditions are met.</li></ul> |

## Education Sector

|                            |  |
|----------------------------|--|
| Sl. No. 71                 | Services provided by training providers under the Deen Dayal Upadhyaya Grameen Kaushalya Yojana, offered by the Ministry of Rural Development, include skill or vocational training courses certified by the <b>National Council for Vocational Education and Training</b> .   |
| Definitions                | <p>“approved vocational education course” means,</p> <p>Replace the word:</p> <p>1) a course run by an industrial training institute or an industrial training centre affiliated to the <del>National Council for Vocational Training</del> <b>National Council for Vocational Education and Training</b> or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961; or</p> <p>2) a Modular Employable Skill Course, approved by the <del>National Council for Vocational Training</del> <b>National Council for Vocational Education and Training</b>, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship;</p> |
| Approved Vocational Course | <p><b>GST on flying training courses conducted by FTO approved by the DGCA [Cir. no. 234/28/2024]</b></p> <p>Approved flying training courses conducted by FTOs approved by DGCA, wherein the DGCA mandates the requirement of a completion certificate, are exempt.</p>   |
| Sl. No. 66A                | <b>Services of affiliation provided by a Central or State Educational Board or similar body to schools owned or controlled by govt entities.</b>   |

**GST on Affiliation services provided by Universities to Colleges & Education Board to Schoolss (Circular No. 234/28/2024):-**

- University affiliation services to colleges do not cover admissions or exams. They are **not exempt** from GST.
- Affiliation services provided to schools do not include student admissions or exams. These services from Central or State educational boards are **taxable**.

## Other Exemptions [services provided by Govt. /LA]

|           |   |
|-----------|---|
| Sl.No. 9E | Services provided by Railways to individuals by way of Sale of platform tickets, Facility of retiring rooms/waiting rooms, Cloak room services & Battery-operated car services.   |
| Sl.No. 9F | Intra railway transactions between different zones/divisions are exempt.  |
| Sl.No. 9G | SPVs provide infrastructure to Railways for use and maintenance during the concession period for consideration, while the Railways offers maintenance services to the SPVs for the same infrastructure, also for consideration. |

## Services to Government

|             |  |
|-------------|--|
| Sl. No. 25A | <b>Services of renting meters, testing equipment, connecting electricity, shifting meters &amp; issuing duplicate bills.</b><br><b>These help utilities serve their customers.</b> |
|-------------|--|

## Other Exemption

|             |  |
|-------------|--|
| Sl. No. 44A | <p><b>Research &amp; development services funded by grants supplied by Govt entity or Notified research association, university, college, or institution.</b></p> <p><b>Note:</b> The institution must be notified when the research service is provided.</p>  |
| Sl.No. 36A  | <ul style="list-style-type: none"><li>➤ GST liability on reinsurance of specified general &amp; life insurance schemes:- GST on reinsurance services for schemes in Sl. Nos. 35 &amp; 36 is exempt as per Cir No. 228/22/2024</li><li>➤ GST liability on reinsurance of insurance schemes for which total premium is paid by Govt.:- GST on reinsurance services for insurance under Sl. No. 40 is exempt as per Cir No. 228/22/2024.</li></ul> <p><b>Circular No. 228/22/2024:-</b></p> <p>As per IRDAI, 'Retrocession' is when a reinsured risk is further ceded to another Indian Insurer or a Cross Border Re-insurer (CBR). Thus, 'reinsurance' under Sl. No. 36A includes 'retrocession' services.</p> |

**Taxability of transaction of providing loan by an overseas affiliate to its Indian affiliate or by a person to a related person (Circular No. 218/12/2024):-**

- 1) If no consideration (other than interest/discount) is charged for a loan/credit from a related person or overseas affiliate:  
It is not considered a SOS & **no GST is charged**.
- 2) If consideration (in addition to interest/discount) is charged for a loan/credit from a related person or overseas affiliate:  
It is considered a SOS & **GST is applicable**.

**GST on statutory collections made by RERA (Circular No. 228/22/2024):-**

RERA is considered a govt authority. Thus, statutory collections by RERA are exempt.



# Chapter 9 :- SEC 49 : Payment of Tax

20



CA Vishal Bhattar

## E-Cash Ledger

| Deposit of Amount in E-Cash Ledger Sec 49(1)   | 49(3) Utilization of E-Cash Ledger:-   |
|--|--|
| ⇒ internet banking or<br>ia) Unified Payment Interface [UPI]<br>ib) Immediate Payment Services (IMPS)<br>⇒ by using credit or debit cards or<br>⇒ National Electronic Fund Transfer (NEFT) or<br>⇒ Real Time Gross Settlement (RTGS)<br>Payment (PMT-06) by above mode only through authorised bank without any monetary Limit | The amount available in the e-cash ledger may be used for making payment toward<br>⇒ Tax ⇒ Interest ⇒ Penalty ⇒ Fees or any other amount payable |

**Proviso :- Special Payment mode for OIDAR or Online money gaming:-** If a person is providing OIDAR services to NTOR or online money gaming services to any person in India are permitted to make their payments through the international money transfer system of SWIFT network.

## Rule 87 :- Tax Payment Challan

| 1) OTC - cover the counter payment by cash, cheque or DD<br>Limit:- ₹ 10,000 per challan per tax period<br>No Limit:-<br>a) Government Department, P.O. & other authorised P.O.<br>b) To recover o/s dues from any person registered or not<br>c) During any investigation or enforcement activity | Other Aspects relating to challan   |
|--|---|
| 2) E-Challan validity is for 15 days   | <b>CPIN:-</b> 1. CPIN Stands for Common portal Identification Number.<br>2. It is created for every Challan successfully generated by the taxpayer.<br>3. It is a 14-digit unique number to identify the challan.<br>4. CPIN remains valid for a period of 15 days.   |
| 3) Payment may be made by unregistered person through temporary identification no.   | <b>CIN:-</b> 1. It stands for Challan Identification number (CIN)<br>2. It is generated by authorised bank/RBI when payment is actually received by such authorised banks or RBI & credited in the relevant Govt. A/c<br>3. It is indication of successful payment of account<br>4. CIN is communicated by authorised bank to taxpayer as well as to GSTN<br>5. It is 18 digit number that is 14 digit CPIN plus 4 digit Bank code. |
| 4) When amount is successfully credited in government A/C.<br>A CIN - 18 Digit [Challan Identification no] will be generated the collecting bank which will be indicated in the challan.   |   |
| 5) On receipt of CIN from the collecting bank, the same amount is credited into the e-cash ledger  |   |
| 6) If CIN is not generated after payment made, the person can make representation in Form PMT-07 but if bank fails to communicate details of CIN, then E cash ledger may updated by e Scroll of RBI  |   |
| 7) Date of credit into the govt. (C.G./S.G.) A/c is deemed to be the date of debit to the amount of the taxable person   |   |

## Utilization of Major and minor Head

| As per Sec 49 a registered person may transfer any amount of tax, interest, penalty, fee or any other amount available in the e-cash ledger under the act.   | Way of transfer:-   |
|--|---|
| ⇒ To the e-cash ledger for integrated tax, central tax, state tax or UT or cess<br>⇒ To the e-cash ledger for integrated tax / central tax of DDP u/s 25(4) & 25(5).<br>in Form GST PMT-09. Hence if a taxpayer has wrongly paid CGST instead of SGST, he can now rectify the same using FORM PMT-09 by reallocating the amount from the CGST Head to the SGST Head. | ⇒ CGST Head to SGST Head<br>⇒ SGST Head to CGST Head<br>⇒ CGST head or SGST Head to IGST Head<br>⇒ Interest & Late fees head to Any tax Head (CGST, SGST, IGST)<br>⇒ Any Tax field to interest & late fees head<br>Such transfer shall be deemed to be a refund from e-cash ledger. |

## ELECTRONIC CASH LEDGER - PMT 05 (Rule 87)

| Debit Amount (DR)   | Credit Amount (CR)   |
|---|--|
| ⇒ Credit amount of this ledger may be used for payment of tax, interest, fees etc.<br>⇒ Remaining credit balance amount after payment of above tax etc. will be refunded to taxable person. | ⇒ Any deposit made towards tax, interest, penalty, late fee etc. via internet banking, RTGS, fund transfer etc.<br>⇒ TDS/TCS claimed |

## E-Credit Ledger

| 49(2) Amount assessed in E-credit Ledger  | 49(4) Utilization of E-Credit                            |
|---|--|
| The ITC as Self-assessed in the return of a registered person shall be credit to his E-Credit ledger. | It may be used for only making payment toward Output Tax |

|                   | Utilisation of cash ledger | Utilisation of Credit ledger | Manner of utilization of ITC [Sec 49(5) + Sec 49(A) + Sec 49(B)]               |
|-------------------|----------------------------|------------------------------|--|
| <b>Tax dues</b>   |                            |                              | <b>INWARD SUPPLY</b> <b>OUTWARD SUPPLY</b>                                     |
| GST               | ✓                          | ✓                            | 1. IGST      First IGST      Any CGST      Any SGST                            |
| <b>Other Dues</b> |                            |                              | 2. CGST      First CGST      Second IGST                                       |
| Interest          | ✓                          | ✗                            | 3. SGST      First SGST      Second IGST                                       |
| Penalty           | ✓                          | ✗                            | 2) It should be noted that CGST cannot be used against SGST/UGST or vice-versa |
| Fees              | ✓                          | ✗                            |  |
| Other Amt.        | ✓                          | ✗                            |  |

## Electronic Credit Ledger

| Debit Amount (DR)   | Credit Amount (CR)   |
|---|--|
| ⇒ Credit amount of this ledger may be used for payment of output tax viz IGST, CGST, SGST, UTGST in the prescribed order. | ⇒ Input Tax credit as self-assessed in the return in the form of IGST, CGST, SGST, UTGST |

## Refund

|   |
|---|
| 49(6) Refund of excess balance in E-cash ledger or E-credit ledger is available in following manner:-<br>A) E-Cash Ledger :- Immediately allowed on filling the application of Refund<br>B) E-Credit Ledger:- Refund is available in only following Two cases<br>i) ITC of zero rated supply<br>ii) Inverted Duty rate (Outward tax less than inward tax) |
|---|

## Rule 86A- Conditions of use of amount available in electronic credit ledger

The Commissioner having reasons to believe ITC available in the E-Cr. ledger has been fraudulently availed or is ineligible may restrict the utilization of ITC till following situations get corrected  
a) tax invoices or debit notes or others  
i) issued by non-existent RP (supplier) or RP not doing business from registered place;  
ii) without receipt of goods or services or both; or  
b) ITC avail in respect tax which has not been paid by supplier  
c) The RP taking ITC is non-existent or not doing business from registered place  
d) not in possession of a tax invoice or debit note or etc.  
Such restriction shall cease to have effect after the expiry of a period of one year from the date of imposing such restriction."

## Rule 86B- Restrictions on use of amount available in electronic credit Ledger

The RP shall not use the amount available in E-Cr. ledger to discharge his liability towards output tax in excess of 99% of such tax liability,  
in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds ₹50 lakhs.

## Electronic Liability Register

| Discharge of Tax Liability Sec 49(7) & (8)  | 1. All liabilities shall be recorded and maintained in an Electronic Liability Register<br>2. Order of Discharge -<br>(a) Self-assessed tax, and other dues related to Returns of Previous Tax Period<br>(b) Self-assessed tax, and other dues related to the Return of the Current Tax Period<br>(c) Any other amount payable under this Act including the demand for recovery of tax u/s 73/74   |                   |                    |   |  |
|---|--|-------------------|--------------------|---|--|
| Utilization of Electronic Liability Register  | Electronic Liability Register  |                   |                    |   |  |
|   | <table> <tr> <th>Debit Amount (DR)</th><th>Credit Amount (CR)</th></tr> <tr> <td>                             ⇒ Amount payable towards tax, interest, fees etc.<br/>                             ⇒ Any other Due<br/>                             ⇒ Amount payable towards output tax                         </td><td>                             ⇒ Electronic cash ledger<br/>                             ⇒ Electronic Credit ledger                         </td></tr> </table> | Debit Amount (DR) | Credit Amount (CR) | ⇒ Amount payable towards tax, interest, fees etc.<br>⇒ Any other Due<br>⇒ Amount payable towards output tax | ⇒ Electronic cash ledger<br>⇒ Electronic Credit ledger |
| Debit Amount (DR)   | Credit Amount (CR)   |                   |                    |   |  |
| ⇒ Amount payable towards tax, interest, fees etc.<br>⇒ Any other Due<br>⇒ Amount payable towards output tax | ⇒ Electronic cash ledger<br>⇒ Electronic Credit ledger   |                   |                    |   |  |
| Certain liability only to be discharge through cash ledger  | ⇒ The amount deducted under section 51(TDS), or the amount collected under section 52(TCS), or<br>⇒ the amount payable on reverse charge basis, or<br>⇒ the amount payable under section 10,<br>⇒ any amount payable towards interest, penalty, fee or any other amount under the Act  |                   |                    |   |  |
| Reduction in penalty  | The amount of penalty imposed or liable to be imposed shall stand reduced partly or fully, as the case may be, if the taxable person makes the payment of tax, interest and penalty specified in the show cause notice or demand order and the electronic liability register shall be credited accordingly.  |                   |                    |   |  |

## Interest on Delayed payment of tax (Sec 50 & Rule 88B)

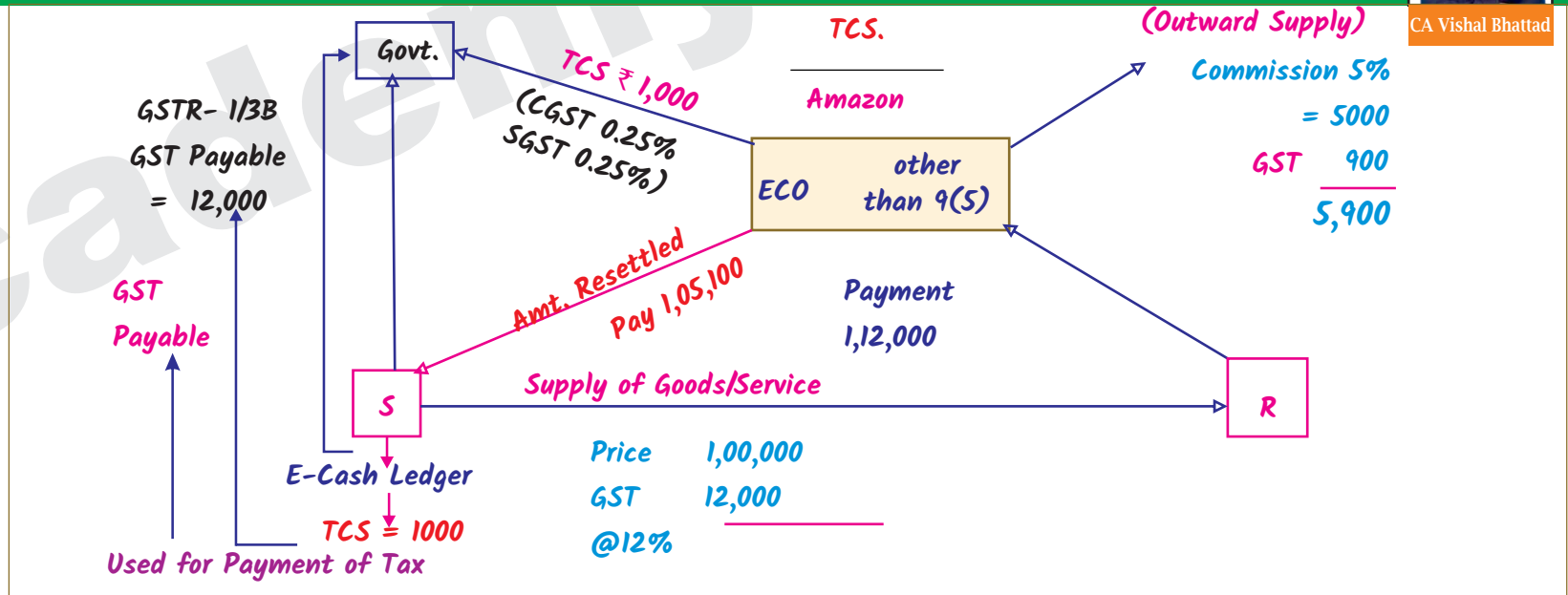
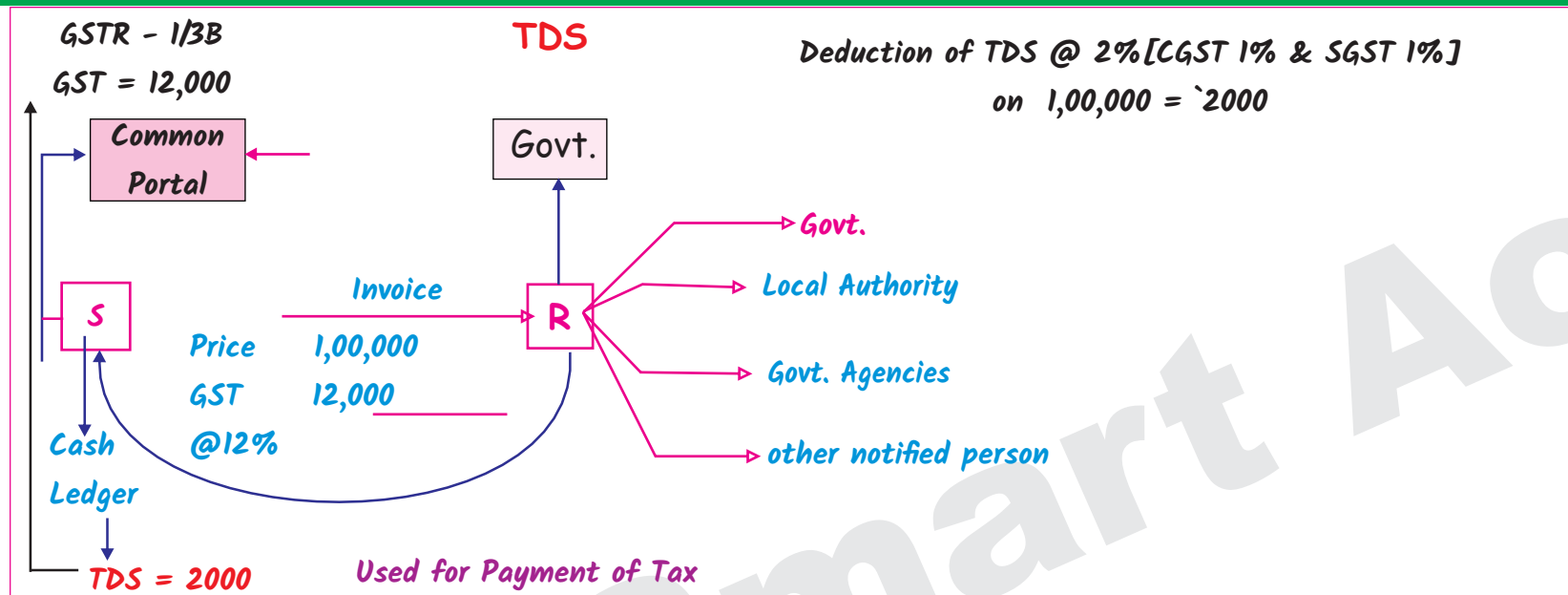
| Scenario   | Period for which interest is payable   | Amount on which interest liability has to be computed                                      | Rate |
|--|--|--|------|
| If tax has been belatedly paid on account of delayed filing of return, before proceedings u/s 73/74. | Interest to be paid from next day of due date of return upto the date of payment   | Tax paid by debiting the electronic cash ledger [net output tax after adjusting ITC + RCM] | 18%  |
| In all other cases where interest is payable on delay in POT covered by Sec 50(1)                    | Period starting from the date on which such tax was due to be paid till the date such tax is paid  | Amount of tax which remains unpaid   | 18%  |
| Where interest is payable on the amount of ITC wrongly availed and utilised covered by Sec 50(3)     | Period starting from the date of utilisation of such wrongly availed ITC till the date of reversal of such credit or POT in respect of such amount | Amount of input tax credit wrongly availed and utilised                                    | 18%  |

**Circular No. 192/04/2023:** While calculating interest under Rule 88B of the CGST Rules, consider the total Input Tax Credit (ITC) available in your E- credit ledger. This includes the credit from IGST, CGST and SGST combined, not just IGST.



# Chapter 9 :- TDS - TCS

21



|  |   |
|--|---|
| <b>Who is liable (i.e who will deduct TDS)</b> | ➔ Specified persons like Central Govt, State Govt, Local Authority, Govt Agencies.<br>➔ Public Sector Undertakings (PSU).<br>➔ Society established by CG/SG under Society Act.<br>➔ An authority/Board or Other body established by Any act or Govt. with 51% or more equity concern with Govt. |
| <b>TDS rate</b>                                | 1% CGST, 1% SGST or 2% IGST   |
| <b>Threshold limit</b>                         | TDS is applicable only when the total payment exceeds ₹2.5 lakh (excluding GST).  |
| <b>Payment</b>                                 | TDS is deducted at the time of credit or payment, whichever is earlier.   |
| <b>Due date</b>                                | Deductor shall deposited TDS deducted by 10th of succeeding month.  |
| <b>TDS Certificate</b>                         | Form GSTR-7A to be provided to deductee.  |
| <b>TDS Return</b>                              | GSTR -7   |
| <b>Non-Compliance</b>                          | Failure to deposit TDS: Interest @ 18% u/s 50 & Penalty u/s Sec 73 or 74 or 74A   |
| <b>E-cash ledger</b>                           | TDS deducted shall reflect in Cash ledger of Deductee.  |
| <b>Refund</b>                                  | Refund as per Sec 54, but no refund, if TDS is credited to E-cash ledger of deductee.   |
| <b>Non-Applicability</b>                       | ➔ Value of taxable supply in a Contract value <= ₹ 2,50,000   ➔ Exempt supplies   ➔ Supplies under RCM.<br>➔ Payment made to Unregistered supplier.<br>➔ Goods/Services supplied between notified persons to deduct TDS.<br>➔ LOS & POS are in same state, but LOR is in different state.       |

|                            |  |
|----------------------------|--|
| <b>CBIC Clarification:</b> |  |
| 1)                         | 1) TCS by Tea Board of India (Cir. no 74/48/2018)<br><div><div>Sellers (i.e. tea producers)<br/>on the net value of supply of tea</div><div>auctioneer<br/>on net value of supply of services (i.e. Brokerage)</div></div>   |
| 2)                         | Multiple ECOs (Cir. No 194/06/2023): Liability for Compliance of TCS u/s 52<br>➔ Supplier side ECO himself is not the supplier: Supplier side ECO who finally releases the payment to supplier.<br>➔ Supplier side ECO himself is the supplier: Buyer side ECO while making payment to supplier. |

|                                       |   |
|---------------------------------------|---|
| <b>Who is liable</b>                  | Every ECO not being an agent is required to collect tax on Net value of Taxable supplies.   |
| <b>TCS Rate</b>                       | 0.25 % CGST, 0.25% SGST & 0.50% IGST  |
| <b>Net Value of Taxable supplies:</b> | Aggregate value of taxable supplies other than notifies services u/s 9(S)   XX<br>Less: Aggregate value of taxable supplies returned to supplier   (XX)<br>Net value of taxable supplies   XX<br><b>Note:</b> Above value is calculated for each supplier on <b>monthly basis</b> . No TCS if net value is Nil or Negative.   |
| <b>Exceptions</b>                     | Notified services u/s 9(S) where TCS provisions are applicable:<br>a) Renting of accommodation by hotel who is liable to register u/s 22(1).<br>b) Housekeeping services by supplier who is liable to register u/s 22(1).<br>c) Restaurant services at specified premises where tariff >= ₹7,500 p.u per day.   |
| <b>Monthly Statement</b>              | GSTR-8 by 10th of next month but maximum within 3 years from its due date.<br><b>Note:</b> After filing of GSTR-8 by ECO, supplier can claim TCS in their E-cash ledger.  |
| <b>Annual Statement</b>               | GSTR-9B before 31st Dec following the end of FY.  |
| <b>Rectification of errors:</b>       | Any omission or incorrect particulars (other than in scrutiny, audit, inspection), ECO can rectify in the statement along with interest.<br><b>Time limit:</b> Earlier of 30th Nov of next FY or date of filing Annual statement.   |
| <b>Late Fee</b>                       | Lower of: ➔ ₹ 200 [ ₹100 each for CGST & SGST/UTGST] for every day during which such failure continues or<br>➔ ₹ 10,000 [ ₹5,000 each for CGST & SGST/UTGST]  |
| <b>Penalty</b>                        | U/s 122 & Penalty upto ₹ 25,000   |
| <b>Registration:</b>                  | ➔ ECO required to collect TCS u/s 52 & Supplier supplying goods through ECO liable to TCS are <b>compulsorily</b> register under GST.<br>➔ Supplier supplying services through ECO liable to TCS<br>➢ <b>Services u/s 9(S):</b> TCS is not applicable if ECO is liable to pay tax.<br>➢ <b>Services other than Sec 9(S):</b> Threshold is available u/s 22.<br>➔ ECO has to obtain separate registration for TCS though already register for GST.<br>➔ ECO is required to register for TCS in <b>each</b> state/UT in which suppliers listed on their platform are located, |
| <b>Foreign ECO:</b>                   | Foreign ECO not having place of business in India would be liable to TCS where supplier & customers are in India & shall register in each state/UT.   |
| <b>Non-Applicability</b>              | ➔ If supplier is not liable for registration, ECO is not required to collect TCS.   ➔ Exempt supplies.<br>➔ Composition taxpayers cannot make SOS through ECO.   ➔ Import of goods or services as it is covered under RCM.<br>➔ Supplies own product through his own website.   ➔ Goods purchased from different Vendors & then sold under own billing.   |



# Chapter 10:- Input Tax Credit

22



CA Vishal Bhattad

**Sec 2(59) Input :** Means **any goods** used/ intended to be used by supplier, in the course / furtherance of business.(other than Capital Goods)

**Sec 2(60) Input Service :** Means **any service** used/ intended to be used by supplier, in the course / furtherance of business.

**Sec 2(19) Capital Goods :** Means goods, the value of which is capitalised in the book of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business

**Sec 2(62) "Input Tax":**- 1) CGST/SGST/UTGST/IGST charged on any supply of goods or services or both made to him (Inward Supply)  
2) the IGST charged on import of goods  
3) the tax payable under the RCM  
**but does not include the tax paid under the composition levy**

**Sec 2(82) "Output Tax":** "Output tax" in relation to a taxable person, **means** the tax chargeable under this Act on  
⇒ taxable supply ⇒ of goods or services or both  
⇒ made by him or by his agent  
**but excludes** tax payable by him on reverse charge basis.

## Sec 16 : Eligibility & Conditions for ITC

### 1) Eligibility criteria-

- ⇒ **Person**= Registered,
- ⇒ **Supply**= Used/Intended to be used in course / furtherance of his business

### 2) Conditions for availment of ITC:- (Overriding sec 16)

- a) He is in possession of a Tax Invoice/debit note
- aa) the details of the invoice or debit note has been furnished by the supplier in GSTR -1 and such details have been updated in GSTR - 2B of recipient.
- b) He has received the Goods/Services/Both  
(For Bill to Ship to- it shall be deemed to be received)
  - ⇒ **Goods**- When goods are delivered by supplier
  - ⇒ **Services**- When services are provided
- (ba) The details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted
- c) Tax charged on such supply= has been actually paid to Govt. by the supplier
- d) He has furnished return u/s 39  
**Proviso 1 :- ITC if Goods are received in Lots :-** Where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment  
**Proviso 2:- Payment for the invoice to be made within 180 days (Rule 37)**
  - 1. **Default** : Failure by Recipient to pay (Wholly or partly) to the supplier the within 180 days from Invoice date.
  - 2. **Consequence** : Amount equal to the ITC availed **proportionate to amount not paid to supplier** shall be **paid by him along with interest payable u/s 50.**
  - 3. **Details to be furnished** : Details of defaulted supply, value not paid, ITC availed to be mentioned in FORM GSTR-3B for the month immediately after the expiry of 180 days from Invoice date.
  - 4. **Regain of Credit** : Regain when payment is made **to supplier** (below time limit N.A. for regaining of ITC)
  - 5. **Non Applicability** : This provision not applicable
    - a) Tax payable under RCM
    - b) Deemed supplies without consideration [Sch.I]
    - c) Value of supplies on account as per sec 15(2)(b)

### Rule 36- Documents Requirement :-

- 1) **ITC availed on the basis of following docs.-**  
Invoice by supplier/ Invoice by recipient (RCM)/ Debit note/ Bill of entry/ Revised Invoice/ Docs. by ISD.
- 2) **Mandatory Requirement in Invoice** - Details of tax, descriptions of goods or service, value of supply, GSTIN & place of supply.
- 3) **No ITC**- if tax has been paid & demand is confirmed because of fraud etc **u/s 74.**

### Time limit for availing ITC u/s 16(4) for RCM supplies received from URPs & tax paid under RCM (Circular No. 211/5/2024):-

- ⇒ CBIC has **clarified** that the relevant F.Y. for calculation of time limit u/s 16(4) to avail ITC shall be the **F.Y. in which invoice is issued by recipient u/s 31(3)(f)**, subject to specified conditions.
- ⇒ The F.Y. in which the supply was received is **irrelevant** here.
- ⇒ Also, If recipient issues **invoice after its TOS** & pays tax, he has to pay interest on delayed payment of tax & is also liable to **penal action u/s 122.**

### Sec 41 :- Claim of ITC and Provisional acceptance thereof

The taxpayer shall self-assess and claim ITC in GSTR 3B. It further provides that in case the taxpayer has claimed ITC of GST which is not paid/ deposited by the corresponding supplier, than the taxpayer / recipient shall reverse the ITC along with interest. The recipient shall be eligible to re-claim the ITC reversed, on payment of GST by the supplier.

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

- ⇒ If the registered person has availed ITC & supplier furnished his GSTR I & **GSTR-1A** & if supplier has not furnished outward supplies in GSTR 3B till the 30th Sep, then the RP shall reverse ITC in form GSTR 3B on or before 30th Nov following the end of FY.
- ⇒ If ITC is not reversed by RP, then amount shall be payable with interest u/s 50
- ⇒ If supplier furnishes GSTR 3B subsequently, registered person may re avail the amount of ITC.

### 6) Claiming ITC for invoices post revocation of registration cancellation

- ⇒ If RP's registration is cancelled and later revoked, he can **claim ITC for invoices not restricted by Section 16(4) at the time of cancellation.**
- ⇒ ITC can be claimed in the return filed till the **later** of following dates:
  - **Earlier of 30th Nov** of following year or date of furnishing Annual return.
  - The return for the period between cancellation and revocation, if filed **within 30 days** of the revocation order.

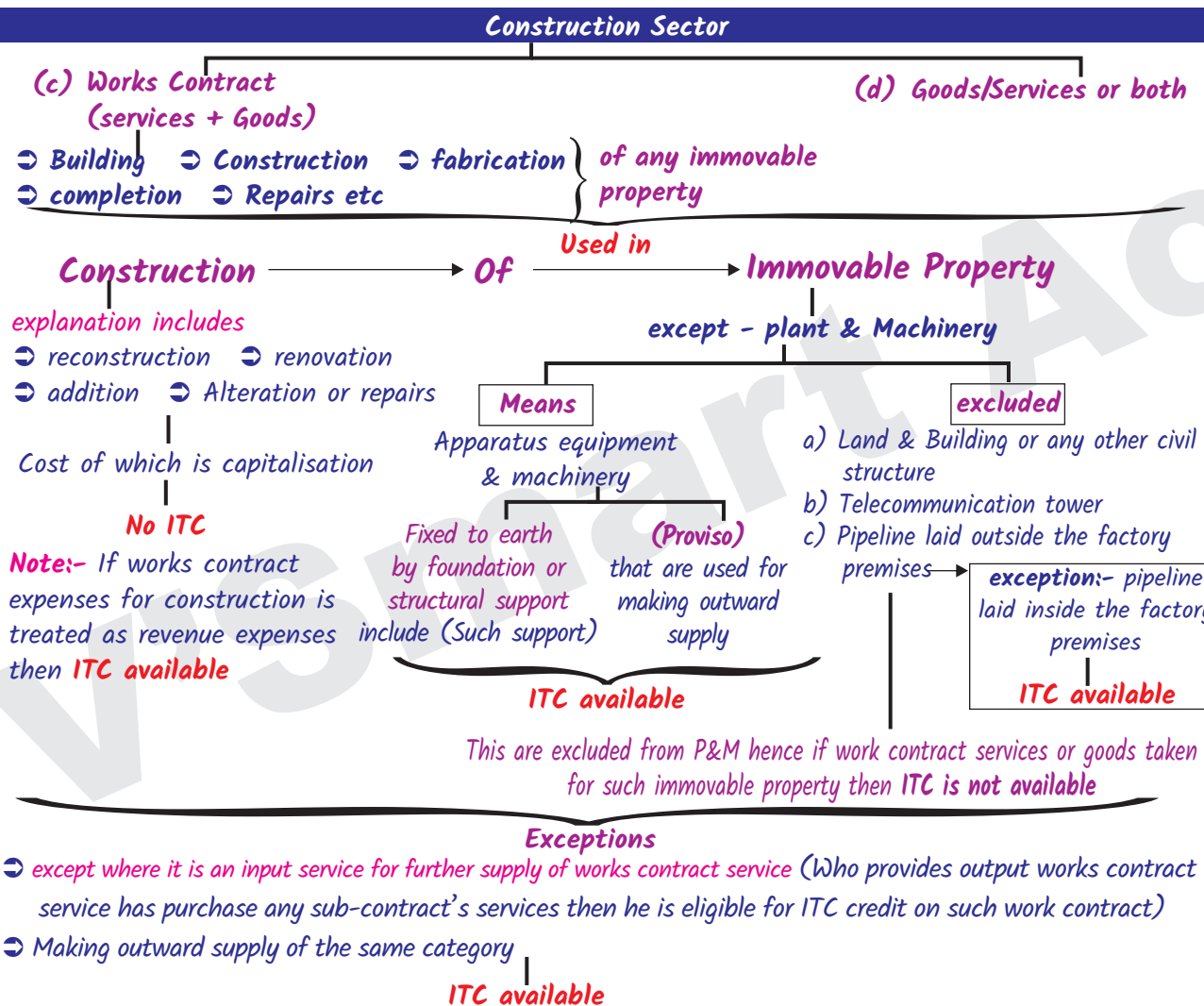
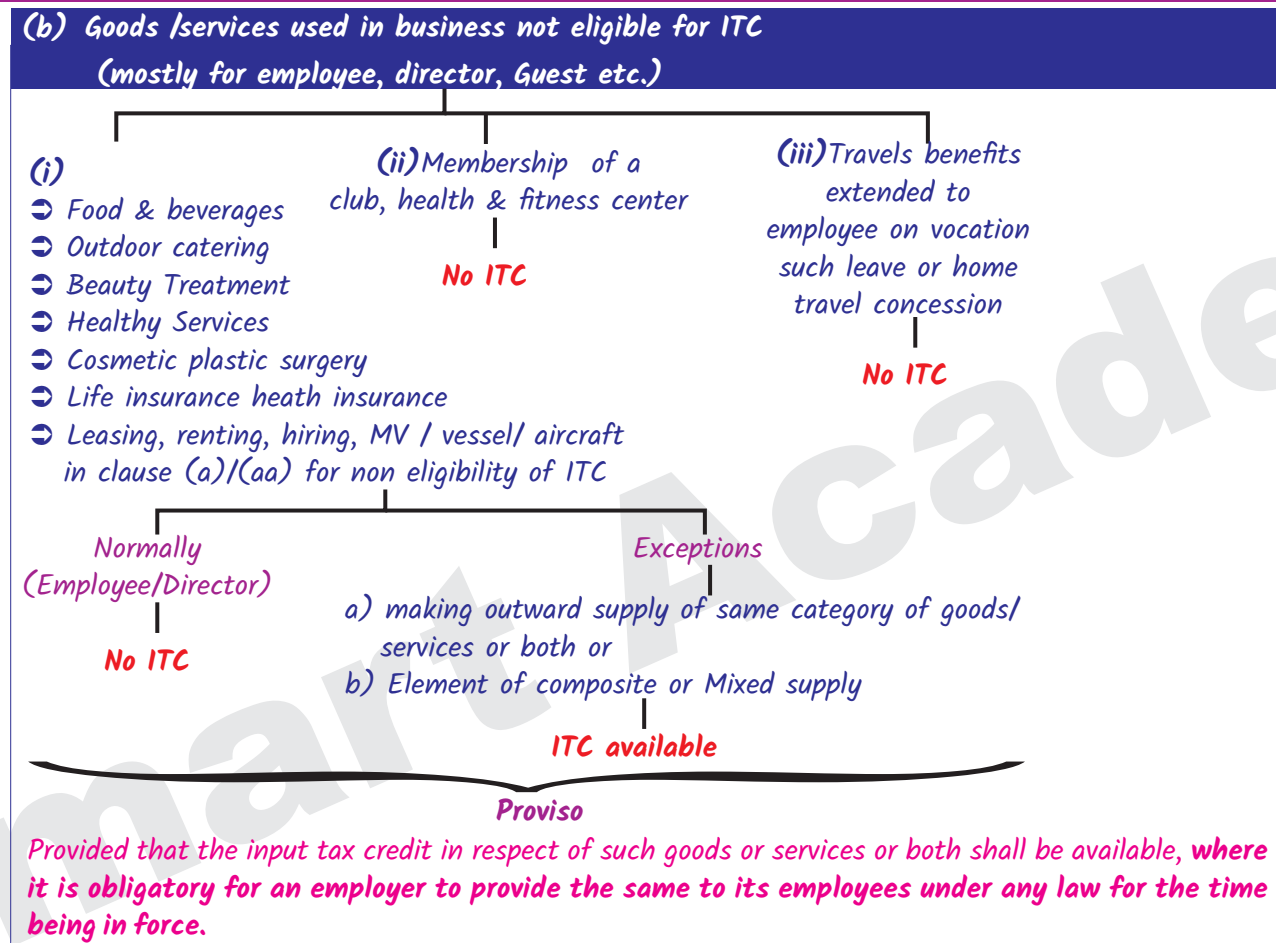
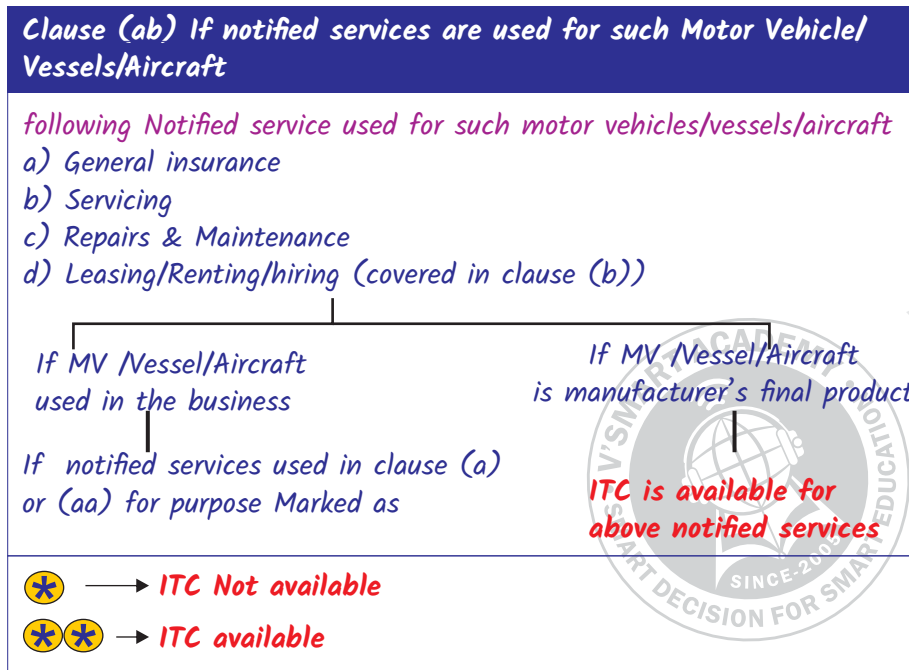
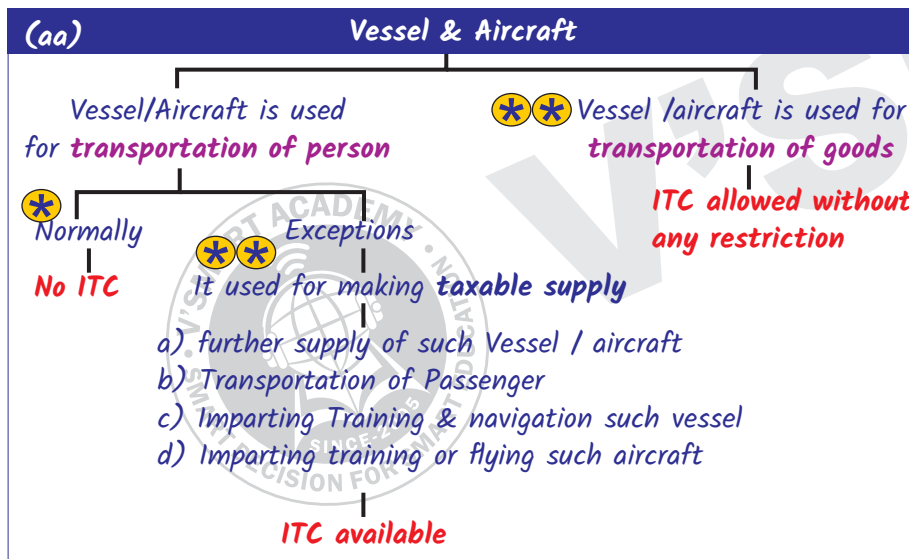
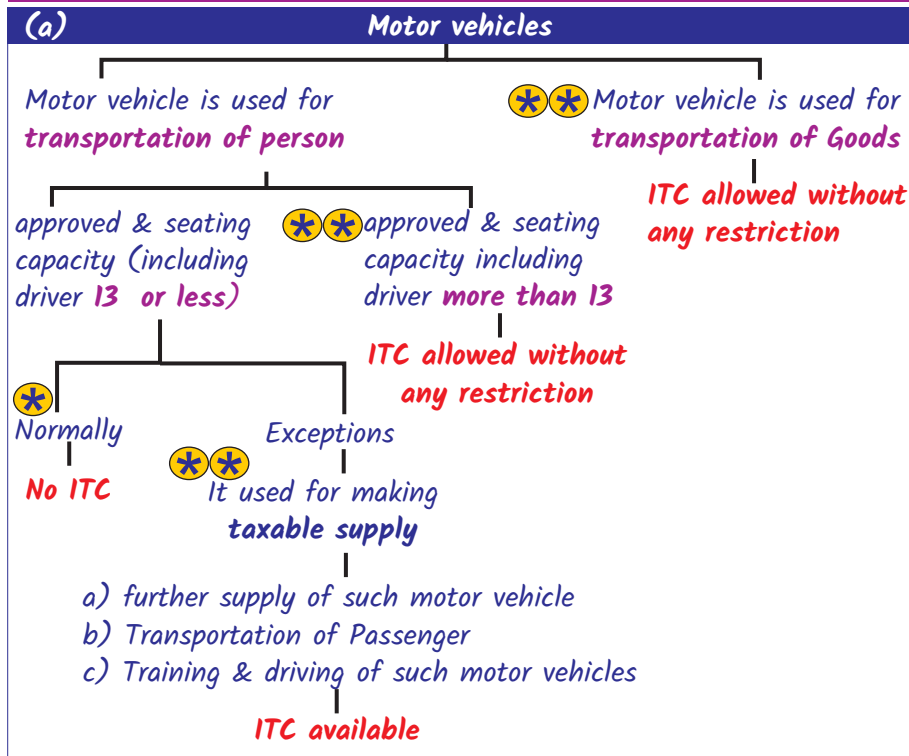
### 3) When depreciation is claimed on tax component-

Where the registered person has claimed **depreciation on the tax component of the cost of capital goods and plant and machinery** under the provisions of the Income-tax Act, 1961,  
**the input tax credit on the said tax component shall not be allowed.**

### 4) Time limit of availing ITC-

A RP shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both  
⇒ after the **30th day of November** following the end of financial year to which such invoice or debit note pertains or  
⇒ **furnishing of the relevant annual return,**  
**whichever is earlier.**





**Availability of ITC on ducts & manholes used in the network of optical Fiber cables (OFCs) u/s 17(5) (Circular No. 219/13/2024):**

- Ducts and manholes are **not classified** as land, buildings, civil structures, telecom towers, or pipelines outside factory premises.
- They are considered "plant and machinery" and **eligible for ITC**.

| Other Blocked Credits |  |   |
|-----------------------|--|---|
|                       | Non eligibility of ITC   | Explanation   |
| e)                    | Goods or services or both on which tax has been paid under sec 10  | अगर composition supplier के composition tax, invoice में लगाकर दे रहा है, जो नहीं देना चाहिये था. So, recipient को उस Tax का credit नहीं मिलेगा |
| f)                    | Goods or services or both received by NRTTP  | No ITC (Remark :- ITC available on imported goods by NRTTP)   |
| fa)                   | Goods &/or services received by TP, which are used/intended to be used for activities relating to his obligations under CSR referred to in sec 135 of Companies Act, 2013  | No ITC  |
| g)                    | Goods or services or both used for personal consumption  | No ITC  |
| h)                    | <p>Goods</p> <p>Lost, destroyed, stolen, written off</p> <p>Transit Loss, Store Loss, Processed Loss (Sec 17(S)(h))</p> <p>If ITC taken: Reverse the ITC or add in output tax liability</p> <p>If ITC Not taken: Don't take it</p> <p>Sec 17(S)(h)</p> <p>Distributed by way of Gift, Free Sample</p> <p>Written off may be fully or partly</p> <p>If ITC taken: Supply -Sche I-Para I Value - Rule 30 ITC - available</p> <p>If ITC Not taken: don't take it u/s 17(S)(h)</p> |   |
| i)                    | Tax paid accordance with the provisions of sec 74, 129, 130  | Sec 74-Misstatement or suppression of fact<br>Sec 129-detention, seizure goods in transit removed leg of prov.<br>Sec 130-Confiscation of goods |

**Entitlement of ITC by insurance co. on expenses incurred for repair of motor vehicles in case of reimbursement mode of insurance claim settlement (Cir No. 217/11/2024):**

- In reimbursement cases, the insurance company **pays for approved repair costs**, even if the insured initially pays the garage. Therefore, the insurance company is the "recipient".
- Thus, The insurance company **can claim ITC** for these repair expenses, as the service is used for their insurance supply.

**Cir. no. 231/25/2024):- Availability of ITC in respect of Demo Vehicles**

**Issue 1:-** Authorised dealers purchase demo vehicles from manufacturers against tax invoices & show it as capital assets for certain mandatory period & then sold at WDV by paying GST.

**Clarification:-** Demo vehicles are used for trial run & demonstrate its features to potential buyers. It's used to promotes sale & thus, are used for making 'further supply of such motor vehicles'. Thus, ITC for demo vehicles is not blocked u/s 17(5)(a) i.e ITC is available.

**Issue 2:-** ITC on demo vehicles if they are capitalized in books of account by authorized dealers

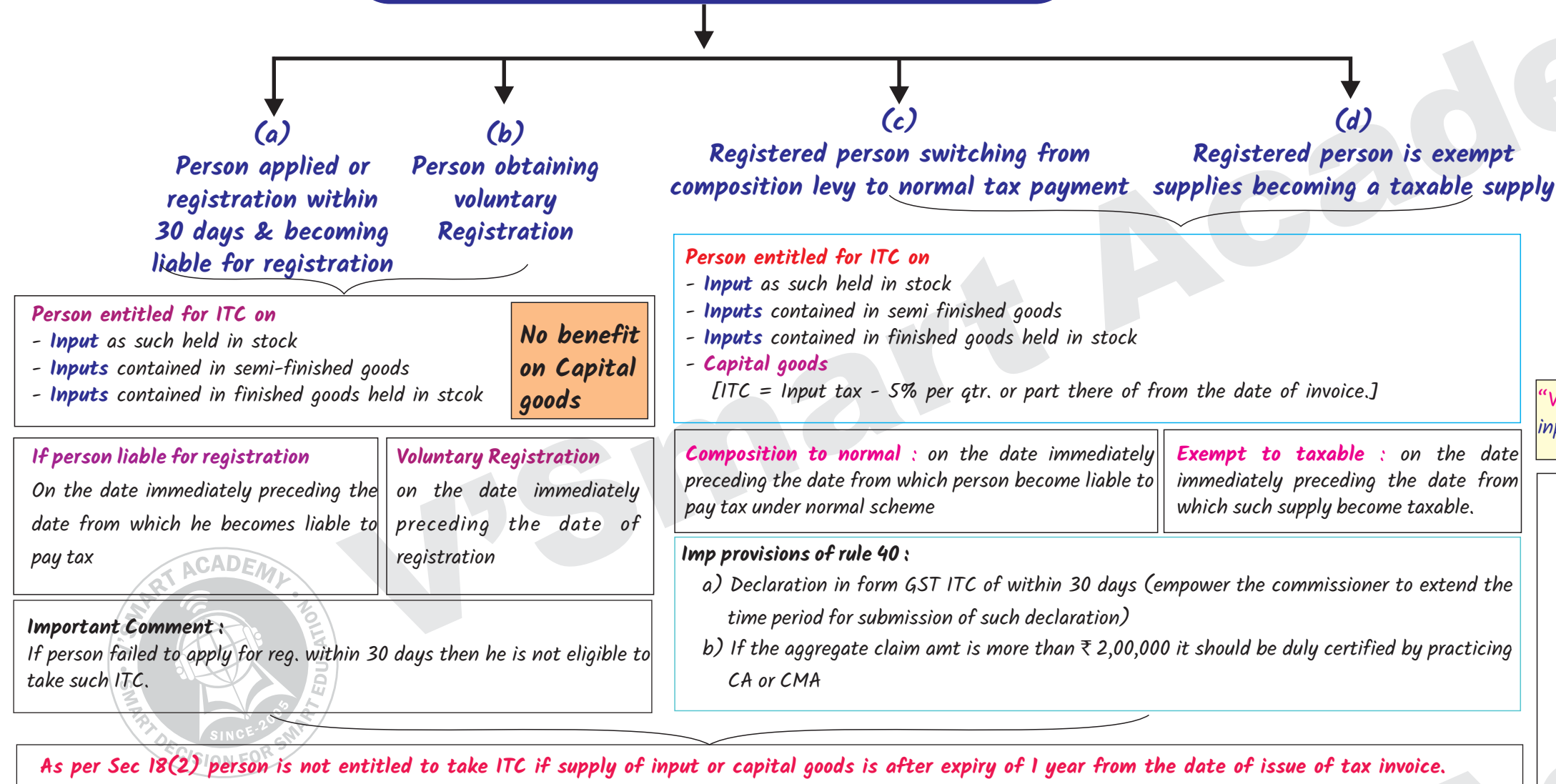
**Clarification-** If such vehicles are capitalized in books of dealer, it is **considered as "capital goods"**.

Availability of ITC on demo vehicles is not affected by its capitalization in dealer's books, they **cannot claim ITC** on that tax component.

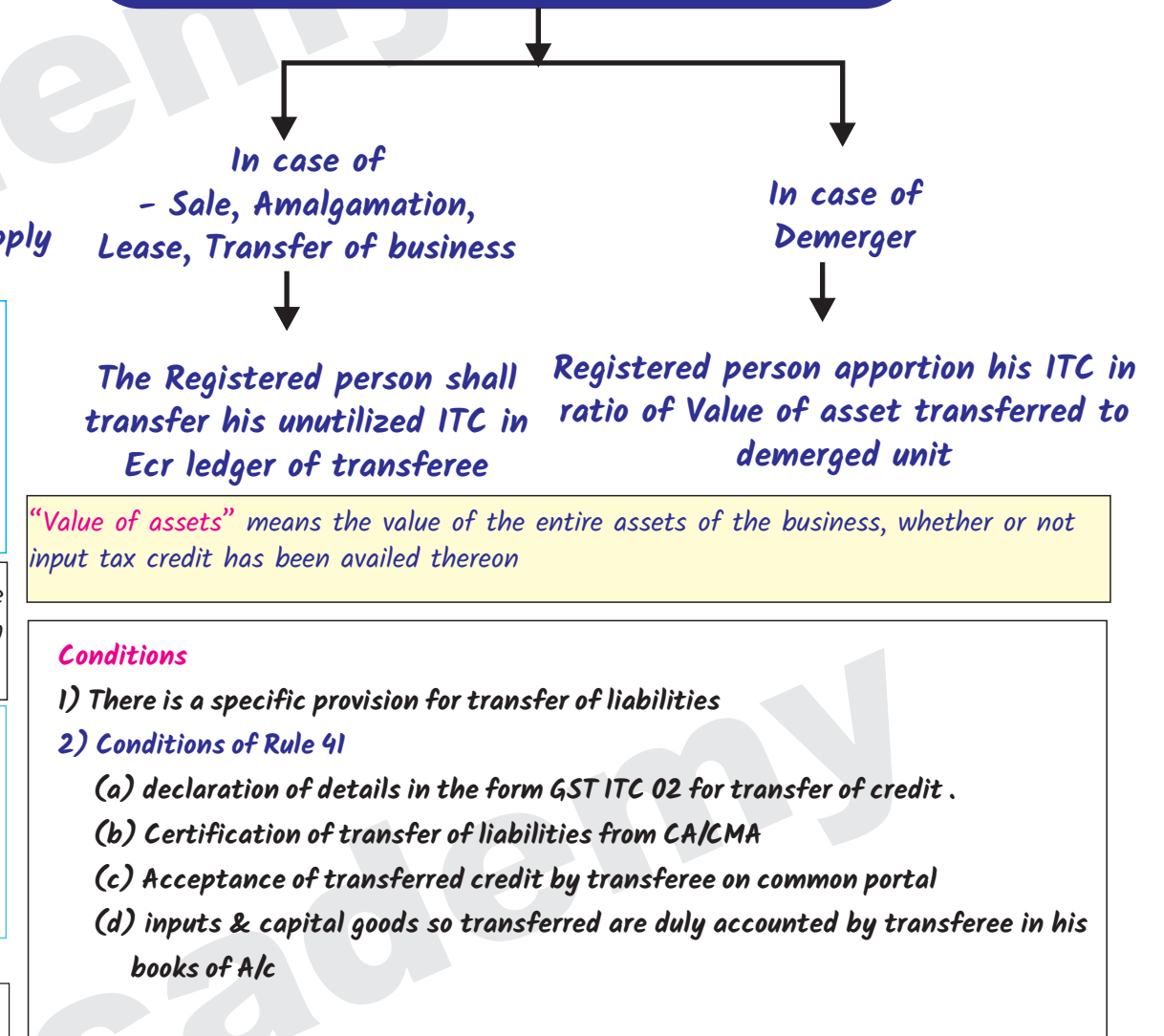
If capitalized demo vehicle is **subsequently sold** by dealer, he shall have to **pay tax** as per **sec 18(6)**.



## Sec 18(1) Availment of Credit

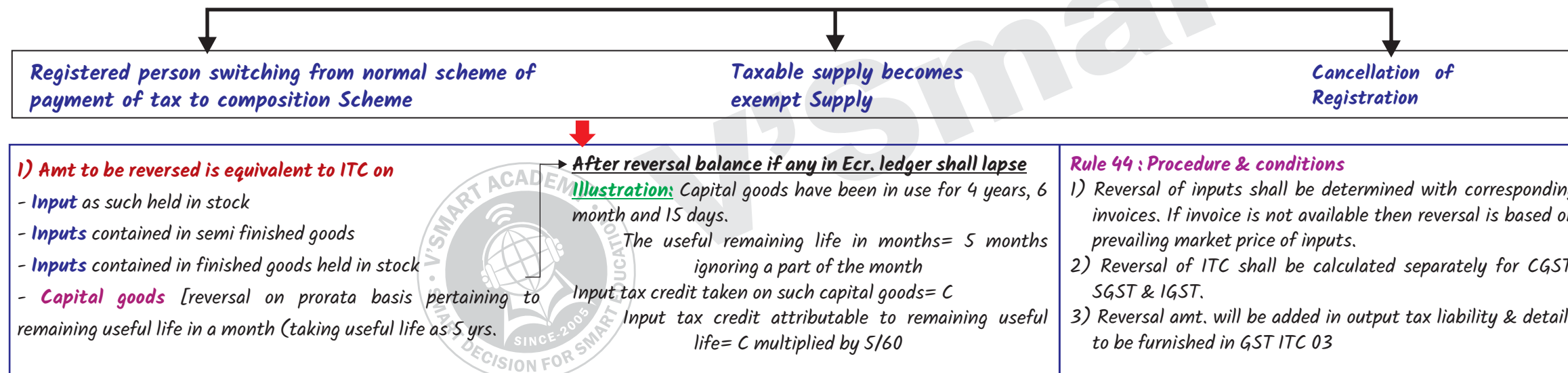


## Sec 18 (3) Transfer of ITC



## Reversal of Credit

### Sec 18(4) Reversal of credit in Special Cases



### Sec 18 (6) : Reversal of credit on supply of Capital Goods/ Plant & Machinery on which ITC has been taken

- If capital goods or plant & machinery on which ITC has been taken are supplied [Removed as such by way of sale transfer barter etc.] then registered person shall pay higher of the following
  - Payment = ITC - 5% per quarter or part thereof OR
  - GST on transaction value
- In case of refractory bricks, moulds & dies, jigs & fixtures, supplied as a scrap then person may pay tax on transaction value instead of above 2 options.



# Chapter 11:- REGISTRATION

25



## Sec 22 Persons liable for registration

Every supplier liable to be registered in the State or Union territory, from where he makes a taxable supply, if his aggregate turnover in a financial year exceeds ₹20 lakh

Analysis:- Read with proviso

| Indian State  | If exclusively engaged in SOG | If engaged in SOS or SOG + SOS |
|---|-------------------------------|--------------------------------|
| Manipur Mizoram Nagaland Tripura  | 10 lakhs                      | 10 lakhs                       |
| Pondicherry Uttarakhand Meghalaya Arunachal Pradesh Telangana Sikkim                    | 20 lakhs                      | 20 lakhs                       |
| All the other States incl. following Sp. category state - Assam, J& K, Himachal Pradesh | 40 lakhs                      | 20 lakhs                       |

- 1) Proviso - In following cases 40 Lakh limit is not applicable (Only 10 /20 L limit is available)
- required to take compulsory registration
  - Person who taken voluntary registration.
  - Supply of i) Ice-cream or edible ice ii) Pan Masala iii) All Tobacco & Tobacco product iv) Fly ash bricks; v) Fly ash aggregates; vi) Fly ash blocks
- 2) Person deemed exclusive supplier of goods even if he has received Interest or Discount (exempt SOS) on loan advances, deposit
- Supply made by agent on the behalf of principals to be added in aggregate turnover of agent
  - Supply made by job worker on the behalf of principals not to be added in aggregate turnover of JW
  - When business carried on by a Taxable person transferred, whether on account of succession or otherwise then Transferee/Successors shall take new registration.

## Sec 23: Persons not liable for Registration

- Engaged in exclusive supply of
  - not liable to tax or
  - wholly exempt from tax.
- An Agriculturist, to the extent of supply of produce out of cultivation of land.
- Person who are only engaged in making supplies on which is tax liable to be paid on reverse charge basis by the recipient u/s 9(3)

Sec 2(7) of "agriculturist" means an individual or a HUF who undertakes cultivation of land -

- by own labour, or
- by the labour of family, or
- by servants on wages under own or family supervision

## Sec 24:- Compulsory Registration

- Persons making any inter-State taxable supply
 

Exceptions : Following category of person not required to register for Inter- State taxable supply eventhough aggregate T/O less than ₹ 20/10 lakhs

  - Persons making inter-State supplies of taxable services
  - Person making inter-State taxable supplies of handicraft goods
  - Jobworker engaged in making inter-state supply of services
- Casual taxable persons making taxable supply
 

Exceptions : CTP making taxable supplies of handicraft goods & handmade shawls, stoles etc. (eligible for 10L/20L/40L threshold)
- Persons who are required to pay tax under reverse charge
- Person who are required to pay tax under Sec 9(5) -ECO
- Non-resident taxable persons making taxable supply
- Persons who are required to deduct tax under section 51, whether or not separately registered under this Act

- Persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise (agent issuing own invoice)
- Input Service Distributor, whether or not separately registered under this Act
- every electronic commerce operator, who is required to collect tax at source u/s 52
- persons who supply goods or services or both, other than supplies specified under Sec 9(5) through such ECO who is required to collect tax at source u/s 52.
 

Exception:-1) Person making supply of services through ECO is exempted from obtaining registration till threshold

2) Persons supplying goods through ECO is exempted from obtaining registration till threshold (subject to condition)
- every person supplying OIDAR services from a place outside India to a person in India, other than a RP.
- every person supplying online money gaming from a place outside India to a person in India; and
- Any other person notified by C.G.

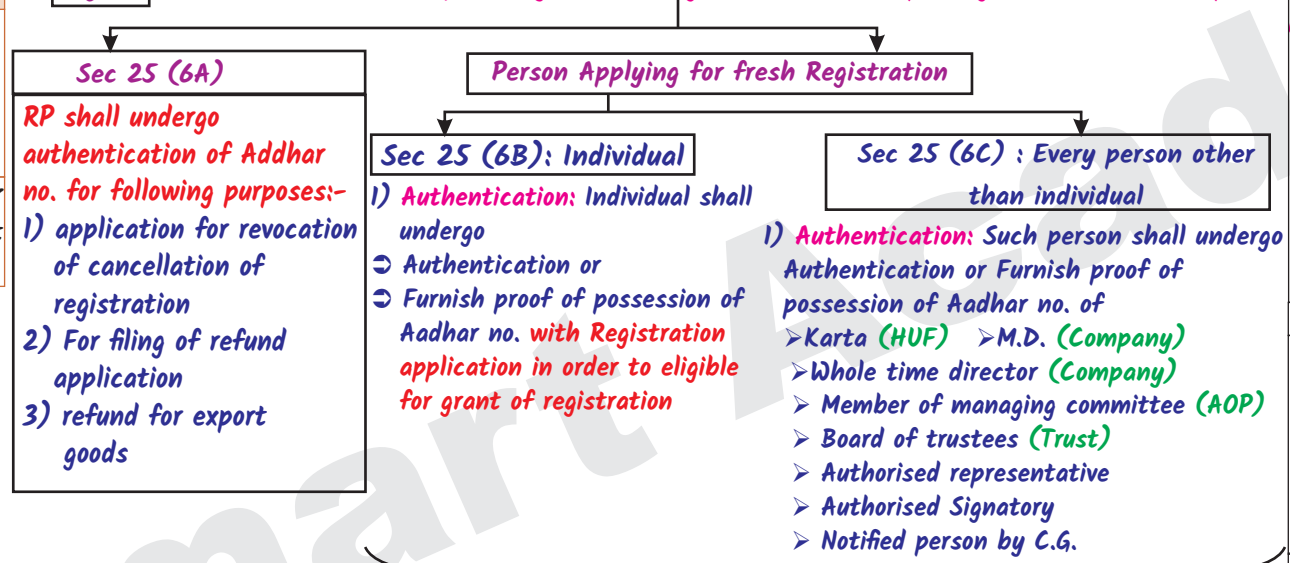
## Sec 25 Procedure for registration

### Timeline for application for Registration [Sec.25 (1)]

| Particulars  | Where   | When  |
|--|---|---|
| Person who is liable to be registered under section 22 or section 24 | In every such ST/UT in which he is so liable  | within 30 days from the date on which he becomes liable to registration |
| Units in SEZ or SEZ Developer  | shall apply for a separate registration for unit in SEZ & outside the SEZ in a same ST or UT. |   |
| A casual taxable person or a non-resident taxable person             | in every such State/UT in which he is so liable   | at least 5 days prior to the commencement of business                   |

### Sec 25 - Authentication (Aadhar) Process under GST

Object To control fake invoices, dummy address registration & multiple registration at same place.



The consequences for failure to undergo authentication or Aadhar No. is not assigned : Registration shall be granted only after physical verification of the place of business in presence of said person

### Concept of CTP and NRTP

CTP= a person who occasionally undertakes transactions involving supply of SOG or SOS in the course or furtherance of business, whether as principal, agent or in any other capacity, in a ST/UT where he has no fixed POB

NRTP= any person who occasionally undertakes transactions involving supply of SOG or SOS whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India .

### Registration provisions

|   |   |
|---|---|
| Compulsory registration u/s 24                                    | Compulsory registration u/s 24                                    |
| Registration before commencement of business and with advance POT | Registration before commencement of business and with advance POT |
| Registration REG-01   | Registration REG-09   |
| PAN required  | Valid passport required   |

### Threshold Exemption

|               |               |
|---------------|---------------|
| Not available | Not available |
|---------------|---------------|

### Composition Scheme

|               |               |
|---------------|---------------|
| Not available | Not available |
|---------------|---------------|

### Return provisions

|                 |        |
|-----------------|--------|
| GSTR-I, GSTR-3B | GSTR-5 |
|-----------------|--------|

### ITC provisions

|                                |   |
|--------------------------------|---|
| ITC of all I/C&IS is available | ITC only on imported goods is available |
|--------------------------------|---|

### Important Comment

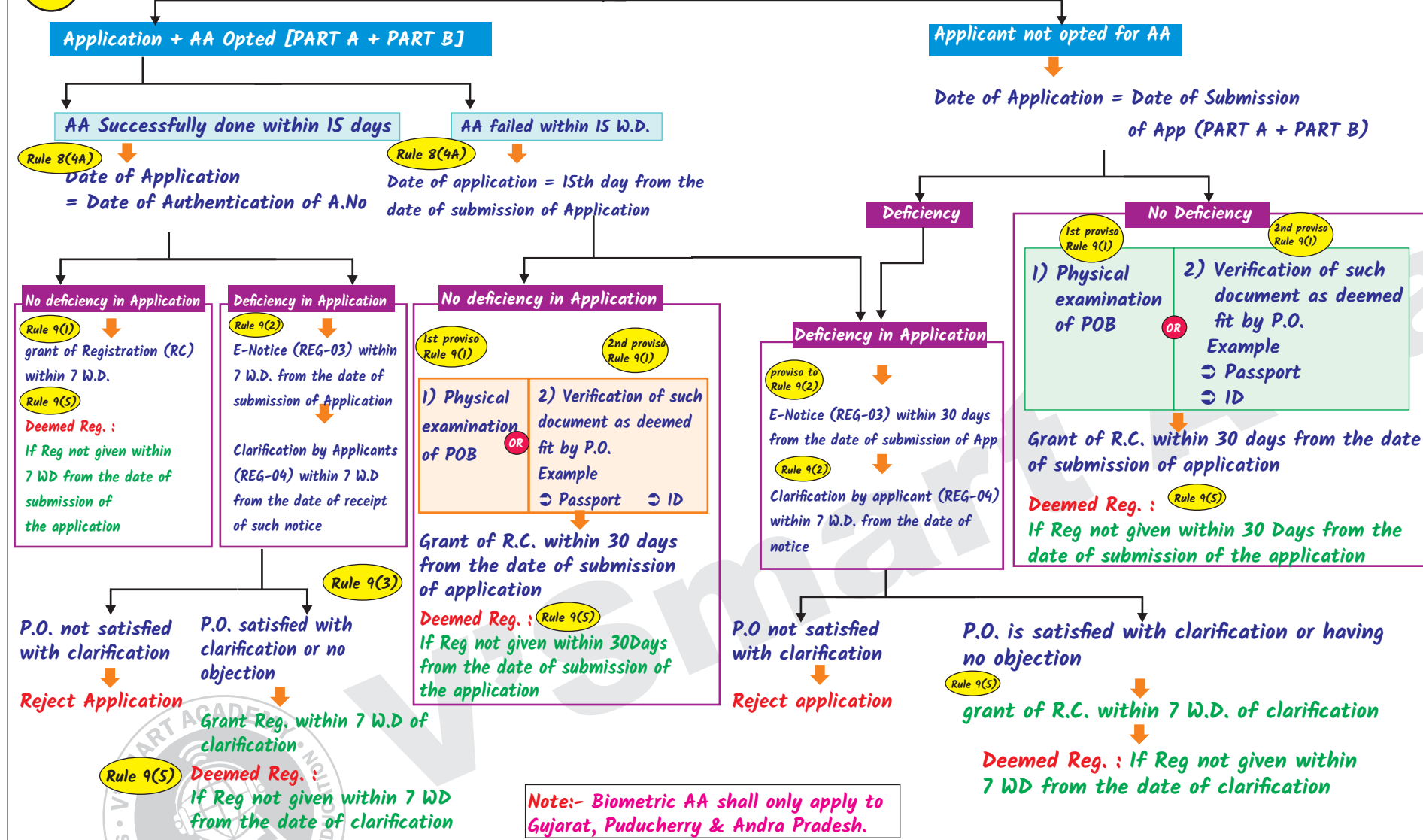
- CTP or NRTP will apply for Registration at least 5 days prior to commencement of business
- Advance deposit of tax at the time of Submitting the registration application.
- Registration is valid for 90 days (further extension for 90 days)
- Annual Return is not required for CTP & NRTP

| PAN   | 1. Person shall have a PAN in order to be eligible for grant of registration<br>2. Exceptions : (a) A Person required to deduct TDS (b) A NRTP   |                                       |                             |                |   |                    |                               |
|---|--|---------------------------------------|-----------------------------|----------------|---|--------------------|-------------------------------|
| Registration in State                       | Normally single registration in a state shall be allowed but Separate registration if multiple place of business within a State/UT may be granted  |                                       |                             |                |   |                    |                               |
| Voluntary Registration                      | A person who is not liable to be registered under section 22 or section 24 may get himself registered voluntarily. All the provision of this act is applicable.  |                                       |                             |                |   |                    |                               |
| DDP   | Already discussed in sec 25(4) and 25(5)   |                                       |                             |                |   |                    |                               |
| Bank Details                                | Rule 10A :- RP (Person liable to TDS/TCS & suomoto registration) shall furnished Bank A/c details after obtaining certificate of registration & a GSTIN but earlier of : <ul style="list-style-type: none"> <li>within 30 days from date of grant of registration, or</li> <li>before furnishing FORM GSTR-1 or IFF.</li> </ul>  |                                       |                             |                |   |                    |                               |
| Issue of Registration Certificate [Rule 10] | 1. certificate of registration in FORM GST REG-06 and GSTIN of 15 digit .<br>2. Display of RC and GSTIN on the name board at the entry and in a prominent location at his Principal POB and additional POB.<br>3. Effective date of registration : <table> <tr> <th>Application files from Liability date</th><th>Registration Effective from</th></tr> <tr> <td>within 30 days</td><td>Date on which the person becomes liable to registration</td></tr> <tr> <td>Not within 30 days</td><td>date of grant of registration</td></tr> </table> | Application files from Liability date | Registration Effective from | within 30 days | Date on which the person becomes liable to registration | Not within 30 days | date of grant of registration |
| Application files from Liability date       | Registration Effective from  |                                       |                             |                |   |                    |                               |
| within 30 days                              | Date on which the person becomes liable to registration  |                                       |                             |                |   |                    |                               |
| Not within 30 days                          | date of grant of registration  |                                       |                             |                |   |                    |                               |

|  |   |
|--|---|
| AA not applicable to 25(6D)                | (a) not a citizen of India or (b) a Department or establishment of the CG or SG or (c) a Local Authority (d) a Statutory Body or (e) a Public Sector Undertaking or (f) a person applying for registration under section 25(9)(VIN)   |
| Physical verification of business premises | (1) If physical verification of POB is needed after grant of registration:- PO may get it done & verification report & other documents with photos, shall be uploaded in REG-30 within 15 working days following date of such verification.<br>(2) If physical verification of POB is needed before grant of registration:- PO shall get it done & verification report & other documents with photos shall be uploaded in REG-30 at least 5 working days prior to completion of time period to grant reg. |



## 26 Procedure under Rule 8(4A) & Rule 9: - Registration & Adhar Authentication (AA)



### Persons liable to obtain UIN

#### Notified Persons :

- Any specialized agency of the UN Organization or
- any Multilateral Financial institution and organization as notified under the UN
- consulate or embassy of foreign countries and
- any other person notified by the Commissioner

Defense Canteen(CSD), as a person who shall be entitled to claim 50% refund

It is for Refund of taxes on the notified supplies of goods or services received by them, as may be prescribed.

#### Imp Points for Grant of UIN

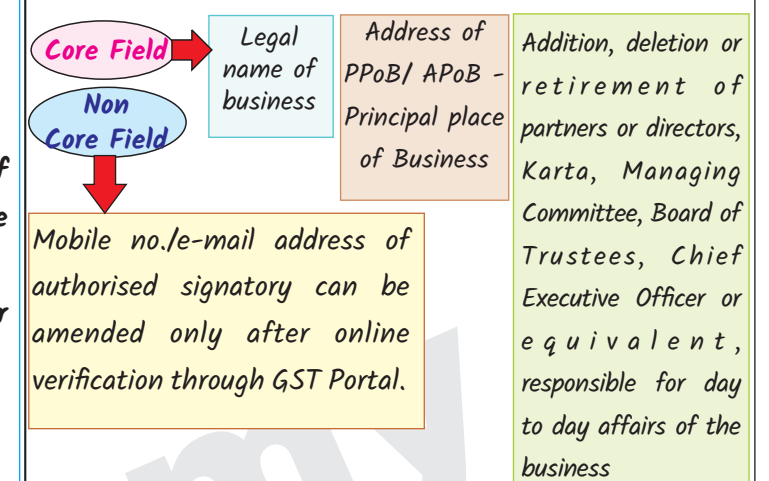
- Application shall be submitted by persons requiring UIN
- within 3 working days from the date of application, officer shall assign UIN or reject the application.
- Registration is deemed to have been granted after expiry of 3 days.
- It shall be applicable to the territory of India

### Sec 26 - Deemed Registration

Grant of registration/UIN under any SGST Act/UTGST Act is deemed to be registration/UIN granted under CGST Act/IGST Act

### Sec 28 :- Amendment of Registration

- Intimation of any changes in the information furnished to be made to proper officer within 15 days.
- Amendments in non core field can be made directly on common portal but approval is required for Amendments in core fields.



### Sec 29:- Cancellation of Registration

#### Suo Moto Cancellation [Section 29(1) & (2)]

- Business discontinued
- Transferred fully for any reason including death of the proprietor
- Amalgamated with other legal entity
- Demerged or
- Otherwise disposed of
- Change in the constitution of the business

- The taxable person is no longer liable to be registered u/s 22 or 24 or intends to optout of the registration voluntarily made under section 25(3)

#### Cancellation by Proper Officer

##### 1. Following contravention done by the registered person:

|        |  |      |  |
|--------|--|------|--|
| (i)    | Does not conduct any business from the declared POB, or  | (ii) | Issues invoice/bill without SOG/SOS/both                 |
| (iii)  | Violates the provision of Rule 10A** (Failure to furnish bank details)   | (iv) | Avails ITC in violation of u/s 16 Rules made their under |
| (v)    | Furnishes details of outward supply in GSTR-1/GSTR-1A > Outward supply declared in Return  | (vi) | Violate the provision of rule 86B                        |
| (vii)  | > failed to file returns due between the order of cancellation and revocation of registration within 30 days of the revocation order.<br>> If the cancellation was retrospective, failed to file all returns from the date of order of cancellation date to the revocation order within 30 days. |      |  |
| (viii) | In normal case (monthly return), RP has not furnished returns for a continuous period of 6 months  |      |  |
| (ix)   | In case of QRMP, RP has not furnished returns for a continuous period of two tax periods.  |      |  |
| x)     | In case of composition dealer, he has not filed the return within 3 months from due date.  |      |  |
| xi)    | Voluntarily registered person has not commenced the business within 6 months from the date of registration   |      |  |
| xii)   | Registration by fraud etc: Registration was obtained by means of fraud, wilful misstatement or suppression of facts  |      |  |

### Sec 30:- Revocation of Cancellation of Registration

- RP whose reg. is cancelled by P.O. apply for revocation [subject to rule 10B] of cancellation within 90 Days from date of service of order of cancellation.
- Extension :-** An authorised officer- not below the rank of AC or JC for further upto 180 days

- On application P.O. may revoke cancellation or reject application
- Revocation under SGST/UTGST act shall deemed to revocation under CGST/IGST Act.

### Procedure for Cancellation

#### Where the RP applies for cancellation

- RP shall apply within 30 days of occurrence of the event warranting cancellation,
- furnishing the details of
  - inputs held in stock or
  - inputs contained in semi-finished/finished goods held in stock and of
  - capital goods held in stock on the date from which cancellation of registration is sought, liability thereon, payment, if any made & relevant documents.

Proper officer (PO) shall issue the order of cancellation within 30 days of submission of application for the same.

#### Where the PO cancels the registration

PO shall issue a SCN to the registered person who has to reply to said notice within 7 days.

#### Proceedings shall be dropped

If reply to SCN is satisfactory

Where instead of replying to SCN, person furnishes all pending returns & makes full payment of tax along with interest & late fee.

Cancellation order shall be issued within 30 days of reply to SCN where registration is liable to be cancelled



# Chapter 12:- TAX INVOICE, DEBIT NOTE & CREDIT NOTE

27

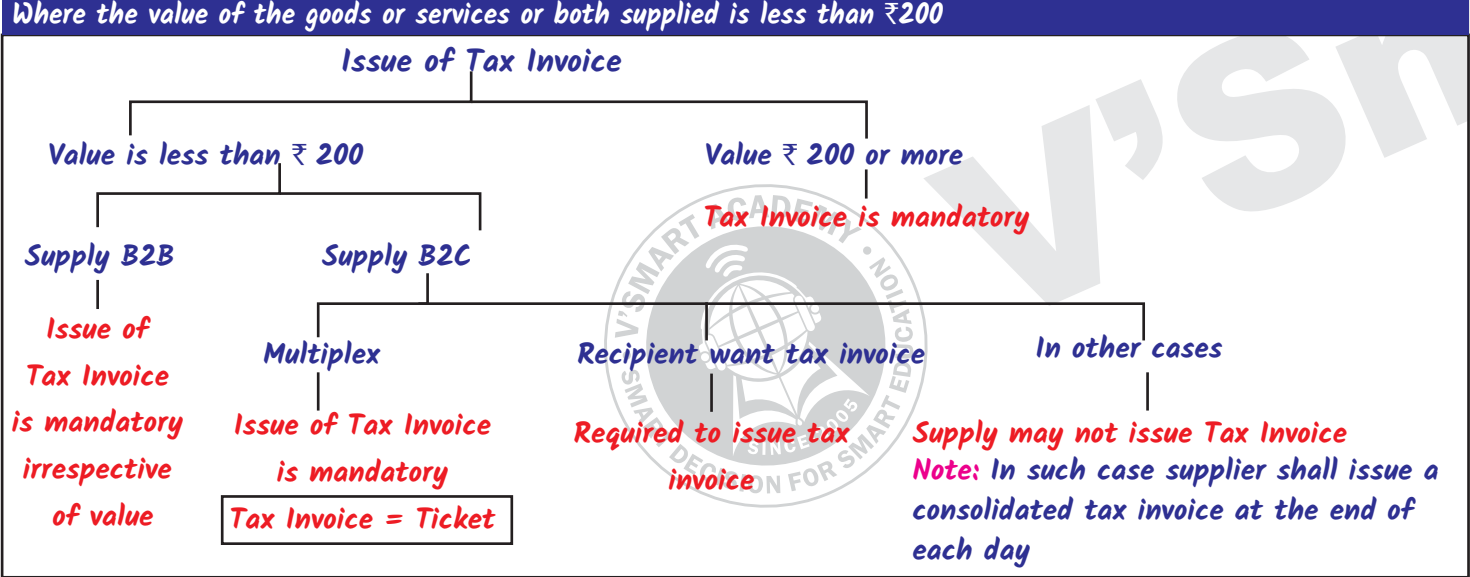


CA Vishal Bhattar

| Particular                               | Tax Invoice : Supply of goods   | Tax Invoice : Supply of Service   |
|--|---|---|
| Normal case                              | Issue Invoice - On or before<br>a) If movement involved-<br>At the time of removal<br>b) In other case -<br>At the time of delivery or made available   | Issue Invoice - On or before<br>a) Provision of services-<br>within 30 days from completion<br>b) Bank/FI/NBFC/Insurer- within 45 days from Completion<br>c) Insurer/ Bank/ FI/NBFC/ Telecom/ other notified person where service is provided to distinct person (DDP),<br>i) When Supplier records in books of A/c<br>ii) Last date of qtr. whichever is earlier |
|  | Government may<br>(a) specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.<br>(b) subject to the condition mentioned therein, specify the categories of services in respect of which—<br>(i) any other document deemed to be a tax invoice or<br>(ii) tax invoice may not be issued. |   |
| Continuous Supply of goods / services    | Invoice shall be issued before or at the time<br>⇒ each such successive statement or<br>⇒ each such successive payment is received  | On or before<br>a) Due date of payment ascertainable in contract - on such date<br>b) If due date not ascertainable - date of payment received<br>c) If events are fixed in contract - Last date of completion of such event  |
| Supply on sale or return/ Approval basis | a) Before/at the time of supply [i.e. approval given by recipient]<br>b) 6 months from the date of removal,   | —<br>whichever is earlier   |
| Cessation of SOS                         | —   | At the time when supply ceases & such invoice only to the extent supply made before such cessation  |

| Content of Invoice & Voucher   |                           |                            |                                   |
|--|---------------------------|----------------------------|-----------------------------------|
| a) Name, Address and GSTIN   | f) HSN code               | i) Total value             | n) Address of delivery            |
| b) Consecutive Number Series   | g) Description of SOG/SOS | j) Taxable value           | o) If reverse charge applicable   |
| c) Date of Issue   | h) Quantity of goods      | k) Rate of tax             | p) Signature of digital Signature |
| d) Name of address & GSTIN or UIN of recipient                           | l) Amount of tax charged  | q) Nature of document      |                                   |
| e) Other details of Unregistered recipient                               | m) Place of supply        | r) Quick Response(QR) Code |                                   |
| s) Declaration that not required to prepare an invoice as per rule 48(4) |                           |                            |                                   |

Notes : 1) Consecutive serial number shall not exceed 16 characters for tax Invoice in one/multiple series shall be maintained same for a F.Y.



Manner of issuing Tax Invoice Rule 48:-

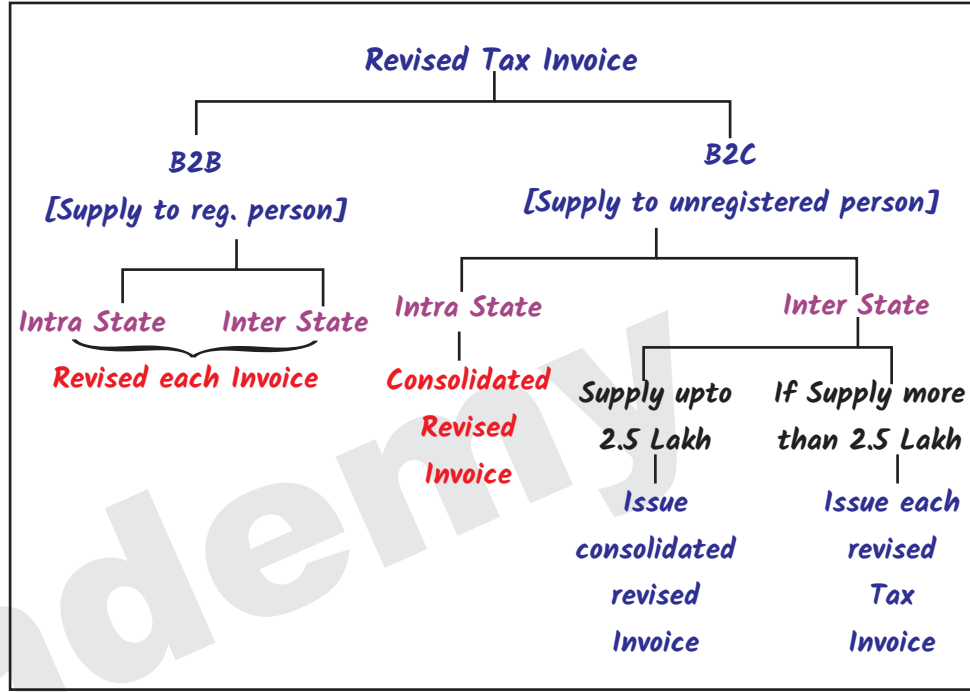
- 1) In case of taxable SOG Invoice shall be prepared in **Triplicate**
- 2) In case of taxable SOS Invoice shall be prepared in **Duplicate**
- 3) Serial number of invoices issued during a tax period shall be furnished electronically in GSTR - 1/**GSTR-1A**
- 4) Notified classes of person obtaining invoice reference no. from E-invoice portal
- 5) Invoice void, if invoice reference no. not quoted

| E-Invoicing                          |   |
|--------------------------------------|---|
| 1 Meaning                            | 'E-invoicing' essentially involves reporting details of specified GST documents to a Government notified portal and obtaining a reference number.   |
| 2 Applicability                      | All registered businesses with an Agg. T/o (based on PAN) in any P.F.Y from 2017-18 onwards greater than ₹5 crore (hereinafter referred to as 'notified persons') will be required to issue e-invoices.   |
| 3 Obtaining IRN                      | 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. A GST e-invoice will be valid only with a valid IRN. IRN is unit 64 - character hash   |
| 4 Documents covered by E-invoice     | ⇒ 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.  |
| 5 Non - requirement of E-Invoice     | ⇒ B2C invoices ⇒ invoices issued by ISD.<br>⇒ import of goods (Bills of Entry).   |
| 6 E-Invoice incase of Reverse Charge | 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 sec 9(3), e-invoicing is applicable.<br><br>On the other hand, where specified category of supplies are received by notified person from unregistered persons<br>⇒ Attracting reverse charge under section 9(4) or<br>⇒ Through import of services, e-invoicing doesn't arise/not applicable.   |
| 7 Exemption from e-invoicing         | Following entities are exempt from the mandatory requirement of e-invoicing:<br>⇒ A Government Department, ⇒ A Local Authority,<br>⇒ Special Economic Zone units<br>⇒ Insurer or banking company or financial institution including NBFC<br>⇒ GTA supplying services in relation to transportation of goods by road in a goods carriage<br>⇒ Supplier of passenger transportation service<br>⇒ Person supplying services by way of admission to exhibition of cinematography films in multiplex screens |

Revised Invoice:-  
Revised from effective date of registration till the date of issuance of RC within 1 month from the date of issuance of RC.

Consolidated revised tax invoice  
Registered person may issue a consolidated revised tax invoice

1. in respect of all taxable supplies made to a recipient who is not registered under the Act during such period;
2. In the case of inter-State supplies, where the value of a supply does not exceed two lakh and fifty thousand rupees, to unregistered person



Bill of Supply:-

1. On Supply of **Exempt** Goods or Services
2. Paying tax under **Composition Scheme**.

person is supplying taxable as well as exempted supply a single "Invoice-cum-bill of supply" may be issued for all such supplies.

Circular no. 186/18/2022

It is clarified that exemption from generation of E-invoices is for the entity as a whole & not restricted to nature of supply (ie either SOG or SOS)

Circular no. 198/10/2023

RP, whose turnover exceeds e-invoicing limit, is required to issue e-invoices for supplies made to such Govt. Departments or establishments/ Government agencies/ local authorities/ PSUs, etc. which are registered solely for TDS u/s SI.









CA Vishal Bhattad

# Chapter 13:- ACCOUNTS & RECORDS

29

## Registered Person

### General

#### Sec 35 (1): Books of Accounts

- 1) Books of accounts to be kept & maintained at -
  - ⇒ Principal Place of business
  - ⇒ Additional place of business
- 2) Books found at unregistered premises
  - deemed to belong to registered person

#### Sec 35 (1): Accounts and Records

#### Accounts [Sec 35(1)]

- ⇒ Production of goods
- ⇒ inward/outward supply of G/S
- ⇒ Stock of goods
- ⇒ Output tax payable/paid
- ⇒ ITC availed
- ⇒ Other particulars

Not required  
for composition  
Scheme

Goods kept at other than declared location  
- deemed as supply & tax payable thereon

#### Records & Documents [CGST Rules]

- ⇒ Goods/services imported or exported
- ⇒ Supplies attracting payment of tax on RCM along with relevant documents like invoices, Challan, Credit & Debit Note & Vouchers etc.
- ⇒ Advances received, paid and adjusted
- ⇒ Required to keep particulars of name & complete address of supplier, recipient & premises where goods are stored

### Special Cases

#### Owner/Operator of Godown/ Warehouse

##### Registered

##### Unregistered

Obtain unique enrollment number

Sec 35(2): shall maintain records of the consignor, consignee and other relevant details of the goods in such manner as may be prescribed

#### Rule 58(4) : maintain books of accounts

- ⇒ with respect to the period for which particular goods remain in the warehouse,
- ⇒ particulars relating to dispatch, movement, receipt and disposal of such goods

Rule 58(5) : store the goods in such manner that they can be identified item-wise and owner-wise and shall facilitate any physical verification or inspection by the proper officer on demand

## Sec 35(2) read with Rule 58 Warehouse Owner and Transporter

#### Transporter

##### Registered

##### Unregistered

Obtain unique enrollment number

Sec 35(2): shall maintain records of the consignor, consignee and other relevant details of the goods in such manner as may be prescribed

#### Rule 58(4) : shall maintain records of

- ⇒ Goods transported, delivered and goods stored in transit by him along with the
- ⇒ GSTIN of the registered consignor and consignee for each of his branches.

Rule 58(1A) : IF transporter is Registered in more than one State/ UT- May apply for unique common enrollment number for EWB

#### Rule 56(11) : Records to be maintained by Agent

P=every principal

- ⇒ Particulars of Authorization received from each principal to receive or supply of G/S
- ⇒ Description value & Quantity of G/S received on behalf of P
- ⇒ Description value & Quantity of G/S supplied on behalf of P
- ⇒ Details of accounts furnished to P
- ⇒ Tax paid on receipts/ supply of goods on behalf of P

#### Rule 56(12) : Records to be maintained by Manufacturer

- ⇒ Monthly production accounts showing quantity of RM/ service used in the manufacture
- ⇒ Quantitative details of goods manufactured, waste and by products

#### Rule 56(13) : Records to be maintained by Supplier of Services

- ⇒ Quantitative details of goods used in provision of service
- ⇒ Details of input service
- ⇒ Details of services supplied

#### Rule 56(14) : Records to be maintained by Works Contractor

- ⇒ Names & Address of person on whose behalf the works contract is executed
- ⇒ Description, value & Qty. of G/S received for each W.C.
- ⇒ Description, value & Qty. of G/S utilized for each W.C.
- ⇒ Details of payment received for each W.C.
- ⇒ Name and address of suppliers

#### Rule 56(17) : Records to be maintained by C&F Agent

- ⇒ Maintain true & correct records of goods handled on behalf of registered person
- ⇒ Produce details as required by proper officer

#### Procedure for maintenance of A/C

- ⇒ Records may be in **electronic form**
- ⇒ **Proper backup** of electronic Records
- ⇒ Records to be produces to officer on demand along with **files and passwords**
- ⇒ No Entry to be erased/ over written
- ⇒ Manual Records- **serially numbered**

#### Sec 35(6) - Consequences for failure to maintain books of accounts

- ⇒ Non accounted G/S - regarded as deemed supply & tax payable thereon
- ⇒ Provisions of Section 73 and 74 shall apply

#### Sec 36- Retention of Accounts

- ⇒ Till the expiry of **72 months** from due date furnishing of annual return
- ⇒ If subject matter is for appeal/ revision - retention shall be later of :-
  - 1 year after its final disposal of appeal/ revision
  - 72 months from due date of furnishing AR



## What is an E-Way bill why is it required?

E-Way Bill is a compliance mechanism

Where in by way of a digital interface

The person causing the movement of goods

upload the relevant information prior to commencement of movement of goods

Generates E-Way Bill on GST Portal

# E-Way Bill (Sec 68 & Rule 138)

## Relevance :-

Hassle free movement

Control tax evasion

Track movement of goods

Eliminate State boundary checkpoint

30

## Who & When E-way Bill is required to be generate?

**Who :-** Every R.P. (Supplier or recipient) who causes the movement of goods

in relation to a supply or Reasons other than supply or

Due to inward supply from an unregistered person

**When :-** Consignment value exceeds ₹ 50,000

**Voluntary Generation**

(even if consignment value is ₹ 50000 or less)

Consignment value exceeds ₹ 50,000

Every R.P. causing movement of goods

Can authorized

ECO or Courier Agency

or Transporter to furnish details in Part-A

**Mandatory Generation**

Job Work

Principal or Job Worker (if Registered)

Inter State movement

E-Way Bill is required

Irrespective of consignment value

handicraft goods

Person exempted from obtaining registration U/s 24(i)&(ii)

## Determination of Value

Mandatory generation of E-Way bill if

Value exceeds ₹ 50,000

Determined as per Section 15

Declared in invoice/ Bill of Supply/ Delivery Challan

Issued in respect of said consignment

Includes

CGST

SGST/ UTGST

IGST

Cess

Excludes

Value of Exempt Supply of goods

Value (as per sec 15) declared (in invoice/ BOS/ DC)

+ GST including cess

If amount > 50R XXX

Exclude: value of exempt goods (in case of invoice cum BOS)

## When E-Way Bill is required to be generated?

Goods transported by Road

Goods Transported by Railways

Goods transported by Air/Vessel

E-way bill to be generated before movement of goods

by R.P.(supplier/recipient)

Information in Part B before/After commencement of movement of goods but it shall not be delivered unless EWB is produced at the time of delivery

Self Transportation (own vehicle/hired or public conveyance)

Third party (Transporter)

Part A Consignment Details

Part B Vehicle Number

Registered Person

Transporter (UEN/GSTIN)

Unique Enrollment Number

Single Registration → GSTIN

Multiple Registration → Common UEN

## Details in E-Way Bill

### Part A

- 1) GSTIN of Supplier
- 2) Place of Dispatch (Pin Code)
- 3) GSTIN of Recipient
- 4) Place of Delivery (Pin Code)
- 5) Document no.(as given in Invoice/Bill of supply etc)
- 6) Document date
- 7) Value of Goods
- 8) HSN Code [upto Scr-4digit Above Scr-6 digit]
- 9) Reason for Transportation

### Part B

- 1) Vehicle Number for Road
- 2) Transport Document No(Goods receipt, No/Railway Receipt, No. etc.)

## Eway Bill Portal



CA Vishal Bhattad

Think

GST

Think

Vishal sir

## Validity of E-Way Bill

### Other than over dimensional cargo

upto 200km

1 day

for every additional 200 km or part

1 additional day

### In case of Over Dimensional Cargo

upto 20km

1 day

for every additional 20 km or part

1 additional day

**Note :-** Multimodal shipment where one leg in ship the above both options are available

Validity period shall be counted from time at which E-Way bill has been generated (after completion of info in part B by transporter)

First day shall be expired on mid night of succeeding day

Validity of E-way bill may be extended within 8 hours from the time of its expiry

14th April

10 am

EWB

1- Day

15th -16th

12 am

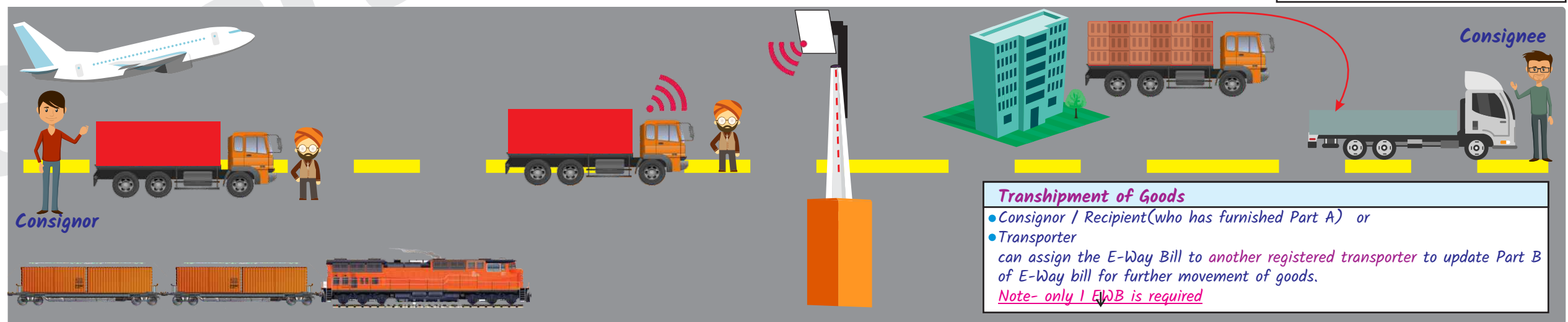
Midnight

1- Day

16th-17th

12 am

Midnight



## Transshipment of Goods

Consignor / Recipient(who has furnished Part A) or

Transporter

can assign the E-Way Bill to another registered transporter to update Part B of E-Way bill for further movement of goods.

**Note- only 1 EWB is required**

## Documents to be carried by Person in charge

The person in charge of a conveyance shall carry—

(a) the invoice or bill of supply or delivery challan, Bill of Entry etc. and

(b) a copy of the e-way bill in physical form or EWB no. in electronic form or mapped to a RFI Device embedded on to the conveyance

**Not Applicable :-** for movement of goods by rail or by air or vessel.

## Inspection of E-Way Bill

### Rights of Commissioner

Right to intercept any conveyance

verify E-way bill

Right to install Radio Frequency

Identification device reader Right

to physical

Verification of conveyance

### Rights of person

If vehicle detained for more

than 30 mins transporter may

upload the information in

Form GST EWB-04 on

common portal

**Summary Report & final Report** - to be recorded

online in Form GST EWB-03

**Part A(summary)**- within 24 hrs of inspection

**Part B(Final)**- within 3 days of inspection

[Extension available for further 3 days]

## Acceptance/Rejection/cancellation of E-Way Bill

### Acceptance/ Rejection

by the Recipient (if registered) or

supplier

within 72 hours

Before delivery

of goods(whichever is

earlier) or else

Deemed Acceptance

### Cancellation of E-Way bill

Goods not transported

or

Goods not transported

as per details furnished

Cancellation to be done within 24 hours

Cannot be cancelled if verified in transit

## Non Compliance of E-Way Bill

### Sec 122

Taxable person Transporting

the goods liable to penalty

of ₹ 10,000 or Tax evaded

(whichever is higher)

### Sec 129

Confiscation

of Goods &

conveyance

## Rule 138E: Restriction on furnishing information in Part A of EWB-01

**No person shall be allowed to furnish information in Part A in respect of any outward movement of goods of a Registered person, who**

(a) Being composition registered person, has not furnished Statement for 2 consecutive quarters.

(b) Being person other than (a) has not furnished returns for a consecutive period of 2 tax periods

(c) Being person other than (a) has not furnished GSTR-1 for any two months/ Quarters

(d) Being a person whose registration has been suspended under rule 21A (1)/ (2)/ (2A)

**Proviso:** commissioner on receipt of an application from RP in EWB 05, on sufficient cause being shown, order in EWB 06, allow furnishing of information in part A of EWB or reject the request after providing OOBH



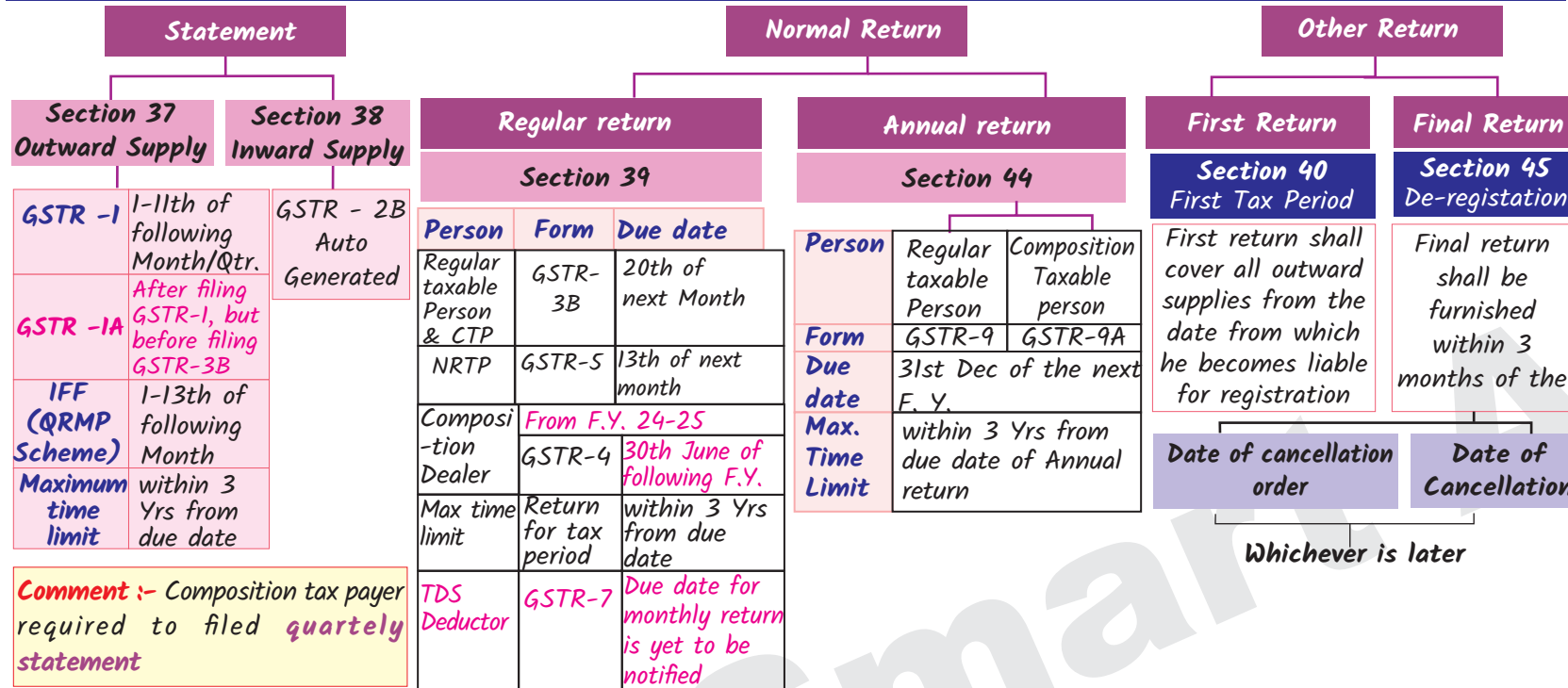
# Chapter 14:- RETURN

31



CA Vishal Bhattar

## Statement / Return



### First Return (Sec 40)

Every RP who has made outward supplies in the period between the date on which he became liable to registration till the date on which registration has been granted shall declare the same in the first return furnished by him after grant of registration.

### Rule 59(6) :- Restriction on furnishing GSTR -1 or IFF

- Restriction on furnishing GSTR -1 or IFF :-** Notwithstanding anything contained in this rule,
- (a) **RP (Monthly Scheme):** Can not furnished GSTR-1 if he has not furnished the return in FORM GSTR-3B for preceding **month**
- (b) **RP (QRMP Scheme):** Can not furnished GSTR-1 or using IFF if he has not furnished the return in FORM GSTR-3B for preceding tax period
- (d) If intimation is issued under Rule 88C(1) :- RP cannot furnish GSTR-1 or using IFF for a subsequent tax period, unless he deposits intimated amount or furnishes a reply to explain it
- (e) If intimation is issued under rule 88D(1):- RP cannot file GSTR-1 or using IFF for subsequent tax period, unless he pays such excess ITC or furnishes a reply to explain it.
- (f) Bank details under rule 10A:- RP cannot file GSTR-1/using IFF, if he has not furnished details of bank account as per rule 10A.

### Late fee u/s 47 for delayed filing of GSTR-1 and/or GSTR-3B

- 1) **RP - GSTR -1 = Nil or GSTR 3B =Nil** ₹20 per day(i.e. ₹10 per day each under CGST & SGST) but max.=₹500 (i.e. 250 under CGST & SGST each)
- 2) **RP other than those covered in (1) above (i.e. there is outward supply in GSTR - 1 or tax payable as per GSTR- 3B)**
- |  |   |
|--|---|
| Agg. T/o of ≤ ₹ 1.5 cr. in PFY               | ₹50 per day(i.e. ₹25 per day each under CGST & SGST) but max.= ₹2000 (i.e. 1000 under CGST & SGST each) |
| Agg. T/o more than 1.5 Cr but ≤ 5 Cr. in PFY | ₹50 per day(i.e. ₹25 per day each under CGST & SGST) but max.=₹5000 (i.e. 2500 under CGST & SGST each)  |
- 3) **RP having Agg. T/o > 5 Cr. in PFY** ₹50 per day(i.e. ₹25 per day each under CGST & SGST) but max.=₹10,000(i.e. 5000 under CGST & SGST each)

### Late fee u/s 47 for delayed filing of GSTR - 4 under Composition scheme

- 1) If Total tax payable in GSTR-4 is Nil ₹20 per day(i.e. ₹10 per day each under CGST & SGST/UTGST) but maximum=₹500 (i.e. 250 under CGST & SGST/UTGST each)
- 2) If RP other than in (1) above ₹50 per day(i.e. ₹25 per day each under CGST & SGST/UTGST) but maximum=₹2000 (i.e. 1000 under CGST & SGST/UTGST each)

### Late fee u/s 47 for failure to furnish annual return by due date [[N/No. 07/2023- CT dt. 31/03/2023] ]

- Registered persons having an aggregate turnover ≤ ₹5 Cr. in relevant F.Y. ₹50 per day(i.e. ₹25 per day each under CGST & SGST/UTGST) but maximum= 0.04% (i.e. 0.02 % under CGST & SGST/UTGST each) of T/o in State or UT
- 2) Registered persons having an aggregate turnover of > ₹5 Crores & ≤ ₹20 Crores in relevant F.Y. ₹100 per day (i.e. ₹50 per day each under CGST & SGST/UTGST) but maximum=0.04% (i.e. 0.02 % under CGST & SGST/UTGST each) of T/o in State or UT
- 3) Registered persons having an aggregate turnover of > ₹20 Crores in relevant F.Y. ₹200 per day (i.e. ₹100 per day each under CGST & SGST/UTGST) but 0.50% of the turnover in State/UT (0.25 % under CGST & SGST/UTGST each)

### Late fee u/s 47 for delayed filing of GSTR - 7 by person liable to deduct tax at source u/s SI

₹50 per day(i.e. ₹25 per day each under CGST & SGST/UTGST) but maximum=₹2000 (i.e. 1000 under CGST & SGST/UTGST each)

### Goods and Service Tax Practitioners

#### Concept of GSTP

- A RP may authorised an approved GSTP to furnish information, on his behalf, to the Government.
- GSTN will provide separate user ID and Password to GSTP to enable him to work on behalf of his clients without asking for their user ID and passwords.
- They can do all the work on behalf of taxpayers as allowed under GST Law.
- A taxpayer may choose a different GSTP by simply unselecting the previous one and then choosing a new GSTP on the GST portal.

#### Eligibility Criteria for GSTP

- Basic Conditions:-** 1) Citizen of India 2) Person of Sound Mind 3) Not adjudication as insolvent 4) not been convicted by court
- Other Conditions:-** 1) Retired officer of Government Not below lower the rank of group B gazetted officer for not less than 2 years
- 2) enrolled as a sales tax practitioner or tax return preparer under the existing law for a period of not less than five years
- 3) he has passed, (i) a graduate of postgraduate degree (ii) a degree of any Foreign University recognized by any Indian University or (iii) any other examination notified by the Government, or (iv) He has passed a) ICAI; or b) ICAI (CMA); or c) ICSI.

#### Activities which can be undertaken by a GSTP

- (a) furnish the details of outward supplies; (b) furnish monthly, quarterly, annual or final return; (c) make deposit for credit into the electronic cash ledger; (d) file a claim for refund; (e) file an application for amendment or cancellation of registration; (f) furnish information for generation of e-way bill; (g) furnish details of challan in FORM GST ITC-04; (h) file an application for amendment or cancellation of enrolment under rule 58; and
- (i) file an intimation to pay tax under the composition scheme or withdraw from the said scheme:
- Provided that where any application relating to a claim for refund or an application for amendment or cancellation of registration or where an intimation to pay tax under composition scheme or to withdraw from such scheme has been submitted

| Outward and Inward Supply Statement (Sec 37 & Sec 38) |          |   |                                    |   |
|---|----------|---|------------------------------------|---|
| Type of taxable person                                | Form No. | Periodicity                                     | Due date                           | Not Applicable to   |
| Every registered person (Incl. CTP)                   | GSTR-1   | Monthly (Details of outward supplies)           | 11th of the next month             | (a) Composition taxpayer (b) N RTP (c) ISD (d) Person liable to TDS & TCS (e) OIDAR |
|   | GSTR-1A  | Amended or Additional details of Outward supply | Between 11th to 21st of next month |   |

| Details of Outward Supply in GSTR-1 & GSTR-1A |   | Rectification of Error:  |
|---|---|--|
| Invoice wise details                          | ⇒ Inter-State and Intra-State supplies made to RP, and<br>⇒ Inter-State supplies with invoice value more than ₹ 1 lakh made to URP                                  | RP can rectify error in GSTR 1 & GSTR 3B (other than scrutiny, Audit & Inspection)& time limit is Earlier of 30th Nov or Date of Annual return |
| Consolidated details                          | ⇒ Intra-State supplies made to URP for each rate of tax, and<br>⇒ State wise Inter-State supplies with invoice value upto ₹ 1 lakh made to URP for each rate of tax |  |

| Furnishing of Returns [Sec 39] |          |  |                        |  |
|--------------------------------|----------|--|------------------------|--|
| Type of taxable person         | Form No. | Periodicity                                    | Due date               | Not Applicable to  |
| Every registered person        | GSTR 3B  | Monthly (or a part of the month)               | 20th of the next month | (a) Supplier of OIDAR services (b) Composition taxpayer (c) N RTP (d) ISD (e) Person deducting TDS & TCS |
|                                |          | Note:- In case of QRMP scheme refer next page) |                        |  |

### 2) Return by Composition taxpayer (Sec. 39(2) and rule 62)

| Type of taxable person | Form No. | Periodicity   | Due date                                |
|------------------------|----------|---|---|
| Composition taxpayer   | GSTR-4   | Yearly (or part thereof) Note: Furnish a statement every quarter or, part thereof containing the details of payment of self-assessed tax in FORM GST CMP -08 till the 18th day of the month succeeding such quarter | 30th June following the end of such F.Y |

### 3) Annual Return

| Type of taxable person     | Form No. | Periodicity   | Due date   |
|----------------------------|----------|---------------|--|
| Registered Normal taxpayer | GSTR-9   | Annual Return | 31st Dec of next F.Y.  |
|                            |          |               | (a) Supplier of OIDAR services (b) Composition taxpayer (c) N RTP (d) ISD (e) Person deducting TDS&TCS f) CTP (g) those referred to in the proviso to sec 35(5), |
|                            |          |               | ⇒ a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year,                          |
|                            |          |               | ⇒ with the audited annual financial statement for every financial year electronically,   |

### 4) Final Return

| Type of taxable person                                      | Form No. | Periodicity  | Due date  |
|---|----------|--------------|---|
| Registered person and whose registration has been cancelled | GSTR-10  | Final Return | within 3 months of date of cancellation or date of order of cancellation (whichever is later) |



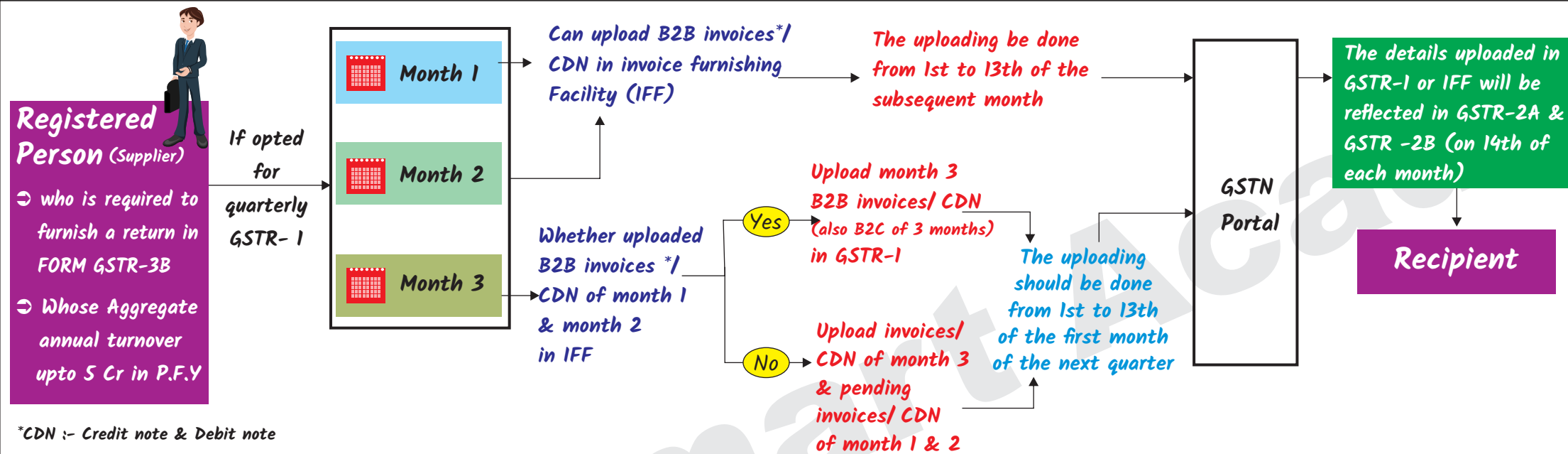
# QRMP SCHEME

(This new Scheme will be effective from 01.01.2021)

32



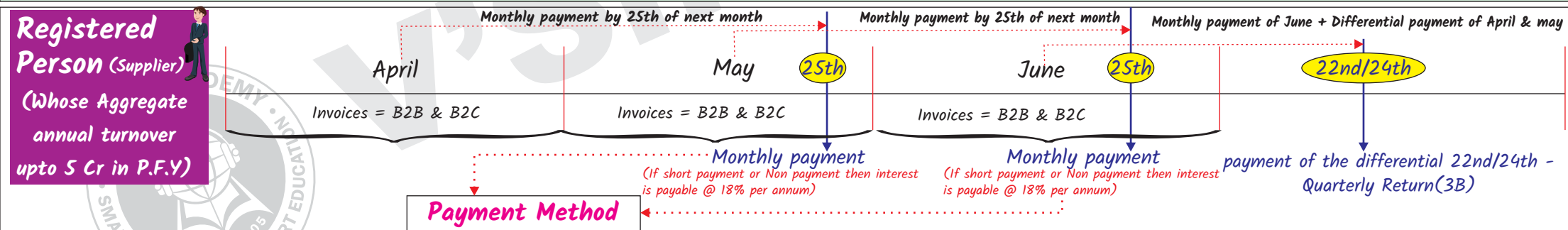
## Registered Person - Opting for QRMP Scheme (Submission of details of Outward supplies)



## Important Points

1. The aggregate annual turnover for the P.F.Y. shall be calculated in the common portal taking into account the details furnished in the returns by the taxpayer for the tax periods in the P.F.Y.
2. Value of supply in IFF shall not exceeds ₹ 50 lakhs for each month
3. After 13th of the month, this facility for furnishing IFF for previous month would not be available.
4. Details given in IFF not required to be given again in GSTR-1
5. Where QRMP option has been exercised once, they shall continue unless RP revise the said option.
6. It is further clarified that the option to avail the QRMP Scheme is GSTIN wise
7. Some GSTINs of same PAN can opt for the QRMP Scheme and remaining GSTINs may not opt for the Scheme.

## QRMP - Monthly Payment & Interest Liability



| 1. Fixed Sum Method (FSM)                                   |   |   |
|---|---|---|
| Payment of tax in the 1st and the 2nd month of the quarter. |   |   |
| Sr. No.   | Type of Taxpayer                                      | Tax to be paid  |
| 1.  | Who furnished GSTR-3B quarterly for the last quarter  | 35% of tax paid in cash (E- Cash Ledger) in the preceding quarter               |
| 2.  | Who furnished GSTR-3B monthly during the last quarter | 100% of tax paid in cash in the last month of the immediately preceding quarter |

The balancing amount of tax is to be paid in the 3rd month.

### Example

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

| Tax paid in Cash in Quarter (January - March, 2021) |     | Tax required to be paid in each of the months - April and May, 21 |      |
|---|-----|---|------|
| CGST  | 100 | CGST  | 35   |
| SGST  | 100 | SGST  | 35   |
| IGST  | 500 | IGST  | 175  |
| Cess  | 50  | Cess  | 17.5 |

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

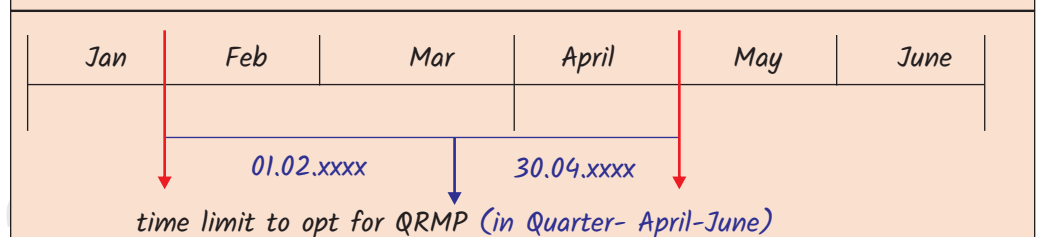
| Tax paid in Cash in March, 21 |     | Tax required to be paid in each of the months - April and May, 21 |     |
|-------------------------------|-----|---|-----|
| CGST                          | 50  | CGST  | 50  |
| SGST                          | 50  | SGST  | 50  |
| IGST                          | 80  | IGST  | 80  |
| Cess                          | --- | Cess  | --- |

## Interest under QRMP scheme

| Sr. No.   | Scenario  | Interest to be paid  |
|---|---|--|
| <b>Monthly payment (1 &amp; 2 Month) For FSM &amp; SAM</b>  |   |  |
| 1   | Tax liability mentioned in pre-filled form GST PMT-06 is paid by 25th of the following month  | Nil  |
| 2   | Tax liability mentioned in pre-filled form GST PMT-06 is not paid by 25th of the following month  | 18% of the tax liability (from 26th of the following month till the date of payment) |
| <b>Final Tax Liability (1 &amp; 2 Month)</b>  |   |  |
| 3   | <b>For FSM &amp; SAM</b><br>The final tax liability for the first two months is less than or equal to the amount paid through pre-filled form GST PMT-06  | Nil  |
| 4   | <b>For FSM</b><br>The final tax liability for the first two months is higher than the tax amount paid through pre-filled form GST PMT-06, and such excess liability has been paid within quarterly GSTR-3B due date | Nil  |
| 5   | <b>For SAM</b><br>The final tax liability for the first two months is higher than the tax amount paid through pre-filled form GST PMT-06, and such excess liability has been paid within quarterly GSTR-3B due date | 18% of the tax liability (from 26th of the following month till the date of payment) |
| <b>Final Tax Liability has not been paid within quarterly GSTR-3B due date</b>  |   |  |
| The final tax liability for the first two months is higher than the tax amount paid through pre-filled form GST PMT-06, and such excess liability has not been paid within quarterly GSTR-3B due date |   | 18% of the tax liability (from GSTR-3B due date* till the date of payment)           |

## Rule 61A: Manner of opting Quarterly return

- ⇒ Facility to avail the Scheme on the common portal would be available throughout the year.
- ⇒ A registered person can opt in for any quarter from first day of second month of preceding quarter to the last day of the first month of the quarter.



## How to avail QRMP From 1st Jan 21

### Auto migration by portal (for 1st Qur of the scheme)

| Turnover        | GSTR-1 opted | Deemed option |
|-----------------|--------------|---------------|
| Upto 1.5cr      | Quarterly    | Quarterly     |
| Upto 1.5cr      | Monthly      | Monthly       |
| >1.5cr upto 5cr | Monthly      | Quarterly     |

**Note 1 :-** The taxpayers are suggested to file the return for October 2020 in November

**Note 2 :-** Such registered persons are free to change the option as above, if they so desire, from 5th of December, 2020 to 31st of January, 2021.