

Chapter 1: Supply Under GST

Section 7 Meaning Of Supply

Section 7(1) (a)

Supply includes all forms of supply (goods and / or services) and includes agreeing to supply when they are for a consideration and in the course or furtherance of business. It specifically includes

- | | | | |
|---------------|---------------|-------------|------------------|
| (i) Sale | (iii) Barter | (v) License | (vii) Lease |
| (ii) Transfer | (iv) Exchange | (vi) Rental | (viii) Disposal. |

Section 7(1) (aa)

Activities or transactions between an association, club or similar entities and its members or constituents as 'supply'. For the purpose of taxability, the members and the entity shall be deemed to be two distinct persons.

Example:

- a) Resident Welfare Association (RWA) of Sanskriti Society supplies air-conditioners to its members at a concessional price.
- b) A RWA collects maintenance charges from its members for services provided.

Section 7(1) (b)

Supply includes import of a service, made for a consideration and whether or not in the course or furtherance of business.

Section 7(1) (c)

The activities specified in Schedule I, made or agreed to be made without consideration.

Schedule I

1. **Permanent transfer of business assets where input tax credit has been availed.**
E.g. Infosys limited upgraded their 1000 Laptops and donated their old laptops (ITC Claimed) to the Government Schools. In this case, such donation is treated as supply as per Schedule I.
2. **Supply of goods and / or services between related person, or between distinct persons:**
E.g. Free supplies to related persons, stock transfers to a unit outside the State/a different business vertical, etc. will be reckoned as supplies.

Meaning of Distinct person

A person who has obtained/is required to obtain more than one registration, whether in one State/Union territory or more than one State/Union territory shall, in respect of each such registration, be treated as distinct persons [Section 25(4) of the CGST Act].

Meaning of Related Person**"Related persons"** means

- (i) Such persons are partners in business.
- (ii) Any person holds twenty-five per cent or more of shares of both of them.
- (iii) One of them controls the other (Holding Subsidiary company)
- (iv) Together they directly or indirectly control a third person
- (v) Such persons are employer and employee;
- (vi) They are members of the same family;

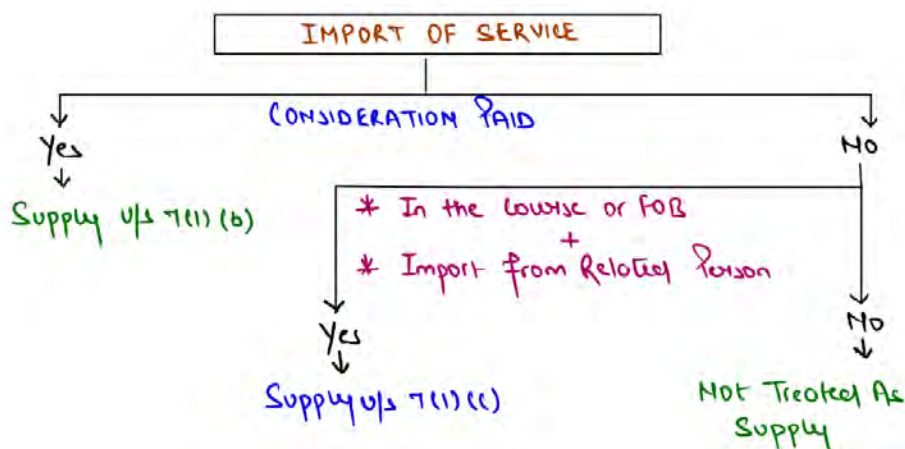
As per section 2(49) "family" means,— (i) the spouse and children of the person, and (ii) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.

3. Supply of goods by a principal to his agent or by agent to his principle, where the agent undertakes to supply or receive such goods on behalf of the principal.

Note:

- Where principal Invoices to Agent and Agent Invoices to customer: then such Agent will fall under Schedule-I and
- Where principal Invoices directly to customer and the transaction mediated by an Agent: then such agent will not be covered under Schedule-I

4. Import of services by a taxable person from a related person, in the course or furtherance of business

**Section 7(1A)**

Where transaction is considered as supply under sub section (1), they shall be treated either as supply of goods or supply of service as referred in schedule II.

S. No	Activity/ Transaction	Type	Nature of Supply
1.	Transfer	Any transfer of title in goods immediate or in future date.	Goods
		Any transfer of right in goods/ undivided share in goods without transfer of title in goods.	Services

2.	Land and Building	Any lease or letting out of land or building including a commercial, industrial or residential complex.	services
3.	Treatment or Process	Any treatment or process which is applied to another person's goods	Services
4.	Transfer of Business Assets	Goods forming part of business assets are permanently transferred or disposed off	Goods
		Goods held/used for business are put to private use or are made available to any person for non-business purpose	Services
		<p>Goods forming part of assets of any business carried on by a person who ceases to be a taxable person, shall be deemed to be supplied by him, in the course or furtherance of his business, immediately before he ceases to be a taxable person.</p> <p>Eg. Mr. X, a Electronic trader, is winding up his business. Any goods left in stock shall be deemed to be supplied by him.</p> <p>Exception</p> <ol style="list-style-type: none"> 1. Business is transferred as a going concern to another person 2. Business is carried on by a personal representative who is deemed to be a taxable person. 	Goods
5.	Following Supply shall be considered as supply of service		
	<p>a) Sale of under construction building where whole or part of the consideration is received before issuance of completion certificate. However, where the entire consideration has been received after issuance of completion certificate or after its first occupation, whichever is earlier, then such transaction is neither supply of good nor supply of service. Eg. DLF has constructed individual residential units for agreed consideration of Rs. 2 crore per unit. Rs. 1 crore per unit were received before issuance of completion certificate by the competent authority and balance after completion</p> <p>Amendment</p> <p>Location charges or Preferential Location Charges (PLC) paid along with the consideration for the construction services of residential /commercial/industrial complex forms part of composite supply where supply of construction services is the main service and PLC is naturally bundled with it and are eligible for same tax treatment as the main supply of construction service.</p>		

	b) Temporary transfer or permitting use or enjoyment of any intellectual property right
	c) Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of IT software. Eg. XYZ software developers developed ERP software for A ltd.
	d) Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act. Above three activities must comply with the following Conditions: I. There must be an expressed or implied agreement or contract. II. Consideration must flow in return to this contract/agreement. Taxability of some of the transactions has been discussed in detail later.
6.	Following composite supplies :- a) Works contract services related to immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract b) Supply of food or any other article for human consumption or any drink (soft drink).

Section 7(2)

Certain supplies will be neither a supply of goods, nor a supply of services: The law lists down matters which shall not be considered as 'supply' for GST. This list includes:

A. Activities/ transactions in Schedule III(Negative List)

- (a)** Services by an employee to an employer in the course or in relation to his employment.
- (b)** Services by any Court or Tribunal established under any law for the time being in force;
- (c)** Functions performed by MPs, MLAs, etc.;
- (d)** the duties performed by a person who holds any post in pursuance of the provisions of the Constitution in that capacity;
- (e)** the duties performed by specified persons in a body established by the Central State Government or local authority, not deemed as an employee;
- (f)** Sale of land and Sale of Building (except sale of under-construction premises where the part or full consideration is received before issuance of completion certificate or before its first occupation, whichever is earlier.
- (g)** Actionable claims, other than lottery, betting, gambling, online gaming, casino & virtual digital asset.
- (h)** Services of funeral, burial, crematorium or mortuary including transportation of the deceased.

“Service by way of grant of alcoholic liquor licence, against consideration in the form of licence fee or application fee shall be neither supply of Goods nor supply of Services”

It may be noted that services provided by the Government to business entities including by way of grant of privileges, licences, mining rights, natural resources such as spectrum etc. against payment of consideration in the form of fee, royalty etc. are taxable under GST. Tax is required to be paid by the business entities on such services under reverse charge.

- B.** Gifts not exceeding Rs. 50,000 in value in a financial year by an employer to employee shall not be treated as supply of goods or services or both.

Perquisites provided by the employer to the employee not liable to GST if following conditions are satisfied:

- a) It should be as per contractual agreement between employer & employee.
- b) Employer should not avail ITC on inward supply of such goods/service. If employer has already availed ITC, needs to reverse it

Section 7(3)

The Central Government or the State Government may notify such other transactions to either qualify as 'supply of goods' or as 'supply of services' This notification must be issued only upon recommendations from the Council.

Section 8 Composite And Mixed Supplies

As per section 2(30), "composite supply" → Naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

As per section 2(74), "mixed supply" means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply:

The tax liability on a composite or a mixed supply

- a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and
- b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.

Clarifications

1. Art works sent by artists to galleries for exhibition

Sending artworks to a gallery for exhibition does not entail any financial transaction or consideration flowing from the gallery to the artist.

As a result, this does not qualify as a taxable supply. The actual supply occurs when a buyer buys artwork from the gallery and applicable gst shall be levied at the time of such supply.

2. Donations / Charity / Gift

GST is not leviable where all the following three conditions are satisfied namely:

- a) Gift or donation is made to a charitable organization
- b) Payment has the character of gift or donation
- c) Purpose is philanthropic (i.e., it leads to no commercial gain) and not advertisement

Bhushan donated a blackboard to Yoganisht Sansthan - a charitable yoga institution. Yoganisht Sansthan printed underneath the blackboard so donated - "Good wishes from Mr. Bhushan".

3. Taxability of 'tenancy rights'/pagadi under GST

- Transfer of tenancy rights against tenancy premium is a form of lease or renting of property and such activity is specifically declared to be a service in of Schedule II i.e. Any lease, tenancy, easement, licence to occupy land is a supply of services.
- The transfer of tenancy rights cannot be treated as sale of land/ building.
- Transfer of tenancy rights to a new tenant against consideration in the form of tenancy premium is taxable
- Services provided by outgoing tenant by way of surrendering the tenancy rights against consideration in the form of tenancy premium is liable to GST.

4. Inter-State movement of various modes of conveyance

Inter-State movement of various modes of conveyance, between distinct persons for

- i) carrying goods or passengers or both; or
- ii) for repairs and maintenance,

shall be treated 'neither as a supply of goods or supply of service' and therefore not be leviable to IGST.

However, where such movement is for further supply of the same conveyance then such movement shall be treated as supply and GST shall be levied.

5. Supply of printed books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc., printed with design, logo, name, address or other contents supplied by the recipient of such printed goods

- a) In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only **CONTENT IS SUPPLIED** by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer,

- supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore,
 - such supplies would constitute supply of service
- b) In case of supply of printed envelopes, letter cards, printed boxes, tissues, pen, napkins, wall paper etc. by the printer using its physical inputs including paper to print the design, logo etc. supplied by the recipient of goods,
- predominant supply is supply of goods and
 - the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore
 - such supplies would constitute supply of goods.

6. Retreading of tyres

Pre-dominant element is process of retreading which is a supply of service. Rubber used for retreading is an ancillary supply.

Supply of retreaded tyres, where the old tyres belong to the supplier of retreaded tyres, is a supply of goods.

7. Buy one get one free offer

- It may appear at first glance that in case of offers like “Buy One, Get One Free”, one item is being “supplied free of cost” without any consideration. In fact, it is not an individual supply of free goods, but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one.
- Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined accordingly.

8. Clarification regarding GST Applicability on Liquidated Damages, Compensation and Penalty arising out of Breach of Contract or Other Provisions of Law.

Nature of transaction	Taxability	Clarification
Liquidated Damages	Not Taxable	<p>‘liquidated damages’ is an amount paid only to compensate for loss or damage suffered by the aggrieved party due to breach of the contract. There is no agreement by the aggrieved party to refrain from or tolerate an act or to do anything for the party paying the liquidated damages. Hence liquidated damages are merely a flow of money for suffering loss or damage due to such breach. Such payments do not constitute consideration for a supply.</p>
Penalty imposed for dishonor of cheque and violation of law	Not Taxable	<p>The penalty imposed was not for tolerating the act or situation but for not tolerating and thereby deterring and discouraging such an act or situation. Hence the fine and penalty is not a consideration for any supply received and not taxable.</p>
Forfeiture of salary or payment of bond amount in the event of the employee leaving the employment before the minimum agreed period	Not Taxable	<p>The amount recovered from the employee is not for tolerating the act of premature quitting of employment, but as penalty for dissuading the employees from taking up employment. Further, employee does not receive anything against the payment made to the employer. Therefore, the payment does not constitute a consideration for the service of agreeing to tolerate an act or a situation.</p>
Late Payment surcharge or fee	Taxable	<p>The facility of accepting late payments with interest or late payment fee is a facility granted by supplier naturally bundled with principal supply. Hence this ancillary supply naturally bundled should be assessed at the same rate as that of principal supply.</p>
Fixed charges for power	Exempt	<p>Price charged for electricity has two components - minimum fixed charge & variable per unit charge. Minimum fixed charge which remains at all situations does not mean that it is a charge for tolerating act of non-consumption of minimum threshold.</p>

		Both are charged for sale of electricity and thus not taxable as sale of electricity is exempt from GST.
Cancellation charges	Taxable	<p>Cancellation fee can be considered as the charges for the costs involved in making arrangements for the intended supply</p> <p>The facilitation service of allowing cancellation against payment made is also a natural part of this bundled service.</p> <p>Hence the same will be assessed as that of the principal supply.</p>

9. Clarification related to supply of food and beverages at cinema halls taxable as restaurant service

- Supply of food or beverages in a cinema hall is taxable as 'restaurant service' as long as: it is supplied independent of the cinema exhibition service.
- Where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply` will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.

10. Clarification on taxability of shares held in a subsidiary company by holding company

It is clarified that securities are considered neither as goods nor as services in terms of definition of goods under section 2(52) and the definition of services under section 2(102). Further, securities include 'shares' as per definition of securities. Therefore, the activity of holding of shares of subsidiary company by the holding company per se cannot be treated as a supply of services by a holding company to the said subsidiary company and cannot be taxed under GST.

11. Clarification on liability to pay GST in respect of warranty replacement of parts and repair services during warranty period.

Issue 1:

When a manufacturer provides warranty-related replacements or repairs for goods without charging additional consideration, is GST applicable?

Clarification:

- The value of the original supply already includes the cost of warranty services, and GST would have been paid on it at the time of supply.
- Hence, no further GST is payable on replacements or repairs provided during the warranty period if no additional consideration is charged.
- However, if the manufacturer charges any extra amount for replacements or services, GST is payable on that additional amount.

Issue 2:

Does a distributor need to pay GST when providing warranty-related replacements or repairs on behalf of the manufacturer without charging the customer?

Clarification:

- If the distributor provides replacements or repairs under warranty without charging the customer, no GST is payable by the distributor.
- However, if the distributor charges any additional consideration from the customer, GST is payable on that amount.

Issue 3:

Does the replacement of parts under warranty involve a taxable supply between the distributor and manufacturer?

There can be 4 Scenarios in this case:

1. Scenario (a): Distributor Charges Manufacturer

- **Clarification:** The distributor replaces parts from their stock or buys them from a third party and issues a tax invoice to the manufacturer for reimbursement. GST is payable on this supply by the distributor to the manufacturer.
- **Example:**
A distributor replaces a refrigerator compressor using their stock and invoices the manufacturer ₹5,000. GST is payable on ₹5,000 by the distributor.

2. Scenario (b): Manufacturer Supplies Parts to Distributor Without Charge

- **Clarification:** The distributor requests the manufacturer for parts to replace under warranty, and the manufacturer provides the parts at no charge. No GST is payable on the supply of parts by the manufacturer.

- **Example:**
A distributor requests a faulty motor from the manufacturer, which is provided free of cost for warranty replacement. No GST is applicable.

3. Scenario (c): Credit Note Issued by Manufacturer

- **Clarification:** The distributor replaces parts using stock received earlier from the manufacturer. The manufacturer issues a credit note for the replaced parts, adjusting tax liability under Section 34(2) of the CGST Act.
- **Example:**
A distributor replaces a fan blade from their stock, which was earlier purchased from the manufacturer. The manufacturer issues a credit note for ₹2,000, and tax liability is adjusted.

4. Scenario (d): Replenishment of Distributor's Stock

- **Clarification:** The distributor replaces parts using their stock and later raises a requisition to the manufacturer. The manufacturer replenishes the stock via a delivery challan without charging consideration. No GST is payable on this replenishment.
- **Example:**
A distributor replaces a motor from their stock and requests replenishment. The manufacturer provides the replacement motor via a delivery challan at no charge. No GST is applicable.

Issue 4:

If a distributor provides repair services, including part replacement, to customers as part of a warranty (without charging the customer), but bills the manufacturer for these services via tax invoice or debit note, is GST applicable on this activity?

Clarification:

The distributor is supplying repair services to the manufacturer, who is the recipient as per Section 2(93)(a) of the CGST Act, 2017. Therefore, GST is payable by the distributor on the services provided to the manufacturer.

Issue 5: Sometimes companies provide offers of Extended warranty to the customers which can be availed at the time of original supply or just before the expiry of the standard warranty period. Whether GST would be payable in both the cases?

Clarification:

1. At the time of original supply:

- If extended warranty is offered by the same supplier as the goods, it is part of the composite supply, with the principal supply being the goods. GST is calculated on the total value, including the extended warranty.
- If provided by a different supplier, it is a separate supply of services, taxable under GST as a distinct service.

2. After original supply:

- Extended warranty is treated as a distinct supply of services, separate from the original supply of goods, and GST is payable as applicable on the service.

PLACE OF SUPPLY

INTRO STATE AND INTER STATE SUPPLY

Intra State supply

- . Location of supplier & Place of supply
- In same state / UT

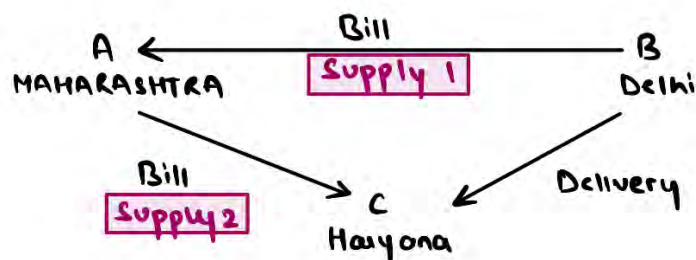
Inter State supply

- . Location of supplier & Place of supply
- Two different State
Two different UT
One state & one UT

Section 10 Place of Supply Of Goods Other Than Export

Section	Scenario	Location
10(1)(a)	Supply Involve movement	Where movement of Goods Terminate
10(1)(c)	Supply doesn't involve movement	Where Goods made available place of Delivery
10(1)(ca)	Supply to a person over the counter to URP	<p>POS shall be Address of Recipient recorded in invoice. If Not available then Location of Supplier.</p> <p>For supplies of goods to URP through e-commerce platforms, if the billing address and delivery address differ then POS Shall be Place of Delivery.</p>
10(1)(d)	Assembly or Installation involved	Place of Assembly/ Installation
10(1)(e)	Goods supplied on board of Conveyance	Place where Goods taken on board

Note : Bill to Ship to model Section 10(1)(b)



POS Supply 1 = Location Of 3rd Person on whose instruction goods are delivered.

POS Supply 2 = Location where movement of Goods Terminates.

Place of Supply in case of supply of services

i. Section 12(2) General Rule

Service Recipient	Place Of Supply
Registered	Location of SR
Unregistered	
a) SR Address Available	Location of SR
b) SR Address Not Available	Location of SP

Specific case section 12

ii. Section 12(3) Service related to immovable property and lodging / Accommodation

- Construction | Agent | Engineering | Survey etc. of immovable property .
- Lodging | Accommodation by Hotel | Inn | Guest House | House Boat.
- Ancillary Service Related to above

Location Of Property	Place Of Supply
In India	Location of Property
Outside India (SP/SR in India)	Location of SR

Note :

1. Provisions are applicable on already constructed as well as yet to be constructed property.
2. Location in more than 1 state UT
 - a) Single Property Is Located @ 2 or more states
POS = Based On Area In each state or UT

b) Different Property Is located @ 2 or more state

POS = Based on No. Of Nights Stayed in Each Property

3. Boat / Vessel : Based on time spent in each state / UT

iii. Section 12(4) Restaurant | Catering | Personal Grooming | Fitness | Beauty | Health Services Including Cosmetic & Plastic Surgery.

POS = Place where service have been performed.

iv. Section 12(5) Training & Appraisal Services

Service Recipient	Place Of Supply
Registered	Location of SR
Unregistered	Place where service have been Performed

v. Section 12(6) Admission to Event | Park | other Place

Location of Place or Where Event is held

vi. Section 12(7) Organizing of Event and Sponsorship Services

Service Recipient	Place Of Supply
Registered	Location of SR
Unregistered	
a) Event Held In India	Location Of Event
b) Event Held o/s india	Location of SR

vii. Section 12(8) Transportation of Good including mail & Courier

Service Recipient	Place Of Supply
Registered	Location of SR
Unregistered	Location Where goods are handed over to Transporter

viii. Section 12(9) Transportation of Passenger

Ticket Is Issued	
Service Recipient	Place Of Supply
Registered	Location of SR
Unregistered	Location Where Passenger Embarks On Journey
Issue Of Passage For Future Journey Where Boarding Point Is Not Known	

Service Recipient	Place Of Supply
Registered	Location of SR
Unregistered	
a) SR Address Available	SR Location
b) SR Address Not Available	SP Location

Note: Return Journey Is Treated as separate journey Even Ticket for both side is issued at the same time

ix. Section 12(10) Service provided on Board | Conveyance

First Schedule point of departure of that conveyance

x. Section 12(11) Telecommunication Services

Service	Place of Supply
1) Services Provided using • Fixed line • Cable / Dish Antenna • Leased Circuit	• location where Instrument is Installed for Receipt of Service.
2) Postpaid Connection	Address of SR Available $\begin{cases} \text{Yes} \rightarrow \text{Pos} = \text{location of SR} \\ \text{No} \rightarrow \text{Pos} = \text{location of SP} \end{cases}$
3) Prepaid Connection	a) <u>Through Agent / distributor</u> Pos = Location of Agent / Distributor b) <u>Online Mode</u> Pos = Location of SR c) <u>Other Cases</u> Address of SR Available $\begin{cases} \text{Yes} \rightarrow \text{Location of SR} \\ \text{No} \rightarrow \text{Location of SP} \end{cases}$

Note: Leased circuit through more than 1 State | UT

Determine Based on no. of points in each state | UT.

xi. Section 12(12) Banking and Financial services including stock broking services

Location of Recipient → If Not available → Location of Supplier

xii. Section 12(13) Insurance Business – Location of Recipient

xiii. Section 12(14) Advertisement Services to Government.

Each of state where Advertisement Broadcasted | RUN | Played.

[Determine as per contract if not available below procedure]

- a) Advt. in Hoardings - No of Hoardings in each state/UT
- b) Advt in television channel - Each state /UT Based on viewership of channel in each State | UT
[viewership Based on BARB published data of last week of Preceding quarter]
if figures Related to Region having >1 states
[Proportion Based on population]
- c) Advt. on Internet / through sms.
Each State Based on intent Subscriber (Internet)| telecoms Subscriber (sos)
[Based on TRA2 Data of last evarten of Preceding financial year (in case of Internet) / of Preceding Quarter (in case of Sis).

Clarification Regarding Place of Supply in Case of Supply of Services in Respect of Advertising Sector

Issue 1

There may be a case wherein there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/structure. What will be the place of supply of services provided by the vendor to the advertising company in such case?

Clarification: As hoardings/structure are fixed to the ground, they're considered part of the immovable property (like land or buildings). The place of supply in such cases is the place where the hoardings are located as per section 12(3).

Issue 2:

There may be another case where the advertising company wants to display its advertisement on hoardings/billboards at a specific location availing the services of a vendor. The responsibility of arranging the hoardings/billboards lies with the vendor who may himself own such structure or may be taking it on rent or rights to use basis from another person. The vendor is responsible for display of the advertisement of the advertisement company at the said location. During this entire time of display of the

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

Clarification: As the advertising company isn't buying the space or rights to the space directly, but only availing a service to display its advertisements, the place of supply shall be determined as per Section 12(2). Therefore if SR is registered or if unregistered but address of SR is available, then place of supply shall be location of SR. Otherwise location of SP.

INPUT TAX CREDIT

Section 16 Eligibility For Taking ITC

1. **Conditions For Claiming the ITC:**
 - a) Every registered person shall be entitled to take ITC.
 - b) G/S or both must be used or intended to be used in the course or furtherance of his business.
 - c) He has received the said goods or services except in the case of Bill to Ship to model
 - d) The supplier has paid the said amount of tax (as charged in the invoice) to appropriate Government in cash or by way of utilization of input tax credit, as admissible.
 - e) He – claimant of input tax credit – has furnished return under section 39 in FORM- GSTR 3B
 - f) No ITC shall be allowed to RP in respect of invoice which is not communicated to RP in FORM- GSTR 2B.
2. If goods are received in instalments against a single invoice, credit can be taken upon receipt of last installment of goods.
3. If recipient of G/S has not paid the supplier within 180 days from date of invoice, the amount equal to input tax credit availed along with the interest u/s 50 shall be paid by the recipient. The said input tax credit can be re- availed on payment to supplier.

Exceptions

This condition of payment of value of supply plus tax within 180 days does not apply in the following situations:

- (a) Supplies on which tax is payable under reverse charge
- (b) Deemed supplies without consideration
- (c) Additions made to the value of supplies on account of the supplier's liability, in relation to such supplies, being incurred by the recipient of the supply
4. Claim of depreciation on tax component disqualifies a recipient of Capital goods from availment of ITC.
5. Time limit for availment of ITC extended – Sec 16(4)
ITC on invoices relating to a FY or debit notes issued in any FY can be availed on or before:-
 - (a) 30th November of the succeeding FY (after end of FY to which such invoice or debit note pertains)
 - (b) Actual Date of filing of annual return (GSTR-9) for the relevant year.
6. **Reversal Of ITC by Recipient**
 - a) Supplier has filed the GSTR-1 but has not filed GSTR-3B till 30th September of next FY
 - b) Then Recipient has to reverse the ITC for the same till 30th November of succeeding FY to which such ITC relates.

However, Recipient is eligible to take ITC as and when Supplier files GSTR-3B

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

A registered person shall not use the amount available in electronic credit ledger to discharge his liability towards output tax in excess of 99% of such tax liability, in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds Rs. 50 lakh.

Exceptions

This restriction shall not apply in following cases:-

- (a) Where the said person/proprietor/karta/managing director/any of its two partners, whole- time directors, members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than `1 lakh as income tax¹ in each of the last 2 financial years.
- (b) Where the registered person has received a refund of more than `1 lakh in the preceding FY on account of unutilised ITC in case of (i) zero rated supplies made without payment of tax or (ii) inverted duty structure.
- (c) Where the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, up to the said month in the current financial year.
- (d) Where the registered person is:-
 - (i) Government Department
 - (ii) Public Sector Undertaking
 - (iii) Local authority
 - (iv) Statutory body

Section 17: Apportionment of Credit and Blocked credit

1. Where the G/S or both are used by the registered person partly for the purpose of any business and partly for other purposes, the ITC shall be restricted to so much of the input tax as is attributable to the purposes of his business [Section 17(2)]
2. Where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies and partly for effecting exempt supplies, the ITC shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero- rated supplies [Section 17 (3)]
3. Blocked Credit [Section 17 (5)]

A. Motor Vehicle/ Vessel / Aircraft

Generally ITC is blocked. However ITC is available in following cases:

- i. MV with seating capacity More than 13 Person including driver.
- ii. MV/V/A Purchased for further supply
- iii. MV/V/A Purchased for providing Transportation of Passenger Service
- iv. MV → Driving School

- V → Navigation Training
A → Flying School

v. MV/V/A → Transportation Of Goods

Note: Following shall not be considered as MV & Hence ITC is available.

- Train (Vehicle Run On Fixed Rail)
- MV (2/3 wheeler with upto 25CC)
- Vehicles run within factory/enclosed premises.

B. General Insurance / Repair & Maintenance / Servicing of MV/V/A

Generally ITC is blocked. However ITC is available in following cases:

- ITC of MV/V/A is available → ITC of GI/RM/S is also available
- RP is manufacturer of MV/V/A
- GI/RM/S services availed for Further Supply of such service.

C. Specified Goods & Service

<ul style="list-style-type: none"> Food & Beverages Outdoor Catering Beauty Treatment Health Services Cosmetic & plastic Surgery Leasing & Renting of MV/V/A Life Insurance Health Insurance 	<p>No ITC Is available</p> <p>Exception:</p> <ol style="list-style-type: none"> I/W supply for making further supply (either composite or mixed) Such Supplies provided to EEs under statutory Obligation.
<ul style="list-style-type: none"> Membership Of Club/Health/Fitness Centre Travel Benefit Extended to EEs 	<p>No ITC is available</p> <p>Exception: Such Supplies provided to EEs under statutory Obligation.</p>

D. Works Contract Service (construction of Immovable Property)

Construction of Immovable property	ITC Blocked
Construction of Plant & machinery	ITC Available
I/W supply of Works Contract service for further Supply	ITC Available

Note: Plant & Machinery doesn't Include

- Telecommunication Tower
- Pipelines laid down outside the factory
- Land & Building

No ITC on above items.

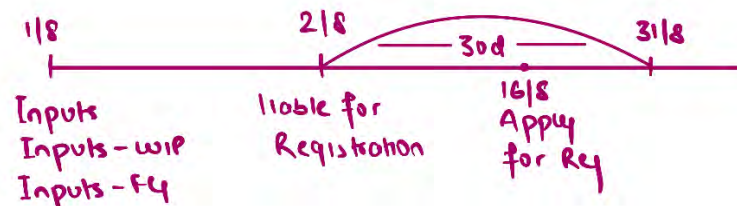
**E. Goods or service purchased for construction of immovable property → ITC blocked.
Goods or service purchased for construction of Plant & Machinery → ITC Available.**

F. Other cases where ITC is blocked:

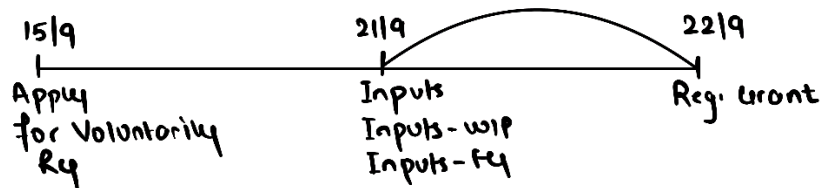
- a) No ITC of Tax paid on composition scheme
- b) No ITC is available for G/S procured by NRTP in India. However, ITC is available for GST paid on Import of Goods.
- c) G/S purchased for personal consumption
- d) Goods Destroyed/disposed off/Gift/Sample/Written-off/Lost/Stolen.
- e) G/S or both received by a taxable person which are used or intended to be used for Corporate Social Responsibility referred to in section 135 of the Companies Act 2013

Section 18: Special Circumstances for Availing ITC

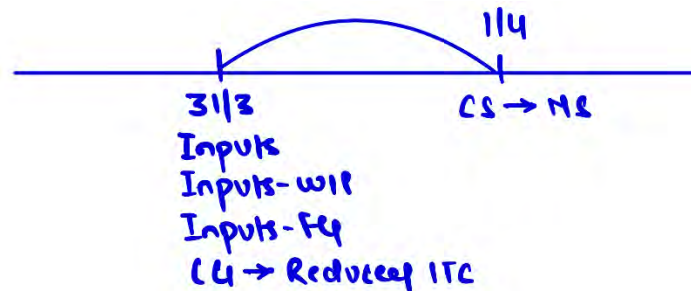
1. Compulsory Registration



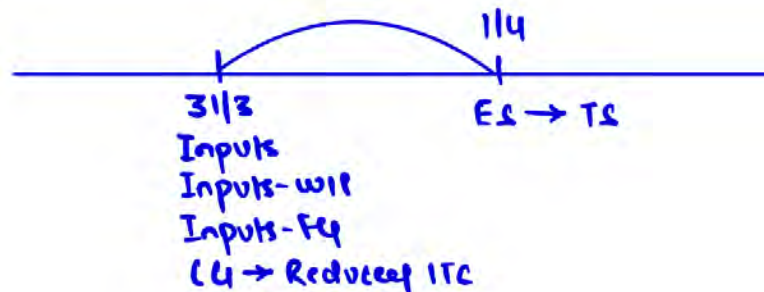
Voluntary Registration



Composition → Normal Scheme



Exempt Supply → Taxable Supply

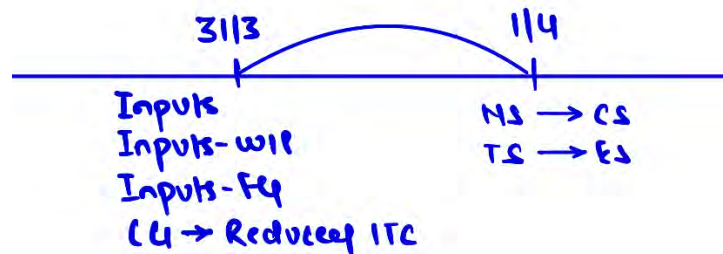


2. A registered person shall not be entitled to take input tax credit under sub-section (1), in respect of any supply of goods or services or both to him after the expiry of one year from the date of issue of tax invoice relating to such supply

3. ITC in case of Amalgamation/Demerger

Where there is a change in the constitution or transfer of the business with the specific provisions for transfer of liabilities → Transferor shall be allowed to transfer unutilised ITC to transferee. For this purpose transferor has to file ITC-02 on the common portal and on acceptance by transferee such ITC shall be credited to EI. Credit ledger of transferee.

4. Reversal of Credit on shifting to composition scheme or when taxable supply becomes exempt supply



5. Reversal of Tax credit in case of supply of capital goods on which tax credit has been taken Section 18 (6)

The registered person shall pay an amount

- a) ITC taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods or
- b) the tax on the transaction value of such capital goods, whichever is higher.

A. Clarification on availability of input tax credit (ITC) in respect of warranty replacement of parts and repair services during warranty period.

Issue 1: There are cases where the original equipment manufacturer offers warranty for the goods supplied by him to the customer and provides replacement of goods or its parts and/ or repair services to the customer during the warranty period, without separately charging any consideration at the time of such replacement/ repair services.

Whether in such cases, the manufacturer is required to reverse the input tax credit in respect of such replacement of goods or its parts, as the case may be or supply of repair services as part of warranty, in respect of which no additional consideration is charged from the customer?

Clarification: When a manufacturer provides warranty services (e.g., replacement of goods or parts and/or repair services) without additional charges during the warranty period, the cost of these services is already included in the value of the original supply.

Such warranty services are not treated as exempt supplies, and the manufacturer is not required to reverse Input Tax Credit (ITC) on the goods or services used for providing these warranty services.

Example:

A manufacturer, ABC Ltd., sells a refrigerator to a customer for ₹25,000 with a 1-year warranty. The warranty covers free replacement of defective parts or repair services.

1. During the warranty period, the compressor is replaced without additional charges to the customer.
2. The cost of this replacement (e.g., ₹5,000) is considered part of the original supply value (₹25,000).
3. ABC Ltd. does not need to reverse ITC on the cost of the compressor or repair services because they are included in the taxable value of the original sale.

Issue 2: Where the distributor provides replacement of parts to the customer as part of warranty on behalf of the manufacturer, whether the distributor would be required to reverse the ITC in respect of such replacement of parts?

There are four scenarios for replacement of goods or parts under warranty:

1. **Distributor Replaces Parts Using Own Stock or Purchases from a Third Party (Case a):**
 - Distributor charges the manufacturer for the parts via a tax invoice.

- GST is payable by the distributor on this supply, and the manufacturer can claim ITC.
- No ITC reversal is required for the distributor.
- Example: Distributor XYZ replaces a part worth ₹10,000 (from its stock or third party) and charges the manufacturer ABC Ltd. via a tax invoice. GST of ₹1,800 is paid by XYZ, and ABC Ltd. claims ITC.

2. Manufacturer Provides Parts to Distributor for Warranty Replacement (Case b):

- Manufacturer supplies parts to the distributor for warranty replacement without charging any consideration.
- No GST is payable, and no ITC reversal is required by the manufacturer.
- Example: Distributor XYZ requests parts from the manufacturer ABC Ltd., who sends them without charging any consideration. No GST applies, and ABC Ltd. doesn't reverse ITC.

3. Distributor Uses Manufacturer's Supplied Stock and Manufacturer Issues a Credit Note (Case c):

- Distributor replaces parts from prior supplies by the manufacturer.
- Manufacturer issues a credit note and adjusts tax liability as per Section 34(2) of the CGST Act, 2017, provided the distributor reverses ITC on the replaced parts.
- Example: Distributor XYZ replaces a part worth ₹5,000 from previous supplies received from ABC Ltd., and ABC issues a credit note for the same. Tax liability is adjusted if XYZ reverses ITC on the part.

4. Manufacturer Replenishes Distributor's Stock Without Consideration (Case d):

- Distributor replaces parts using his own stock and requests replenishment from the manufacturer.
- Manufacturer replenishes parts via a delivery challan without charging consideration.
- No GST is payable, and no ITC reversal is required by the manufacturer.

- Example: Distributor XYZ replaces a part from its own stock and requests replenishment from ABC Ltd., who provides the part worth ₹7,000 via delivery challan without charging consideration. No GST applies, and ABC Ltd. doesn't reverse ITC.

Issue 3: Where the distributor provides repair service, in addition to replacement of parts or otherwise, to the customer without any consideration, as part of warranty, on behalf of the manufacturer but charges the manufacturer for such repair services either by way of issue of tax invoice or a debit note, whether ITC is available on such activity?

When a distributor provides repair services to the customer as part of the warranty, without charging the customer, but charges the manufacturer for these services through a tax invoice or debit note, it constitutes a supply of service. The manufacturer, as the recipient of the service, is liable to pay GST on this supply. Furthermore, the manufacturer is eligible to claim Input Tax Credit (ITC) on the GST paid for these repair services, subject to the conditions specified in the CGST Act, 2017.

B. Clarification on time limit under Section 16(4) of the CGST Act, 2017 in respect of RCM supplies received from unregistered persons

- When a registered person receives supplies from an unregistered person and has to pay tax under the Reverse Charge Mechanism (RCM), they must issue an invoice themselves.
- The time limit to claim Input Tax Credit (ITC) under Section 16(4) depends on the financial year in which this invoice is issued.
- However, ITC can only be claimed if the tax is paid and all other conditions in Sections 16 and 17 are fulfilled.
- If the invoice is issued after the "time of supply," the recipient will have to pay interest on the delayed tax payment and might also face penalties

C. Clarification on availability of input tax credit on ducts and manholes used in network of optical fiber cables (OFCs) in terms of section 17(5) of the CGST Act, 2017

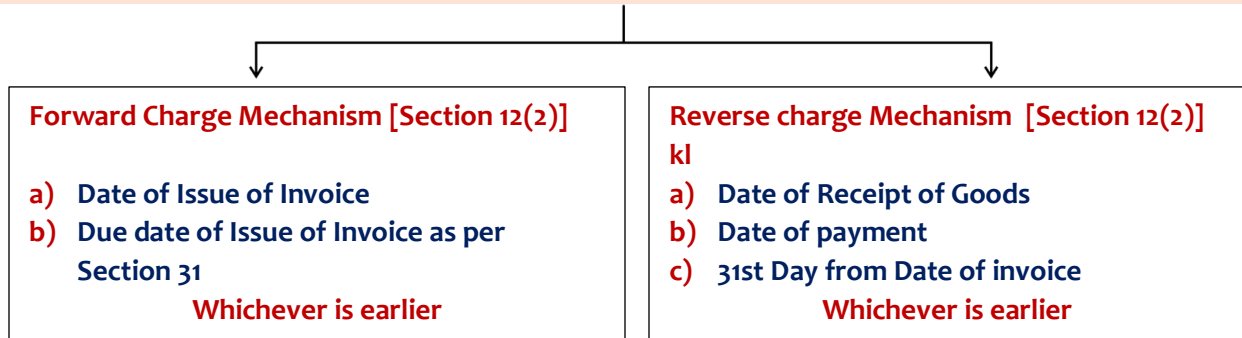
- Input Tax Credit (ITC) on ducts and manholes used in the network of optical fiber cables (OFCs) for providing telecommunication services is not blocked u/s 17(5).
- Ducts and manholes are considered as "plant and machinery" since they are essential for laying, upkeep, and maintenance of the optical fiber cable network, and are used for the outward supply of telecommunication services.
- Therefore, ITC on such ducts and manholes is allowed.

D. Clarification on ITC of Demo Vehicles

- Demo vehicles (having approved capacity < 13 passengers) promote sale of similar type of motor vehicles, they can be considered to be used by the dealer for making 'further supply of such motor vehicles'.
- Accordingly, ITC in respect of demo vehicles is not blocked under u/s 17(5). But when demo vehicle is ultimately sold by dealer, then provisions of Sec 18(6) shall become applicable.
- if authorized dealers are using Motor vehicles for other purposes (other than further supply), say for transportation of its staff employees/ management etc, then ITC shall be blocked u/s 17(5)

TIME OF SUPPLY

Time of Supply [TOS] for Goods (Section 12)



Date of Payment:

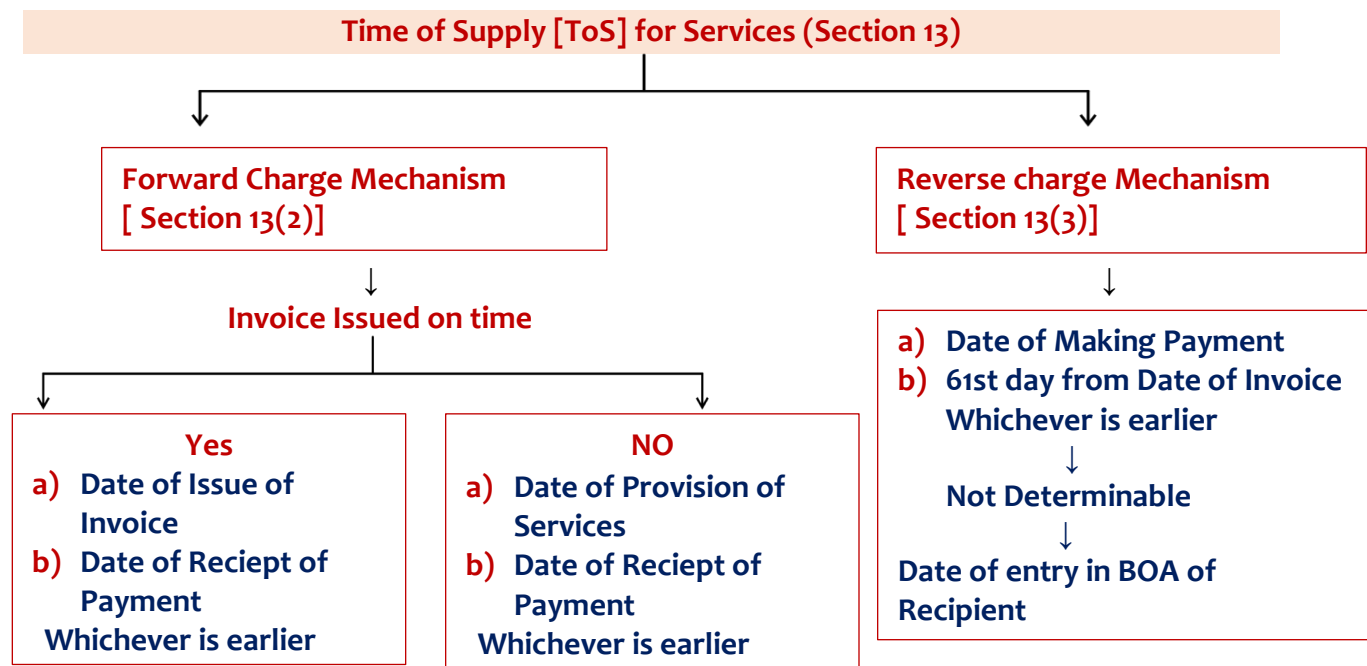
- a) Date of Recording Payment in Recipient's Books or
- b) Date of Debit in Recipient's Bank A/c
- Whichever is earlier**

Note: Registered persons supplying specified actionable claims (betting; casinos; gambling; horse racing; lottery; or online money gaming), TOS shall be:

- a) Date of Issue of Invoice.
- b) Due date of Issue.
- c) Date of Payment.

Due Date for Raising Invoice [in case of Goods] (Section 31)

- (i) **Movement of Goods involved** → Before or at the time of Removal of Goods
- (ii) **No Movement of Goods involved** → Before or at the time of Delivery of Goods
- (iii) **Continuous Supply of Goods**
Before or at the time of
 - a) Issuance of Periodical Statement
 - b) Receipt of Payment**Whichever is earlier**
- (iv) **Sale of Goods on approval Return Basis**
 - a) Before or at time of supply
 - b) 6 months from Removal of Goods**Whichever is earlier**



→ **Date of Receiving Payment**

- a) Date of Recording Receipt in Supplier's Books
 - b) Date of credit in Supplier's Bank Alc
- Whichever is earlier

→ **If Advance is upto Rs. 1000**

At the option Of Supplier

- Payment Received date
- Date of Issue of invoice

(iii) **Supply by Associated enterprise & Supplies located outside India**

- Date of entry in Books of Recipients
 - Date of Making Payment
- } Whichever is earlier

Due Date for Raising Invoice [in case of Services (Section-31)]

- (i) **Normally** Before or within 30 days of Provision of Service
- (ii) In Case of **Insurance | Banking / FI | NBFC** - Within 45 days from Provision of Service

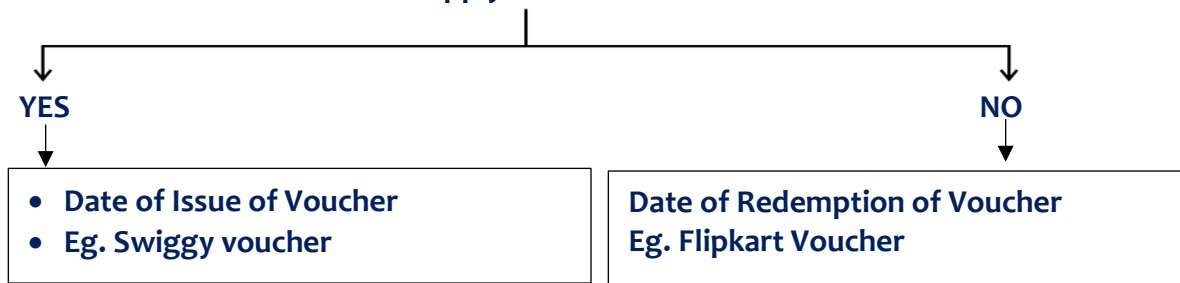
(iii) Continuous Supply of Services (More than 3 months)

In following order

- Due date of Payment Available - Due date of Payment
- Due date not Available - Actual date of Payment
- Milestone Based [25%, 50%, 75% etc.] - on completion of Milestone

(iv) Supply ceased before Completion - Raise invoice before such cessation**Common Points for Time of Supply of Goods & Services****Time of Supply in case of Voucher for Goods | Services**

Whether Supply identifiable at time issue of Voucher

**Time of Supply of Addition in Value because of Interest | fees | Penalty etc.**

TOS = Day on which addition Received by Supplier

Any other Case (Residual Cases)

- If Periodical return is filled – Due date of Return
- Otherwise - Date on which GST Paid.

VALUE OF SUPPLY

As Per Section 15, **Value of Supply** = Transaction Value if following Conditions are Satisfied:

- 1) Supply to unrelated Person
&
- 2) Price is sole Consideration

Inclusions under Section 15 (2)

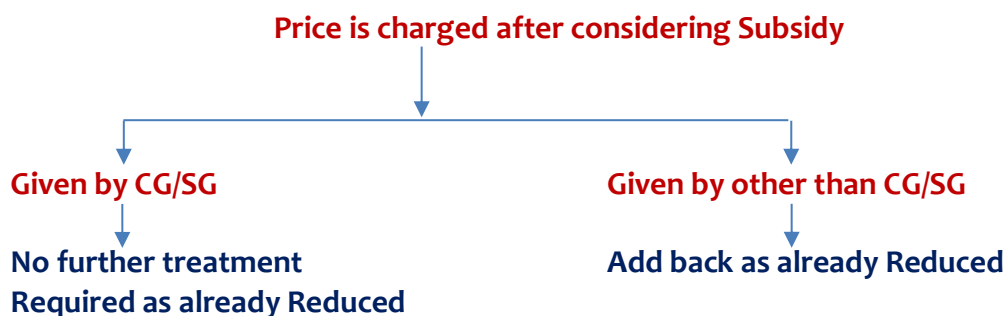
1. Tax, duty, cess or Surcharge other than GST i.e. Municipal tax, excise etc. if charged Separately by Supplier Except TCS under Income Tax Act
2. Supplier obligation met by the recipient.
3. Incidental Expenses i.e. Packing exp. /commission/ loading etc.
4. Amount charged for anything done by Supplier before Delivery i.e., Any Customization, Modification, Inspection etc.
5. Interest / fee / Penalty for delayed payment
 - Only if Actually Recovered, if waived then it is not a part of supply
 - Considered as composite Supply → tax rate applicable as applicable on main supply
 - Interest usually considered inclusive of GST [unless given in question]. Hence

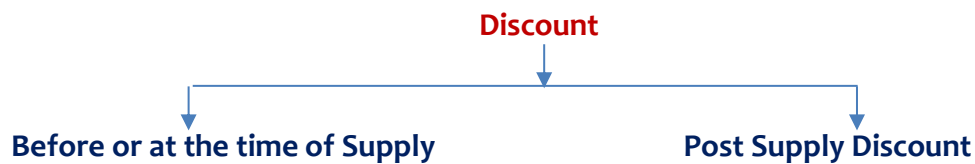
$$\text{Value of Supply} : \frac{\text{Interest}}{100 + \text{Rate}} \times 100$$

6. Subsidy should be included in value of supply Only if:
 - Provided by other than CG/SG
 - Directly linked to Price Otherwise Ignore

Notes:-

- If Specifically Given in question that Value is after considering Subsidy or



Exclusions U/S 15(3) :

- (i) **Before or at the time of Supply** : Discount given before Supply or on making Supply & Shown in invoice.
- (ii) **Post Supply Discount**: All discount can't be decided on or before Supply i.e., payment discount, volume discount. Post Supply Discount can be reduced from Value of Supply if following conditions are Satisfied:
 - Discount as per Contract existing on Supply
 - Can be linked to invoices
 - Proportionate ITC reversed by Recipient i.e. credit note is issued by supplier

Special point :

- **No claim Bonus By Insurance companies**

When Insured makes no claim under Insurance policy in Previous Period, then current period Gross Premium gets Reduced by Amount called as No claim Bonus

- **Whether "No Claim Bonus" is considered as Discount?**

Yes, Discount Provided "on or before making Supply" & "Recorded In Invoice" shall not be included in VOS.

Hence as no claim Bonus reduced from Gross Premium while raising Invoice shall be considered as discount and hence shall not be included in VOS.

COMPOSITION SCHEME

Section 10 Composition Scheme

- The composition levy is an alternative method of levy of tax designed for small taxpayers.
- Small taxpayers with an aggregate turnover in a preceding financial year up to ₹1.5 crore shall be eligible for composition levy. However, Threshold limit is ₹75 lakh in respect of 8 of the Special Category States namely [NUSTA-M3] Nagaland Uttarakhand Sikkim Tripura Arunachal Pradesh Mizoram Manipur Meghalaya

Section 10(1) & (2) Composition Scheme for Goods & Restaurant Services

- Initially, the scheme was designed to benefit the small traders, manufacturers and restaurant service providers.
- Subsequently, suppliers availing the composition scheme were permitted to supply other services also upto higher of following:
 - (a) 10% of turnover in the state or union territory in the preceding financial year or
 - (b) ₹5,00,000 whichever is higher.

Calculation of Aggregate Turnover

Aggregate Turnover includes

1. Taxable supplies
2. Exempt supplies
3. Exports
4. Inter-State supplies of persons having the same PAN be computed on all India basis.

Exclusions

- Value of inward supplies on which tax is payable under reverse charge
- Taxes Under GST (i.e. CGST/SGST/UTGST/IGST/ Compensation Cess)
- Value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.

Note: Aggregate turnover includes value of supplies from 1st April of a FY up to the date of his becoming liable for registration

Withdrawal From Composition Scheme

As per Section 10(3), the option of a registered person to avail composition scheme for services shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit of ₹150 Lakh /75 Lakh.

Composition Rates

Registered Person	Rate
Manufacturer, other than manufacturer of Specified Goods	1% Of Turnover in state or UT
Person engaged in restaurant services	5% Of Turnover in state or UT
Any other Supplier of goods	1% Of Taxable Turnover in state or UT

Note: for the purposes of determining the Composition tax, turnover in State or UT shall not include

- (i) supplies from 1st April of a FY up to the date when such person becomes liable for registration under this Act; and
- (ii) exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.

Section 10(2A) Composition Scheme for Service Provider

A registered person whose aggregate turnover in the preceding financial year is up to `50 lakh, shall be eligible to pay tax under this scheme @ 6% upto Rs. 50 lakhs made from 1st April of CFY.

Section 10(2)/(2A) Conditions for Opting to Pay Tax under Composition Scheme

- a. Restricted from making supply of goods or services which are not liable to GST
- b. Restricted from affecting inter-State outward supplies of goods or services
- c. Restricted from making supplies through an e-commerce operator – Only for Service Providers. Supplier of Goods are now eligible to make supplies through E-COM while being under Composition scheme.
- d. Restriction on manufacture of notified goods-
Notified Goods:
 - (i) Ice cream and other edible ice, whether or not containing cocoa
 - (ii) Pan masala
 - (iii) Tobacco and manufactured tobacco substitutes
 - (iv) Manufacture of Aerated Water
 - (v) Fly ash bricks or fly ash aggregate with 90% or more fly ash content; Fly ash blocks
 - (vi) Bricks of fossil meals or similar siliceous earths
 - (vii) Building bricks
 - (viii) Earthen or roofing tiles
- e. Not Available to CTP/NRTP
- f. Would be applicable for all transactions under the same PAN

- g. Shall not collect tax also Not entitled to input tax credit.
- h. Such supplier shall mention the words “composition taxable person not eligible to collect tax on supplies” at the top of the bill of supply. (not allowed to issue tax invoice)

RULES

As per Rule 3, A person applying for registration have the option to opt for composition scheme in part B of REG-01. Such intimation shall be considered only after the grant of registration to the applicant and his option to pay tax under composition levy shall be effective from the effective date of registration.

As per Rule 4, A registered person who opts to pay tax under composition scheme shall file an intimation in prescribed form on the Common Portal, prior to the commencement of the FY for which said option is to be exercised. Composition schemes shall be effective from the beginning of the next financial year.

Also such person shall have to furnish statement in ITC-03 for reversal of tax credit within a period of 90 days from the date of commencement of composition scheme.

As per Rule 6, If turnover exceeds ₹1,50,00,000/75,00,000/50,00,000 RP shall be shifted to normal scheme with immediate effect and he will give an intimation in CMP-04 within 7 days of exceeding the limit.

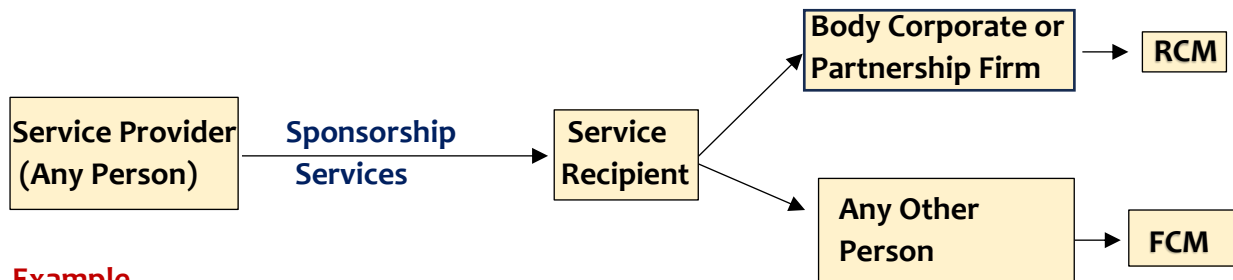
RP can also voluntarily opt out of the scheme at any time and shall file an application in CMP-04 and he will get shifted to normal scheme with immediate effect.

RP shall be required to submit ITC-01 for availing ITC within 30 days from the date of withdrawal. Such withdrawal shall be applicable to all the places in all the states/UTs.

REVERSE CHARGE MECHANISM

Sponsorship Services

Service Provider	Any person
Service Recipient	Any body corporate or partnership firm



Example

Mr. Kapil Sharma has provided sponsorship services to Sprite Pvt. Ltd. in its show. Here, RCM will apply as Sprite Pvt. Ltd. is a body corporate.

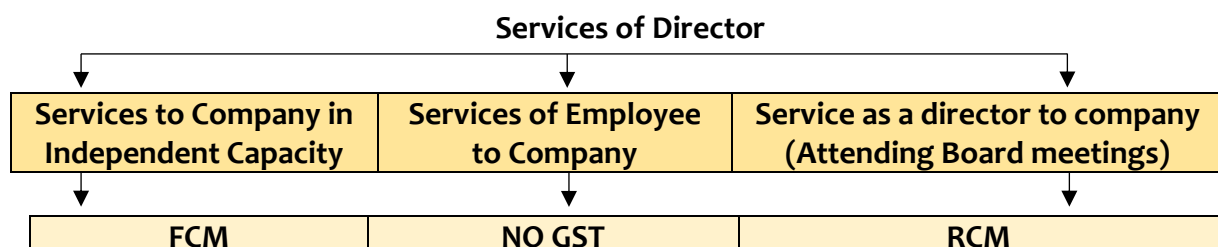


Analysis of Sponsorship services

Service Provider	Services Recipient	Mechanism	Person Liable to Pay GST
A Ltd.	Mr. X	FCM	A Ltd.
Mr. A	Mr. Y	FCM	Mr. A
Mr. A	XYZ Firm	RCM	XYZ Firm
ABC Firm	C Ltd.	RCM	C Ltd.

Services of Director

Service Provider	Director
Service Recipient	Any company or body corporate



Example

Mr. X, being director of A Ltd, attended board meeting for which A Ltd. Provided Sitting fees of ₹2,00,000

RCM will be applicable and A Ltd. is liable to pay GST to the government

1. Mr. X, being whole time director of A Ltd., receives salary of 3,00,000 per month from company
Here, GST will not be applicable as services by employee to employer is outside the ambit of GST
2. Mr. X is a director of A Ltd. (Steel almirah manufacturing company) and also a Interior decorator . He provides interior decoration services to A Ltd. in which he did interior decoration of Head Office (HO) of A Ltd. & charged ₹5,00,000
Here, FCM shall be applicable on services of Mr. X as he is providing services in the individual capacity to A Ltd. , not in the capacity of a Director. Therefore, Mr. X is liable to pay GST to government



TDS on salary	u/s 192
TDS on Director's remuneration	u/s 194J

Example

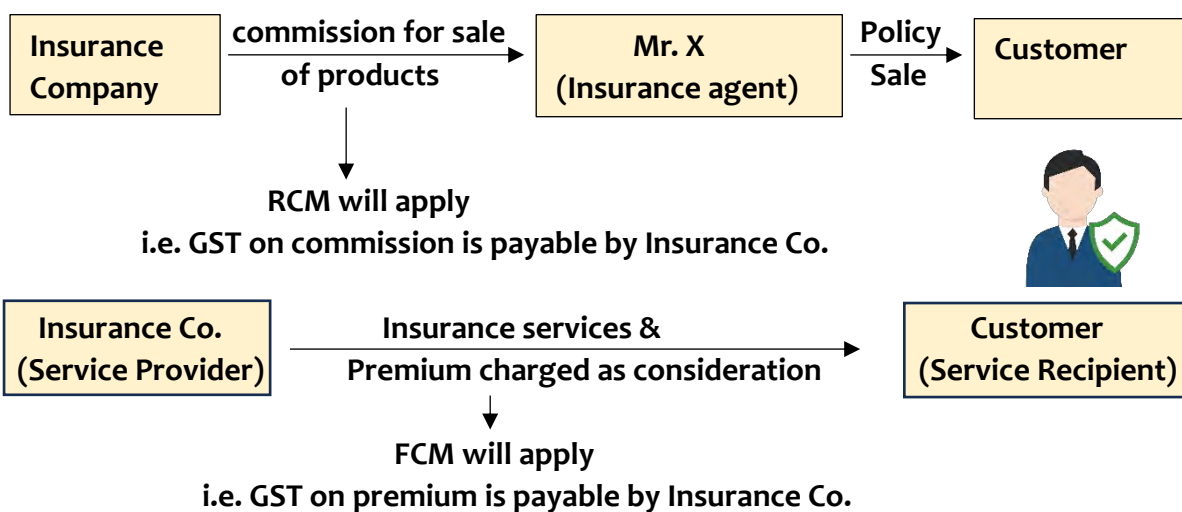
A Ltd. provided ₹5,00,000 to Mr. X (Director)

- In case of Director remuneration , TDS u/s 194J will be deducted by A Ltd. & RCM will be applicable
- In case of salary , TDS u/s 192 will be deducted by A Ltd. & GST shall not applicable

Services of Insurance Agent

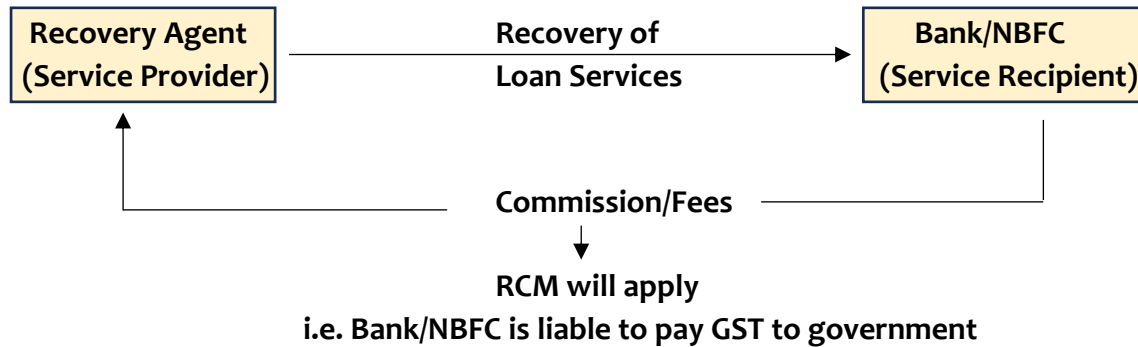
Service Provider	An insurance agent
Service Recipient	Any person carrying on an insurance business

Example:



Services of Recovery Agent

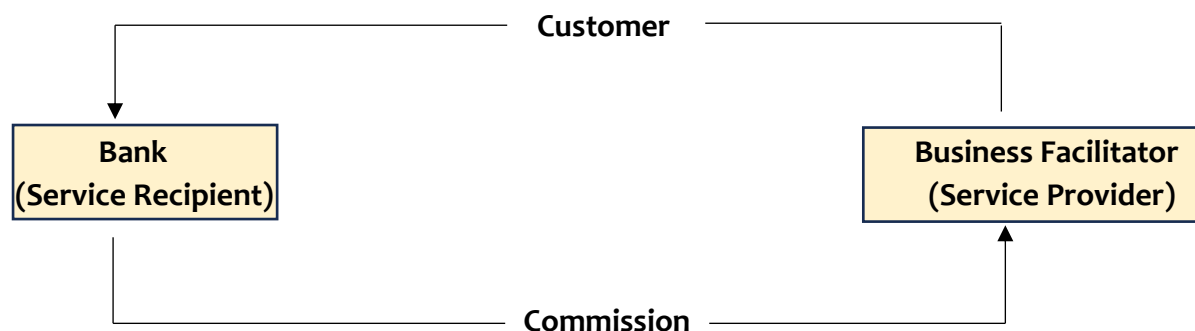
Service Provider	A recovery agent
Service Recipient	A banking company or a financial institution or a nonbanking financial company



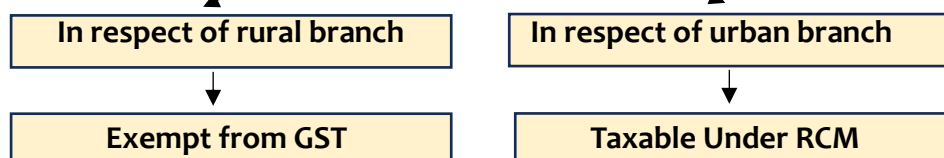
Services of Business facilitator to Bank

Service Provider	Business facilitator
Service Recipient	A banking company located in taxable territory

- Business Facilitator is a person who helps bank to grow his business
- They refer clients to Bank, pursue clients for proposal & facilitate bank to carry out the transaction, but they cannot transact on behalf of Bank



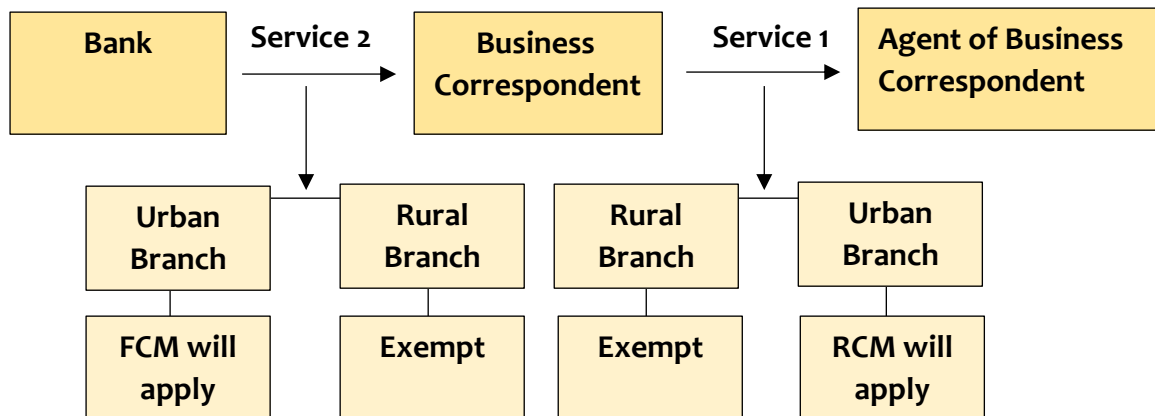
Business Facilitator Services to Bank



Business correspondent services

Service Provider	Services provided by an agent of business correspondent to business correspondent
Service Recipient	A business correspondent, located in the taxable territory

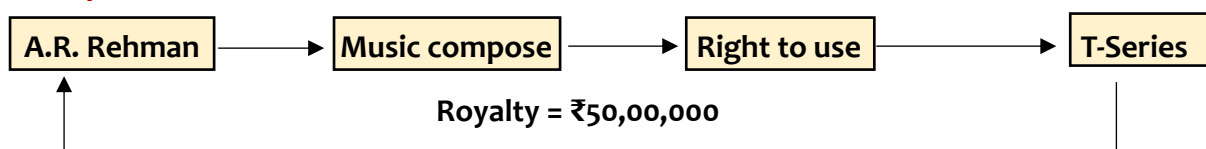
They are similar to business facilitator, but they are authorized to transact (i.e. accept deposit or lend money) on behalf of Bank



Temporary Transfer or permitting use of copyright related to Dramatic/Artistic/Music work

Service Provider	Music composer, photographer, artist or the like
Service Recipient	A music company or producer

Example



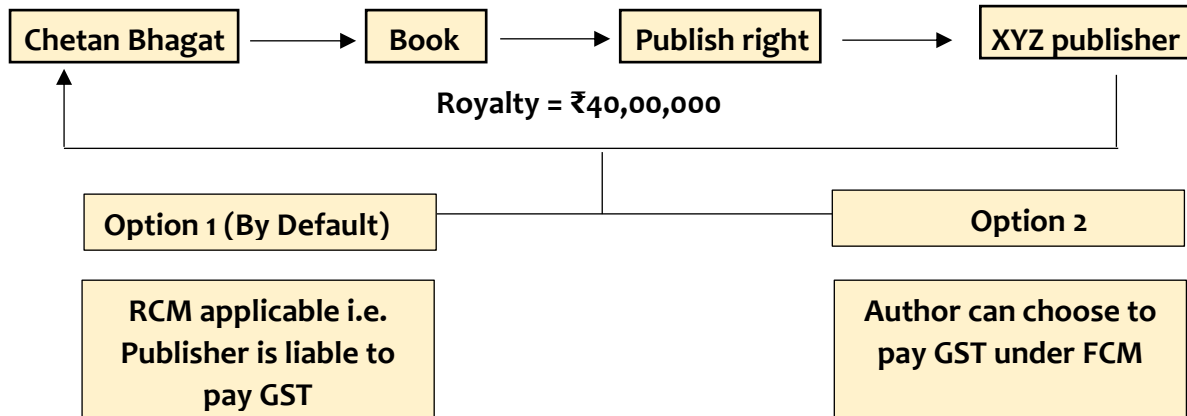
Here, RCM will apply i.e. T-Series is liable to pay GST

Suppose, Rate of GST is 18% then, GST = 50,00,000 * 18% = 9,00,000

Temporary Transfer or permitting use of copyright related to literary work

Service Provider	Author
Service Recipient	Publisher located in Taxable Territory

Example



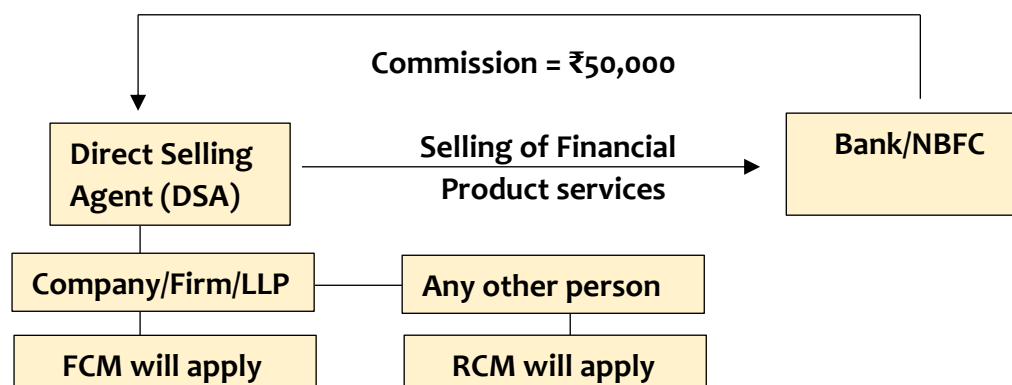
Note: if author has choose to pay GST under FCM then :-

1. Author has to compulsory take registration i.e. registration threshold of Section 22 is not applicable
2. Author has to file declaration that he is agreed to pay GST under FCM
3. Author cannot revoke this option for one year i.e. author has to pay GST under FCM for one year from date of availing such option

Selling of financial products (Mutual Funds / investment policy / Credit card etc.)

Service Provider	Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or LLP
Service Recipient	Bank or NBFCs located in Taxable Territory.

Example



Security Services

Service Provider	Any person other than body corporate
Service Recipient	A person located in taxable territory
	Such Services provided to following persons are exempt :- 1. Department or establishment of <ul style="list-style-type: none"> • Central Government • State Government • Union Territory • Local Authority 2. Person registered u/s 51 to deduct TDS 3. Person registered u/s 10 (Composition Scheme)

Case 1.

When Service Provider is Non-Body Corporate

Example

M/s Suraj Security Service (Sole proprietor) has provided Security Guard Services for the following purposes:

S. No.	Purpose	Treatment
1.	Any organization/Company/Business registered under GST	RCM will apply
2.	For the security of Alakh sir house (Unregistered under GST)	FCM will apply

Case 2.

When Service Provider is Body Corporate

Example

Secure Ltd. has provided Security Guard Services to the following persons :

1. To Person registered under GST	FCM will apply
2. To an unregistered person	FCM will apply



Services by GTA (Goods Transportation Agency)

GTA is a person who provides Goods transportation service by road and issues consignment note / Freight Bill in return

Service Provider	Goods transportation agency
Service Recipient	Notified persons
	However, Services of GTA is exempt if provided to: <ul style="list-style-type: none"> • Department/establishment of the Central Government/State Government/ Union territory; or Local authority • To any unregistered person

	<ul style="list-style-type: none"> To person registered u/s 51 to deduct TDS
Notified Persons	<ul style="list-style-type: none"> Any Factory Any society registered under societies act , 1860 Any co-operative society Any person registered under GST Any body corporate Any firm/BOI/AOP Any casual taxable person

Option 1 (Default)

RCM will apply on such services

- GTA shall not be allowed to claim ITC
- GST rate shall be 5%

Option 2

GTA has option to avail FCM

- Rate of GST is 12%
- GTA is eligible to avail ITC on Inward supplies
- This option shall be deemed to have been exercised for the next and future financial years unless GTA files an declaration to revert under RCM on or after the 1st Jan of preceding FY but not later than 31st March of the preceding FY.
- Further, a GTA who commences new business or crosses threshold for registration during any FY, may exercise the option to itself pay GST on the services supplied by it during FY by making a declaration before the expiry of 45 days from the date of applying for GST registration or 1 month from the date of obtaining registration, whichever is later.

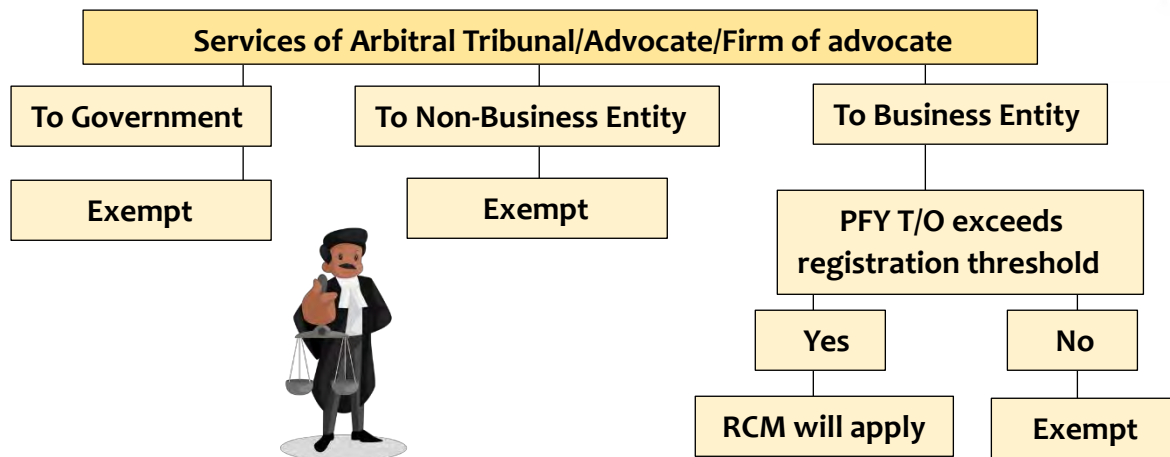
Conclusion

Goods Transportation Agency Services	GST @ 12%	FCM Applicable
	GST @ 5%	RCM Applicable

Legal services by Arbitral Tribunal / Advocate / Firm of Advocate

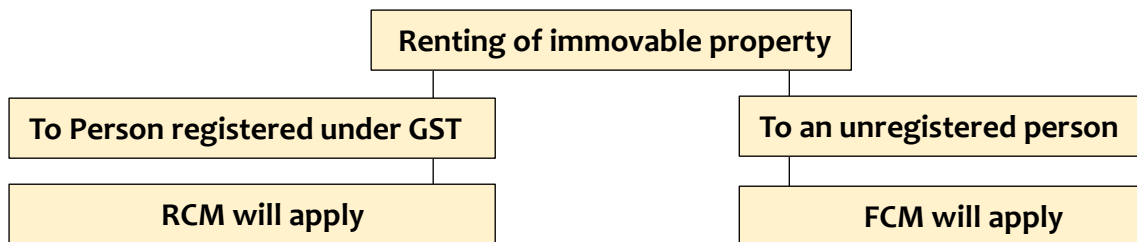
Service Provider	Arbitral Tribunal/Advocate/Firm of advocate
Service Recipient	Any business entity located in the taxable territory if Turnover exceeds threshold limit.

Note: Services of court and Tribunal set up under any law e.g. NCLT are covered under negative list (Schedule III) and hence, shall be taxable under GST



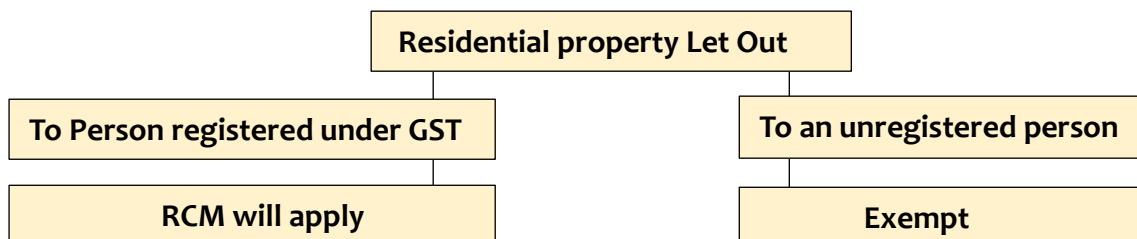
Renting of Immovable property by CG/SG/UT/LA except Ministry of Railways

Service Provider	Central Government excluding the Ministry of Railways (Indian Railways), State Government, UT or local authority
Service Recipient	Any person registered under the CGST Act, 2017



Renting of immovable property by any person other than CG/SG/UT/LA

Service Provider	Any person
Service Recipient	Any registered person



Note:

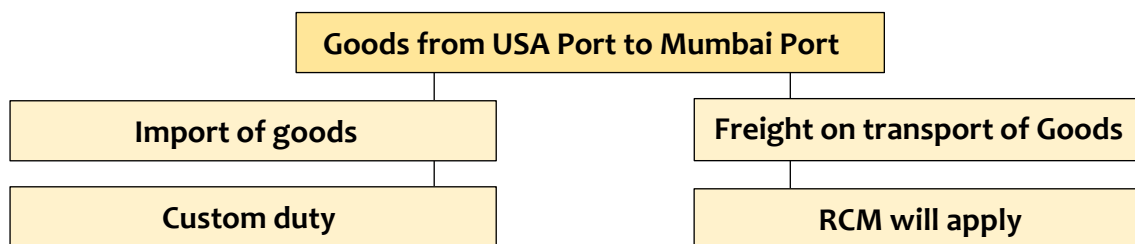
Always FCM will apply in case of letting out of commercial property except where an unregistered person let out commercial complex to registered person (RCM will apply here)

Services by Government or Local Authority

Service Provider	Government or Local Authority
Service Recipient	Any business entity located in the taxable territory
	Such services shall not include: <ul style="list-style-type: none"> • Renting of immovable property, • Services by the Department of Posts and the Ministry of Railways • Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport • Transport of goods or passengers.

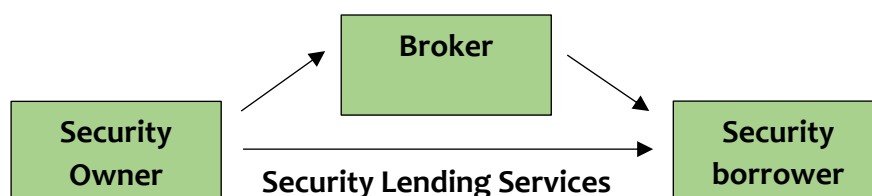
Transfer of goods by Vessel from a place o/s India up to the custom port in India

Service Provider	A person located in non-taxable territory
Service Recipient	Importer



Security lending services

Service Provider	Lender i.e., a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the Scheme of SEBI
Service Recipient	Borrower i.e., a person who borrows the securities under the Scheme through an approved intermediary of SEBI



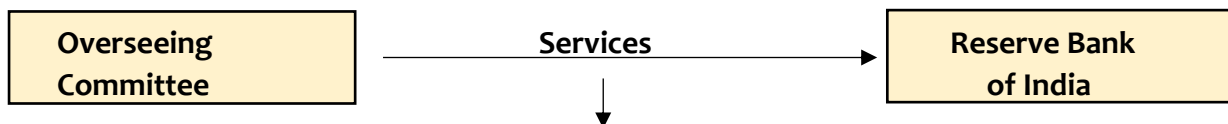
Following services are involved under this transaction:-

S. No.	Service provider	Service recipient	Taxability
1.	Broker	Security owner	FCM

2.	Broker	Security borrower	FCM
3.	Security owner	Security borrower	RCM

Services by overseeing committee to RBI

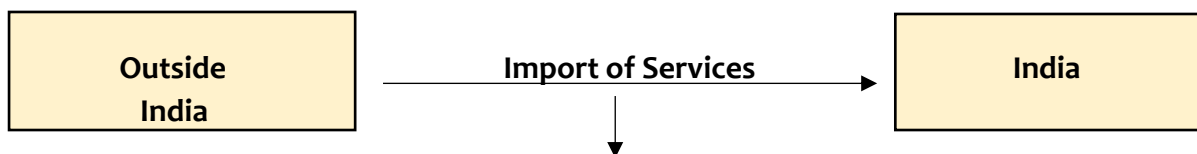
Service Provider	Overseeing committee
Service Recipient	Reserve Bank of India



RCM applicable i.e. RBI is liable to pay GST

Import of service (u/s 7(1)(b) & 7(1)(c) read with Schedule I)

Service Provider	Any person who is located in a non-taxable territory
Service Recipient	Any person located in the taxable territory Except: No such reverse charge shall be applicable in case of OIDAR services received by an unregistered person.



RCM applicable i.e. Importer is liable to pay GST

Note: Import of service for personal purpose & Consideration paid (Supply u/s 7(1)(b))
Is exempted from GST

OIDAR : Online Information Database Access or Retrieval Service

Example : NETFLIX / Google drive / Microsoft cloud service

Section 9(4): If registered person purchases Goods/Services from Unregistered person then in such case RCM shall be applicable

Person liable to pay GST on renting of motor vehicle service

RCM shall be applicable on Service by way of **renting of any motor vehicle** if following conditions are satisfied:-

1. Motor vehicle meant to “carry passenger” car/bus
2. Service provider shall be any person other than body corporate
3. Service recipient shall be body corporate

4. Cost of fuel is included in the amount charged as consideration from the service recipient (Rent includes cost of fuel)

If above conditions are satisfied then, such services shall be taxable at the following two rates:

1. **@ 5% (2.5% CGST+2.5% SGST/UTGST or 5% IGST)** provided supplier of services has taken only the limited ITC (of input services in the same line of business) or
2. **@ 12% (6% CGST+6% SGST/UTGST or 12% IGST)** where supplier of services opts to pay GST at said rate.

In this case, there is no restriction on availing ITC on goods or services used in supplying renting of motor vehicles service by the supplier of service.

Analysis

Service provider	Service recipient	Cost of fuel included	Taxability
A Ltd.	B Ltd.	Yes	FCM (A Ltd. is liable to pay GST)
Mr. P	Mr. S	Yes	FCM (Mr. P is liable to pay GST)
Mr. P	B Ltd.	No	FCM (Mr. P is liable to pay GST)
Mr. P	B Ltd.	Yes	RCM (B Ltd. Is liable to pay GST)

Conclusion

Renting of Motor Vehicles	GST @ 12%	FCM Applicable
	GST @ 5%	RCM Applicable

Clarifications:

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

GST Rates in Real Estate Sector [Section 9(4)]

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

1. 1% without ITC on construction of affordable houses (area 60 m² in metros/90 m² in non-metros and value up to `45 lakh).
2. 5% without ITC is applicable on construction of:
 - a) All houses other than affordable houses, and

- b) Commercial apartments such as shops, offices etc. in a residential real estate project (RREP) in which the carpet area of commercial apartments is not more than 15% of total carpet area of all apartments.

Conditions

Above tax rates shall be available subject to following conditions:

- a) ITC shall not be available.
- b) 80% of inputs and input services used in supplying the service shall be purchased from registered persons. Except (i.e. Can be procured from Unregistered Person)
- Services by way of grant of development rights, long term lease of land or Floor Space Index (FSI) (including additional FSI)
 - Electricity, high speed diesel, motor spirit, natural gas.

However, if value of inputs and input services purchased from registered supplier is less than 80% then,

- The promoter has to pay GST on reverse charge basis, under section 9(4) of the CGST Act, at the rate of 18% on all such inward supplies (to the extent short of 80% of the inward supplies from registered suppliers).
- Where cement is received from an unregistered person, the promoter shall pay tax on supply of such cement on reverse charge basis, under section 9(4), at the rate of 28% (CGST 14% + SGST 14%).

GST on capital goods shall be paid by the promoter on reverse charge basis, under section 9(4) of the CGST Act at the applicable rates.

REGISTRATION UNDER GST

As per Charging Section of GST "Taxes Shall be collected & paid by taxable Person"

- **Taxable Person**
 - Any Person who is Registered or liable to Register
 - Hence even
 - ✓ Unregistered person is also a taxable Person if → liable to Register
 - ✓ Voluntary Registered person shall also be a taxable person even not liable
- **Who is liable to Register**
 - Sec-22 - Person liable for Registration
 - Sec-24- Person liable for Registration Compulsorily

Section 22 Person liable for Registration

1. Every Supplier of Goods / Services obtain Registration
 - State from where taxable Supplies are made.
 - If Aggregate T/o Exceed Specified limit in a financial year.
2. **Aggregate Turnover**:- On all India basis of Person having Same PAN. It Includes

Taxable Supply
Exempt Supply
Export of Goods & Services
Supply to DP having the same PAN

➤ **Excludes**

- Inward Supplies under RCM Supply
- Taxes including cess under GST

3. **Specified limits of Aggregate T/o for Registration**

States		Limit	Limit
		Exclusive supply Of Goods other than Notified Goods	Otherwise
(i)	Manipur / Mizoram / Nagaland / Tripura (MMT-N)	10 Lac	10 Lac
(ii)	Arunachal Pradesh / Meghalaya / Sikkim / Uttarakhand / Puducherry / Telangana (Arun-STUMP)	20 Lac	20 Lac
(iii)	Other States	40 Lac	20 Lac

Notes

- Person Considered making only Supply of Goods even supply of Services Provided by way of Interest/Discount
- 40 Lac threshold not available if Person is engaged in making Supplies of following items
 - ✓ Edible Ice/Ice Cream
 - ✓ PAN masala/Tobacco Products/Substitutes
 - ✓ Fly Ash bricks / Building bricks/ fossil meal bricks/ Earthing roofing tiles
- If Operating from more than one state including Specified State then lower threshold limit shall be applicable. However if person is engaged in making exempt supplies from specified state, then lower threshold shall not be applicable.
- Registration required to be taken only from state from where taxable Supplies are made.

Section 24 Compulsory Registration

Compulsory registration is required in following cases even if Turnover doesn't exceed the threshold:

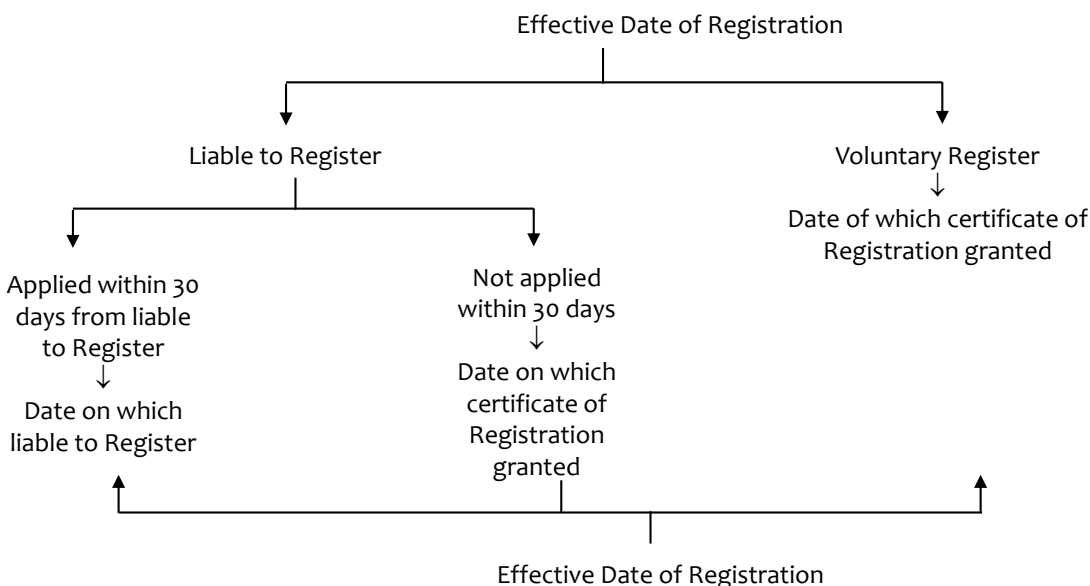
- (i) Person making Inter State taxable Supply of Goods
Except: limit of 10 lac/20Lac available for Notified Handicraft goods & Handmade goods Inter-state Supply. Provided Person must have PAN & generated E-way bill.
- (ii) Casual taxable Person making taxable Supply
Except: Limit of 10 Lac/20Lac available for Notified Handicraft goods & Handmade goods Inter-state Supply. Provided Person must have PAN & generated E-way bill.
- (iii) Person liable to Pay tax Under RCM (Inward Supplies).
- (iv) Non-Resident taxable Person.
- (v) Eco → Required to Collect TCS U/s 52 or liable to pay tax u/s 9(5)
- (vi) Person Supplying goods inter state through ECO. (Sec.22 shall be applicable where person make Intra state supply of goods through ECO).
- (vii) Person Required to deduct TDS u/s 51
- (viii) Person acting as an agent for taxable Person.

Section 23 Person not liable for Registration

- (i) Person engaged Exclusively in non-taxable & Exempt Supply.
- (ii) Agriculturist, to extent Supply of Produce from Cultivation of land.
- (iii) Person making only RCM Supplies (outward Supplies).
- (iv) Person making Inter State Supply of Services upto 20 lac/ 10 lac.
- (v) Person / CTP making Inter State Supply of notified Handicraft/Handmade goods upto 20 Lac / 10 lac. Provided Person must have PAN & generated E-way bill.
- (vi) Person making Supplies of Services through ECO with Aggregate T/o Upto 20 Lac

Section 25 Registration Procedure

1. Person who is liable for registration u/s 22 or u/s 24 shall apply for registration within 30 days from the date he becomes liable for registration.
CTP/NRTP shall apply for registration atleast 5 days prior to commencement of business.
2. Registration is to be taken state wise i.e. there is no centralized registration under GST.
3. Within a state an entity having different branches can have single registration wherein it can declare once place as principal place of business and other branches as Additional place of business.
4. A person having multiple places of business within a state or UT can apply for separate registration for each such place of business.
5. Person having separate registration from same PAN shall be treated as Distinct Person for each such registration.
6. If one unit in SEZ & another in non SEZ area in Same state then Separate Registration is Required.
7. Person may opt to get voluntarily register even not liable as per section 22 or 24.
8. PAN is mandatory for having the registration under GST except NRTP can get passport based Registration.
- 9.



10. Unique Identification Number

a) Who shall apply:

- Specialized Agency of UN or any financial institution of UN
- Consulate
- Embassies

b) Purpose- To obtain refund of tax paid on Supplies of GIS supplied to them

Note:

- It is Centralized number not state wise
- UIN Holder not a registered person, hence not a taxable person.

11. Temporary Registration

In a search, survey, enquiry, inspection or any other proceedings of the act, Proper officer finds that a person is liable for registration but failed to apply for registration, then such officer may register the person on temporary basis.

Such person shall either:

- Submit an application for registration within 90 days from the date of grant of temporary registration, or
- File an appeal against such temporary registration.

In case (ii), if the Appellate Authority upholds the liability to registration, application for registration shall be submitted within 30 days from the date of issuance of such order of the Appellate Authority.

GSTIN thereafter granted shall be effective from the date of order of the proper officer granting temporary registration.

GSTIN- Unique No. in GST to identify tax payer as pan in Income Tax

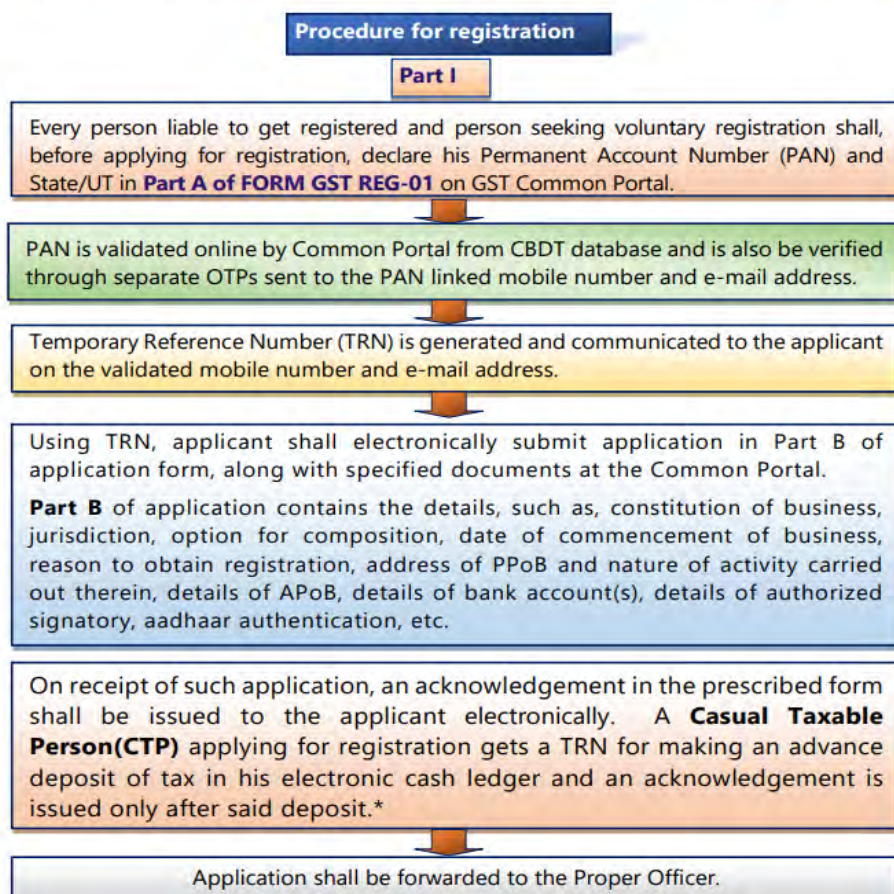
State Code		PAN										Entity Code		Check
0	9	B	D	I	P	A	0	8	8	4	Q	1	Z	1

Section 26 Deemed registration

- Registration under GST is not tax specific, which means that there is single registration for all the taxes i.e. CGST, SGST/UTGST, IGST and cess.
- Grant of registration/UIN under any SGST Act/ UTGST Act is deemed to be registration/UIN granted under CGST Act provided application for registration has not been rejected under CGST Act.
- Further, rejection of application for registration/UIN under SGST Act/UTGST Act is deemed to be rejection of application for registration under CGST Act.

Procedure of Registration

Procedure for registration has been depicted by way of a diagram below:



Note:

Details to be Provided in Part B Includes Bank A/c details. However bank A/c details can be provided within

- a) 30 days from Date of Grant of Registration
- b) before filing of GSTR- 1/ IFF – whichever is earlier

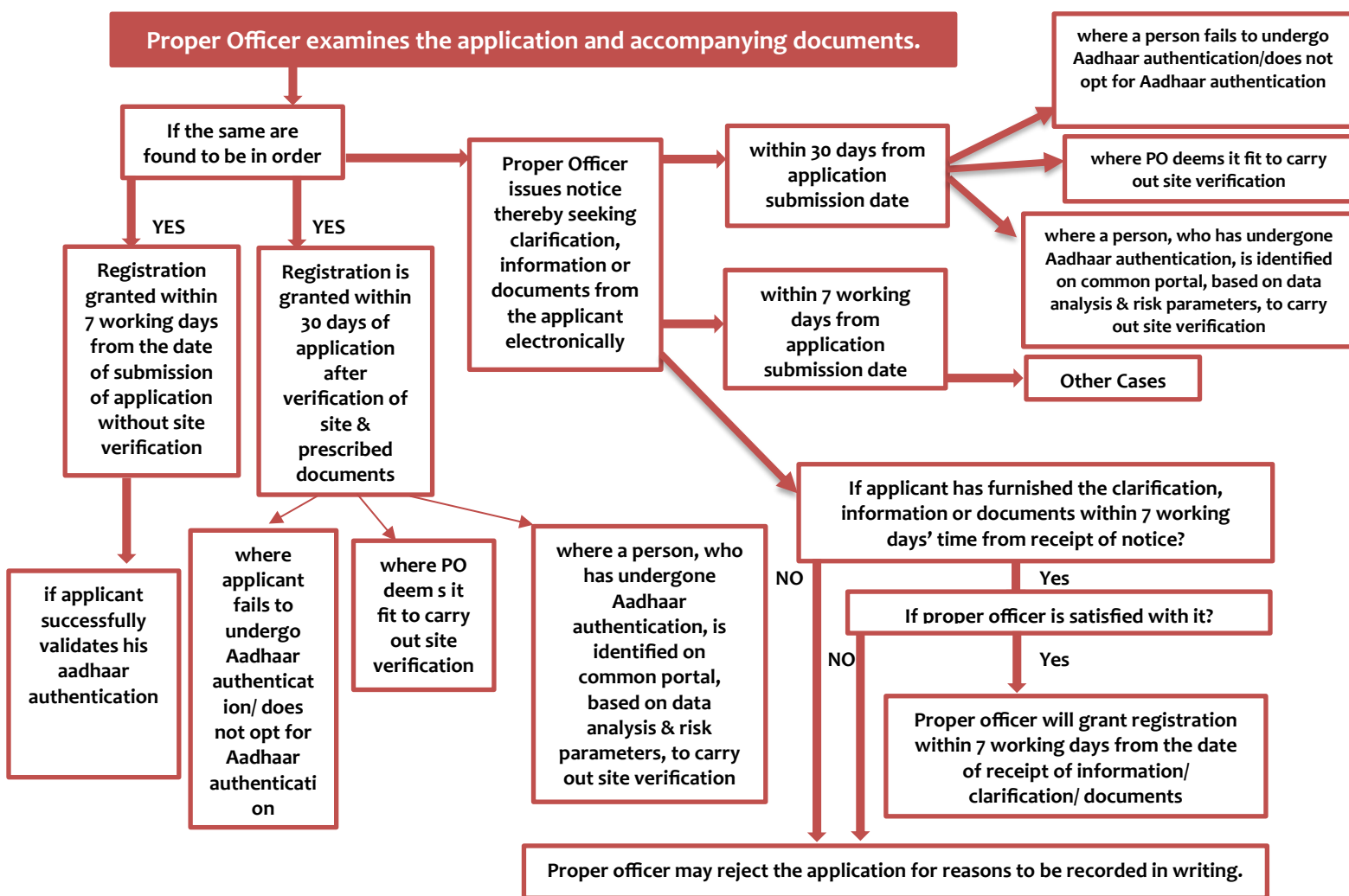
If such RP fails to furnish bank details within the time prescribed above then his registration shall be stand suspended and suspension shall be automatically revoked when valid bank details are furnished.

However Following Person is required to provide Bank Details at the time of registration

- a) TDS deduction

- b) TCS Collector
c) Dept Driven Registration.

Part II



Deemed Registration

If the proper officer fails to take any action,

- (a) Within a period of 7 working days from the date of submission of the application in cases where a person successfully undergoes authentication of Aadhaar number
- (b) Within a period of 30 days from the date of submission of the application in cases where
 - a person fails to undergo authentication of Aadhaar number or
 - does not opt for authentication of Aadhaar number; or
 - where PO deems it fit to carry out site verification
 - Person is identified on common portal, based on data analysis & risk parameters, to carry out site verification
- (c) Within a period of 7 working days from the date of the receipt of the clarification, information or documents furnished by the applicant, the application for grant of registration shall be deemed to have been approved.

Aadhar Authentication

Section 25(6B) and (6C) Read with Rule 8(4A), require every individual and Karta, Managing Director, Whole Time Director, partners of firm etc. respectively, to undergo authentication/furnish proof of possession of aadhaar number in prescribed manner. Such authentication is mandatory to be eligible for grant of registration.

However Following persons have been exempted from aadhaar authentication :

- (i) A person who is not a citizen of India
- (ii) Department or establishment of State Government or Central Government
- (iii) Local authority
- (iv) Statutory body
- (v) Public Sector Undertaking
- (vi) A person applying for Unique Identity Number

Special Provisions Related to CTP/NRTP:

CTP	NRTP
A Person who occasionally undertake transaction <ul style="list-style-type: none"> • In state / UT where he has no PoB • In course or furtherance of Business 	A Person who occasionally undertake transaction But no fixed POB or Residence in India
Registration: <ul style="list-style-type: none"> • Compulsory Registration U/s 24 • Form REG -01 • PAN required • Registration 5 Days before comment of Business 	Registration: <ul style="list-style-type: none"> • Compulsory Registration u/s 24 • Form REG – 09 • Passport Required • Registration 5 Days before comment of Business

Composition Scheme → Not available ITC on Input/Services/Capital Goods available	Composition Scheme → Not available ITC only on Imported Goods
Required to submit Advance tax at time of submitting application	

Registration Valid for:

- a) Period for which reg is seek
OR
b) 90 Days
(Further extendable by 90 days)

Section 28 - Amendment of Registration

a) **Non-core fields:** Email Id, Mobile no, Authorised Signatory etc

b) **Core fields:**

- Legal Name of Business
- Address of Principal/Additional Place of Business
- Addition /Detection in main patterner/ Karta/MD/BOD etc

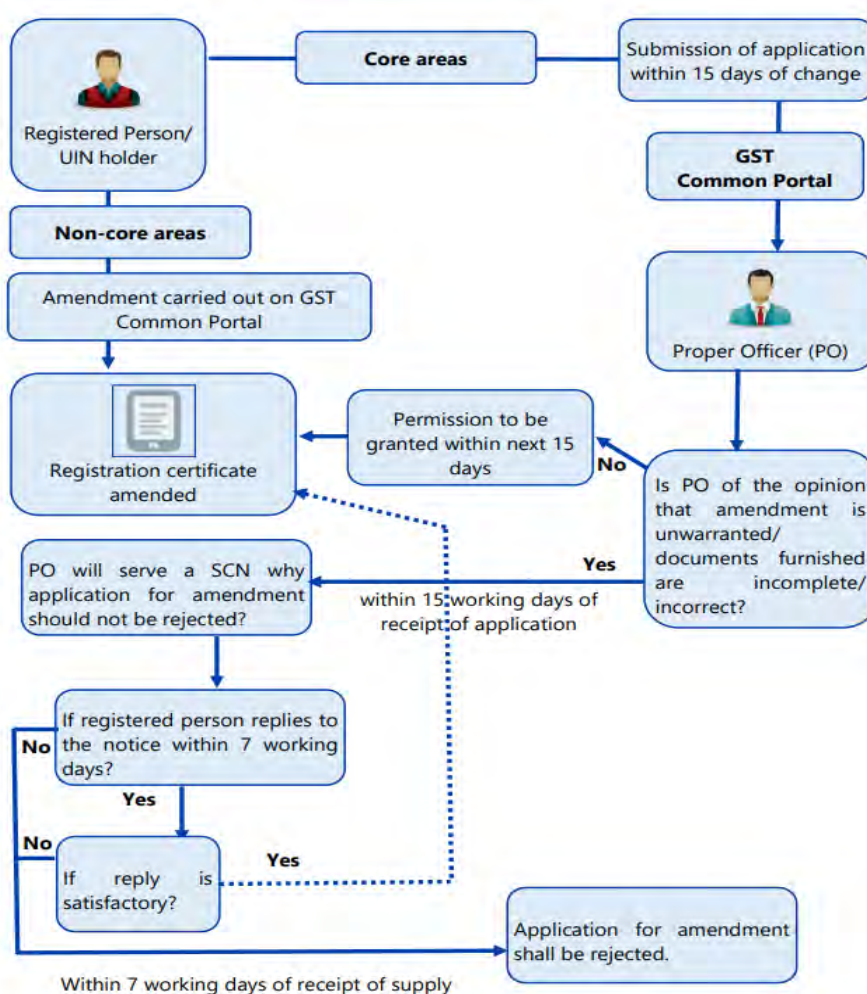
c) Submit application within 15 days from change

i. For Core Areas on GST common Portal. PO may permit Amendment within 15 days from application

ii. For Non-Core areas, Amendment to be made on GST Portal without permission of PO by doing OTP verification

d) Amended Registration Certificate granted

e) If there is change in the constitution (i.e. change in PAN) or change in state then existing registration shall be cancelled and new registration has to be taken.



If the proper officer fails to take any action,-

- (a) within a period of 15 working days from the date of submission of the application, or
- (b) within a period of 7 working days from the date of the receipt of the reply to the show cause notice, the certificate of registration shall stand amended to the extent applied for and the amended certificate.

Section 29 Cancellation of Registration

1. Voluntary Cancellation (By registered Person)

Circumstance to cancel Registration (Apply within 30 days)

- a) Business Discontinued / Transferred / Armed Granted / Merger / Demerger / Disposal / Death of properties
- b) Change in Constitution of Business
- c) No Longer liable to register u/s 22 or 24
- d) Opt out of voluntary Registration.

2. Circumstance when POcancel Registration:

- a) If contravened following Provisions:
 - i) Mismatch of GSTR-1/1A & GSTR-3B
 - ii) Mismatch of GSTR-2B & GSTR-3B
 - iii) Doesn't conduct Business from Registered place.
 - iv) Violate Provision of anti-Profiteering i.e. benefit of reduction of GST doesn't
 - v) Doesn't Provide Bank A/c details within time
 - vi) Issue Invoice / Bill without supply of Goods & Sources
 - vii) Avail ITC in Violence of Act
 - viii) Violates rule 86 B (Maximum ITC allowed 99%)
- b) Registration obtained by Means of Fraud/willful misstatement/supersession of facts
- c) Voluntary Registration person not commenced business within 6 months from Registration
- d) Not File return by composition supplier beyond 3 months from due date.
- e) Not file return by normal supplier
 - i) Monthly Return - For continuous 6 months
 - ii) Quarterly return - For 2 tax periods.

3. Suspension of registration [First proviso to section 29(1) and second proviso to section 29(2) read with rule 21A]

A. Suspension During Cancellation Proceedings:

- If a registered person applies for cancellation, their registration will be suspended from:
 - a. The date of submission of the cancellation request, OR

- b.** The date from which cancellation is sought, whichever is later.
- If cancellation is initiated by the department (suo-moto), the proper officer decides the suspension date.

B. Suspension Due to Discrepancies or Non-Compliance:

- Registration can be suspended if there are major mismatches between:
 - a. GSTR-1/1A vs. GSTR-3B OR GSTR-2B vs. GSTR-3B, indicating violations.
 - b. Non-compliance with Rule 10A (failure to furnish bank details after registration).
- The taxpayer will be notified electronically or via email and given 30 days to explain why registration should not be canceled.
- No refund under Section 54 will be granted during the suspension period.

C. Restrictions During Suspension:

- The taxpayer cannot make taxable supplies during suspension i.e. No tax invoice can be issued, and no tax can be charged during this period.
- The taxpayer is not required to file GST returns

D. Revocation of Suspension:

- Suspension automatically ends when the cancellation proceedings conclude.
- Revocation is effective from the date the suspension started.
- The proper officer can revoke suspension anytime during cancellation proceedings if deemed necessary.

E. If registration was suspended due to non-filing of GST returns, suspension will end once all pending returns are filed.

F. If registration was suspended due to non-compliance with Rule 10A, suspension will be revoked upon compliance.

G. Effect of Suspension Revocation:

Once suspension is revoked,

- a. Revised tax invoices (Section 31(3)(a)) must be issued for supplies made during suspension.**
- b. First return (Section 40) provisions will apply for supplies made during this period.**

4. Amount payable on cancellation of registration [Section 29(5) & (6)]

a) Effective Date & Payment of Dues:

- The cancellation of registration will be effective from the date decided by the proper officer and mentioned in the cancellation order.
- The officer may direct the taxpayer to pay any outstanding tax, interest, or penalty, including the amount payable under Section 29(5).

b) Reversal of ITC on Inputs:

The taxpayer must debit their electronic credit/cash ledger by the higher of:

- i. ITC on inputs (proportionate to the invoices where ITC was claimed).
- ii. Output tax payable on such goods.

c) Reversal of ITC on Capital Goods & Machinery:

The taxpayer must reverse ITC on capital goods or plant & machinery, whichever is higher of:

- i. ITC calculated on the remaining useful life (assuming a 5-year life) as per Rule 44.
- ii. Tax on the transaction value of such capital goods as per Section 15.

5. Other Points

- a) Even after cancellation, the taxpayer is still liable to pay any pending tax or dues for the period before cancellation. (Section 29(3))
- b) If registration is canceled under the SGST/UTGST Act, it is automatically canceled under the CGST Act as well. (Section 29(4))
- c) The taxpayer will be notified via SMS and email once registration is canceled. The cancellation order will be sent to the primary authorized signatory through email and SMS.
- d) The taxpayer cannot file returns for periods after cancellation. However, they can still submit returns for the period before cancellation, when registration was active.

Revocation of cancellation of registration Section 30/Rule 23

1. Application for Revocation:

- If a proper officer cancels a GST registration suo-motu, the taxpayer can apply for revocation within 90 days from the date of the cancellation order.
- This period can be extended by the Commissioner or an authorized officer (not below the rank of Additional/Joint Commissioner) for up to 180 more days (i.e., 90 days + 180 days).
- If cancellation was due to non-filing of returns, the taxpayer must first file all pending returns and clear dues before applying for revocation.

2. Approval of Revocation:

If the proper officer is satisfied, he will approve the revocation request within 30 days of receiving the application and communicate the decision to the applicant.

3. Rejection of Revocation:

- If the officer intends to reject the revocation request, he must first issue a Show Cause Notice (SCN) to the applicant.
- The applicant must submit a reply within 7 working days of receiving the SCN.
- The proper officer must then dispose of the application (approve/reject) within 30 days of receiving the applicant's response.

4. Filing of Pending Returns After Revocation:

Once cancellation is revoked, the taxpayer must file all pending returns (from the effective cancellation date to the date of revocation order) within 30 days of the revocation order.

5. Deemed Revocation Under CGST Act:

If cancellation is revoked under the SGST Act / UTGST Act, it is automatically deemed revoked under the CGST Act.

Amendment

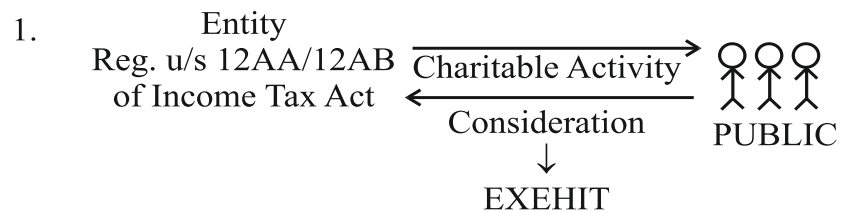
Sec 29 read with Rule 21 has been amended to provide that if in case of Revocation of Cancellation u/s 30, Person fails to file his GST returns from the Date of Cancellation Order (or as the case may be, from Effective Date of Cancellation) till Date of Revocation order within the prescribed period of 30 days from Revocation Order, then it can become one of the ground for Suo-moto cancellation of registration by PO

Illustrations

- 1) The registration of Naman Associates was cancelled by the proper officer by an order dated 1st June for its failure to furnish returns. The registration was cancelled with effect from 1st June itself. It applied for revocation of cancellation of registration and the order for revocation of cancellation of Naman Associates is passed on 31st July. In this case, Naman Associates shall be required to furnish all the returns for the period from 1st June to 31st July within a period of 30 days from 31st July, i.e. by 30th August. In case of failure to do so, PO can again move to suo-moto cancel the registration of Naman Associates.

- 2) The registration of Naman Associates was cancelled by the proper officer by an order dated 1st June for its failure to furnish returns. The registration was cancelled with effect from 1st January itself. It applied for revocation of cancellation of registration and the order for revocation of cancellation of Naman Associates is passed on 31st July. In this case, Naman Associates shall be required to furnish all the returns for the period from 1st January to 31st July within a period of 30 days from 31st July, i.e. by 30th August. In case of failure to do so, PO can again move to suo-moto cancel the registration of Naman Associates

1. Charitable Services



Meaning of Charitable Activity (PEER)

- P. Public Health
- CARE & CONSERVING of
 - * Terminally ill Person
 - * HIV/AIDS Affected
 - * Addicted to Narcotics/Alcohol
 - Awareness of
 - * Preventive health
 - * Family Planning
 - * HIV Prevention

E - Education & Skill Development Provided to

- (a) Abandoned/Orphan/Homeless children
- (b) Physically / Mentally Abused
- (c) Prisoners
- (d) Person Age > 65yr in Rural Area.

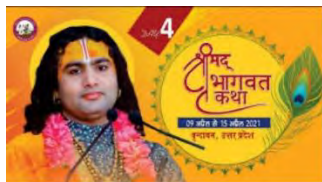
E- Environment Preserve - Forest/Water bodies/Wildlife etc.

R- Advancement of Religion/Spirituality/Yoga

2. Services by way of conduct of Religious Ceremony



PANDITJI K SERVICE ® EXEMPT



KATHA/KIRTAN/SATSANG ® SERVICES ® EXEMPT

3. Renting of Portions of Religious place (Mandir Masjid Gurudwara etc) owned or managed by Person Reg'd s 12AA/10(23)

	EXEMPT	TAXABLE
• ROOM Charges	Upto 999/day	₹ 1000 or more /day
• Holl/Pandol/Open Area	Upto 9,999 /day	₹ 10,000 or more/day
• Shaps	Upto 9,999/month	₹ 10,000 or more/Month

4. Religious Pilgrimage (DHARMIK YATRA) by

Kumaon Mandal Vikas Nigam Lited → KAILASH MANSAROVAR (CHINA)

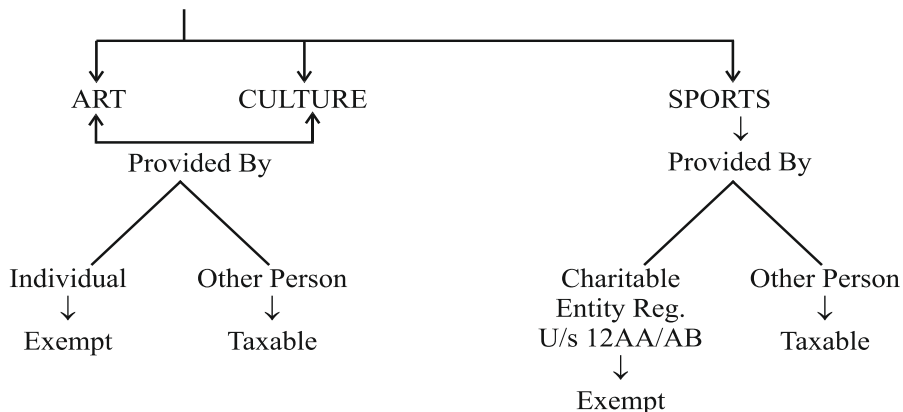
Hajj committee or state Hojj committee → HAJ YATRA (Saudi Arabia)



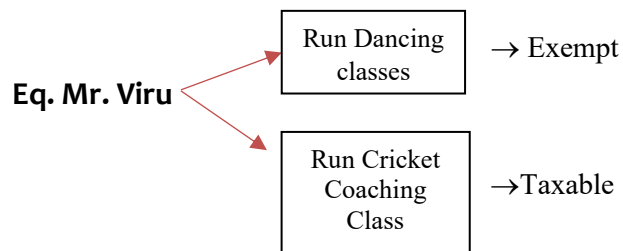
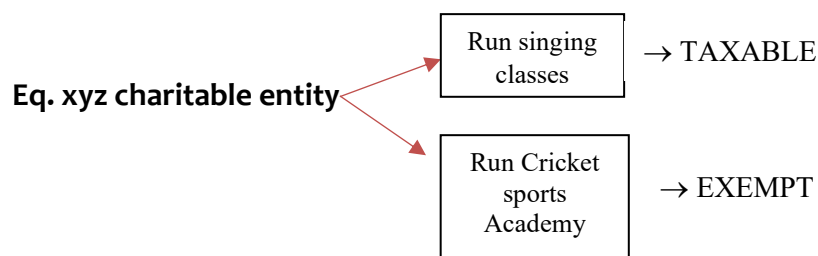
EXEMPT

Religious Pilgrimage Provided by Any other Organization → Taxable

5. Training & Coaching



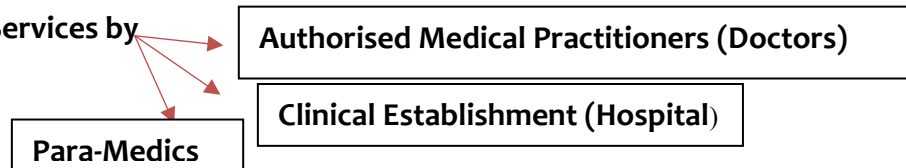
ART Includes → Singing /Dancing/Painting/Theatre/literature/Script etc.



2. Health Care Services

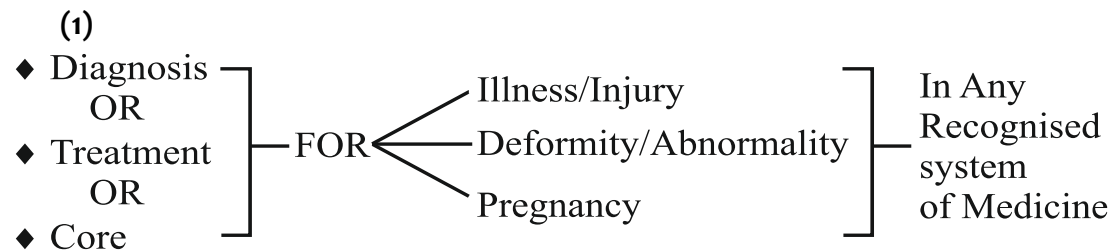
1. Services by Veterinary clinic → Health Care → Animals/Birds.

2. Health care Services by



3. Transportation of Patients in Ambulance

Meaning of Health Care Service



Recognised system of Medicine in India

◆ Allopathy	◆ Naturopathy	REIKI → Not A Recognized system of Medicine
◆ Ayurveda	◆ Yoga	
◆ Homeopathy	◆ Unani / Sidha	

(2) Include → Transp. of patient to or from clinical establishment

(3) Exclude → Cosmetic & Plastic surgery/Hair Transplant



But Required to Treat/Restore → Anatomy or Function due to Defect/ Abnormality/ Injury/Trauma. → EXEMPT

4. IVF Pregnancy Technique → Health Care Service → EXEMPT

5. Food Service by clinical Establishment (Hospital Canteen)

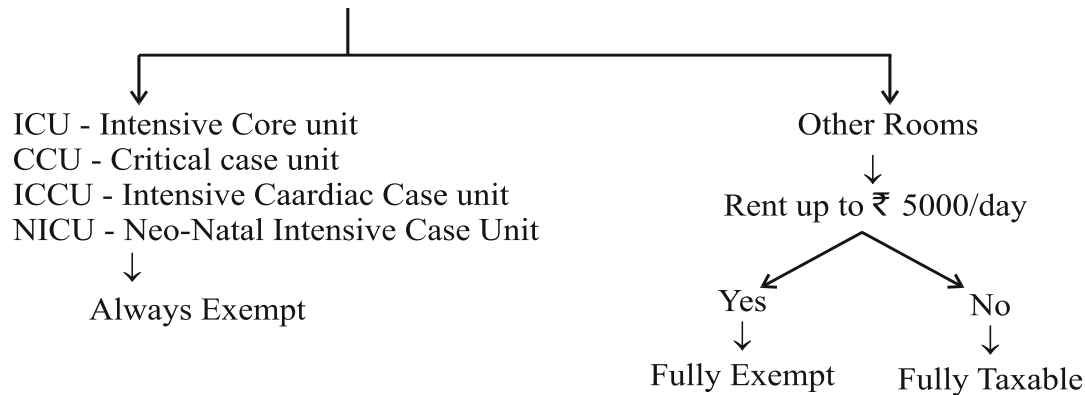
a) Provided To → In Patients (Admitted In Hospital) → Part of Health Care Service

→ Hence Exempt

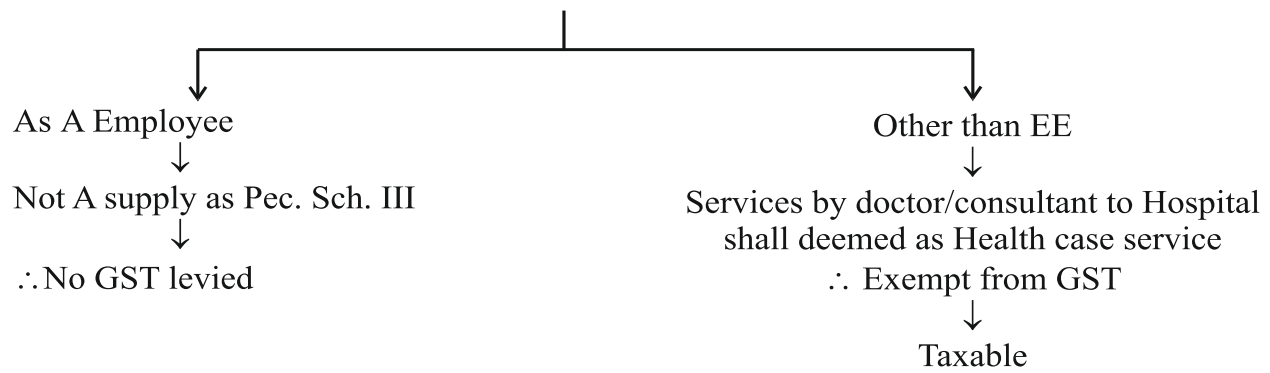
b) Other (Not Admitted Patients/Visitors) → Not a Part of Health Care Service

→ Hence Taxable

6. Renting of ROOMS in Hospital



7. Services provided by Doctors/Senior Doctor/Consultant to Hospital



8. Hospital → Let out shops → TAXABLE

9. Hospital → Advertisement Services to pharma companies → TAXABLE

3. Education Services :

Meaning of Educational Institute :

Educational institution means an institution providing services by way of -

- (i) Pe-school education and education up to high secondary school o equivalent;
- (ii) Education as a pat of a curriculum for obtaining a qualification recognized by any law for the time being in force; (college/Universities/ICAI/ICSI/MBBS etc.)

Note : Education as a part of a prescribed curriculum for obtaining a qualification recognized by a law of a foreign country is not covered here. ∴ Taxable

- (iii) Education as a part of an approved vocational education course.

↓ Skill development

Course by ITI - Industrial Training Institute/Approved by

ITC - Industrial Training center /NCVT/SCVT

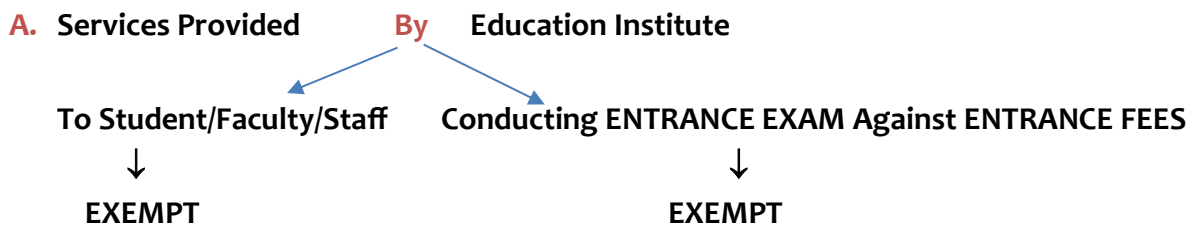
Designated Trade → Trade occupation subject Approved by CG

It is important to note that the Central and State Educational Boards shall be treated as 'Educational Institution' for the limited purpose of providing services by way of conduct of examination to the students. Eg. CBSE, UP-Board, ICSE, National Testing Agency



Note:

Private coaching Institutes → Not considered As Ed. Institute → Not Exempt



B. Services Provided To Education Institute

Service	Pre-School or school	College University
Transport of Faculty Staff student	EXEMPT	TAXABLE
Catering Including Mid day Meal	EXEMPT	TAXABLE
Security, Cleaning & Housekeeping service performed within Educational Institute	EXEMPT	TAXABLE
Service related to - Admission to or conduct of Examination by such Institute (Exam center)	EXEMPT	EXEMPT
Online Education Journal & Periodicals	TAXABLE	EXEMPT

Notes :

1. Educational Institute → Hotel Facility → Students → Exempt

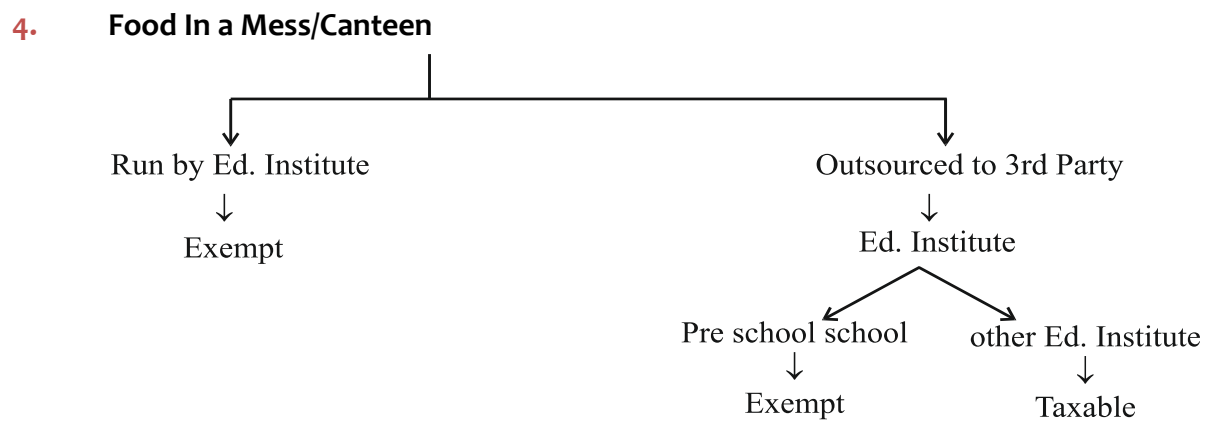
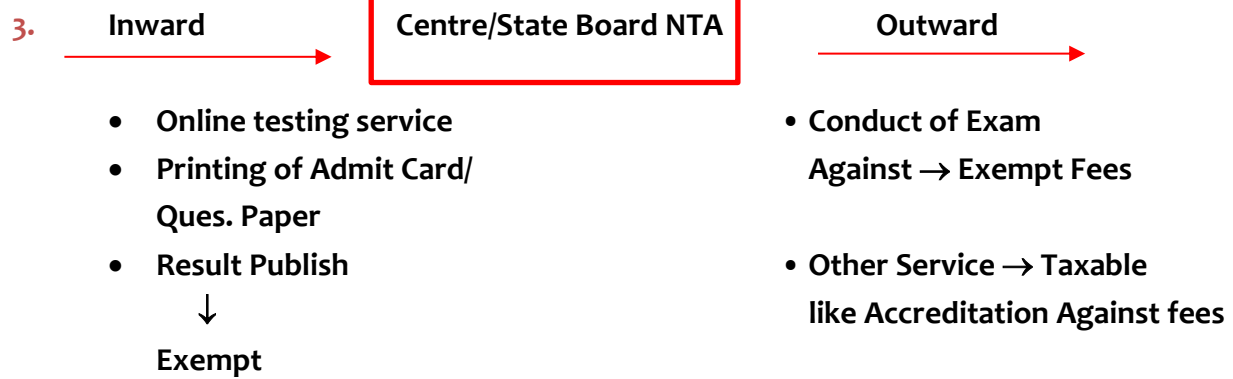
2. Course In a College → Dual Qualification



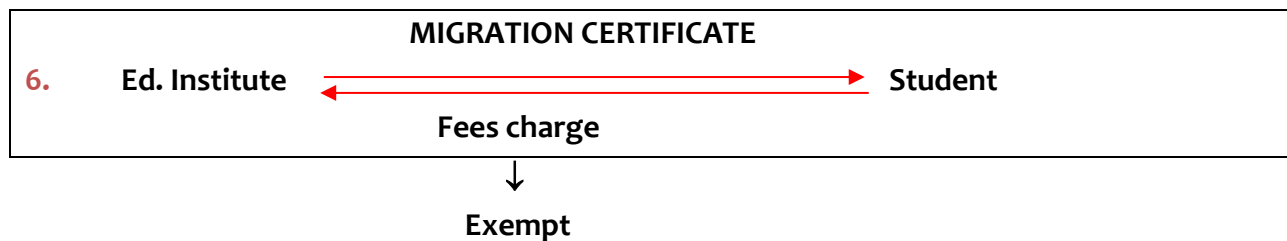
One is Recognized by law & other is Not Recognized by law



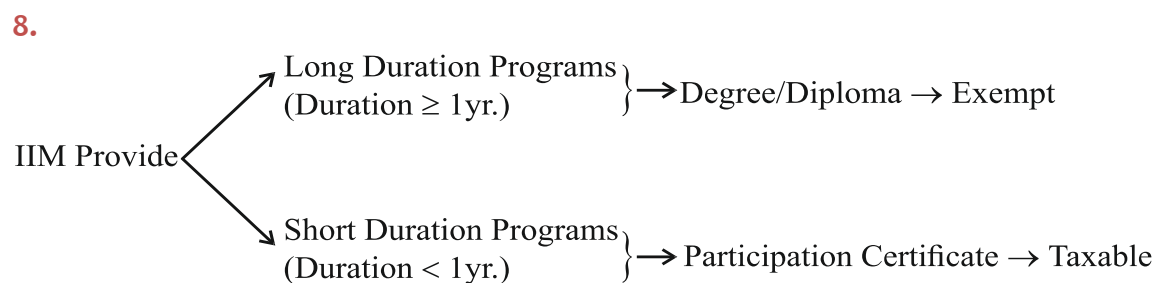
Mixed Supply is Taxable



5. Fees charged from Employers/Companies Participating in Campus Recruitment → Taxable



7. Anganwadi (Pre-School) → Mid-Day meal Services To/By Anganwadi → EXEMPT



4. Agriculture Services

- **Meaning of Agriculture**

- It Includes -

- Culuation of Plants/Crops
 - Rearing of All life forms of animal except Rearing of Horses.

For Food/Fiber/Fuel/Raw Material
or other Similar Product

Following services are Exempt :

1. Agricultural operations directly related to production of any Agricultural produce like → Cultivation/Harvesting/Threshing/Plant Protection/Testing



2. Supply of Farm labour

3. Process corned out of Agricultural Farm which do not Alters essential charactes but makes it Marketable for Primary Market.

Eg → Cutting, Trimming, Cleaning, softing, Bulk pockaging etc.



4. Renting/Leasing of

Agro-Machine

Vacant Land.



5. Looding/Unloading/Packing/Storage/Warehousing/Agriculture Produce

6. Agriculture extension Services (Frames Education/Training)

7. Services by :-

Agricultural Produce Marketign committee (APMC)
Commission Agent

For Sale/Purch. of
Agricultural Produce

8. Intermediate Prod. Process As Job Work In relation to Agriculture

9. Services by way of loading, unloading, packing, storage or warehousing of rice.

10. Services by way of warehousing of minor forest produce.

11. Services by way of storage/warehousing of Agricultural produce, rice, cereals, pulses, fruits and vegetables.
12. Services by way of artificial insemination of livestock (other than horses).



Artificially making female Animal → Pregnant

5. Passenger Transportation Service

Passenger Transp. Service

- Jal
- Thal
- Vayu

A. By Road

- Rikshaw → Exempt
- Metered Taxi → Exempt
- Rodio Taxi (OLA/UBER) → Taxable

Bus

AC Bus

Taxable

Non-AC

Stage Carriage

Exempt

Contract Carriage
(Booking)

For the purpose
of Hire/Tourism

Yes

Taxable

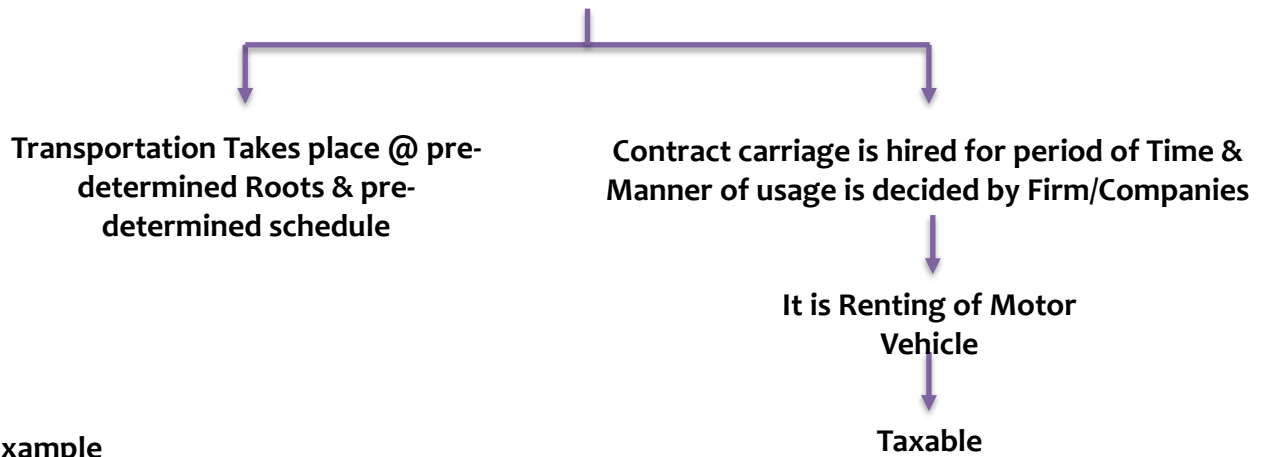
No

Exempt

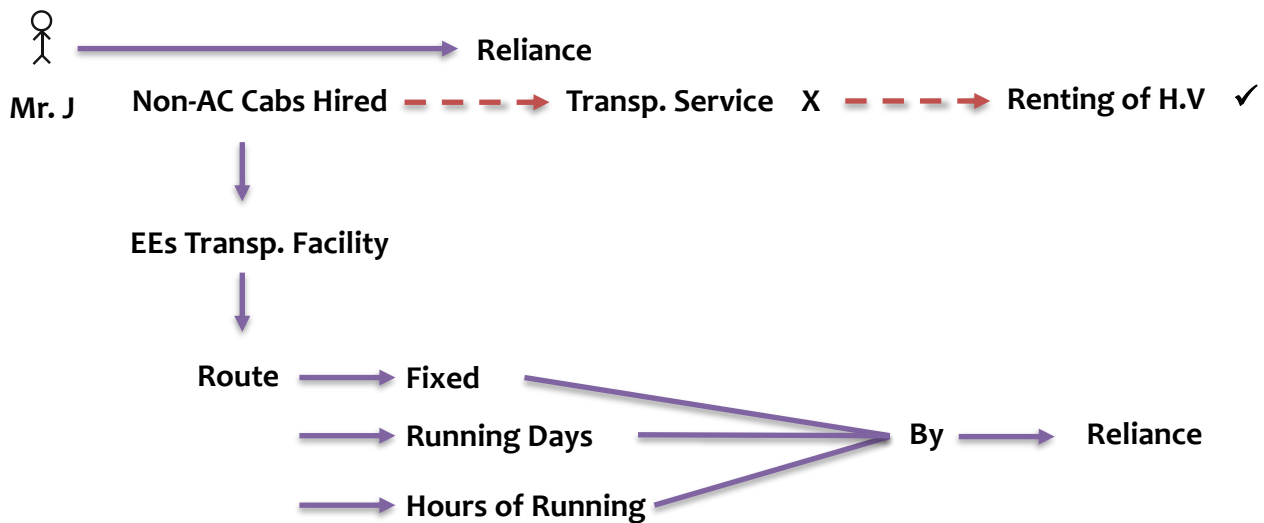
STAGE CARRIAGE → Pre-decided Routes & Stoppages

Hire → Taken on Rent for a certain period & Manner of
Usage decided by person who has taken on Rent

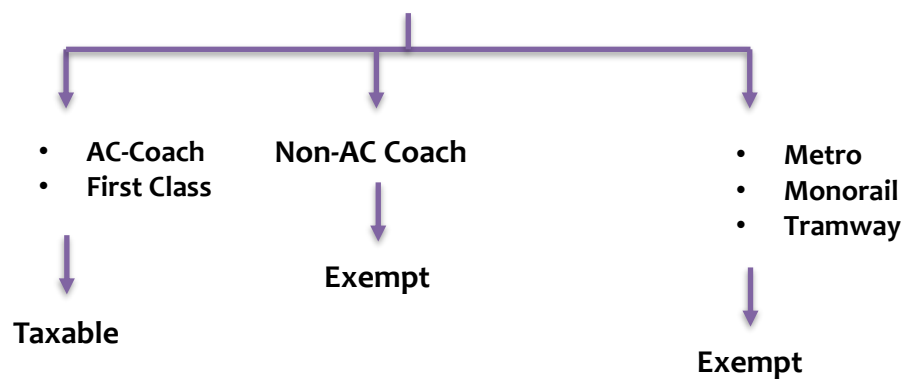
Note : Hiring of Non-AC Contract Carriage by Firm/Companies for Transportation of EEs.



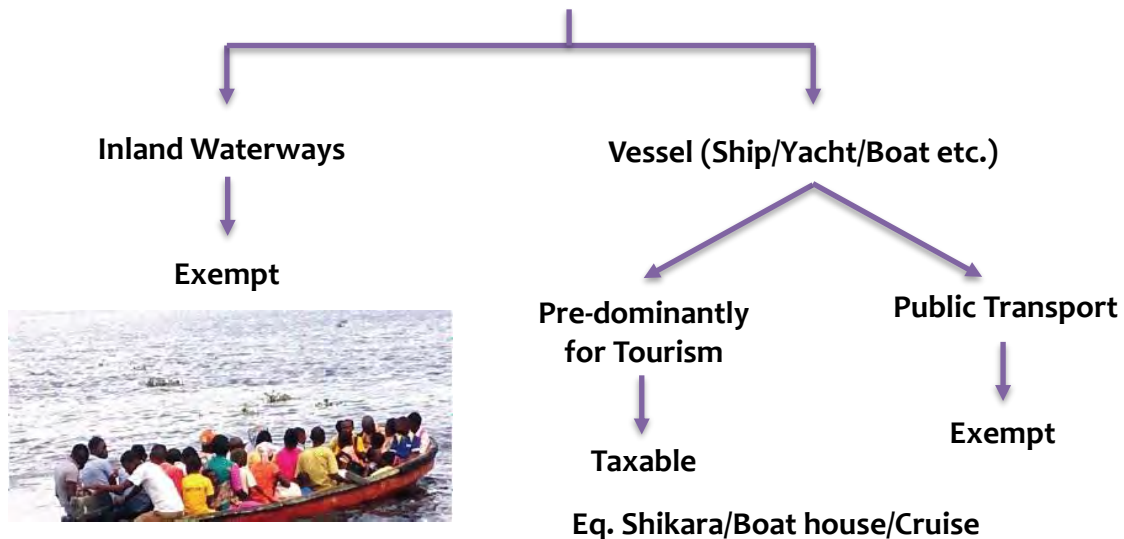
Example



B. By Rail

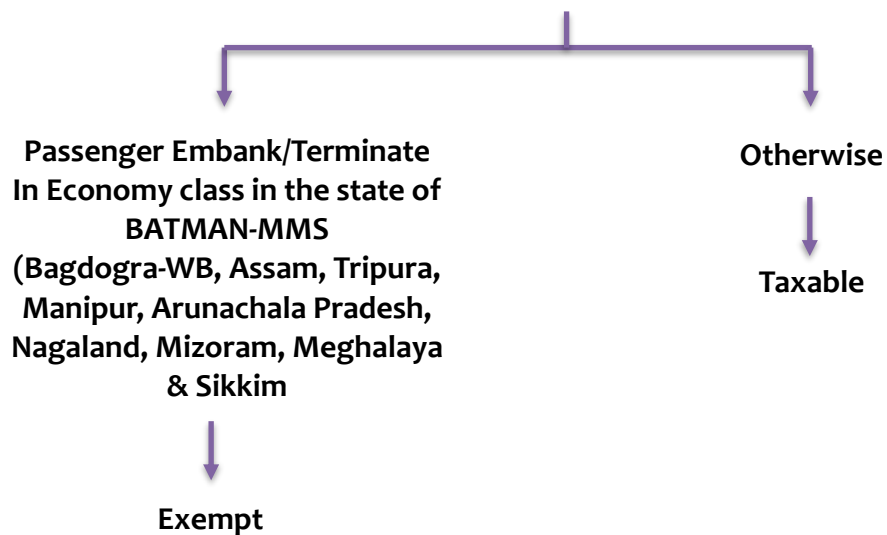


C. By Waterways (River/Sea/Lakes etc.)



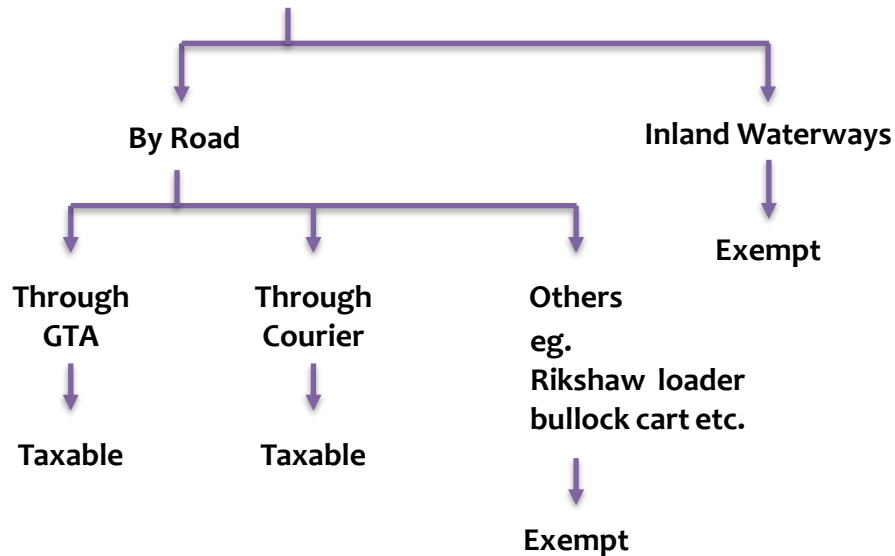
The expression ‘public transport’ used in this Entry only means that the transport should be open to public. It can be privately or publicly owned. Only exclusion is on transportation which is predominantly for tourism, such as services which may combine with transportation, sightseeing, food and beverages, music, accommodation such as in shikara, cruise etc.

D. By Airway



6. Goods Transportation

1. Transportation of Goods By



* GTA → Transp. of Goods by Road + Consignment Note

Risk of Goods → Transporter

2. Transp. of specified Goods through GTA/Rail/Vessel → Exempt

RANDOM

R – Relief Material for Victims of Natural or Non-mode disaster like flood/famine/earth quack/was etc.

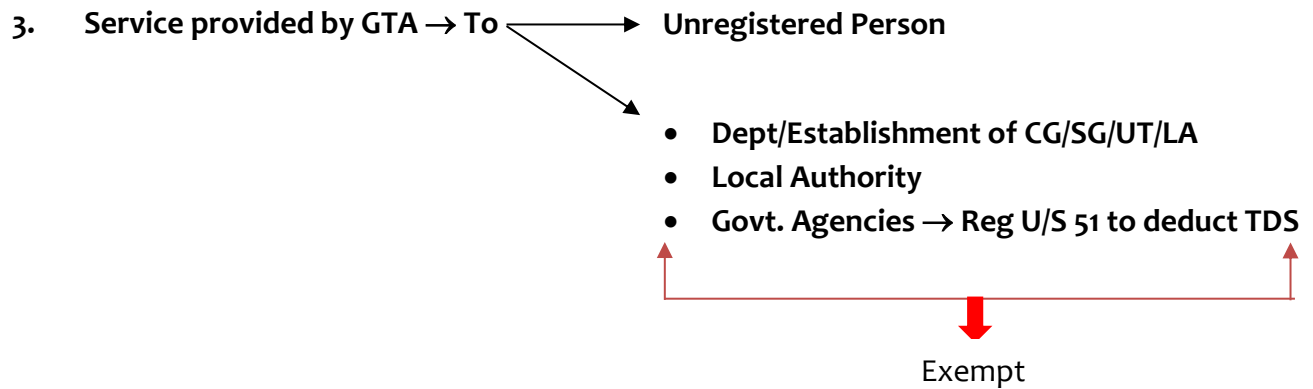
A – Agricultural Produce (Fruit/Vegetable etc.)

N – Newspaper/Magazine → Reg. with Registrar of Newspaper.

D – Defence/Military Equipment

O – Organic Manure

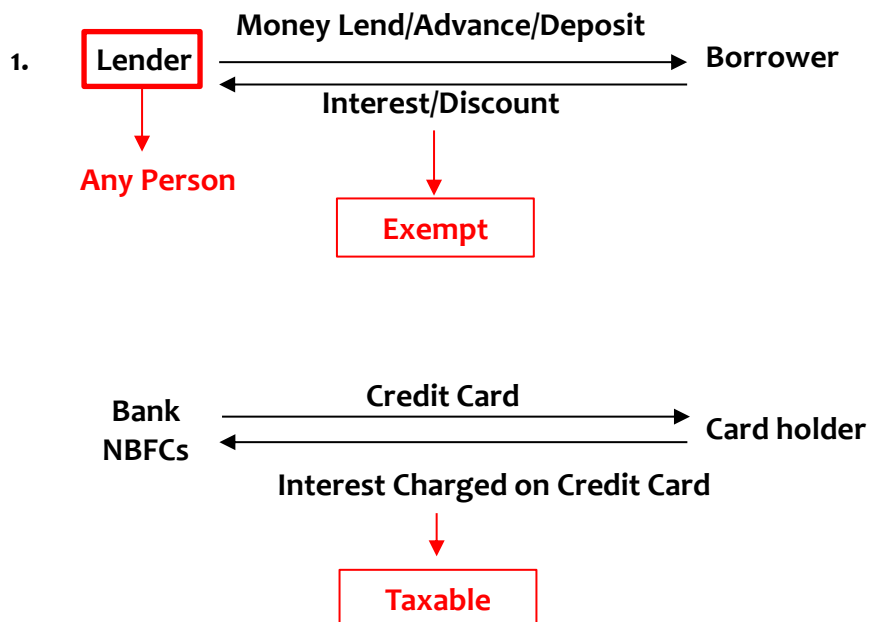
M – Milk/salt/Food grain (Flour/Pulses/Rice)



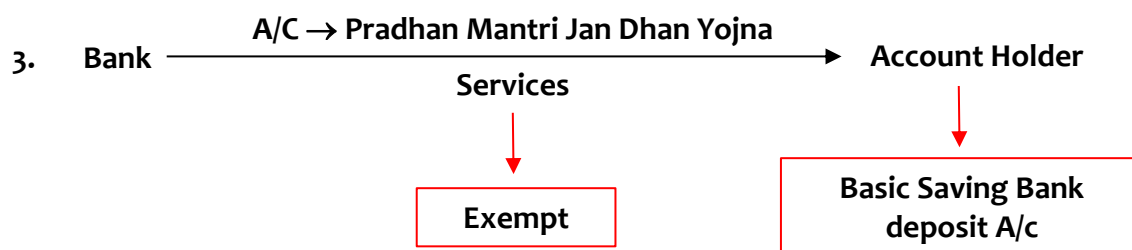
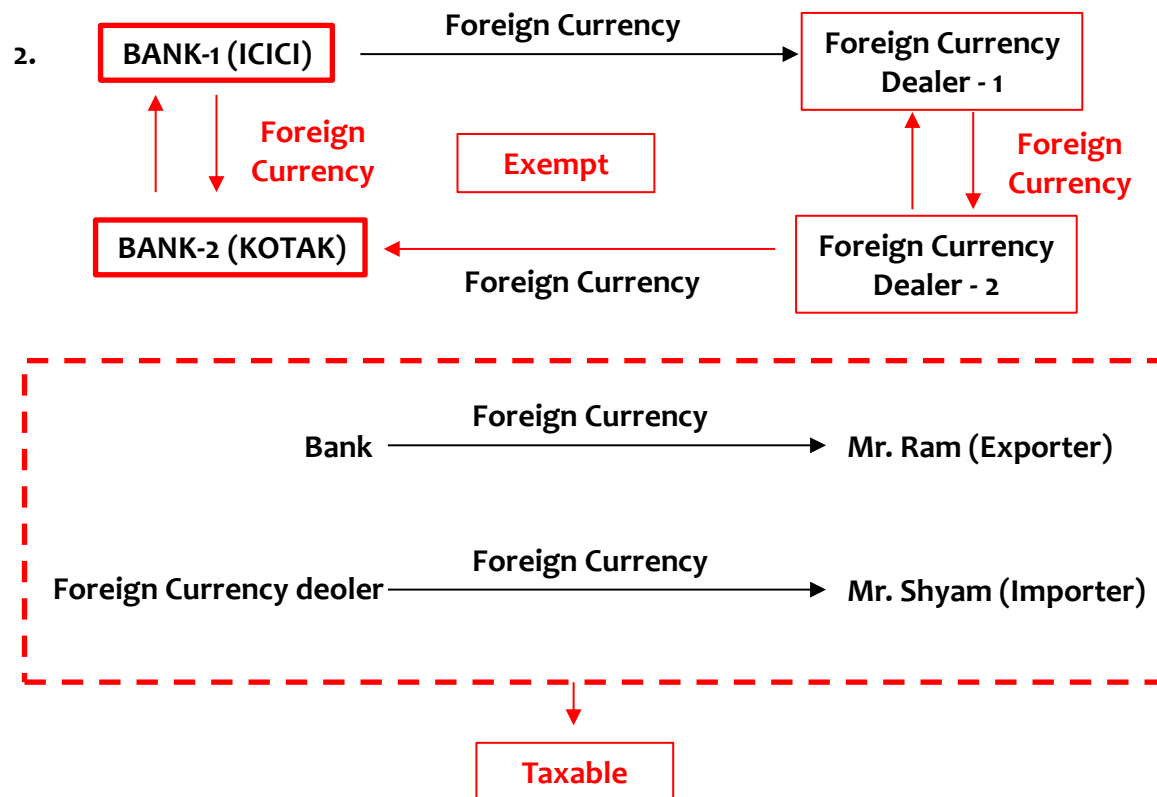
4. Transport of Minerals from Mine to Railway siding or Transportation within Mining Area.

- ↓
- Vehicle along with Driver is hired by Mine Operator (Adani).
- ↓
- It is not a Transportation of Goods but Renting of Motor Vehicle
- ↓
- Therefore No Ex. Shall be Allowed.

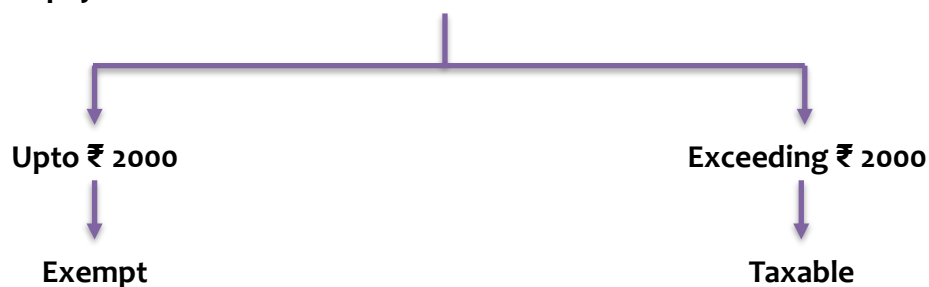
7. Banking & Financial Services.



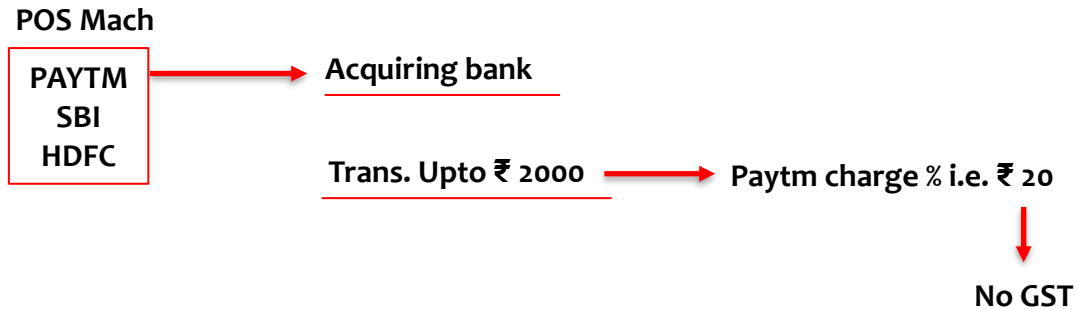
Note : Any charges by whatever name called (Documentation charge, File charge, Processing charge etc.) recovered over & above Interest on loan → Taxable



4. Services of processing of Transaction through Debit/Credit Card or other payment Card



Example



5. Interest charged by security broker for delayed payment of commission / brokerage / margin money by client → Exempt

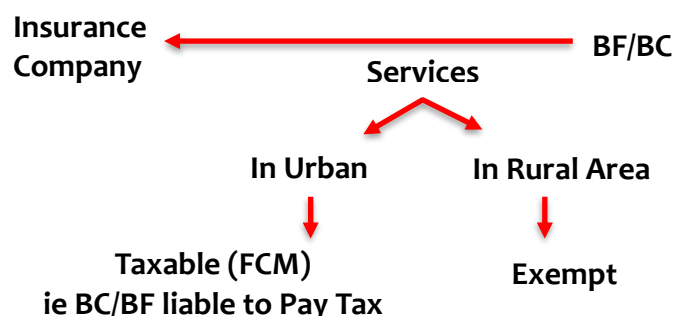
8. Business facilitator/correspondent

Services by the following persons in respective capacities

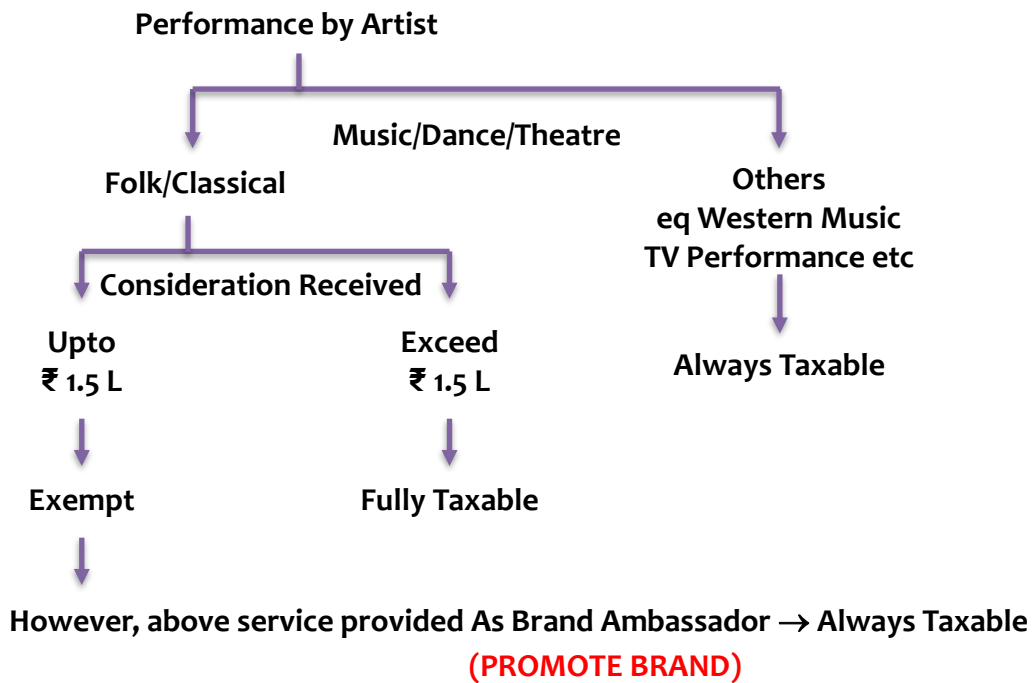
- (a) Business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch;
- (b) Any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or
- (c) Business facilitator or a business correspondent to an insurance company in a rural area.

BCs/BFs help villagers to open bank accounts and provide other banking services to them. They act as an intermediary between the bank and its customers. Banks, in turn, pay commission/fee to the BCs/BFs.

The BCs are permitted to carry out transactions on behalf of the bank as agents, the BF's can refer clients, pursue the clients' proposal and facilitate the bank to carry out its transactions, but cannot transact on behalf of the bank.



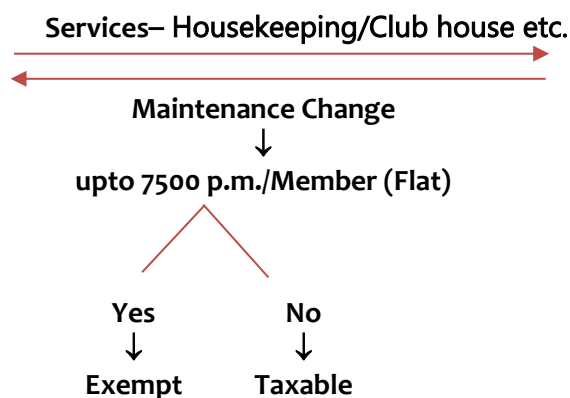
9. Performance By Artist

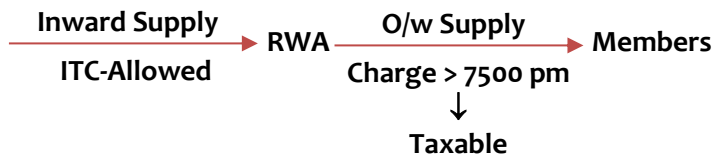


10. RWA Service (Resident Welfare Association → Housing Society)

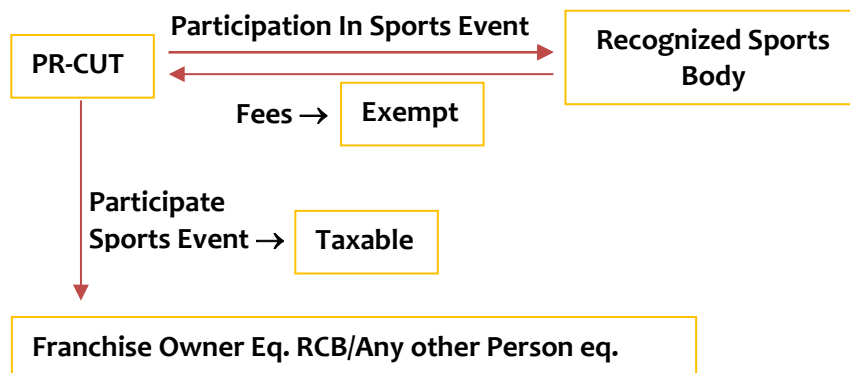


Gokul Dham
Society

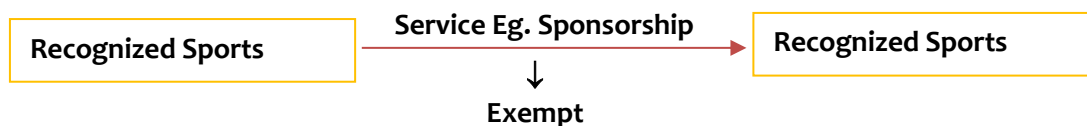




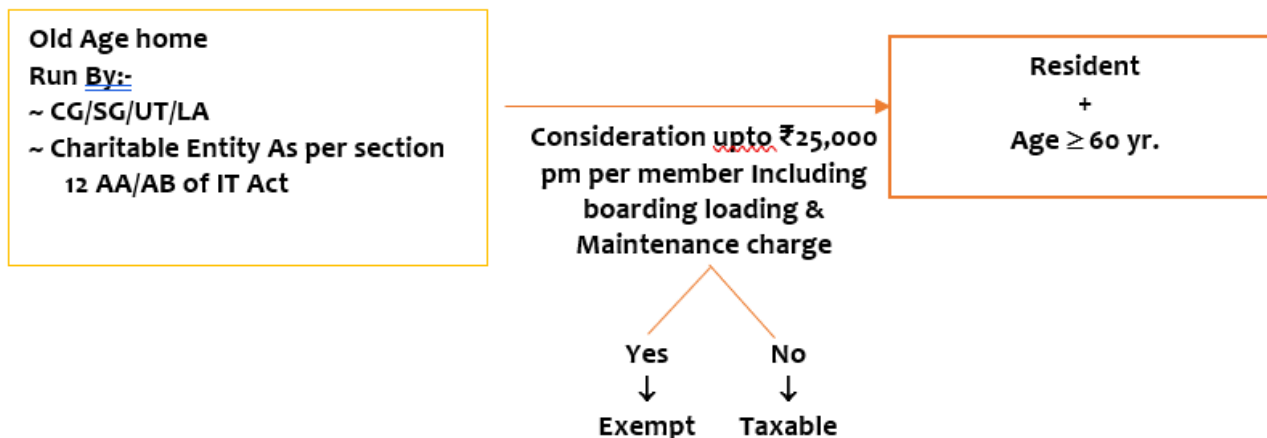
11. Sports Service



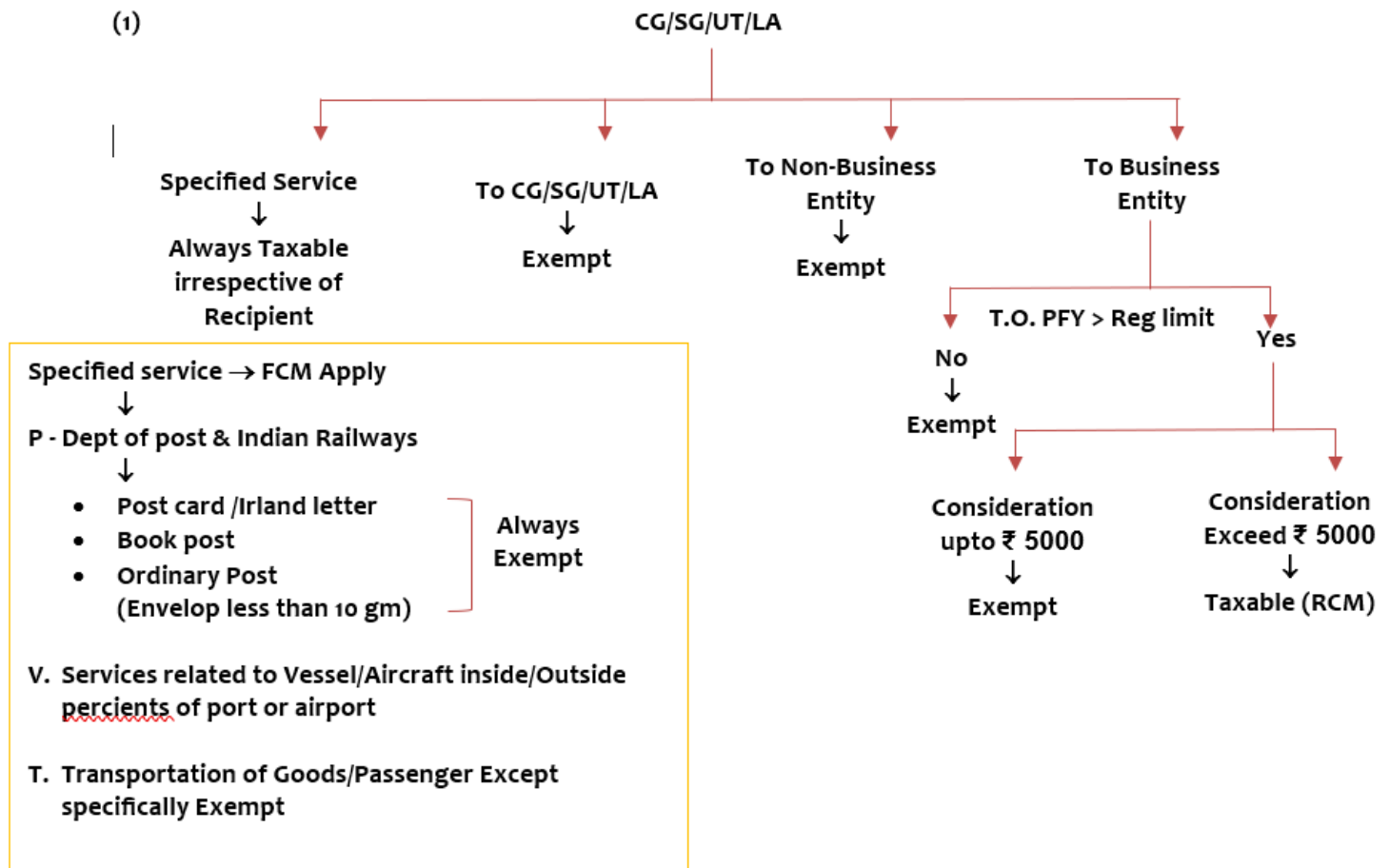
P = Player R = Refre C = Coach U = Umpire T = Team Manager
Selector/Commentator / Curator etc. ® Services ® Always Taxable



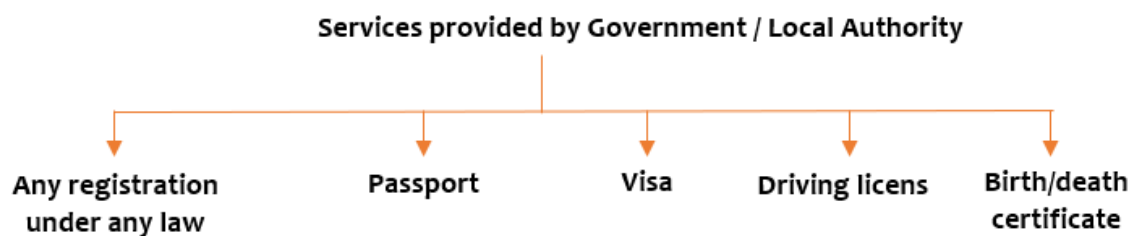
12. Services Provided by Govt.



(1)

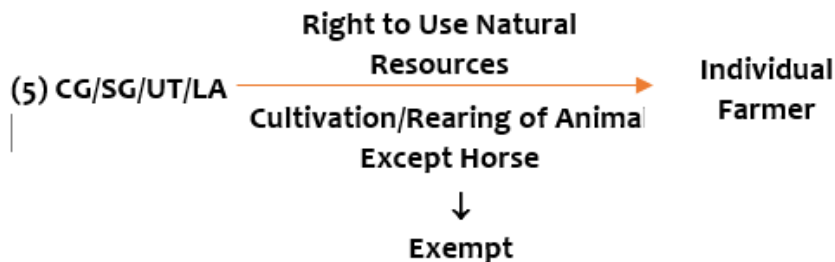


(3)



(4) CG/SG/UT/LA → Tolerating Non Performance of contract → In Consideration of Fine/liquidated

↓
Damages Exempt



(6) Services By Government Authority in Relation To Function entrusted to

Municipality Panchayat → Exempt

(7) Services By Rehabilitation Professionals by way of Therapy/Counselling at

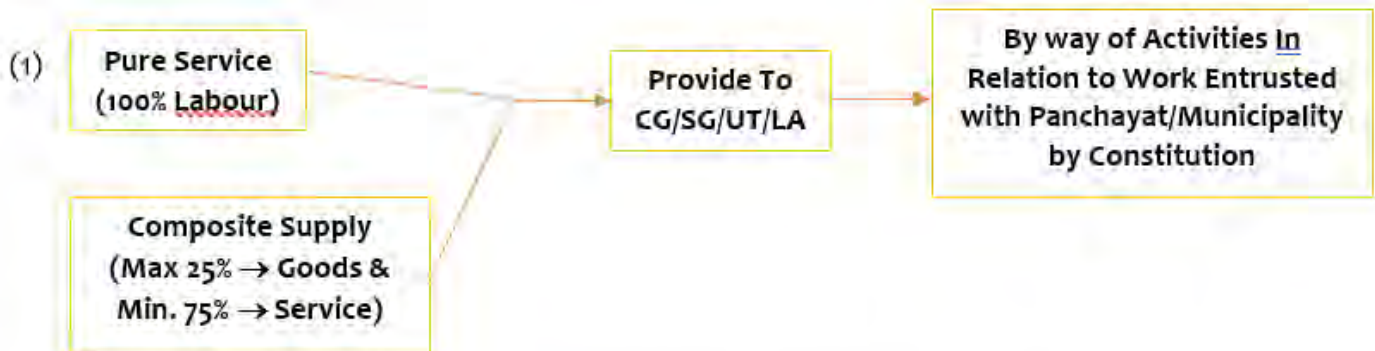
~ Medical Establishment

~ educational Institute

~ Rehabilitation centre

Established by
CG/SG/UT/ALA

13. Services Provided To Govt.

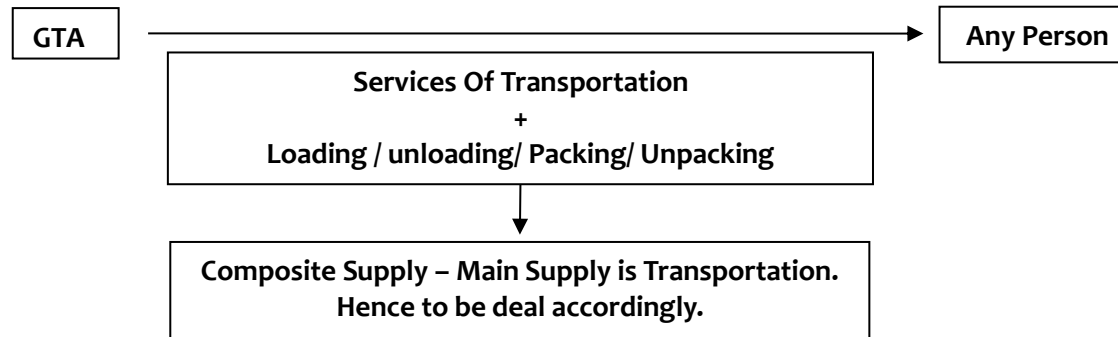


(2) Services To Govt by

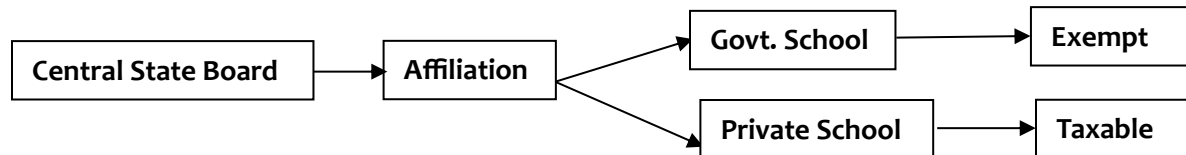
- Fair Price Shop for Public distribution system
- Insurance Co. → where Premium paid by Govt
- Training service → Where 75% more Expense is met by Govt

New Exemptions Introduced

1.



2.



3. Services provided by Hostels, Camps, Paying Guest accommodations and the like

Supply of accommodation services having value of supply upto ₹ 20,000 per person per month provided that the accommodation service is supplied for a minimum continuous period of 90 days.

4. Services provided by Ministry of Railways (Indian Railways) to individuals by way of:

- Sale of platform tickets;
- Facility of retiring rooms/waiting rooms;
- Cloak room services; and
- Battery operated car services.

5. Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).

6. Any services provided by:

- the National Skill Development Corporation set up by the Government of India;
- the National Council for Vocational Education and Training;
- an Awarding Body recognized by the National Council for Vocational Education and Training;

- d) an Assessment Agency recognized by the National Council for Vocational Education and Training;
 - e) a Training Body accredited with an Awarding Body that is recognized by the National Council for Vocational Education and Training
in relation to:
 - i. the National Skill Development Programme or any other scheme implemented by the National Skill Development Corporation; or
 - ii. a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or
 - iii. any National Skill Qualification Framework aligned qualification or skill in respect of which the National Council for Vocational Education and Training has approved a qualification package.
7. Supply of services by way of providing metering equipment on rent, testing for meters/transformers/capacitors, etc, releasing electricity connection, shifting of meters/service lines, issuing duplicate bills, etc which are incidental or ancillary to the supply of transmission and distribution of electricity provided by electricity transmission and distribution utilities to their consumers.

GST RETURNS

GSTR 1 FURNISHING DETAILS OF OUTWARD SUPPLIES [SECTION 37]

A. Person Liable to furnish details of outward supply

Every registered person including casual registered person except the following:

- T • input service distributor (ISD)
- non-resident taxable person
- person paying tax under composition scheme
- person deducting tax at source
- person collecting tax at source i.e., e-commerce operator (ECO)
- a supplier of online information and database access or retrieval services (OIDAR)

B. Due Date

GSTR-1 of a month can be filed any time between 1st and 11th day of the succeeding month.

However, The registered persons having aggregate turnover of up to 5 crore rupees in the preceding financial year or the current financial year and opted QRMP Scheme shall be liable to file GSTR-1 for every quarter till the 13th day of the month succeeding such tax period.

C. Kind of details of outward supplies

i. Invoice-wise Details:

- a) B2B Supplies
- b) inter-State supplies made to unregistered persons with Invoice value exceeding ₹1,00,000

ii. Consolidated Details

- a) Intra-State supplies made to unregistered persons for each rate of tax
- b) Inter-State supplies made to unregistered persons with Invoice value up to ₹1,00,000 for each rate of tax separately for each State

iii. Debit and Credit Notes - Issued during the month for invoices issued previously

Note:

- Invoices can be uploaded any time during the tax period and not just at the time of filing of GSTR-1.

- Invoices can be modified/deleted any number of times till the submission of GSTR-1 of a tax period. The uploaded invoice details are in a draft version till the GSTR-1 is submitted and can be changed irrespective of the due date.

D. How are the details of outward supply furnished in prior periods amended?

Under GST there is no option of revise return as available under Income Tax Law. However, any error, mistake or omission made in furnishing the details of invoices in GSTR 1 of earlier tax period can be rectify in the return to be furnished in the tax period in which such error, mistake or omission is noticed. If any tax is payable due to such rectification, then such tax shall be paid along with interest u/s 50.

E. Communication of details of GSTR-1 to the recipient of supply

The details of outward supplies for a month furnished by the supplier are communicated and made available electronically (auto populated) to the respective recipient(s) in Part A of Form GSTR- 2A/Form GSTR-4A (in case of registered person opting for composition levy through the common portal after the 10th day of the succeeding month (due date of filing of GSTR-1).

F. Rectification of errors

If the supplier discovers any error or omission, he shall rectify the same in the tax period during which such error or omission is noticed, However, the maximum time limit within which such amendments or rectification are permissible is earlier of the following dates:

- a) Upto 30/11 of next FY
- b) Date of filing of the relevant annual return.

G. Other Points

- a) GSTR-1 needs to be filed even if there is no business activity (Nil Return) in the tax period.
- b) A Nil GSTR-1 can be filed through an SMS using the registered mobile number of the taxpayer. GSTR-1 submitted through SMS is verified by registered mobile number-based OTP facility.
- c) Taxpayers opting for voluntary cancellation of GSTIN have to file GSTR-1 for an active period.
- d) In cases where a taxpayer has been converted from a normal taxpayer to composition taxpayer, GSTR-1 will be available for filing only for the period during which the taxpayer was registered as a normal taxpayer. The GSTR-1 for the said

period, even if filed with delay, would accept invoices for the period prior to conversion.

H. Blocking Of GSTR-1 & IFF Filling

1. In case of persons who have not opted for QRMP scheme: Such registered person has not furnished GSTR-3B of preceding month.
2. In case of persons who have opted for QRMP scheme: Such registered person has not furnished GSTR-3B for preceding quarter.
3. If the details of outward supplies for any of the previous tax periods has not been furnished by him through filing of GSTR-1.
4. Has neither deposited the amount specified in the intimation issued u/r 88C(1) nor has furnished a reply explaining the reasons for any amount remaining unpaid
5. Has neither paid the amount equals to the excess ITC as specified in the intimation issued u/r 88D(1) nor has furnished a reply explaining the reasons for any amount remaining unpaid
6. He has not furnished the bank account details as per the provisions of Rule 10A.
7. The registered person shall not be allowed to furnish GSTR-1 for the tax period after the expiry of a period of 3 years from the due date of furnishing the such statement.

Rule 88C- Manner of dealing with the difference in liability reported in FORM GSTR-1 and that reported in FORM GSTR – 3B

- When there is a discrepancy between the tax liability declared in GSTR-1 (outward supplies) and GSTR-3B (summary return), the taxpayer is intimated by the proper officer.
- The taxpayer has 7 days to either pay the differential tax liability along with interest or explain the discrepancy to the satisfaction of the proper officer.
- If the taxpayer fails to deposit the amount or respond within the prescribed time or the officer is not satisfied with the explanation then amount shall be recoverable as per the provisions of section 79.

Rule 88D - Manner of dealing with the difference in ITC available in FORM GSTR-2B and that availed in FORM GSTR – 3B

- When there is a discrepancy between the ITC availed in GSTR-2B and GSTR-3B (summary return), the taxpayer is intimated by the proper officer.
- The taxpayer has 7 days to either pay the excess ITC availed along with interest or explain the discrepancy to the satisfaction of the proper officer.

- If the taxpayer fails to deposit the amount or respond within the prescribed time or the officer is not satisfied with the explanation then amount shall be demanded as per the provisions of section 73/74.

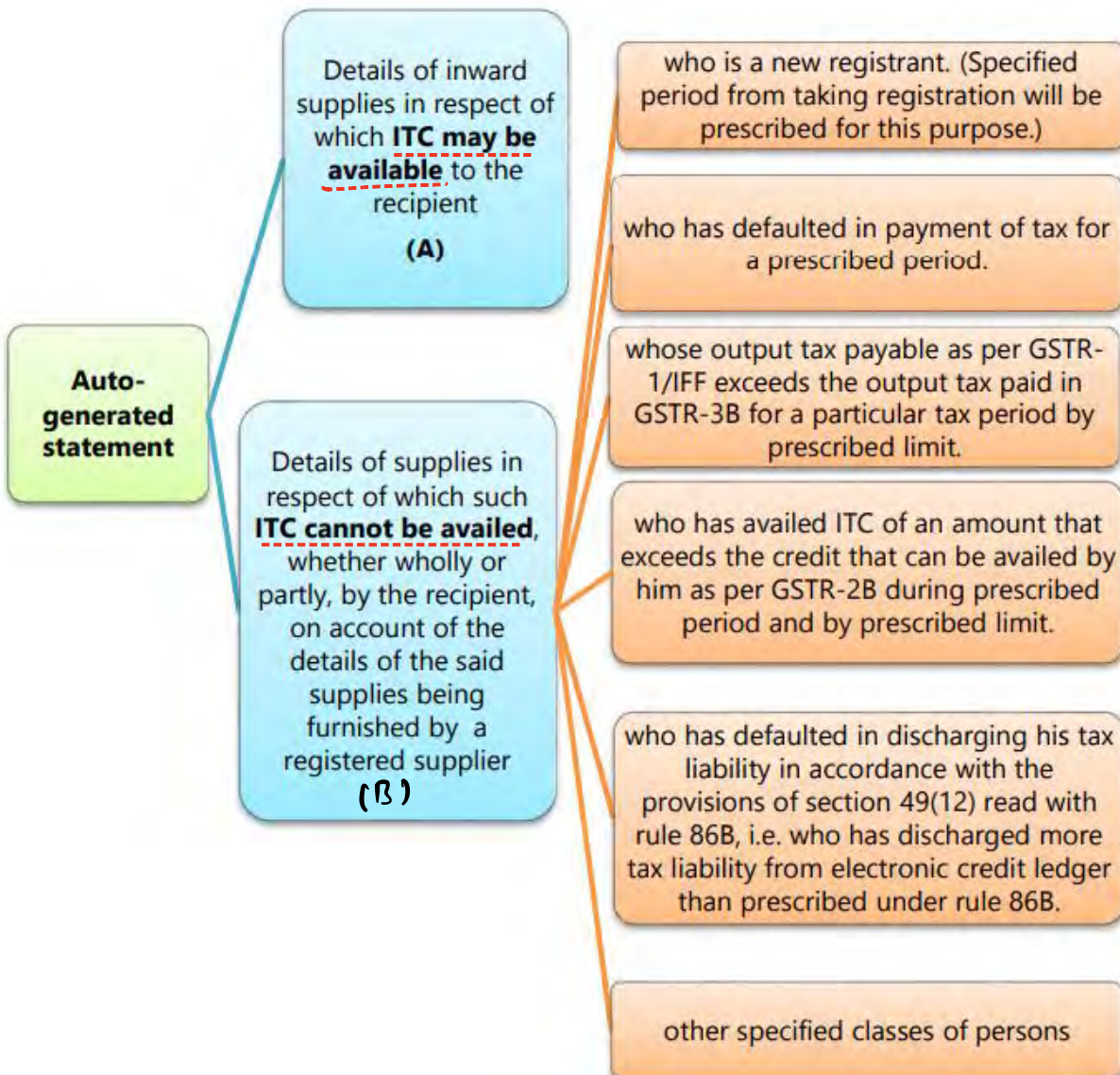
GSTR 1A

1. This form allows taxpayers to make changes, corrections, and amendments to the data filled in GSTR-1 for the same month before filing GSTR-3B of that month or quarter.
2. It can be filed electronically through the common portal, either directly or through a Facilitation Centre as may be notified by the Commissioner.
3. The corresponding effect of the changes made through Form GSTR1A on the liability of the taxpayer shall be reflected in Form GSTR3B for the same tax period.
4. At the recipient's end, the ITC for the supplies declared or amended by the suppliers through Form GSTR-1A will be available to the recipient in Form GSTR-2B generated for the next tax period.
5. There is no late fee for GSTR-1A as it is optional to file
6. The form is available after the due date or actual filing date of GSTR-1 until the corresponding GSTR-3B is filed.
7. Changes to the recipient's GSTIN cannot be made in GSTR-1A

Example 1: If a supplier files invoice INV1 in GSTR-1 on February 8th but misses INV2 and files it in GSTR-1A on February 15th, INV1 appears in the recipient's GSTR-2B for January (available February 14th), while INV2 appears in the GSTR-2B for February (available March 14th).

Example 2: If a supplier files invoice INV3 in GSTR-1 on February 15th but files INV4 in GSTR-1A on February 16th, both INV3 and INV4 appear in the recipient's GSTR-2B for February (available March 14th).

Furnishing details of inward supplies [Section 38]



- Form GSTR-2A – is a system generated read only statement of inward supplies for a recipient. This statement is updated on a real time basis. The details become available to the recipient for view/ download and are updated incrementally as and when supplier(s) upload or change details in their respective form of return/statement, for the given tax period. Details of outward supplies furnished by the supplier in Form GSTR-1 or using the IFF are made available electronically to the concerned registered persons (recipients) in Form GSTR-2A.
- Form GSTR-2B – an auto-drafted read only statement containing the details of eligible ITC – is made available to the registered person (recipient) for every month. It is a static statement and is available only once a month.

- It consists of – the details of outward supplies furnished by the suppliers in Form GSTR1, other than a supplier who has opted for QRMP scheme, between the day immediately after the due date of furnishing of Form GSTR-1 for the previous month to the due date of furnishing of Form GSTR-1 for the month
- In case of monthly Form GSTR-1, the cut-off date is 00:00 hours on 12th of the relevant month to 23:59 hours, on 11th of the succeeding month. Whereas for quarterly Form GSTR-1/IFF the cut-off date is 00:00 hours on 14th day of relevant month to 23:59 hours, on 13th day of succeeding month.

FURNISHING OF RETURNS UNDER [SECTION 39]

A. GSTR-3B

- GSTR-3B is a simple return containing summary of outward supplies, inward supplies liable to reverse charge, eligible ITC, payment of tax etc. Thus, GSTR3B does not require invoice-wise data of outward supplies.
- GSTR-3B can be submitted electronically through the common portal, either directly or through
- a Facilitation Centre notified by the Commissioner. Further, a Nil GSTR-3B can be filed through
- an SMS using the registered mobile number of the taxpayer.
- GSTR-3B can be filed monthly or quarterly.
- GSTR 3B Blocked:
 - ✓ A registered person shall not be allowed to furnish return in Form GSTR-3B for the current tax period, if he has not furnished the details of outward supplies in Form GSTR-1 or return in Form GSTR-3B for any of the previous tax periods.
 - ✓ The registered person shall not be allowed to furnish GSTR-3B for the tax period after the expiry of a period of 3 years from the due date of furnishing the such statement.
- **Due Date**
 - ✓ Monthly GSTR-3B - on or before 20th of the month succeeding the month for which return is furnished.
 - ✓ Quarterly GSTR-3B - on or before 22nd or 24th of the month succeeding the quarter for which return is furnished in case of a taxpayer opting for QRMP scheme.

B. Composition Supplier

- Every registered person paying tax under section 10 i.e. composition supplier are required to file an annual return in FORM GSTR-4

- The persons required to file GSTR-4 are also required to furnish a statement in the FORM GST CMP-08 containing details of payment of self assessed tax, for every quarter (or part of the quarter), by 18th day of the month succeeding such quarter.
- GSTR-4 for a financial year should be furnished by 30th June of the succeeding financial year.
- Consolidated details of outward supplies
 - ✓ Composition taxpayers are neither entitled for any ITC nor entitled to pass on any input tax credit to its customers (registered/unregistered). Therefore, composition taxpayers are required to provide consolidated details of outward supplies in GSTR-4 and not invoice-wise details.
 - ✓ However, details of inter-State and intra-State inward supplies received from registered and unregistered persons are to be provided invoice wise.
- If a registered person opts to pay tax under composition scheme from the beginning of a financial year, he will, where required, furnish statements/return relating to the period prior to paying tax under composition scheme till earlier of:
 - a) Upto 30/11 of next FY
 - b) Date of filing of the relevant annual return. *****
- A registered person opting to withdraw from the composition scheme at his own motion or where option is withdrawn at the instance of the proper officer will, where required, furnish
- 8. GST CMP-08 relating to the period prior to his exiting from composition scheme till 18th of the month succeeding the quarter in which the date of withdrawal/cessation falls
- 9. GSTR-4 relating to the period prior to his exiting from composition scheme 30th ~~April~~ June following the end of the financial year during which such withdrawal/cessation falls
 - A Nil GST CMP-08 can be filed through an SMS using the registered mobile number of the taxpayer. A Nil GST CMP-08 submitted through SMS is verified by registered mobile number-based OTP facility.

C. GSTR-5 - Return for Non-Resident Taxable Persons

- NRTP has to file simplified monthly return for every calendar month or part thereof. The details of outward supplies and inward supplies of an NRTP are incorporated in GSTR-5.
- GSTR-5 should be furnished within 13 days after the end of the calendar month or within 7 days after the last day of validity period of the registration, whichever is earlier
- An NRTP should pay the tax, interest, penalty, fees or any other amount payable till the last date of filing GSTR-5.

D. **GSTR-7 - Return for tax deducted at source [Section 39(3) read with rule 66]**

Normally, whenever taxable goods or services or both are supplied to a Central/ State Government's Department/ establishment or, local authority, or Governmental agencies, recipient is required to deduct tax at source under section 51 where the total value of such supply exceeds ₹ 2,50,000.

- a) The Deductor must submit a monthly return using Form GSTR-7.
- b) The details for GSTR-7 must be provided by the 10th of the month following the calendar month in which tax was deducted at source.
- c) It is mandatory to File GSTR-7 i.e. even if no tax is deducted during the month then also person registered u/s 51 have to file NIL return.
- d) Details of TDS furnished by the Deductor in GSTR-7 shall be available to each deductee on the common portal. The deducted amount can be utilized by the supplier as credit in their electronic cash ledger, for tax payment or other liabilities.
- e) The Deductor is required to issue a TDS certificate in Form GSTR-7A to the deductee within 5 days of crediting the amount to the Government.

E. GSTR – 8 - Statement for tax collection at source

- a) An ECO liable to collect tax at source shall furnish a monthly statement in Form GSTR-8. Form GSTR-8 contains the details of supplies of goods or services or both effected through ECO, including the supplies of goods or services or both returned through it and the amount of tax collected at source.
- b) Due Date - upto 10th of the month succeeding the calendar month in which tax has been collected at source
- c) These details shall be available to each supplier who supplied goods and/or services through the ECO on the common portal. TCS amount shall be credited to Electronic Cash Ledger of supplier.
- d) If after submission of GSTR-8, the ECO discovers any discrepancy therein on his own - not being the result of any scrutiny, audit, inspection or enforcement proceedings - he should rectify such discrepancy. Rectification is allowed up to earlier of:
 - i. 30th November following the end of the financial year
 - ii. the actual date of filing of the relevant annual statement [GSTR-9B]
- e) Registered Person shall not be allowed to furnish statement (GSTR-8) after the expiry of a period of 3 years from the due date of furnishing the said return or statement.

Due Date for Payment of Tax [Section 39(7)]

1. Due dates for payment of tax in respect of the persons required to file GSTR 3B and GSTR-5 are linked with the due dates for filing of such returns. However, due dates for payment of tax in respect of the persons required to file quarterly GSTR-3B under QRMP Scheme is delinked.
2. Persons paying tax under composition scheme u/s 10 & 10(2A) the due date for payment of tax and filing of GSTR-4 is delinked. They are required to pay tax quarterly by 18th of the month succeeding such a quarter.
3. NRTPs or casual taxable persons are required to make advance deposit of an amount equivalent to their estimated tax liability for the period for which registration is sought or extension of registration is sought in terms of section 27(2).

Rectification of Errors/Omissions [Section 39(9)]

- Omission or incorrect particulars discovered in the returns filed u/s 39 can be rectified in the return to be filed for the tax period during which such omission or incorrect particulars are noticed. Any tax payable as a result of such error or omission will be required to be paid along with interest.
However, rectification is not allowed where error or omission is discovered on account of scrutiny, audit, inspection or enforcement activities by tax authorities.
- Time limit for rectification of error or omission in GSTR
 - (a) 30th November of the succeeding Financial year or
 - (b) Actual Date of filing of annual return of the relevant FY, whichever is earlier.

First Return [Section 40]

1. When a person becomes liable to registration, he may apply for registration within 30 days of becoming liable. Thus, there might be a time lag between a person becoming liable to registration and grant of registration certificate.
2. During the pendency of registration, such person might have made the outward supplies, i.e. after becoming liable to registration but before grant of the certificate of registration.
3. Section 40 provides that registered person shall declare his outward supplies made during said period in the first return furnished by him after grant of registration.

Annual Return [Section 44 read with rule 80 of the CGST Rules]

1. Who is Required to Furnish Annual Return

All registered persons are required to file an annual return. However, following persons are not required to file the annual return:

- a) Casual taxable persons.
- b) Non-resident taxable person
- c) Input service distributors and
- d) Persons authorised to deduct/collect tax at source under section 51/52
- e) Person supplying OIDAR services from a place outside India to a person in India.

2. Due Date

The annual return for a financial year needs to be filed by 31st December of the next financial year.

3. Form for Annual Return

- Regular Supplier – GSTR 9
- Composition supplier – GSTR 9A
- ECO required to collect tax at source – GSTR-9B (yet to be notified)

4. Self-certified reconciliation statement

- Self-certified reconciliation statement will reconcile the value of supplies declared in the return furnished for the financial year with the audited annual financial statement.
 - All registered persons are required to file furnish a self certified reconciliation statement in Form GSTR-9C alongwith annual return if their aggregate turnover during a financial year exceeds `5 crores. Except
 - (a) Casual taxable persons
 - (b) Non-resident taxable person
 - (c) Input service distributors
 - (d) Persons authorized to deduct/collect tax at source under section 51/52
 - The department of the Central/State Government or a local authority, whose books of account are subject to audit by CAG are exempt furnishing an annual return including self-certified reconciliation statement.
5. Registered Person shall not be allowed to furnish annual return after the expiry of a period of 3 years from the due date of furnishing the said return or statement.

Final Return [Section 45]

1. Who is Required to Furnish

Every registered person who is required to furnish return u/s 39(1) and whose registration has been surrendered or cancelled is required to file a final return electronically in Form GSTR-10 through the common portal.

2. Time-limit

The final return has to be filed within 3 months of the:

- (i) Date of cancellation or
- (ii) Date of order of cancellation whichever is later.

GSTR 11 - Details of inward supplies of persons having UIN

Every person to whom UIN has been allotted shall furnish the details of the inward supplies of taxable goods and/or services on which refund of taxes has been claimed, in Form GSTR-11, along with application for such refund claim.

DEFAULT/DELAY IN FURNISHING RETURN [SECTIONS 46 & 47]

1. Notice to Return Defaulters [Section 46]

A notice shall be issued to a registered person who fails to furnish return under

- a. section 39 [Normal Return] or
- b. section 44 [Annual Return] or
- c. section 45 [Final Return] or
- d. section 52 [TCS Statement].

The notice would require the registered person to furnish the return within 15 days.

2. Late Fees [Section 47] → Removed From Syllabus.

QUARTERLY RETURN MONTHLY PAYMENT (QRMP) SCHEME

1. Registered person having Aggregate Annual Turnover (PAN based) of upto ₹5 crores in PFY can opt for QRMP scheme.
2. **Conditions of Opt-in** → Last Due return must be filed.
3. QRMP option can be exercised GSTIN wise.
4. Timeline for opting in/opting out of QRMP scheme:
Opt QRMP between 1st day of 2nd Month of preceding quarter and last day of 1st month of relevant quarter

Quarter	Time Limit To Exercise
April/May/June	1 st Feb to 30 th April
July/Aug/Sep	1 st May to 31 st July
Oct/Nov/Dec	1 st Aug to 31 st Oct
Jan/Feb/March	1 st Nov to 31 st Jan

5. Option of QRMP lapsed from following quarter when ATO exceeds ₹5 crores in current quarter.
6. Voluntarily Opt-out → Same manner as we avail QRMP.

7. Manner of Furnishing outward details:

B2B Supplies → 1st & 2nd Month → IFF(Optional)
 B2B Supplies → 3rd Month → GSTR-1
 B2C Supplies → 1st/2nd/3rd Month → GSTR-1

Due Date of IFF → 13th of the succeeding month.

Due Date of GSTR-1 → 13th of the month succeeding the quarter.

8. Concept of Invoice Furnishing Facility (IFF):

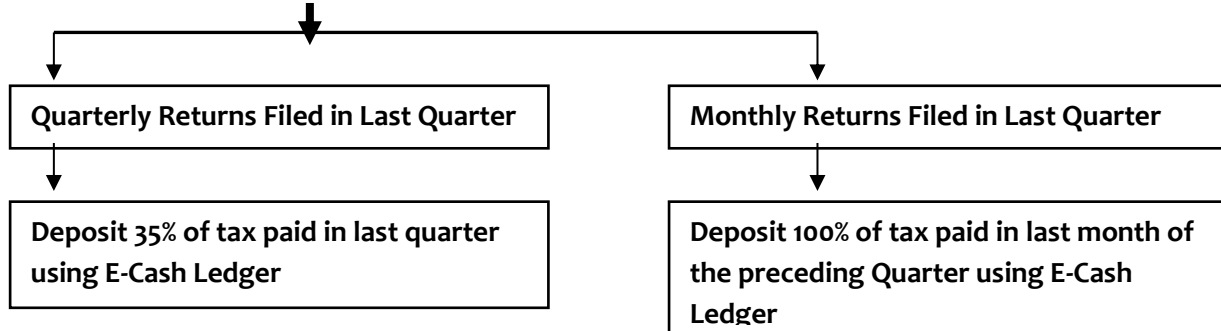
- (a) IFF is not mandatory but an optional facility made available to RP under QRMP scheme.
 (b) RP can furnish only B2B supplies under IFF for first 2 months of Quarter involving invoices, debit notes & credit note.

9. Manner of furnishing the GSTR-3B

- a) South/West/Mid States → upto 22nd of the month succeeding the Quarter.
 b) North/East States → upto 24th of the month succeeding the Quarter.

10. Payment of tax under QRMP scheme:

- a) 1st & 2nd month of the Quarter → 25th day of the succeeding month.
 b) 3rd month of the quarter → Due date of GSTR-3B

Method 1 – Fixed Sum Method

Method 2 – Self Assessment Method → Calculate Tax liability on Monthly basis and deposit amount payable

Note: No amount is required to be deposited if balance in E-cash ledger/E-credit ledger is adequate or when the tax liability is NIL.

TDS & TCS UNDER GST

Section 51 Tax deduction at source (TDS)

1. Following Person Shall Deduct Tax u/s 51

- Central Govt./State Govt. → Department/Establishment
- Local Authority
- Government Agencies
- Public Sector Undertakings
- Society Established by CG/SG under Society Act
- An Authority/Board or other body
 - Setup by an act of Parliament/State legislature
 - Where 51% or more equity/control with Govt
- Any Registered Person receiving supply of Metal Scrap from other RP (Amendment).

2. When to Deduct TDS

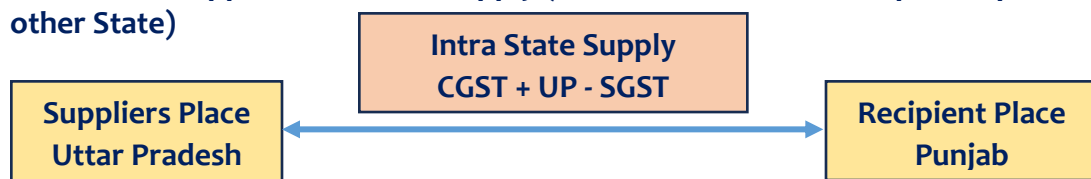
Supply of taxable Goods & or Services under a **CONTRACT** exceeds 2,50,000 excluding GST. Further TDS will be deducted even if the supplier is a composition Tax Payer.

3. TDS Rate

1% (CGST) + 1% (SGST) or 2% (IGST) on payment made or credited to supplier for taxable goods & services. [Value shall be taken for deduction of TDS, exclusive of GST shown in Invoices]

4. When not Required to Deduct TDS

- Value of taxable Supplies in a Contract Value ≤ Rs 2,50,000.
- Contract value > Rs 2,50,000 for both taxable as well as exempt supply, but the value of taxable supply under contract ≤ Rs 2,50,000.
- Exempt Supplies.
- Supply Under RCM
- Payment made to Unregistered Supplier.
- Goods / Services Supplied between person notified to deduct TDS, except in case of RP receiving metal scrap from other RP. (Amendment).
- Location of Supplier & Place of Supply (In Same State & But Recipient's place in other State)



In Such Case TDS is deduct in form of UP- State tax that would not be possible to be deducted by Recipient in Punjab. Hence TDS N.A. on Such transaction.

Analysis

Location Of Supplier	Place Of Supply	Location Of Recipient	TDS u/s 51
Uttar Pradesh	Uttar Pradesh	Uttar Pradesh	Yes
Delhi	Uttar Pradesh	Uttar Pradesh	Yes
Delhi	Delhi	Uttar Pradesh	No
Chandigarh	Chandigarh	Chandigarh	Yes
Chandigarh	Chandigarh	Ladakh	No
Chandigarh	Ladakh	Ladakh	Yes

5. Other Points

- Deductor Shall Deposit TDS Deducted by 10th of Succeeding month.
- TDS Certificate in form GSTR-7A shall be provided to deductee.
- TDS deducted shall reflect in Cash ledger of deductee.
- Failure to Deposit TDS- Interest @18% & Penalty.

Section 52 Tax Collected at source (TCS)

1. Who shall collect TCS

- Every E-Commerce Operator (Not an agent)
- Shall collect TCS from the Net Amount collected by ECO.

2. TCS Rate

0.25% (CGST) + 0.25% (SGST) or 0.5% (IGST) on Net Value of taxable Supplies.

3. Net Value = Value of G/S Supplied - Returned Supply

4. Eco Obligation

- Eco Shall File Statement in form GSTR-8 & Deposit TCS within 10 days from end of month
- Eco Shall also file Annual Statement GSTR 9-B before 31st Dec following end of FY Detailing
 - Outward Supplies of G/S Including returns made
 - Amount collected as TCS

5. TCS Not applicable in following cases

- a. Supplies Own Product through website hosted by him
- b. Supplies Different Vendor Product & amount collected by Vendor Only

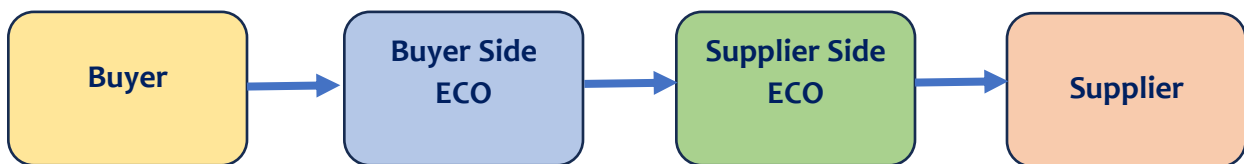
- c. Supply of Services notified under section 9(5)
- d. Exempt Supplies
- e. Recipient Required to pay tax on RCM.
- f. Supply of Services by Supplier not liable to register.

Clarifications

1. Clarification on TCS liability in case of multiple ECOs in one transaction

In the case of the ONDC Network (Open Network for Digital Commerce) there can be multiple ECOs in a single transaction - one providing an interface to the buyer and the other providing an interface to the seller.

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



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

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



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

Other Provisions Related To TCS**1. Unregistered persons with aggregate turnover upto threshold limit permitted to supply goods through an ECO.**

Person not liable for registration u/s 22 shall be allowed to make supply Goods through ECO subject to following conditions:

- (i) Restricted from making inter-State supply of goods;
- (ii) Restricted from making supply of goods through ECO in more than one State/Union territory;
- (iii) Must be having PAN
- (iv) Before making any supply of goods through ECO, declare on the common portal:
 - a. PAN
 - b. address of business and
 - c. State/UT in which such persons seek to make such supply.
- (v) enrolment number have been granted on the common portal on successful validation of the PAN declared above.
- (vi) such persons shall not be granted more than one enrolment number in a State/UT.
- (vii) no supply of goods shall be made by such persons through ECO unless such persons have been granted an enrolment number on the common portal.

Obligations Of ECO where URP makes supply through it.

- (i) ECO shall allow the supply of goods through it by the unregistered person only if enrolment number has been allotted.
- (ii) ECO shall not collect tax at source under section 52.
- (iii) ECO shall furnish the details of supplies of goods made through it by the said person in the statement in Form GSTR-8 electronically on the common portal.

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

2. Special procedure to be followed by ECOs in respect of supplies of goods through them by composition taxpayers

- a. The ECO shall not allow any inter-State supply of goods through it by the said

person.

- b. The ECO shall collect TCS.
- c. The ECO shall furnish the details of supplies of goods made through it by the said person in the statement in Form GSTR-8 electronically on the common portal.

3. Section 9(5) Tax payable by ECO on Notified Services

The Government may, on the recommendations of the GST Council, notify specific categories of services the tax [CGST/SGST/IGST] on supplies of which shall be paid by the electronic commerce operator (ECO) if such services are supplied through it. Such services shall be notified on the recommendations of the GST Council.

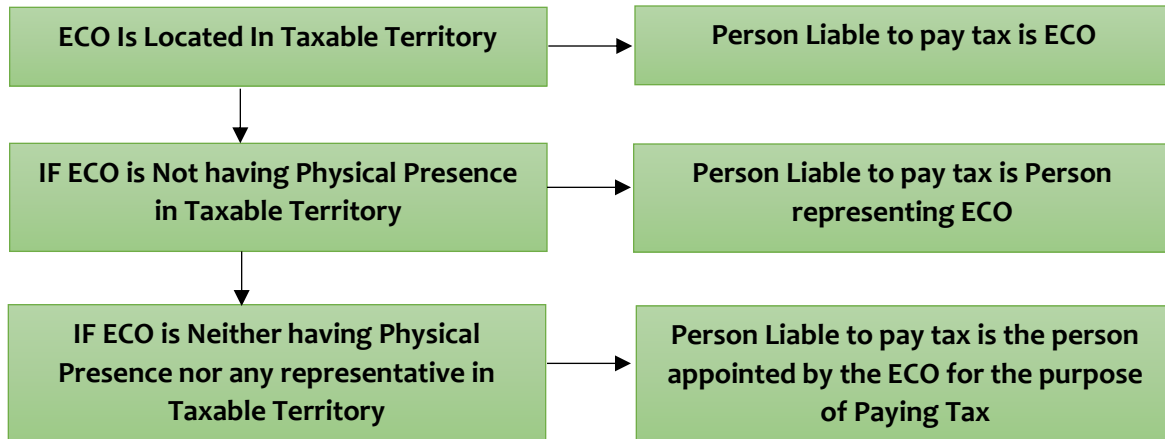
The following categories of services supplied through ECO have been notified for this purpose:

- a) **Transportation of passengers** by a radio-taxi, motorcab, maxicab, motor cycle, or any other motor vehicle except omnibus. (Eg. OLA/UBER/RAPIDO).
- b) **Transportation of passengers** by omnibus except where person supplying such service through ECO is company. (i.e. where company is supplying services through ECO, then company is liable to pay GST under Normal Charge)
- c) **Providing accommodation** in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, **except** where the person supplying such service through ECO is liable for registration. (Eg. YATRA/GOIBIBO/TRIPADVISOR etc)
- d) **House-keeping services**, such as plumbing, carpentering etc, **except** where the person supplying such service through ECO is liable for registration. (Eg. URBAN-CLAP)
- e) **Restaurant service** other than the services supplied by restaurant, eating joints etc. located at specified premises.

Note: 'Specified premises' would mean premises providing hotel accommodation service having declared tariff of any unit of accommodation above ₹ 7,500 per unit per day or equivalent.

- Tax on above services supplied through ECO shall be paid by the ECO.
- All the provisions of the CGST/ IGST Act shall apply to such ECO as if he is the supplier liable for paying the tax in relation to the supply of above services.

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



Clarification regarding GST on Services Supplied by Restaurants Through ECO

Issue	Clarification
Does ECOs have to collect TCS in respect of restaurant services so notified?	No, ECOs will no longer be required to collect TCS and file Form GSTR-8 in respect of restaurant services on which ECO pays tax under section 9(5)
Is ECO required to take separate registration for paying tax on restaurant service supplied through them?	No, as ECOs are already registered as per section 24 (as a supplier of their own goods or services), there would be no mandatory requirement of taking separate registration by ECOs for payment of tax on restaurant service under section 9(5).
Are ECO to pay tax on any restaurant services supplied through them?	Yes, ECOs will be liable to pay GST on any restaurant service supplied through them including services supplied by an unregistered person.
Does Supply of restaurant services to be included in aggregate turnover of person supplying restaurant services through ECO	Yes, Such Supplies shall be include the aggregate value of supplies made by the restaurant through ECOs.
Restaurant services provided through ECO are to be considered as inward supply for ECOs liable to RCM ?	No, ECOs are not the recipient of restaurant service supplied through them. Since these are not input services to ECO, these are not to be

	reported as inward supply liable to reverse charge.
Is ECO Liable to raise invoice in respect of restaurant service supplied through ECO?	Yes, The invoice in respect of restaurant service supplied through ECO under section 9(5) will be issued by ECO.
Can ECO utilize ITC to pay tax with respect to “restaurant service” supplied through ECO?	No, the liability of payment of tax by ECO with respect to restaurant service shall be discharged in Cash.
Would restaurant service and goods or service other than restaurant service sold by a restaurant to a customer under the same order to be billed differently? Who shall be liable for raising invoices in such case?	Yes, the invoice in respect of restaurant service supplied through ECO will be issued by ECO. And for other supplies, supplier will be liable to issue invoice for the same and ECO shall be liable to deduct TCS from the amount collected for other supplies made through it.

Tax Invoice / Dr. Note /Cr. Note

1. Who is required to issue Tax Invoice
 - a) A registered person paying tax under regular scheme shall issue the tax invoice.
 - b) A registered recipient liable to pay GST under reverse charge need to issue the tax invoice.
2. Time Limit for Issue of Invoice – Covered Under Time of Supply Chapter
3. HSN Code – Code Used to Identify Goods / Services (8 Digit Code)

Supplies T/o in Preceding FY	No. of Digit to mention on Invoice of HSN code
Aggregate Turnover \leq 5 crore	B2B Supply – 4 Digit B2C Supply – 4 Digit (Optional)
Aggregate Turnover $>$ 5 crore	6 Digit Fo all Supplies

4. Registered Person may not Issue tax Invoice if following 3 Conditions fulfilled:

- Value of Supply is less than 200/-
- Recipient is unregistered
- Recipient doesn't Require invoice

for these type of supplies during the end of the day a Consolidated Invoice can be raised

however above provisions are not applicable to Service through admission to exhibition/cinema/multiplex.

5. No. of Copies of Invoices/Delivery Challan to be issued

Taxable Supply of goods \Rightarrow 3 copies

- 1st - Recipient
- 2nd - Transporter
- 3rd - Supplier

Taxable Supply of service \Rightarrow 2 copies

- 1st - Recipient
- 2nd - Supplier

6. Bill of Supply

Composition Supplier and the Supplier of Exempted Goods shall not allowed to issue tax invoice. Instead they will issue Bill of supply.

7. In Case Supplier making taxable & Exempt Supplies together

No need to issue Separate tax Invoice for taxable as well as Exempt Supply. Supplier can issue Invoice Cum Bill of supply

8. For Receipt of Advance – Receipt Voucher
for Refund of Advance – Refund Voucher

9. At the time of Receipt of advance

- rate of tax not determinable – @ 18%
- nature of Supply not determinable – Inter State Supply

10. Revised Tax Invoice

Every Registered Person who been granted Registration Certificate from retrospective effect, Shall Issue "Revised tax invoice" (within 1 month from Date of Issue of Registration Certificate. For Period from effective date of registration to the date of receipt of registration certificate.

Eg. Person Crossed TO of 20lac on 02/04/24 he applied for Registration on 25/04/24 & Granted Registration Certificate on 04/5/24.

A Shall Issue Revised tax Invoice till 03/6/24 for Period 02/04/24 – 25/04/24.

Consolidate Revised tax Invoice can be issued only if

- Inter State B2C is less than Rs. 2,50,000 → State wise consolidated invoice
- Inter State B2C is Rs 2,50,000 or more → Recipient wise consolidated invoice
- Intra state B2C (for any value) → Consolidated Invoice

11. Delivery Challan

- Rule 55 specifies the cases where at the time of removal of goods for transportation, goods can be removed on delivery challan and invoice may be issued after delivery.
- Eg. Goods sent on approval basis, goods sent to job work, goods transferred from factory to warehouse where both are not distinct person etc
- Serially numbered not exceeding 16 characters is to be issued at the time of removal of goods for transportation

12. E-Invoicing [Invoices / Debit Note / Credit Note]

- Supplier is notified Person (i.e. Registered Person having Aggregate T/o > 5 cr [In any Preceding FY from 2017-18 Onwards])
- Supply is B2B or Export
- Notified Person–
- E-invoicing doesn't mean generating Invoice on Govt. Portal its just Reporting Invoice on Govt. Portal (Invoice Registration Portal) "IRP"
- E-Invoicing Not applicable on following:
 - i) Input Service Distributor (ISO)
 - ii) SEZ units (not developers)
 - iii) Insurance / Bank / Financial institution / NBFC
 - iv) Goods transporter agency (GTA)
 - v) Passenger transportation services
 - vi) Admission to Exhibition, Cinema, Multiplex
 - vii) Govt. Department Local authority

- However If E-Invoicing applicable and RP doesn't issue E-invoice then it shall be Considered that no Invoice has been Issued (i.e. normal invoice shall not be considered as valid invoice)

13. E-Invoicing In Case of Supplies under RCM

- **Supplier is a notified person** → E-Invoicing Applicable
- **Supplier is URP & Recipient is notified person** → E-Invoicing Not applicable

14. Dynamic QR code on B2C invoices

- All **B2C invoices** issued by a registered person whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ` 500 crores will have a QR code.
- The purpose of this provision is to **enable and encourage digital payments** where buyer can **scan the dynamic QR code and make payment** from mobile wallet directly.
- Any person, who has obtained a Unique Identity Number (UIN), is not a “registered person” Therefore, any invoice, issued to such person having a UIN, shall be considered as invoice issued for a B2C supply and shall be required to comply with the requirement of Dynamic QR Code.
- Dynamic QR code is not applicable to an invoice issued to an unregistered person by following suppliers:
 - (i) Insurer or banking company or financial institution including NBFC
 - (ii) GTA
 - (iii) Supplier of passenger transportation service
 - (iv) Services by way of admission to exhibition of cinematograph films in multiplex screens
 - (v) Supplier of OIDAR services
- No Dynamic QR code in case of exports as E-invoicing is required.
- Parameters/ details to be captured in the Dynamic QR Code Dynamic QR Code, inter-alia, shall contain the following information: -
 - Supplier GSTIN number
 - Supplier UPI ID
 - Payee's Bank A/c number and IFSC
 - Invoice number & invoice date,
 - Total invoice value and
 - GST amount along with breakup i.e. CGST, SGST, IGST, Cess, etc.

15. Document other than Tax Invoice Permitted

Supplier	
1. Insurance / Banking co. / F2 / NBFC	<ul style="list-style-type: none"> • Monthly Statement can be issued
2. GTA for transport of Goods through road	<ul style="list-style-type: none"> • Gross weight of consignment • Name of Consignor /consignee • Registration no. of Carriage

	<ul style="list-style-type: none"> • Details of Goods • GSTIN of Payee • Other Info Same as Tax invoice
3. Passenger transportation	Tickets can be issued
4. Service by way of Admission to exhibition / cinema / multiplex	E-ticket can be issued

16. Credit Note & Debit Note [Section 34]

Credit Note

In following cases credit note get issued

- Supplier Declared Value in invoice exceeds Actual Value of Supply
- Supplier charged High tax rate than applicable
- Quantity Received lower than Quantity mentioned in invoice
- Quality of Supplied Goods Services not satisfactory hence required Partial / total Reimbursement of Invoice Value
- Sales Return
- Advance Received & Invoice issued, now Refunding amount as no supply is to be made.
- Credit note Issued by Supplier will reduce his tax Liability and ITC of Recipient.

Declaration of credit note in Return.

Any Registered Person who issues credit note shall declare details of such Credit note in return of month in which Credit note issued but not later than

- 30th of November following end of FY to which original supply Relates
- Date of furnishing Annual Return

Whichever is earlier

Debit Note

In following Cases Debit note get issued

- Supplier Declared Value in invoice is less than Actual Value of Supply
- Supplier charged Lower tax rate than applicable
- Quantity supplied is higher than Quantity mentioned in invoice
- Debit note Issued by Supplier will Increase his tax Liability and recipient is eligible for ITC.
- Declare in Return of month in which Debit note issued
[No maximum time limit in Case Debit note]

E-WAY BILL

1. Background

- In normal sense way bill is a receipt or document by carrier giving details of shipment including details of consignor / consignee and origin / destination.
- E-way bill is a electronic document generated on GST portal to intimate the govt regarding movement of goods.
- E-way bill is generated before the commencement of movement of goods.
- E-way bill is generated in form GST-EWB-01 on common portal.

2. When E-way Bill needs to be Generated

- Every registered person who cause movement of goods, where consignment value exceeds 50,000/- [Including GST excluding exempt supply]
 - In relation to supply.
 - For reason other than supply.
 - Inward supply from unregistered person.
- E-way bill required compulsory irrespective of consignment value.
 - Inter state transfer of Goods by Principal to Job worker.
 - Inter state transfer of handicraft goods by person exempt from obtaining registration.

3. Who Will Generate E-Way Bill

Part	Details	Person Responsible
Part-A	Details of Goods supplied GSTIN of supplier & recipient, place of dispatch & delivery, doc no., date, value etc.	Person causing movement <ul style="list-style-type: none"> • Reg. Supplier & undertake transport → Supplier. • If recipient arranges transport – Recipients. • Unregistered supplier to registered recipient – Recipients. • Transporter, E-commerce, courier agency, if authorized by consignor.
Part B	Transporter details, Transport Doc no. Vehicle No.	<ul style="list-style-type: none"> • In case transport through road by transporter → Transporter • Transport in own conveyance/hired conveyance/ public transport → Person causing movement • Transport through rail/air/vessel → Person causing movement

In case Bill to Ship to Model

As there are 2 supplies involved but single movement of goods involved. Single E-way bill need to be generated in such case. Supplier or intermediate supplier can generate E-way bill.

- ❖ Normally E-way bill valid only if Part-B is filled.

Exception

Goods transported for distance upto 50 km within State/UT.

- Consignor place to transport place.
- Transporter place to consignee place.

4. Process of E-way bill Generation

Part A filled with consignor / consignee [slip generated and temporary no. generated].

↓

Part-B – Transporter / supplier fill details.

↓

Generation of E-way bill.

Transporter needs to take enrollment on e-way bill portal if unregistered called transporter ID (similar to GSTIN). However, if transporter is registered and registered in more than 1 state then he may for unique enrollment number by submitting details of All GSTIN.

5. Validity period of E-way bill.

Transportation Through	Validity Period
Normal Cargo	1 Day for every 200 km or part thereof
In case of over dimension cargo or multimodal shipment in which atleast one leg involves transport by ships	1 Day For every 20 km or part thereof

Note: Date of E-way bill generation period shall be counted from mid-night day on which bill generated.

i.e. E-way bill generated 2.00 pm of 19th april for Journey of 500 km so validity would be 3 days, from 12.00 am of 19-20 april that is 12.00 am of 22-23 April.

6. Transfer / Extension / Cancellation

- In case of transfer of goods from one conveyance to another.
Person making movement / transporter can update conveyance details in Part-B (any no. of times).
- E-way bill can't be edited / modified it can be cancelled.
- Cancellation of E-way bill.
Goods not transported or not transported as per details.
E-way bill can be cancelled within 24 hours of generation.

7. Blocking of E-way Bill

Following person can be blocked from generating E-way bill (as a supplier) [No registration on inward supplies].

- Composition tax Payer not furnished statement for 2 consecutive quarter.
- Regular tax payer not furnished return for 2 tax periods.
- Regular tax payer not furnished GSRT-I for 2 consecutive month / quarter.
- Whose registration suspended.

Commissioner may allow generating E-way bill.

8. Situation where E-way bill not required

- i) Transport of specified goods.
 - LNG for supply.
 - Kerosene oil for PDS.
 - Postal baggage by postal department.
 - Pearls, semi precious, precious stones.
 - Jewelry gold / silver smith except imitation jewelry
 - Currency
 - Used personal / household effect
 - Coral – worked / unworked
- ii) Transport on non-motored vehicle.
- iii) Goods transported except from GST
- iv) Alcoholic liquor for human consumption, 5 petroleum product.
- v) Goods transported to \ from Nepal \ Bhutan.
- vi) No supply item under schedule-III.
- vii) Movement of goods by Defence Ministry.
- viii) CG \ SG \ LA for transport of goods by rail.
- ix) Empty cargo container.
- x) Empty cylinder for packing LNG other than supply
- xi) Goods transported within 20 km from weight.
- xii) Good transportation
 - From custom port / airport to ICD / CFS.
 - ICD / CFS to port / airport / custom start on.