

SMAT

S O U R A B H M U T H A A C A D E M Y T A X

GST – QUIKBook

CA SOURABH MUTHA | CA INTER - JAN 2026

- THIS QUIKBook covers ALL GST CONCEPTS applicable for SEP 2025 CA INTER PAPER
- Paper 3 GST = 50 marks
- Conceptual and very scoring
- Start your tax paper with GST Questions and then GST MCQs
- Short-cuts in <<---->> are only for memory purposes
- Study from the SMAT textbook and REVISE using this QUIKBook
- Atleast 3 sums to be written and practised per chapter
- Questions mentioned in this QUIKBook refer to ICAI Study Material
- Watch my Youtube channel for revision videos, amendment video, etc.

<https://www.youtube.com/SMAT>

Chapter 1 – Introduction to GST

- Difference between Direct Tax (DT) and Indirect Tax (IDT)
 - DT is Progressive vs IDT is regressive
 - DT has narrow tax base vs IDT has wider base ie number of people paying
 - In DT the Burden is on the person earning income vs IDT burden is on the consumer
 - IDT is inflationary
- Taxes subsumed by GST
 - Centre taxes subsumed - <<Sachin Exercised at CST Station>>
 - Service Tax – Centre
 - Excise Duty – Centre
 - CST – Centre
 - Surcharges on the above - Centre

<<State taxes subsumed - <<VELLE>>

- VAT + Entertainment Tax + Luxury tax + Lottery Tax + Entry Tax = State Government
- Basic Customs Duty (CA FINAL) has NOT been subsumed under GST
- Pre-GST difficulties / Advantages of GST
 - <<Sachin's Diff Diff Cars Credited & Verified>>
 - States were unhappy with lesser share of taxes
 - There were many different indirect taxes
 - There were many different taxable events eg: Manufacturing, sales, etc
 - Cascading effect – Tax on Tax
 - Credits were difficult
 - Verification was not easy
 - **Q1**
- Composition Scheme
 - Discussed in a chapter “Charge under GST” ahead
- Need for a 101st Amendment Act, 2016
- Legislative Framework of GST:
 - Introduced on 1st July 2017
 - Different types of Acts - One CGST Act + One IGST Act + One UTGST <<CALL DD>> + Multiple SGSTs – Delhi, Puducherry and J&K are UTs that have SGST Acts
- Concept of Dual GST adopted by India
- GST is a consumption / Destination based tax since ultimate burden is on the consumer
- GST coding mechanism: HSN Codes and SAC (Service Accounting Code) to classify goods and services respectively
- Registration under GST (Discussed in detail in ‘Registration’ chapter ahead)
- Returns are to be regularly filed under GST (Discussed in detail in ‘Returns’ chapter ahead)
- GST Suvidha Providers (GSPs) and Application Service Providers (ASPs) help taxpayers under GST to deal with the GST portal
- GST Compensation Cess (GST CC) under the GST CC Act, 2017 is collected on luxury, sin goods etc. The amount would be used to compensate states in case of shortfall in GST collection. Such CC was to be created for a period of 5 years from FY 2017-18 and has been extended again for 5 years till 31st March 2026.
- <<GST is JAIN>> - GST will never apply on alcohol for human consumption
- No GST on Petrol, Diesel, Crude Oil, ATF, Natural Gas at present, however it may be notified by the GST Council + Government
- GST as well as excise duties, both, to be applied on tobacco, opium, hemp, etc.
- ‘Exempt Supply’ under GST <<Exempt has three Ns>>
 - Non-taxable supply;
 - Nil rate of duty; and
 - Exempted through Notification;
- Intra-state supply: CGST and SGT both on such supply
- Inter-state supply: IGST on such supply
- GST Portal <<MAARC>>
 - Matching + Application + Analysis + Returns + Computation
- Need for Constitutional Amendment while introducing GST
 - Old Article 246 has three lists - Union, State and Concurrent List for levying tax
 - New Article 246A <<amended>> – For concurrent powers of tax by the centre and states

- New Article 269A <<amended>> – For apportionment of IGST
- New Article 279A <<amended>> – GST Council
 - Headed by the Union Finance Minister + State representatives
 - Centre has 1/3% votes and states have 2/3rd votes
 - However, decision to be passed by 75% majority
 - Decisions taken by GST council are as under:
 - <<All chapter names eg: Exemptions, registration, etc>>

Chapter 2 - Value of Supply

- GST is ad-valorem ie levied as a percentage of value and hence it is important to determine the 'Value of Supply'
- Section 15 of the CGST Act – deals with VOS <<Realise value of things at Age 15>>
- Section 15(1) – Transaction Value (TV) (ie the price finally agreed upon)
 - Such TV may be considered if the following conditions are satisfied
 - 1) Price paid is the sole consideration (ie no barter or exchange) &
 - 2) Buyer and Seller are not 'Related Persons'
- 'Related Persons' <<A Family Can COPE 25%>>
 - Agent of the person
 - Family members – Self, Spouse & children always, while parents, grand-parents and siblings only if dependant
 - Person having control
 - Persons having common control
 - Officers of the company
 - Partners of a firm/LLP
 - Employees and Employers
 - Person having 25% of more voting rights
- Section 15(2) – Additions to the TV <<Tax These Items In Supply>>
 - The following amounts are added to the TV since the government wants GST on them as well
 - Add: Taxes other than GST and TCS eg: Municipal taxes paid on rent are to be added to TV
 - Add: Linked to the supply any third party payments made by the recipient which were actually the liability of the supplier
 - Add: Incidental expenses collected or to be collected eg: Packing, delivery, testing, weighing, etc (Please note: if the contract is for delivery to the buyer's premises (this type of delivery is called FOR delivery) then the delivery charges would be added to the TV. However, if the contract for supply is on ex-factory basis where buyer pays the freight and insurance, the same will NOT be included in the value of supply of goods)
 - Add: Interest, late fees, penalty only if actually received from the buyer. While adding interest, in case amount given includes GST then such GST to be excluded before adding the same above.
 - Add: Subsidy received which is linked to the supply, except govt subsidy
 - **Q2, Q3, Q4, Q5, Q6, Q7, Q9,**
- Section 15(3) – Deductions in value

- The following amounts are to be deducted from TV since government does NOT want GST on the same
- Invoice discount
- Post supply Discount <<TIC discount>>
 - Terms are agreed at the time of supply + Invoice-wise discount is given + Credit is reversed of excess amount
 - Eg: Cash payment discount, early payment discount, Staggered Discount are <<TIC>> discounts
- Additional Points
 - Ex-factory basis and Free on board (FOB) basis are different modes of delivery;
 - When the sum states that the price is INCLUSIVE OF SUBSIDY then the same has already been deducted
 - No Claim Bonus (NCB) given in insurance policies is an upfront discount and should be deducted while calculating VOS

Chapter 3 - Supply under GST

- **Definition of 'Goods'**
 - Goods includes everything movable except <<IMS>> Immovable property, Money and Securities (PLEASE NOTE: numismatic currency ie old currency not in circulation when bought and sold are considered as goods and subject to GST)
 - Things which are attached to the land and agreed to be severed before sale will be considered as goods eg: timber
 - Derivatives are also securities and hence not goods
- **Services**
 - Everything except <<GIMS>> ie Goods, Immovable property, Money and Securities
 - However, currency exchange service charges and brokerage are services
- **Business** – Includes any trade, commerce or manufacture including services provided by a club/ society to its members
- **Types of supply**
 - Taxable Supply
 - Zero-rated supply – Export supply and supply to SEZs
 - Exempt Supply <<exempt includes 3 Ns discussed earlier>>
 - Personal supply
- **Supplier** – includes agent of the supplier
- **Recipient** – person who pays the consideration, or who receives the goods, including agent of the recipient
- **Supply** means sale, transfer, barter, lease, rental, etc. Supply is the only 'taxable event' under GST. Supply is dealt with under Section 7 of the CGST Act.
- **Deemed distinct persons** – Persons under the same PAN having different registrations will be considered as DDPs.
- **Consideration** – QUID PRO QUO ie something in return. Consideration can be monetary or non-monetary.
- **Actionable Claims (AC)** – Any unsecured debt, lottery, betting, gambling against which one can demand money. Secured debt is not AC.
- **Taxable Territory** - India

- **SUPPLY** - Earlier regime has various taxable events eg: manufacture, sale, etc., while GST only has one taxable event
 - **Q1**
- **Section 7(1)(a)** – Supply will be taxable only if it satisfies two conditions: <<A = B + C>>
 - It is in the course of or for furtherance of BUSINESS
 - AND It is for a CONSIDERATION eg: sale of bike by EBC is supply, however sale of second hand bike by you on OLX is not a supply and hence no GST
 - Eg: Football player given a car for an advertisement is consideration since quid pro quo
 - Even receipt from a third party on behalf of recipient is consideration
 - Amount received for not doing a thing is also consideration for supply of service of not doing the thing: eg: Non-Compete fee
 - Tolerating non-performance of a contract eg late fees, etc are also consideration
 - Donations given to charitable organisations is not supply since no quid-pro-quo, unless the said donation has a business condition attached, eg: poster to be displayed.
 - Artwork sent to galleries by artists is not supply since there is no consideration, yet.
 - Supply made by a club, association, etc is also considered in the nature of business
 - No claim bonus on insurance contracts is a discount and is not considered as supply
- **Section 7(1A) – Schedule II** – Whether Supply is of goods or services or both depends upon 'TITLE' Transfer
 - Transfer of 'Title' whether at present or at a future date is transfer of goods
 - Eg: Bike sold, bike sold on EMI, Bike sold on hire purchase = Supply of goods
 - Eg: Bike given on rent, etc = supply of services
 - The following will always be supply of services – Works Contract services, restaurant services, tenancy rights transfer and sale of undivided share in property
 - Building is immovable property and is not subject to GST but sale of under Construction building is considered as supply of construction services and is subject to GST
 - **Q5, Q7, Q8, Q9**
- **Section 7(1)(b) – Importation of services** <<b = bahar se services>> <<b doesn't necessarily require b ie business>>
 - Importation of services for a consideration will be considered as supply whether in the course of business or otherwise
 - Eg: import of services of architect for renovation of showroom is subject to GST
 - Eg: import of services of architect for renovation of home also is subject to GST, since no business furtherance is required
 - **Q10**
- **Section 7(1)(c) – Supply without consideration** <<C does not require C>>
 - Supply without consideration (also called free supply) if provided in the course of business may also be considered as supply and GST would be charged in certain cases only as stated below:
 - It should fulfil any of the four conditions of Schedule I <<Related Agent Imported BA>>
 - Free supply to **Related Parties** w/o consideration – supply between related / DDPs without consideration is also supply. << Family Can COPE 25%>> (family includes 'self, spouse and children always while 'Parents, G-Parents and siblings' only if wholly dependant) (PLEASE NOTE that while employer and employee are considered

as related persons however, gifts upto 50,000 pa given to employee free of cost is not considered as supply)

- Free supply to **Agent** w/o consideration – Supply of goods by principal to his agent w/o consideration (Agent is agent for GST purposes only if he issues his own invoice)
- **Free Importation of services ie w/o consideration** – but has to be from a related party
- Supply / disposal of **Business Assets** w/o consideration
 - Should be a permanent transfer ie not sent for job-work, testing, repairing, etc.
 - ITC should have been availed on the business assets
 - Eg: Free gifts, Donation or business assets are also considered as supply
- **Q2, Q3**
- **Nov 20 – Q 8(c) – 5 marks**
- Del-Credere Agent <<Demands Credit Agent>> – Is a regular agent who sells goods with one extra function – ensures recovery of consideration. When DCA is treated as an agent, then interest is to be added to the VoS. If DCA issues own invoice, then interest charges to be added, else not to be added.
- **Schedule III – Supply that is neither supply of goods nor services, hence no GST on such supply**
 - The following are 'not taxable' <<Employee Partner Director Moved Govt Constitution Court License AC Burial MPS>>
 - SALRY paid to employees (Compensation on premature termination is also part of salary and hence no GST) (even salary paid to casual workers is under Schedule III) (however, does not cover services under contract)
 - SALARY paid to partner
 - SALARY paid to *executive director*. *Executive Directors receive salary and other benefits vs Non-executive directors who do not receive salary*
 - MOVEMENT of vehicles, buses, lorries, trucks, trains and aircraft (unless movement is for sale)
 - SALARY paid to Government positions as required by the Constitution
 - SALARY paid to constitutional posts – Chairman, members of constitutional bodies
 - COURT Fees
 - Alcohol LICENSE
 - ACTIONAL CLAIMS except lottery, betting and gambling
 - BURIAL, cremation, ambulance services
 - SALARY paid to MPs, MLAs, Members of Panchayats
 - **Q6, Q13, Q14**
- **Composite & Mixed Supplies**
 - When two or more goods are supplied together for a single consideration the same can be considered as mixed or composite supply as under:
 - Composite Supply <<No Problem>>
 - NATURALLY Bundled
 - PRINCIPLE supply can be identified
 - Principle supply's GST rate will apply
 - Eg: Mobile phone and charger, Hotel and bfast
 - Online shopping and delivery is composite supply
 - **Mixed Supply**

- Not naturally bundled and no principle supply
- GST rate will be the highest rate applicable on the different products in the supply
- Rent of two floors for different purposes, leased together in a single agreement is mixed supply and subject to higher rate of GST
- Toothbrush and Tooth paste
- **Additional Points:**
 - No GST on perquisites/ benefits given by employer since it is under employment contract
 - Payments for breach of contracts, liquidated damages, cancellation charges, tolerating non-performance of contract etc are supply of services. Except penalties levied by the government.
 - Cheque dishonor fine or penalty is not a consideration for any service and not taxable.
- **Q4, Q11, Q12**

Chapter 4 - Charge of GST

- Intra-state supply – CGST + SGST will apply
- Inter-state supply – IGST will apply
- Definition of India – Territorial Waters + Continental Shelf + Exclusive Economic Zone (EEZ) (upto 200 nautical miles)
- **Section 9(1) CGST Act, 2017 – Forward Charge Mechanism (FCM)** applicable on most supplies
 - In case of FCM GST to be borne by the recipient
 - Such GST to be collected and paid to the govt by the supplier
- **Section 9(2) – FCM would be applicable on the 5 petroleum products, when notified**
- **Section 9(3) and 9(4) – Reverse Charge Mechanism (RCM)**
 - <<R for Reverse and R for Recipient>>
 - Under RCM, supplier will not charge any GST, however, GST will be paid by the recipient under RCM
 - Recipient to get registration if not already registered
- **RCM on services <<Some Resident Lawyers Lending Cars Met RBI, GG, DIG AT CCD Sponsored Bfast Reversed BC>>**
 - The following services have been notified and will be taxable under RCM
 - **Security Services** – Provided by supplier (should not be a company) to registered entities (exceptions: services provided to government and Composition Scheme Dealer 'CSD')
 - **Renting of residential property is exempt if i) rented to unregistered persons or ii) rented to regd proprietor only for residential purposes. In all other cases it will be subject to GST under RCM**
 - **Legal Services** – provided by lawyers to big business entities (turnover in previous year more than threshold) (also refer to exemptions chapter for legal services)
 - **Lending of Securities** – Provided to SEBI registered entities
 - **Car renting (with fuel)***- provided by supplier (should not be a company) to company <<C for Company, Car>>

- **Music composition services** (also photographer, artist) – Provided to music companies
- Services by overseeing committee of **RBI** to RBI
- **Government Services** – provided to business entities (except PAT ie Postal, aircraft/vessel leasing, transport of goods & passengers which are taxable under FCM)
- **Government services** – Renting immovable property provided to Registered entities <<R for renting and Registered entities>>
- **Directors** services to companies (other than salary payment) (Salary is covered under Schedule III ie non-taxable discussed ahead)
- **Insurance agent services** – provided to insurance companies
- **Goods Transport Agency*** - provided to registered entities and Pfirms (regd or not) (GTA services are covered in exemptions chapter in detail)
- **Author services*** - provided to publishing companies (taxable under GST)
- **Tribunal Services** – Services provided to business entities (similar to legal services)
- ****Construction Companies** – Long term lease services (more than 30 years lease)
- ****Construction Companies** – FSI and TDR services (Construction services are covered in exemptions chapter in detail)
- **Direct Selling Agent Services (should be individuals Only)** – services provided to banks, insurance companies, etc.
- **Sponsorship services** if the recipient is a Company or Partnership Firm
- **Business Facilitator services** – provided to banks
- **Recovery agent** services to banks – provided to banks, FIs, etc.
- **Business Correspondent** Services – provided to banks.
- The above RCM tax has to be paid by the recipient only through cash ledger, it cannot be paid using ITC
- *Option of paying GST on FCM basis as well
- *GTA has option to charge 5% on RCM without getting ITC or charge 12% on FCM and take ITC
- **Section 9(5) – Taxation of E-Commerce transactions <<HTHR>>**
 - In case of following notified services, the GST would be payable by the E-commerce Operators (ECOs)
 - Housekeeping services + Taxi Services + Hotel Services + Restaurant services (Notification No 17/2017)
 - If hotel or housekeeping person is registered, then in that case, they also may pay
 - ECO not having physical presence in India should have a person liable for paying the said tax
 - Food ordered from restaurants in hotels having room rent > 7,500 will not be included u/s 9(5) ie GST to be paid by such restaurant and not ECO.
- HSN Codes used for classification of goods
- SAC Code used for classification of services
- **Section 10(1) – Composition Scheme. Eg: 1000 Rs Shoe Store**
 - Under GST a person can choose to be registered under the regular scheme (RS) or Composition Scheme (CS) as under
 - The CS is a simple, easy scheme for small taxpayers.
 - **Step 1:** CS can be availed only by <<TRM>> ie traders, manufacturers and restaurant service providers
 - **Step 2:** Check 'aggregate turnover' in the preceding year

- Aggregate turnover = All OUTWARD supplies made under one PAN excluding <<IIGN>> Interest, Inward supplies, GST on such outward supplies and Non-taxable Schedule III supplies
- **Section 10(1)** – CS can be chosen in a year only if Aggregate turnover is upto 1.5 crores in most states and upto 75 lakhs in Special Category States <<NE States except Assam but including Uttarakhand>>
- <<One PAN – One Scheme – One Turnover>>
- Step 3: After choose the CS, taxable person cannot do the following
 - **Section 10(2)** <<Casually Needing Ice-cream Studying Income-tax Online>>
 - Casual Taxable Person
 - Supply non-taxable goods (NIL and Notification exemption can be supplied)
 - Manufacture of prohibited goods eg: Pan masala, Ice-cream, tobacco, aerated drinks, bricks/tiles <<PITA Bread>> (trading of such goods can be done)
 - Supply of services
 - INTER STATE supplies
 - Online supplies
- CSD has to be pay 1% / 5% / 1% respectively in case of TRM respectively. However, such GST cannot be charged or collected from customers, it has to be paid by CSD itself.
- One can register and choose such CS anytime, however, persons already registered may switch to CS only on 1st April
- Proviso to Section 10(1) - **Marginal services** allowed under composition scheme
 - While services are not allowed to be supplied under CS the following is permissible:
 - Marginal services upto higher of:
 - 10% of last year's turnover or
 - 5 lakhs
 - ILLUSTRATION
- Withdrawal from the scheme
 - One may withdraw Voluntarily
 - Automatic withdrawal <<Casually Needing Ice-cream Studying Inter Online>> - on doing any of the above or on crossing the turnover of 1.5 crores or 75 lakhs respectively. On automatic withdrawal, registered person to file intimation within 30 days from such occurrence.
- **Section 10(4)** Under CS, GST to be collected from consumers and No ITC can be taken
- CSD to issue Bill of Supply instead of a tax invoice
- If chosen such CS to be chosen for all the entities under the same PAN
- **Q6, Q7, Q8, Q9**
- **Section 10(2A) – Small Service Provider Scheme** <<Casually Needing Ice-cream Studying Inter Online>> - This was notified in 2019
 - This scheme is similar to composition scheme but for 'small service providers'
 - Aggregate turnover in the PY to be upto 50 lakhs
 - GST Rate under this scheme is 6% (CGST 3% and SGST 3%)

- Ineligibility under this scheme same as above scheme In the first year of registration u/s 10(2A), the supply from 1st April till the threshold limit of 20 / 10 lakhs will not be considered for the purpose of tax liability
- **Q10, Q11**

Chapter 5 - Registration

- Definitions:
 - Online Information and Database Access or Retrieval (OIDAR), TDS/TCS persons, Input Service Distributor (ISD), Job Worker are CA FINAL Concepts
 - NRTP & CTP, PPoB, APoB, UIN, Aggregate Turnover, prohibited goods, Agriculturist, Handicraft goods (primarily made by hand)
- **Benefits of Registration** – Only registered persons can charge GST to customers and avail ITC on inputs, etc.
- **Section 24 – Compulsory registration**
 - **Always check for Compulsory registration** first
 - The following person need to be compulsorily registered, irrespective of turnover: <<i>CREATION</i>>
 - E-commerce Operator (also persons supplying GOODS on ECOs) + Casual Taxable Person (CTP) + RCM Recipients (Persons liable to pay tax under RCM) + ISD + Non Resident Taxable Person (NRTP) + TDS / TCS persons + OIDAR + Notified persons + Agent of a taxable person + Inter-state suppliers**
- **Section 22 – Persons liable to register based on aggregate turnover**
 - If Section 24 does not apply then check for registration requirement under Section 22, based on aggregate turnover
 - Supplier needs to register only if 'aggregate turnover' exceeds the specified limits.
 - **Category 1:** Check for <<i>PIGS</i>> ie a) Cannot supply PROHIBITED goods, b) Cannot supply INTER state c) Only supplies GOODS, d) Not in special STATES of <<i>N T MaMi</i>> or <<i>PUTSAM ie Puducherry, Uttarakhand, Telangana, Sikkim, Arunachal Pradesh, Meghalaya</i>> then 40 lakhs limit,
 - **Category 2:** check for <<i>N T MaMi</i>> ie States of Nagaland, Tripura, Manipur & Mizoram ie then 10 lakh limit
 - **Category 3:** 20 lakh limit for everyone else not forming part of above
 - Aggregate Turnover is same as composition scheme – ie all outward supplies except <<i>IIGN</i>>
 - Aggregate turnover shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals.
 - <<i>One PAN = One Turnover = One Scheme</i>>
 - If a person with places of business in different States across India has one branch in a Special Category State eg: One entity is in NTMM, then the threshold limit for GST registration will be reduced to Rs. 10 lakh <<i>rotten apple</i>>
 - Registration required only for a place of business from where **taxable supply** takes place
- Section 22(3)
 - When business carried on by taxable person is transferred on account of succession OR OTHERWISE, new registration is required from date of transfer (since PAN number changes)

- Section 22(4)
 - When there is an amalgamation or demerger of companies, new registration is required from incorporation date (since new company hence new PAN and hence new registration)
- **Section 23 – No Registration needed for the following persons**

<<HEARS >>

 - Persons supplying notified ***Handicraft** Goods will not require registration even in case of inter-state supplies or CTP supplies or through ECO <<ICE>> upto aggregate turnover of 20 lakhs / 10 lakhs as the case maybe
 - **Persons exclusively making Exempt supplies**
 - **Agriculturist** (ind or HUF) from cultivation of land
 - Persons making supplies all of which are subject to **RCM**
 - Persons making ***Inter-state** supply of taxable services (or even supplies on ECOs) upto 20 lakh / 10 lakhs as the case maybe even if supplied through <<ICE>>
 - **ILLUSTRATION 1, 2**
 - **Q3, Q4, Q5, Q6, Q7**
- **Section 25 – Registration Procedure**
 - Persons liable to register must apply within 30 days of becoming liable. Only if applied within 30 days then effective date of registration is the date of application <<liable & proactive>>
 - Under GST State-wise registration is needed (no registration required in states making non-taxable supplies, eg: Textile store in once state and petrol pump in another state)
 - Separate registrations in the same state is optional, but once opted all verticals to have separate registrations <<all together or all divided>>
 - SEZs to have separate registration
 - 25(3) – Voluntary registration can be obtained
 - 25(4) and 25(5) – DDPs
 - 25(6) & 25(7) – PAN is mandatory except NRTP
 - 25(8) – Suo-moto registration by proper officer. Such suo-moto registration can either be 1) converted into full time registration by the taxable person within 90 days or 2) appealed against
 - 25(9) – UIN. A person having UIN is not registered person and thus, is not a taxable person. Embassies, Consulates, UN offices obtain UIN.
 - 25(6A to 6D) – Aadhaar authentication mandatory from 1.4.2020
 - Rule 10A - Bank details may be uploaded within 45 days from DOR
 - Registration timelines <<dial 777>> ie Officer to intimate within 7 days, reply to be filed within 7 days and officer to decide within 7 days (Deemed registered if officer doesn't action out)
 - 30 days limit in case aadhaar is not verified or officer seeks physical verification. Such verification is not needed in case of foreign citizens, government, govt dept, PSU, UIN holders.
 - Physical verification is discretionary
 - GST Number is a 15 digit code
 - Registered person to declare his PPOB and APOB. Registration certificate is compulsory at PPOB and all APOBs
 - **Q1, Q2, Q9, Q9, Q10, Q11, Q12, Q13, Q14, Q15, Q19, Q20, Q21**
- **Section 26 – Deemed registrations** <<Hum Saath Saath Hai>>

- If registered under one Act, then registered under all Acts. Same also applies to cancellation and rejection.
- **Section 27 – CTP and NRTP <<27 days Delhi exhibition>>**
 - CTP and NRTP
 - CTP is registered in one or more states but wants to temporarily make supplies from another state
 - NRTP is not registered in India but temporarily wants make supplies from India
 - CTP and NRTP require to apply for mandatory registration atleast 5 days before business starts
 - Validity of Registration is for period applied for or max 90 days <<A90>> which can be further extended only ONCE by <<A90>>
 - GST needs to be paid in advance based on estimated supplies
 - NRTP is the only person who does not require PAN to get registered. NRTP to submit: Foreign registration details, PAN of Indian representative and Passport details of foreign representatives
 - **Q17**
- **Section 28 – Amendment to registration**
 - Registration Certificate and UIN both can be amended for changes
 - Core fields <<CAN>> be changed but need approval, core fields – Constitution change, Address change and Name change
 - Non-core fields are changed on self-verification
 - Change in PAN cannot be amended, fresh RC needs to be obtained
 - Application for amendment within 15 days of the change
 - 15-15-7 is the code for this ie application for change within 15 days, reply within 15 days and further reply within 7 days
- **Section 29 – Cancellation or suspension of Registration**
 - Manner of cancellation:
 - **Voluntary cancellation** u/s 29(1) – one may apply for cancellation on account of closure of business, sale of business, death etc. All liabilities need to be paid off before such cancellation.
 - **Cancellation by GST officer** u/s 29(2) – Officer may cancel registration in te foll cases: <<Can Immediately Commence 36 Frauds>> <<Miss 99 ITC>>
 - Contravention of the Act
 - Issuing invoices without supplying goods or services
 - Not commenced business for 6 months
 - Composition Scheme Dealer (CSD) has not furnished returns for 3 months are the annual due date and regular scheme persons have not furnished returns for 6 months (if filing quarterly returns then 2 quarters)
 - If registration has been obtained using <<FMS>> Fraud, misrepresentation or suppression of facts
 - Mismatches in GST returns
 - Not fulfilling requirement of Rule 86B (discussed in ITC chapter)
 - Availing ITC in contravention of Section 16
 - date to be decided by the dept

- During the pendency of cancellation, the registration may be suspended during which Registered person cannot make taxable supplies, or issue invoices, or take ITC or create EWBs
- Cancellation under one Act leads to cancellation under other Acts
- Procedure for voluntary cancellation:
 - Apply within 30 days
 - Furnish details of inputs
 - Order of cancellation within 30 days
 - On cancellation the credit and cash ledger will need to be debited by the amount of ITC on the inputs or the output tax payable, whichever is HIGHER
- Taxpayer would not be allowed to file return for the period after date of cancellation mentioned in the cancellation order. However, he can submit returns of the earlier period
- UIN cannot be cancelled
- **Amount payable on cancellation of registration (Discussed in detail under ITC Chapter)**
 - A registered person whose registration is cancelled will have to debit the electronic credit or cash ledger by an amount equivalent to:
 - input tax credit (ITC) in respect of:
 - stock of inputs and inputs contained in semi-finished/finished goods' stock or
 - capital goods or plant and machinery
 - on the day immediately preceding the date of cancellation, or
 - the output tax payable on such goods
 - whichever is higher, calculated in such manner as may be prescribed.
- Final Returns needs to be filed in the case of cancellation of registration
- **Q18, Q22**
- **Section 30 – Revocation of cancellation**
 - Revocation may be applied for only in case of cancellation by GST officer u/s 29(2)
 - Apply for revocation within 90 days from receipt of cancellation order
 - Period can be extended on application and as deemed appropriate by the GST officer
 - Order of revocation to be passed within 30 days
 - If registration was cancelled for return filing, then returns need to be filed before applying. Post cancellation returns need to be filed within 30 days from order of revocation
 - Deemed revocation of cancellation if person has filed all the pending returns.

Chapter 6 - Time of Supply

- **Definitions:** Vouchers, Interest, late fee, Continuous Supply of Goods and Continuous supply of services
- Time of Supply (TOS) is important because TOS establishes the liability to pay GST to the government.
- For TOS, EARLIER the better for the
- Separate provisions and sections for TOS of goods and services

- Sections 12 and 13 deal with TOS for goods and services respectively <<time when you see the watch is always 12 or 13>>
- **Section 12(1) and 13(1)** are introduction sections
- **Section 12(4) and 13(4)** TOS in the case of VOUCHERS <<we always gift 4 vouchers>>
 - If identifiable, then Date of purchase (DOP) will be TOS,
 - else, Date of Redemption will be TOS
 - **Q9**
- **Section 12(6) and 13(6)** TOS in the case of interest, late fee, penalty, etc <<interest is always charged on late fee at 6%>> –
 - TOS is the date of RECEIPT of such amounts by the supplier
 - **Q14**
- **Section 12(3)** – TOS in the case of supply of goods under RCM - <<Recipient Pays In31 Entirely>>
 - TOS will be earliest of the following:
 - Date of RECEIPT of goods
 - Date of PAYMENT (in books or bank account, whichever is earlier)
 - 31st Day from the date of INVOICE
 - If none of the above are known, then date of ENTRY in books of accounts
 - All things to be seen from recipient's perspective in the case of 12(3)
 - **ILLUSTRATION 3, 4**
- **Section 13(3)** – TOS in the case of supply of services under RCM - << Pays In61 Entirely>>
 - TOS is earliest of the following:
 - Date of PAYMENT (books or bank account, whichever is earlier)
 - 61st Day from the date of INVOICE
 - If none of the above are known, then date of ENTRY in books of accounts
 - All things to be seen from recipient's perspective in the case of 13(3)
 - PLEASE NOTE: Import of services is taxable under RCM and hence subject to Section 13(3). However, if importation of services is from AEs, then invoice is to be ignored and hence TOS will be earlier of 1) Date of receipt of payment or 2) date of passing entry.
 - **Q4, Q5, Q10, Q13**
- **Section 12(5) and 13(5)** TOS in RESIDUARY cases
 - TOS is earlier of date on which return is filed and Tax is paid
- **Section 12(2)** is TOS in the case of supply of goods under FCM - <<I Demand Payment>>
 - TOS will be Earlier of –
 - Date of INVOICE, or
 - *Due Date of Invoice, or
 - Date of PAYMENT from supplier's perspective (book or bank account, whichever is earlier)
 - Notification 66/2017 – Advance payment is not to be considered to determine TOS u/s 12(2)
 - ***Due Date in case of Goods is as per Section 31(1)/(4)/(7) - <<147>>**
 - Section 31(1) – General provision - Invoice to be issued before or at the time of REMOVAL/DELIVERY
 - Section 31(4) – In case of Continuous Supply of goods (continuous supply of goods does not require a minimum period) - Invoice before successive statements / payments

- Section 31(7) – In case of sale on approval basis - Invoice before or at earlier of date of approval or 6 months from date of removal
 - **ILLUSTRATION 1, 2**
 - **Q6, Q7, Q8, Q15**
- **Section 13(2)** – TOS in the case of services chargeable under FCM <<IP or PP>>
 - <<IP>> If invoice is issued within **due date then earlier of
 - Date of INVOICE or
 - Date of PAYMENT
 - <<PP>> If invoice is issued late (not within **due date) then earlier of
 - Date of PROVISION of services or
 - Date of PAYMENT
 - ****Due date of invoice in the case of supply of services as per Section 31(2)/(5)/(6) - <<256>>**
 - Section 31(2) – General Services - Within 30 days from date of provision of services (45 days in case of banks, financial services, etc)
 - Section 31(5) – In case of continuous supply of services (continuous supply of services requires supply for minimum 3 months) – before <<DRC>> Due Date of payment, or payment date or completion event in that order
 - Section 31(6) – In case of cessation of services, before or at the time of cessation of services
 - **ILLUSTRATION 4, 5, 6, 7**
 - **Q11, Q12**
- Once TOS is established, tax will be paid to the government with a return by the 20th of the next month
- In case of excess payment upto 1000 INR in the case of 12(2) and 13(2) – TOS can be considered as the next invoice date or the receipt date, at the option of the supplier

Chapter 7 - Input Tax Credit

- Inputs, Input services and capital goods – eg: Batteries are inputs, CA Services are input services and tempos are capital goods
- GST paid on Inputs, input services and capital goods can be availed as ITC subject to following conditions:
- **Section 16(1) – two conditions for availing ITC <
>**
 - Input or input services or capital goods should be USED or INTENDED TO BE USED for the purpose of BUSINESS
 - Person should be REGISTERED
- **Section 16(2) – Conditions to avail ITC. All the four conditions u/s 16(2) to be fulfilled <<DR GR>>**
 - DOCUMENT – Invoice, or Self-generated invoice, or any other tax paying document is needed
 - Supplier needs to upload invoice details (GSTR1) which is auto-populated in GSTR-2B of the respective recipients
 - In case invoice detail is not uploaded, recipient cannot take ITC
 - **ILLUSTRATION 1, 2**
 - RECEIPT of goods

- ITC can be availed even on deemed receipt in the case of 'Bill to ship to' model
- In case of goods received in lots, ITC can be availed only on Receipt of last lot and no ITC can be availed proportionately before that.
- GOVERNMENT should get the tax amount
 - While the supplier needs to pay tax to the govt the recipient need not make any immediate payment to such supplier
 - **However, as per Rule 37** – Recipient to make payment to supplier within 180 from date of invoice. If not paid, then 1) the credit availed will have to be reversed in the month in which such 180 day period comes to an end, interest on such ITC will be payable at 18% (from the date of availing credit till the date of payment of this amount to the govt)
 - However, when amount is finally paid after 180 days, re-credit of the GST amount will be allowed again
 - Rule 37 does not apply in three cases: <<FTR>>
 - Supply made Free ie without consideration or
 - Payment for such supply is to be made to a Third party or
 - Supply is taxable under RCM
- RETURN to be filed by the person taking the ITC (Section 39 discussed in 'Returns' chapter)
- **Q2, Q3, Q9, Q18, Q19**
- **Section 16(3) – ITC in the case of capital goods**
 - If GST is Capitalised ie taken to the balance sheet, then no ITC can be availed
 - If GST not capitalised, then ITC can be availed
 - **Q6, Q8**
- **Section 16(4) – ITC has an expiry period and should be taken to the credit ledger before it expires**
 - ITC of a particular year can be availed only upto EARLIER of the following two dates:
 - a) 30th November or b) Annual Return filing date (ARFD)
 - Once taken to the credit ledger it can be used whenever required
 - Debit notes and invoices, although linked, have different expiry dates.
 - **Q4**
- **Rule 37A - The registered person can avail credit in GSTR-3B when the invoice has been uploaded in GSTR-1 by the said supplier. However, in case payment of the GST is not made by the supplier, then the recipient needs to reverse the credit by 30th Nov of the subsequent year. Else amount would have to be paid alongwith interest @18%.**
- **Section 17(5) – Blocked Credit**
 - Certain ITC even though normally eligible has been blocked by the Act u/s 17(5) as under
- **Section 17(5)(a)/(aa)/(ab) – GST on <<VAM>>**
 - ITC is allowed on <<VAM>> ie Vessels, Aircrafts and Motor-vehicles only if <<GST-Please>> ie for the following purposes:
 - Transportation of GOODS, SAME line of business ie sale or renting of VAMs, TRAINING on VAMs, PASSENGER transportation* more than 13 passengers, else no ITC
 - *ITC for motor vehicles other than VAM GST – ie for passengers is only when 13+ seater vehicles including driver

- If ITC on VAM is allowed then ITC also on the leasing, renting, Insurance, repair, maintenance of such VAMs will be allowed
- **Q10**
- **Section 17(5)(b) GST on <<B for beauty, beverages>>**
 - ITC on F&B, beauty, cosmetic treatments, health and life insurance, outdoor catering, holiday etc is blocked except <<SS>>
 - Exceptions: Will be allowed if SAME line of business or Statutorily required
- **Section 17(5)(c) GST on construction services <<C for construction>>**
 - ITC on construction of immovable property (Immovable property includes telecom towers and pipelines outside factory) is blocked except for the following <<PSP>>
 - Construction of P&M (including foundation of P&M)
 - SAME line of business
 - Construction expenses are debited to P&L account
- **Section 17(5)(d) GST on Self-construction <<D for development>>**
 - ITC on self-construction of immovable property (telecom towers and pipeline also is immovable) is blocked except the following: <<PSP>>
 - Self Construction of P&M (including foundation of P&M)
 - SAME line of business
 - Self Construction expenses debited to P&L account
- **Section 17(5)(e) – GST on composition scheme <<E for easy scheme ie CS>>**
 - ITC in case purchases made by Composition Scheme dealer supplies is blocked
- **Section 17(5)(f) –GST paid by NRTP <<F for foreigners>>**
 - ITC in the case of NRTP is blocked
 - Except ITC of the IGST paid on imports
- **Section 17(5)(g) GST on personal supply <<G for Ghar ie personal>>**
 - ITC is blocked for personal consumption
- **Section 17(5)(h) – GST on destroyed goods and samples <<H for happy and unhappy>>**
 - ITC on goods given as samples/gifts is blocked
 - ITC on goods destroyed, lost, stolen, etc is blocked
- **Section 17(5)(i) – GST on frauds**
 - ITC of GST paid on account of an order of the officer due to fraud, etc is blocked
 - However, this restriction is as per Rule 86A (discussed ahead)
 - ITC not available in case GST is paid when demanded by GST officers, etc under assessment, search, seizure.
- **ILLUSTRATION 3, 4**
- **Q15, Q16, Q17**
- **Section 17(1) and 17(2) <<give & take>>**
 - Taxable supply vs Zero rated supply vs exempt supply vs personal supply
 - ITC available only for taxable and zero rated supply
 - Apportionment of ITC in the case of inputs, input services and CGs used for business and other than business use based on Rules 42 and 43 (discussed at CA FINAL)
 - **Q11**
- **Section 17(4) – ITC in the case of banks, FIs and NBFCs**
 - Since banks make both exempt as well as taxable supplies they have the option to apportion ITC using Rules 42 and 43 or take eligible ITC as 50% of total eligible ITC <<BD50%>>
 - Step1: Calculate total ITC for a month (including blocked GST)

- Step 2: Remove ineligible / blocked credit
- Step 3: Remove ITC in the case of supplies received from DDPs (since the same will be allowed 100%)
- Step 4: Take 50% of the balance amount as eligible ITC
- **Section 18 – Credit in special circumstances**
 - **<<RVCE>>**
 - **Section 18(1)(a)** – In the case of registration by a person liable to be registered – ITC will be given for the inputs held in stock the day prior to effective date. However, no ITC will be given for capital goods
 - **Section 18(1)(b)** - In case of persons who have voluntarily registered – same as above
 - **Section 18(1)(c)** – In case of persons already registered but switching from composition scheme to regular scheme – ITC will be given for the inputs held in stock the day prior to effective date. Further, ITC will also be given for capital goods purchased prior to such effective date after reducing such GST by 5% per quarter or part thereof
 - **Section 18(1)(d)** – In case of persons already registered and their exempt supply becoming taxable – same as above
 - **Section 18(2)** - In all the above scenarios, ITC will be given in case of stock where the date of invoice is not later than 1 year before effective date **<<fresh stock>>**
 - Form GST ITC 01 to be filled in within 30 days of the above scenarios
 - CA certificate required if ITC is more than 2 lakhs
 - **Q12, Q13, Q14**
- **Section 18(3) – Transfer of ITC in case of sale, amalgamation, merger, etc <<SAMr>>**
 - ITC may be transferred to another entity only in cases of Sale, Amalgamation, Merger or Reorganisation.
 - ITC will be transferred if liability is also transferred
 - In case of demerger transfer to be in proportion to the transfer of assets
 - Rule 41 Transferor to fill in GST ITC 02
 - Transferee needs to accept the transfer and account for the same
 - CA certificate required
 - Rule 41A – Similar ITC transfer even in the case of DDPS in the same state and such transfer to be in proportion to the value of assets transferred to such DDP
 - **Q7**
- **Section 18(6) – ITC reversal on supply of Capital Goods**
 - ITC can be availed on capital goods at the time of purchase, However if such capital goods are sold/ supplied within 60 months from date of purchase then higher of the following amounts will be reversed:
 - GST payable on the sale/supply value of such capital goods
 - GST as reduced by 5% per quarter or part thereof of usage
 - Only GST as calculated in 'a' above would apply if: Such capital goods are sold after 60 months OR in cases of moulds, dies, etc,
- **Section 18(4) and 18(5)– Reversal in the case of <<CE>> (switching to composition scheme / or supply becoming exempt <<4go>>**
 - ITC on stock and capital goods will have to be reversed as per Rule 44 as under:
 - Input and input services credit based on invoices

- For Capital Goods, balance after considering use will be reversed considering useful life of 60 month
 - Such ITC reversal to be paid through ECL or cash ledger
 - Balance ITC in such ECL will lapse thereafter
 - Form GST ITC 03 – in case of such reversal
 - CA certificate also required
- **Utilization of Credit**
 - Credit ledger can be used to pay only tax (only GST under FCM)
 - Cash ledger can be used to pay <<TIFPO>>
- **Section 49A, 49B read with new Rule 88A: Order of utilization when there is IGST**
 - Step 1: Calculate output tax liability for the month, separately for each type of GST
 - Step 2: Identify the opening ITC, separately for each type of GST
 - Step 3: Determine and add the ITC available on eligible inputs, input services and CGs
 - Add Step 2 and 3
 - Use and exhaust IGST first to pay IGST liability fully
 - Compare the SGST and CGST liability with the available credit to determine, which is more needy.
 - Use balance IGST to help the needy first
 - No cross utilization of SGST and CGST allowed
- **ILLUSTRATION 5**
- **Rule 86A** – In case officer believes that ITC has been availed fraudulently, then use can be prohibited, maximum for one year, can be reduced by Commissioner
 - The Commissioner or an officer (not below the rank of an Assistant Commissioner) authorised by him has been empowered to impose restrictions on utilization of ITC available in the electronic credit ledger if 1) ITC has been availed on the basis of tax invoices/valid documents issued by a non-existent supplier or 2) without receipt of goods and/or services; or 3) the tax in relation to which has not been paid to the Government or 4) Registered person availing ITC has been found non-existent or not to be conducting any business from the registered place of business; or 5) Registered person availing ITC is not in possession of tax invoice/valid document.
- **Rule 86B - Use of Electronic Credit Ledger Balance <<Beg to pay 1% cash>>**
 - If sales in a month exceed 50 lakhs, then only 99% of such output tax liability can be discharged by using the credit ledger balance
 - Exceptions ie in which cases <<Tax Refunded in Cash by Govt>>
 - Does not apply to those persons who have paid more than 1 lakh as INCOME TAX in each of the two previous years (for which the 139(1) date date is over)
 - Where registered person has received REFUND of more than 1 lakh in the preceding FY due to unutilised ITC in the case of zero rated supplies or inverted duty structure (CA FINAL concepts)
 - If upto that month the registered person has discharged more than 1% of his output tax liability using CASH ledger
 - If registered person is the GOVERNMENT, PSU, LA, statutory body
- **Q20**

Chapter 8 - Returns

- Under GST, every registered person needs to file returns either monthly or quarterly and also annually
- Further, such GST returns needs to be self-assessed
- Return filed by one person has an impact on the other person as well for availing ITC
- Returns to be filed online or through GSPs or GSTN
- **Section 37 – Return for outward supplies – GSTR-1**
 - **What** - GSTR 1, u/s 37 is the statement of outward supplies which needs to be filed by every person making outward supplies. The recipient gets credit based on this return filed by the supplier
 - **Who** - GSTR1 is to be filed by everyone except <<Is NOT Compulsory>> ie ISD, NRTD and Composition Scheme Dealer
 - **When** - Return to be filed in GSTR-1 by the 11th of the following month (or 13th after a quarter)
 - GSTR-1 to be filed only after the month ends except two cases:
 - Casual Taxable person whose registration has ended and
 - Persons whose registration is cancelled
 (Quarterly filing option discussed at the end of the chapter)
 - **How** - GSTR-1 to have details of the supplier as well as details of outward supplies, including debit and credit notes, revised invoices etc as under:
 - In case of B2B supplies where recipient is registered – Invoice-wise details always
 - In case of B2C supplies ie supplies to unregistered persons – Consolidated details may be provided except if supply is inter-state and more than 2.5 lakhs
- Additional Points:*
 - NIL GSTR-1 to be filed even if there is no outward supply. SMS facility available for such NIL GSTR-1s.
 - HSN codes for supply of goods
 - Where annual turnover in the PY is upto 5 crores then HSN of 4 digits in case of B2B (optional for B2C)
 - Where annual t/o in the PY is more than 5 crores then 6 digit HSN code compulsory in all cases
 - Details of GSTR-1 is auto-populated in GSTR-2B (Regular Scheme) and GSTR-4A (CS)
 - GSTR-1 can be amended as and when errors or omissions come to the notice of the supplier but no amendment after the deadline (same as Section 16(4) ie 30 Nov or Annual Return Filing Date (whichever is early))
 - Invoices can be modified/deleted any number of times till the submission of GSTR-1 of a tax period.
 - Scanned copies of invoices are not required to be uploaded.
 - **Q3, Q4, Q9**
- **GSTR-2 Statement of Inward supplies (Not applicable yet)**
 - This return has been removed
- **Section 39 - GSTR-3B – GST Return**
 - It is the return to be filed under GST summarizing the inward supplies, outward supplies, GST liability and payment for the same needs to be done.

- GSTR-3B is a temporary replacement of GSTR-3 which is yet not notified
 - GSTR-3B is a return under Section 39
 - GSTR-3B to be filed by 20th of the next month alongwith the applicable tax
 - To be filed by every registered person except <<Is NOT Compulsory>> (same as above)
 - NIL GSTR-3B also to be filed, SMS facility available
 - **Q1**
 - Return is not valid if self assessed tax is not paid on the same <<empty envelope is invalid>>
- **Section 39 - GSTR-4 – Return by CSD**
 - Return to be filed by every CSD, even if the scheme is taken for even part of the year
 - GSTR-4 to be filed by 30th April after the year ends
 - Additional Points:
 - While return to be filed annually, a quarterly payment needs to be made in GST-CMT-08 by 18th of the month after the quarter ends.
 - GST-CMP-08 is not a return but just a form to pay tax every quarter, while GSTR-4 is the return to be filed annually.
 - Details of purchases from registered persons are auto-populated in GSTR-4A
 - invoice details not required for outward supplies since CSD cannot charge tax to recipients.
 - CSD to discharge their liability only through the cash ledger, since they don't get ITC
 - Further, if CSD ends and normal scheme starts during the middle of the year, GST-CMP-08 to be filed for the quarter in which the CS ends and also, annual return in GSTR-4 needs to be filed as well
 - **Q5**
- **Section 39 - GSTR-5 – Return filed by NRTP <<5 countries and then Indi>>**
 - NRTP needs to file and either pay the liability or demand refund
 - Needs to be filed by 13th of the next month or within 7 days from end of registration, whichever is earlier
- **Section 39 – GSTR 11 – Embassies, consulates, UN officers to file GSTR11 to obtain refunds in cases of UIN. To be filed by 20th of subsequent month**
- Return of one month can be filed only if return of the previous month has been filed
- **Q6**
- **Section 39(9) – Rectification of errors/ returns**
 - Under GST law, a return once filed cannot be revised
 - Instead of rectifying existing returns, there is a provision of adding the changes to the return of the month in which the error or omission is noticed
 - Errors in the returns can be rectified within the following due date (same as Section 16(4))
 - Any tax payable on account of errors or omission has to be paid alongwith interest at 18%
 - However, no rectification if error is discovered during any scrutiny, audit, inspection or enforcement activities by tax authorities.
 - **Q2**
- **Section 40 – First Return**
 - This is a normal return ie GSTR-3B but is called a first return since it is filed after registration

- It includes details of 'revised invoices' issued during the pendency period
- First return is for the period from the date on which he became liable for registration till the date of grant of registration
- **Section 44 – Annual Return GSTR-9/9A/9B <<takes 44 hours and charge 9 lakhs for annual return>>**
 - All registered persons are required to file annual return except <<Is NOT Casual>> ie ISD, NRTP and CTP
 - Due date is 31st December (but practically this due date keeps getting extended)
 - For regular scheme - GSTR-9, For CSD - GSTR-9A, for ECO - GSTR 9B and for re-conciliation GSTR9C
 - Audit of annual return is no longer required and has been replaced with self-assessment.
- **Final Return – Section 45**
 - Final return to be filed once GST registration gets cancelled (Section 29)
 - Final return under GSTR-10 to be filed within 3 months of date of cancellation or order of cancellation, whichever is later
 - Final return is not a replacement of Annual return and both to be filed when registration gets cancelled
 - **Q10**
- **Notice u/s 46** - In case return is not filed a notice is issued u/s 46
- **Section 47 – Late fees**
 - In case of all returns (except annual return) late fees of 100 INR per day or max 5,000 will be applicable
 - In case of annual return u/s 44 late fees of 100 INR per day or 0.25% of the turnover, whichever is lower, will apply
 - Further, similar late fee will also be charged under SGST acts
 - However, late fees for some returns beyond due date have been rationalised as under:
 - For GSTR1 and GSTR3B:
 - LY NIL turnover – max 250 per return
 - LY's Turnover upto 1.5 crores – max 1000 per return
 - LY's Turnover above 1.5 crores but upto 5 crores – max 2,500 per return
 - LY's Turnover above 5 crores – max 5,000 per month
 - For GSTR4
 - LY NIL Turnover – max 250 per return
 - Others – max 1,000 per return
 - All the above fees will be levied both under CGST and also under SGST
- **Section 48 – GST-Practitioners**
 - Indian Citizen & not insolvent & not of unsound mind & having required qualification in commerce, banking, finance, CA, CMA etc degree can be a GSTP
 - Also, a retired officer in commercial tax dept with experience of 2 years or more or a sales tax Practitioner with experience of 5 years or more can also be a GSTP (only for 30 months and in that period they have to eligibility exams)
 - GSTP shall help the registered person, but ultimate responsibility will be of the registered person
 - GSTP gets a separate login and then Registered person can change GSTP
 - GSTP can perform only authorized tasks

- No person enrolled as a GSTP is eligible to remain enrolled unless he passes such examination conducted at such periods by NACIN
- Any person who has been enrolled as GSTP by virtue of him being enrolled as a Sales Tax Practitioner or Tax Return Preparer under the earlier Indirect Tax law shall remain enrolled only for a period of 30 months from the appointed date unless he passes the said examination within the said period of 30 months
- A GSTP enrolled in any State or Union Territory shall be treated as enrolled in the other States/Union territories
- **Q8**
- **Quarterly Return Monthly Payment (QRMP)**
 - It is an optional scheme for registered persons having aggregate turnover in preceding financial year of max 5 crores. This scheme will lapse from the quarter in which turnover exceeds 5 crore
 - This option can be taken per registration and need not be taken for all entities under the same PAN
 - Option can be entered into from the first day of the second month of the previous quarter upto the last day of the first month of the current quarter (eg: for Oct to Dec quarter, from 1st August to 31 Oct) <<12-L1>>
 - Even though the GSTR1 has to be filed quarterly under this scheme, it allows for Invoice Furnishing Facility (IFF) whereby details of outward supplies for the 1st and 2nd month of the quarter can be filed through IFF, while details of the 3rd month shall be uploaded in GSTR1 (the said two months' details are not to be furnished again in GSTR1)
 - IFF facility is not mandatory and registered person can file GSTR1 monthly as well.
 - Total invoice details under IFF upto 50 lakhs each for first two months
 - This IFF facility has been introduced so that the buyer/recipient can avail the ITC. IFF can be used for B2B supplies where the counter party wishes to avail ITC. For the remaining supplies, one can use GSTR1 quarterly.
 - Details uploaded in IFF are auto-populated in GSTR2A so the recipient can avail ITC.
 - IFF facility only open from 1st to 13th of the relevant month.
 - While the returns (GSTR3B and GSTR1) can be furnished quarterly, the payment of invoices uploaded in IFF has to be done monthly, by the 25th of the month succeeding the relevant month
 - Once if such option has been exercised, it shall continue, unless revised back to monthly.
 - Details in IFF are in the same form as the same as details under GSTR1.
 - No IFF if:
 - Turnover of the quarter crosses 5 crores;
 - GSTR3B has not been filed for the last period;
 - Violates Rule 86B <<99% Rule>>
 - Rule 88C intimation is not replied to or tax amount under the intimation is not paid
 - Payment can be made using any of the following method: 1) Fixed Sum Method, or 2) Self-Assessment Method
 - **Fixed Sum Method:**
 - Challan will be generated automatically, which cannot be changed, equal to 35% of the tax paid in cash in the previous return (if last return is filed quarterly) or 100% of the tax paid in cash (if last return is filed monthly)

- No interest to be payable even if the tax liability for the said two months is higher than the amount paid.
 - **Self-Assessment Method** – The tax liability to determined based on calculation of ITC and output supply, etc. However, in case of any shortfall, interest would be levied.
 - **Q7**
- **GSTR3B under QRMP scheme:**
 - In case of a taxpayer opting for QRMP scheme - Quarterly GSTR-3B to be filed on or before 22nd or 24th of the month.
- **GSTR2A & GSTR2B**
 - 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. ITC used to be availed basis this return.
 - 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 after 14th. ITC is now availed based on this return.
- **Additional Point:** A new Rule 88C has been introduced which provides the mechanism for dealing with difference in liability reported in statement of outward supplies between Form GSTR-1 and Form GSTR- 3B. Accordingly, where the tax liability as per Form GSTR-1 for a tax period exceeds the tax liability as per Form GSTR-3B for that period by more than a specified extent, the registered person would be intimated on the portal of such difference and be directed to either (i) pay the differential tax liability along with interest, or (ii) explain the difference, within 7 days' period. Unless the taxpayer either deposits the amount specified in the said intimation or furnishes a reply explaining the reasons for any amount remaining unpaid, such a person should not be allowed to file Form GSTR-1/ IFF for the subsequent tax period.
- **GSTR 7 and GSTR 8 discussed in chapter TDS / TCS**
- **Section 47 - Late fee:**

- **GSTR1 & GSTR3B:**

NIL Return	20 per day upto 500
Turnover upto 1.5 crores	50 per day upto 2000
T/o from 1.5 to 5 crores	50 per day upto 5000
Above 5 crores	50 per day upto 10000

- **GSTR 4**

NIL Return	20 per day upto 500
Others	50 per day upto 2000

- **Annual Return**

T/o upto 2 crores	NIL
T/O from 2- 5 crores	50 per day or 0.04% of T/o
T/o from 5 to 20 crores	50 per day or 0.04% of T/o
Above 20 crores	50 per day or 0.50% of T/o

Chapter 9 – Payment under GST

- **Section 49 - Electronic Cash Ledger**
 - Once a person is registered under GST, electronic cash, credit ledger and liability register open automatically.
 - **Q1**
 - Cash can be paid into such cash ledger through netbanking, debit, credit cards, as well as OTC (cash, cheque, DD limit of 10,000 per challan, per tax period)
 - More than 10,000 cash can be deposited in exceptional cases being:
 - Notified persons
 - GST Officers on sale of seized assets, search, investigation etc
 - OIDAR making payment through SWIFT (CA FINAL concept)
 - **CPIN:** Generate challan also called CPIN (common Portal Identification Number) – GST-PMT-06 (only one challan for all payments TIFPO). CPIN is 14 digit number identifying the challan, valid for 15 days
 - **CIN** (Challan Identification Number) - Pay the amount in the challan – CIN <<CIN to pay tax>> CIN is a 17 digit number when payment is actually made using the CPIN
 - **E-FPB** (E-Focal Point Branch) will issue the receipt – Is the branch of bank which is authorised to collect GST – one branch is nominated. For NEFT / RTGS – RBI is the e-FPB
 - **Section 49(10)** - Transfer between heads possible by filing GST – PMT – 09 from 1st April 2020
 - **ILLUSTRATION 1**
 - **Q5**
 - Four major heads – IGST, CGST, SGST/UTGST and GSTCC
 - Five minor heads under each major head – <<TIFPO>>
 - No Manual challans under GST
 - Cash ledger can be used to pay <<TIFPO>>
 - **Q7**
- **Section 49 – Electronic Credit Ledger**
 - The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger
 - Can only be used to pay tax (RCM tax has to be paid through cash ledger)
 - IGST to be exhausted first, then CGST and SGST as the case may be
 - CGST and SGST cannot be cross utilised
 - ITC cannot be used to pay tax under reverse charge or for composition scheme liabilities
 - **Rule 86A** – In case officer believes that ITC has been availed fraudulently, then use can be prohibited, maximum for one year, can be reduced by Commissioner (discussed under ITC chapter)
 - The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger
- **Section 49 – Electronic Liability ledger**
 - Section 49(8) states that liability should be discharged as under:
 - Self assessed TIFPO of the previous periods first

- Then self assessed TIFPO of the current period
 - Then last TIFPO as determined by the officer u/s 73 and 74
- This online payment scheme is beneficial to all
- Section 49(10) - Transfer between heads possible by filing GST – PMT – 09 from 21st April 2020. ILLUSTRATION
- **Section 50 – Interest on delayed payment**
 - Interest is calculated at 18% from the day after the due date till the actual payment of tax
 - Interest payment to be made even if not demanded through any notice, etc
 - Interest on net basis <<net amount if no return if filed>> if return is not filed and credit is available
 - Interest on gross basis if return is filed and credit is used
 - **ILLUSTRATION 2, 3**
 - **Q6**
- **Section 49(9)** – When payment of tax is made, it is assumed that the incidence of tax has been passed on ahead. Thus no refund will be then made to the middle person ie payer since it will lead to UNJUST ENRICHMENT
- **Q3, Q4, Q8**

Chapter 10 - Tax Invoice, Debit Notes & Credit Notes & E-way bills

- Tax invoice is an important document in GST – as an evidence of supply and also to avail ITC
- For ITC invoice matching is done at the portal
- Physical / scanned invoices need not be uploaded, only details are required to be uploaded
- Due Date of Invoice - Section 31(1) / 31(4) and 31(7) – already discussed under TOS chapter
- Due Date of Invoice - Section 31(2) / 31(5) and 31(6) - already discussed under TOS chapter
- **Q1, Q2, Q3, Q11, Q12**
- **HSN Codes:**
 - If T/O in the previous year is less than or equal to 5 crores, then 4 digits of HSN Code (optional for B2C supplies)
 - If T/O in the previous year is more than 5 crores, then 6 digits of HSN code compulsory for everyone.
- **Section 31(3) – Various Issues around invoices**
 - **31(3) – Revised Invoices ('RI')**
 - There may be a time lag between the date of obtaining registration and effective date of registration
 - RI to be issued within 30 days from the date of obtaining Registration Certificate
 - Consolidated revised invoice may be issued for supplies made to URD except when inter-state supply of more than 2.5 lakhs
 - **ILLUSTRATION 1**
 - **31(3) – Small invoice value**
 - If B2C customer, then no individual invoices for value < 200, consolidated invoice at the end of every day
 - If B2B customer, then invoice needed
 - This option is not available for movie theatres

- **ILLUSTRATION 2, Q7**
- **31(3) – Bill of Supply and Invoice / Bill of Supply**
 - In case of exempt or composite supply, since tax cannot be levied, only Bill of Supply to be issued
 - In case of supplying taxable and exempted goods together, supplier can issue an 'invoice cum bill of supply'
 - **Q4, Q8, Q9**
- **31(3) – Receipt Voucher**
 - In case of advance payments
 - Tax rate will be assumed 18% and supply will be assumed inter-state, if both are not known
 - **Q13**
- **31(3) - Refund Voucher**
 - Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a Receipt Voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a Refund Voucher against such payment.
- **31(3) – RCM self-created invoice and payment voucher on payment to the supplier**
- **Q14**
- **In case of supplying taxable and exempted goods supplier can issue - invoice cum bill of supply**
- The below entities may issue a tax invoice, however, they may also issue any other document in place of the tax invoice, that document shall be considered as a tax invoice.
 - Banks, insurance cos, FIs and NBFCs – No serial number or address of recipient needed
 - Passenger Transport, Goods transport – No serial number or address of recipient needed
 - Movie Theatres (Their ticket is their tax invoice) – No address of recipient needed
 - They can issue consolidated invoice at the end of every period
 - **Q10**
- **Particulars in a tax invoice:** No format prescribed for the above documents, only certain information which is required on them important being:
 - Serial number 16 digit
 - Details of recipient in B2C only if value is above 50,000 then compulsory else voluntary
 - Details of recipient in B2B, compulsory
 - Quick Response Code in cases of e-invoice (e-invoice compulsory for business with T/o of more than 5 crores)
 - Invoice to be issued in Triplicate for goods and duplicate for services
- **E-Invoicing <<Amazon>>**
 - Compulsory for businesses with T/o above 5 crores (was 500/100/50/20/10 crores earlier) in any year since introduction of GST ie FY 2017-18
 - E-invoicing is not generation of invoice by a Government portal. Taxpayers will continue to create their GST invoices on their own Accounting/Billing/ERP Systems as per e-invoice schema. These invoices will then be reported to 'Invoice Registration Portal (IRP)'. On such reporting, IRP will generate a unique 'Invoice

Reference Number (IRN)', digitally sign it and return the e-invoice to the supplier. A GST e-invoice will be valid only with a valid IRN.

- Not just invoices, even debit, credit notes are covered under e-invoice.
- E-invoicing is applicable even in case of exports as well as RCM supplies
- In case of RCM, e-invoice to be issued if recipient has t/o more than the threshold limit
- Advantages of E-invoicing <<Way Report & reconcile fake errors>>
 - Auto-generation of e-way bill (wherever required).
 - Auto-reporting of invoices into GST return
 - Reconciliation with his Purchase Order
 - Eliminate fake invoices
 - Reduction in transcription errors
- The following shall be exempt from e-invoicing transactions <<The Boys & Girls Stayed in PG>>
 - Movie theatres
 - banking, NBFC, insurance
 - Government departments, Local authorities
 - SEZ units (however, SEZ developers have to issue e-invoices)
 - PTS
 - GTS
- E-invoices, on generation of IRNs will be auto-populated into GSTR1 and GSTR2A
- **Quick Response Code (QR Code)**
 - Upon successful registration of invoice on IRP, it will return a signed e-invoice to the supplier with IRN and QR Code. IRN is embedded in the QR Code which shall be extracted and printed on the invoice. The QR code enables quick view, validation and access of the invoices from the GST system from hand-held devices. The digitally signed QR code will have a unique IRN which can be verified on the central portal as well as by an offline app by the officer. This will be helpful for tax officers checking the invoice offline on the roadside where internet may not be available all the time.
 - All B2C invoices issued by a registered person (although e-invoice not applicable on B2C transactions) whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds 500 crores are proposed to have a **dynamic QR code** (which has the amount imbedded in the code) from December 1, 2020.
 - If a supplier has issued an invoice containing a Dynamic QR Code, the invoice will be deemed to have complied with the Dynamic QR Code requirements
 - QR and Dynamic QR enables and encourages digital payments where buyer can scan the code and make payment from mobile wallet directly.
 - Dynamic QR code not applicable to the same exceptions as 'E-invoicing'
- **Delivery Challan <<bikes sent for job work>>**
 - When goods are sent for job work, or supply of liquid gas where quantity is not known, or transportation of goods for reasons other than supply, etc which are not supply then delivery challan can be issued in place of invoice
 - Delivery challan also in triplicate
 - In case of CKD / SKD goods, invoice first and then delivery challans later
 - Goods sent for exhibitions and for supply on approval basis may be removed against a delivery challan
- **Section 34(1) Credit notes – reduces amount and reduces liability <<C for Cut>>**

- Erroneously when QUANTITY is more, or TAX rate is higher, or VALUE is more <<QTV>> or goods are returned then credit note is issued
- Credit note cannot be issued for secondary discounts other than <<TIC>> discounts
- Particulars of CN are similar to a tax invoice
- Consolidated credit note
- Q6
- **Section 34(2) Debit Notes – Increases amount and increases liability and increases <<D for dangerous since it increases tax>>**
 - When erroneously Quantity is less, or tax rate is low, or value is less <<QTV>> then debit note is issued
 - Particulars are similar to a tax invoice
 - Details of debit notes and credit notes have to be given in the GST returns
- **ILLUSTRATION 3**
- **Section 32 – Prohibition of unauthorized collection of tax**
 - Unregistered persons cannot collect tax
 - Registered persons cannot collect excess tax
- **Section 33 – Tax amount should be separately shown on the tax invoice**
- Q5

Chapter 11 - Exemptions

- **Definitions:** <<Exempt includes three Ns>> Exempt Supply under GST includes the following: 1) Exempt by notification, 2) Not taxable supply, and 3) Nil rate supply
- Section 11 of the CGST Act (also Section 6 of the IGST Act)
- Some exemptions are general (applicable to all suppliers) and some are specific (applicable only to some suppliers)
- Exemption in case of goods are not applicable for CA exams
- The below exemptions related to services are under 'Notification 12/2017':
- Q1
- **Exemptions for 'Religious & Charitable Associations'**
 - Exemptions for services provided only by **registered trusts** (u/s 12AA) <<HERE>>
 - **Healthcare** (terminally ill, AIDS, narcotics)
 - **Education** (skill development homeless children, traumatised persons, prisoners and people above 65 years in rural areas)
 - **Environment**, Wildlife & Forests
 - Promotion Yoga, **Religion** and Spirituality
 - Residential Yoga camps are composite services with principal supply being Yoga, hence exempt
 - Hospitals run by charities are also exempt
 - Renting of Precincts: Room less than 1000/day, hall less than 10,000/day and shops less than 10,000/month exempted in the precincts of a religious place meant for general public
 - Recreational Sports training are exempt only if provided by 12AA registered entities
 - Old Age homes run by govt or 12AA associations for 60 years or more residents – Consideration upto 25k per month is exempt
- **Services provided by ALL and not just registered trusts:**

- Recreational training in Arts and Culture – services provided by any person <<A for Arts and All>>
- Conduct of religious activities – services provided by any person
- Religious Pilgrimage sponsored by govt under an agreement – services provided by spec organisations eg: KMVN or Haj Committee
- All other services provided eg: advertisement etc will be taxable under GST
- **Inward supplies:** Services provided to charities are not exempted unless there is a specific provision
- However, Services received by such charities from a service provider located outside India, for the purposes of providing 'charitable activities' is exempt
- **Q2**
- **ICAI ILLUSTRATIONS**
- **Agriculture & Related Services**
 - Primary and secondary operations relating to cultivation of food grains, fruits and vegetables (also rearing of all animals except horses)
 - Renting of farm land for agriculture purposes
 - Testing of agricultural produce and soil testing services
 - Supply of farm labour
 - Supply of agri machinery on rent
 - Loading, unloading, storage, warehousing etc of agri produce (cereals, pulses, fruits and vegetables) including minor forest produce
 - ~~Fumigation of warehouses~~
 - Agri extension services
 - APMC – agri marketing services
 - Artificial insemination of livestock except horses
 - No exemption for services that alter the basic form of agri produce or which makes it ready for RETAIL market (primary market is exempted) (milling of paddy into rice changes the characteristic and hence is not agriculture)
 - **ICAI ILLUSTRATIONS**
- **Education Services**

The following services are exempt:

 - Education institute means pre-school, school and colleges and approved vocational courses
 - Services provided by any Educational Institution to Students, Faculty & Staff (SFS)
 - Services by any educational Institution to any person in relation to entrance exams
 - Approved Vocational Courses
 - Approved Industrial Training Institutes (ITIs) exempt
 - National Skill Development Corporation (NSDC) is exempt
 - International Schools / IB exempt
 - Govt skill development courses are exempt
 - Approved maritime courses are exempt
 - Courses recognised by law eg: B.Com, etc
 - Boarding, lodging is composite supply with education as principal supply and hence exempt
 - Supply of food is composite and exempt
 - IIM courses one year or more
 - Government sponsored courses are exempt

However, the following outward supplies will be taxable

- Foreign courses and private education ie tuition classes
- Placement services
- Hobby classes (if not considered composite supply)
- IIM short duration courses, less than one year
- Dual qualification where one is recognised by law – mixed supply and highest GST rate will apply

Inputs Services are generally taxable except the following:

- Services provided TO Edu Inst in relation to conduct of exams is exempt (only services are exempt and not goods in relation to exams)
- Services provided TO (Pre-school and upto 12th std) Edu Inst in the nature of Transportation of SFS, Catering within school and Security-Housekeeping <<TCS>>
- Services provided to Higher edu inst (exempt Pre-school, upto 12th and VEC) in the nature of online journals, online education

- **Q8 & ICAI ILLUSTRATIONS**

- **Healthcare Services**

- Healthcare services provided by Clinical Establishments, Authorised Medical Practitioners <<CAP>> are exempt in areas of Homeopathy, Unani, Naturopathy, Allopathy, Siddha, Ayurveda, Yoga <<HUNASAY>>
- Cosmetic, hair transplant, plastic surgery is taxable unless the same is needed due to condition/accident/deformity
- Ambulance services is exempt
- Rehab services provided to Govt, establishments are exempt
- Healthcare services provided to animals by VETs are exempt
- ~~Preservation of stem cells by cord blood banks are exempt~~
- Food and stay in hospital provided to in-patients are composite supply and hence exempt
- Input services in the nature of services by doctors to hospitals is exempt and ~~bio medical waste treatment is exempt~~
- Other inputs and input services are taxable
- IVF treatment is also exempt from GST
- **Taxable services include:**
 - Food to outpatient, renting shops, etc are taxable
 - Rooms where rent per day > 5,000 (except ICUs, etc)

- **ILLUSTRATION 1**

- **Services Provided by Govt:**

- Services provided by the govt are either taxable under FCM, or RCM or they are exempt.
- 1) <<TRAP>> Services provided by the government to anyone taxable under FCM:
 - **Transportation** of goods and passengers is taxable
 - Services by **Ministry of Railways**
 - **Aircraft** and vessel leasing
 - **Postal** is taxable except some services discussed under “postal services” ahead
- 2) Services except <<TRAP>> above and except exempt services will be taxable under RCM if provided to business entities which are liable to be registered
- 3) Exempt Services
 - Services provided by Municipality and Panchayat u/s 243W and 243G of the constitution

- Services provided by govt to each other
- Services of old age home provided by government are exempt if amount charged is upto 25k
- Services provided to incubates
- Penalties charged by the govt are exempt (tolerating non-performance of contract)
- Services provided to business entities not eligible for registration
- Services other than TRAP and renting and to business entities if the amount of services is max upto 5,000
- Services of guaranteeing loans given to PSUs by banks, etc
- Services for testing of safety, fire license etc, driving license, passport, birth and death certificate, etc.
- Services provided by deputing officers after office hours or on holidays for inspection or container stuffing in case of imports
- Postal services ie basic mail services, money orders, savings account, pension payments <<Basic Pension Saved Money>>
- **Postal Services – following services are exempt**
 - Basic postal services like post cards, inland letters, registered post, book post <<Books RIP>>
 - Money order, postal order, savings account, and pension payments
 - **Taxable services** – Speed post, insurance etc provided by post offices are taxable
- **Construction Services**
 - Supply of Pure labour contracts for construction, repair, etc under PM Awas Yojana is exempt
 - Supply of Pure labour contracts (not for repairs) for independent house and not residential complex is exempt
 - Services supplied by Electricity Distribution Utilities by way of construction of infrastructure for extending electricity upto the tube well of the farmer or agriculturalist for agricultural use is exempt
- **Passenger Transport Services**
 - Air travel is taxable. Exception only for economy flights to / from NE states and Bagdogra in WB and Regional Connectivity Scheme (RCS) airports for 3 years from date of notification of airport
 - Inland Waterways is exempt. Taxable only if primarily for tourism purposes and also taxable if ship is going outside India (even private ferries are exempt provided they are not for tourism purposes)
 - Rail travel is exempt. Except: AC or first class then taxable
 - Mono, Metro and Tram - always exempt
 - Metered taxi/rick exempt. Except: Radio taxi eg: Uber is taxable
 - Contract Carriage – if AC or tourism then taxable <<Two Cs = Two Conditions>>
 - Stage Carriage is AC then taxable <<One C = One Conditions>> (Non AC Buses booked by office for employees pick up and drop will be exempt if route is fixed, this is also stage carriage)
 - GST will apply if contract / stage carriage are booked through ECOs ef: OLA rentals
 - **ICAI ILLUSTRATIONS**
- **Goods Transport Services**
 - Air Transport, courier, express cargo services - taxable
 - Inland waterways is always exempt

- Railway Transport if exempt if ~~Railway Equipment~~, Defence Equipment, Newspapers-Magazines, Agriculture Produce, Manure Organic, Milk, Salt Foodgrain, including flour, rice, pulses << Dr.NAMM>>
- Road transport if exempt. Taxable if:
 - Courier taxable
 - Express Cargo taxable
- GTA (road + consignment note)
 - Exempt if provided in the the case of ~~Low Value of transport max 750 per person or max 1500 per carriage~~, Defence Equipment, Newspapers-Magazines, Agriculture Produce, Manure Organic, Milk, Salt Foodgrain, including flour, rice, pulses << Dr.NAMM>>
 - Exempt if provided to Govt, LA
 - Exempt if provided to unregistered persons
- If not Exempt GTA services are taxable under RCM @5% (without ITC) or FCM@12% (with ITC)
- **ICAI ILLUSTRATION**
- **Banking & Financial Services**
 - ~~RBI supplies are exempt. However, inputs and input services for RBI are taxable~~
 - Services of sale and purchase of forex between banks, etc is exempt
 - Interest/invoice/cheque discounting is exempt
 - BSBD (basic savings & bank deposit account) services are exempt
 - Upto 2000 transaction single transaction on DC, CC, exempt
 - BC and BF services to banks and insurance companies for rural areas accounts is exempt
 - **Taxable banking services:**
 - Processing fees, service charges, min balance charges are taxable
 - Interest on credit cards is taxable
 - *Interchange fees* on card settlement fees paid/ shared by banks is taxable.
 - **ICAI ILLUSTRATION**
- **Life Insurance Services**
 - Provided under Govt schemes is exempt
 - Provided to Army, Navy, AirForce, Police Force, is exempt
 - Micro life insurance (amt max 2 lakhs) is exempt
- **General Insurance Business**
 - Insurance for Hut, Animals, Tribals, Women, etc
 - Reinsurance for the above is exempt
- **Services provided TO government**
 - Pure services (without any supply of goods) provided to SG, CG, LA, municipality and panchayat are exempt
 - Composite supply where value of supply of goods is upto 25% to the above are also exempt
 - Any training programme for which minimum 75% of the total expenditure is borne by CG / SG / UT administration (this includes educational training to govt sponsored schemes)
 - Services provided by Fair Price Shops (FPS)
 - Services provided by GSTN
- **Leasing Services**

- Long leases for industrial and financial use only of 30 years or more by the govt or entity having 20% or more holding by govt. If usage is changed then GST to be paid by the entity
- **Legal Services**
 - Legal services provided by lawyer, senior advocate and firm of advocates provided to unregistered business persons, govt, for personal purposes, to other lawyers is exempt
 - Provided to business entities (who have turnover more than the threshold limit in the last year) (under RCM)
 - Legal services provided by senior advocate to advocates, firm of advocates (who are liable to register based on turnover of last year) will be taxable
 - **ICAI Illustration**
- **Sponsorship of events**
 - Events organised by IOA, national sports federation, Universities, Panchayats is exempt
- **Performance by an artist**
 - In the areas of classical dance, music, art, upto 1.5 lakhs per event is exempt
 - Western dance, music, art is taxable
 - As a brand ambassador is taxable
 - **ILLUSTRATION & Q5**
- **Admission to various events**
 - **<<NM Tiger Zoo>>** Admission into a National Monument, Tiger Reserve, Zoo are exempt
 - **<<TDC Present Planet Sports>>** Theatre Dance Circus, Award, recognised sporting event, planetarium upto 500 Rs is exempt
- **Services by unincorporated body or non-profit body (co-op societies)**
 - Services by trade union is exempt
 - Societies for welfare of agriculture, industries, etc upto 1,000 per year
 - Co-op housing societies is exempt upto 7,500 per apartment
 - Services in the nature of pure agent eg: collecting money for house electricity is exempt
 - **ILLUSTRATIONS & Q3**
- **Others - <<Going FIFA RSB Nepal Bhutan>> <<Resident & 3 Carriages (national Permit) on rent>> <<Electric News Information Satellites exhibit tolls >> <<Incubated Cold Toilets, Libraries Foreign Regions>>**
 - Transfer of Going Concern is exempt
 - FIFA U-17 Women's World Cup
 - Services provided by players, coaches, umpires, referees, team-managers to RSB and RSBs to each other is exempt
 - Cargo to Nepal & Bhutan
 - Renting of residential premises (exempt only if given to URD or registered proprietors using it for residential purposes)
 - ~~Hotels, etc upto 1,000 per day~~
 - Services of giving on rent passenger carriages of + 12 passengers to STU only.
 - Services of giving on rent electric cars of +12 passengers to LA.
 - Services of giving on rent goods carriages to a GTA.

- Services by way of granting National Permit to a goods carriage to operate throughout India/ contiguous States
- Distribution / Transmission of electricity (however, other services eg: meter change, etc is taxable)
- Collecting and providing news and views
- RTI services
- ~~Launch of satellites by ISRO, Antix etc~~
- Exhibitions outside India
- Toll charges
- Services provided by Incubatee (providing tech services) upto 50 lakhs and within 3 years of being recognised as such
- Cold Chain knowledge
- Public toilets & libraries
- Foreign diplomatic mission services
- **Q4, Q6, Q7, Q9, Q10, Q11**

Chapter 12 – Place of Supply

- Location of supplier and Place of Supply (POS) <<LP>> and are also important to determine whether supply is inter or intra state supply
- Place of Supply (POS) is determined u/s 10 for goods and 12 of IGST Act for services
- **B2B Transactions** – GST does not reach the government since credit will be given to the receiver. In such cases, POS is generally the 'location of the recipient' ie where the recipient is located and registered
- **B2C Transactions** - In case of B2C supplies government receives the GST since the goods / services are consumed. Thus POS is the consuming state.
- For any supply to be taxable under GST, the place of supply should be in India.
- Important Definitions:**
 - **Location of Supplier** – Registered place or fixed establishment or most directly connected establishment or usual place of residence <<Registration Fixed Mostly Residence>>
 - **Location of Recipient** – same as above <<Registration Fixed Mostly Residence>>
<<Section 10 deal with POS of goods and Section 12 deal with POS of services>>
 - **Section 10 of the IGST Act – Place of Supply in case of GOODS (Domestic Supply)**
 - **Section 10(1)(a) <<arrive>>** – Where supply involves movement of goods
 - Place of supply will be the place where the movement terminates
 - **Section 10(1)(b) <<bill to ship to>>** - In case of Bill to ship to model
 - Place of supply is there place where third person (actual buyer) is registered
 - other supply is from billed person to supplied person u/s 10(1)(a)
 - **Section 10(1)(c) <<confined>>** – Where no movement is involved
 - POS is the location where goods are delivered / handed over
 - **Section 10(1)(d) <<developed/assembled>>** - Where supply involves installation
 - POS is the location where goods are installed / assembled
 - **Section 10(1)(e) <<Entry>>** - Supply on board a vessel / aircraft, etc
 - POS is the location where goods are taken on board
 - **Section 10(2) – Residual section, to be determined by the GST officers**
 - **Q1, Q2, Q3**

<<Section 12 is for determining POS of SERVICES>>

- **Section 12 of the IGST Act – POS of SERVICES (Domestic Supply ie both location of supplier and location of recipient are in India)**
 - **Section 12(1) – POS in case of SERVICES**
 - **Section 12(2) – General Provisions**
 - Supply to registered person (B2B supply) - POS is the location of the recipient
 - Supply to Unregistered person (B2C supply):
 - POS is the address of RECIPIENT, if known or
 - Else the place of SUPPLIER itself
 - ILLUSTRATIONS
 - **Section 12(3) – Services in relation to an immovable property eg: Architect, estate agents, accommodation, marriage, ancillary services – Current or intended LOCATION of such immovable property <<3 nights holiday/marriage>>**
 - POS is usually the location of immovable property, exceptions as under:
 - If case the LOCATION is outside India, then POS is the location of recipient.
 - In case the immovable property is located in more than one state / UT then either revenue proportion based on a) contract, b) Else Rule 4 of IGST Rules
 - As per Rule 4 of IGST Rules <<NAT>> – Based on Number of Nights of stay, Area of immovable property, Time spent (in case of house boats)
 - Q4
 - **Section 12(4) – Catering, grooming, fitness – POS is where such services are actually performed <<4 times a month>>**
 - In this case ITC is generally not given hence POS is where such services are performed
 - ILLUSTRATIONS
 - **Section 12(5) – Training / performance appraisal – if Regd then location of such regd person, if unregd then location where services are performed <<5 Star appraisal>>**
 - In case of B2B supply - POS is the location of registered person.
 - In case of B2C Supply - POS is place where services are performed
 - **Section 12(6) - Admission to a cultural, artistic, sporting, scientific, educational, entertainment event or amusement park – Place where the event if held or park is located <<6 rides in the amusement park>>**
 - In this case ITC is generally not given hence POS is where such event is held/place is located
 - **Section 12(7) – Organising an event <<7 day event>> – If regd then location of recipient. If unregd, then place where event is held. If event organised outside India then location of recipient**
 - In case of B2B supply - POS is the location of registered person.
 - In case of B2C supply - POS is place where event is held
 - If event is held outside India, the location of recipient
 - If held in multiple states then as per contract or Rule 5 based on GAAP
 - Q5
 - **Section 12(8) – Goods Transportation – If Regd then location of such person, if Unregd then place where goods are handed over for transportation <<8 tonnes truck>>**
 - In case of B2B Supply - POS is the location of registered person.

- In case of B2C supply – POS is where goods are handed over for transportation
- **Q6**
- **Section 12(9) – Passenger Transportation – If Regd then location of such person, if Unregd, then place where passenger embarks**
 - In case of B2B Supply - POS is the location of registered person.
 - Other cases, place of start of journey
 - If both above not possible then address of the recipient or in the end location of the supplier
 - **Q7**
- **Section 12(10) – Services onboard a conveyance – First Departure Location <<watching 10 movies on a flight>>**
 - POS is the first departure point
- **Section 12(11) – telecom services <<11 telecom operators in India>>**
 - If fixed line – then POS is where such fixed lines are located
 - Post-paid – POS is the Billing address
 - Pre-paid – POS is the Selling agent's address
 - Other cases – POS is address, else location of supplier
 - **Q8**
- **Section 12(12) – Banking & Financial Services <<12% brokerage>>**
 - POS is the location of such person as per records, else location of supplier
 - **Q9**
- **Section 12(13) – Insurance Services – If Regd, then location of such person, if Unregd then as per records <<need insurance when get unlucky 13>>**
 - In case of B2B supplies, POS is the LOR.
 - In case of B2C supplies, then address as per records
- **Section 12(14) – Advertisement to Govt -**
 - Newspapers, hoardings, radio, cinema – Amount payable
 - Pamphlets – Number
 - Trains – Length of track
 - Railway tickets – Number of stations
 - Utility Bills – Consumers
 - TV – Viewership as a percentage of population (Step 1: proportion based on viewership and Step 2: based on population)
 - Internet – Subscribers
 - SMS - Subscribers
- **<<Place of supplier is only in case of 12(2), 12(9), 12(11), 12(12)>>**

Chapter 13 – Accounts, Records & E-Way Bill

Section 35 and 36 deal of CGST Act deals with accounts & records

- Every registered person shall keep and maintain, his books of accounts at his principal place of business (hereinafter referred to as PPOB) and books of account relating to additional place of business (hereinafter referred to as APOB) [as mentioned in the certificate of registration (in case where goods are supplied through an auction like tea, rubber, coffee, the difficulties were being faced by the principal and auctioneer in maintaining books of accounts at each and every APOB), in such cases details can be kept at the PPOB only.

- Records to be maintained generally – Inputs, Input services, stock, details of production, ITC availed, output supply, import / export, reverse charge, advances, warehouse details
- Responsibility has also been casted on the owner or operator of warehouse or godown or any other place used for storage of goods and on every transporter to maintain specified records even if they are not registered under GST.
- **CSD to not maintain details of <<TS>>**
 - 1) Stock of goods since it is unable to take ITC
 - and 2) tax details since tax is not collected on the supply and no ITC is given
- Agent to have details all of principals and transactions with them, authorizations received, goods received, payments received and services provided to principals.
- Any entry in registers, accounts and documents shall not be erased or overwritten except with attestation. Electronic entries need to have a log.
- **Period of retention**
 - Every registered person required to keep and maintain books of account or other records in accordance with the provisions of section 35(1) shall retain them until the **expiry of 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.**
 - In case of an appeal or revision or if under investigation for an offence, the books of account and other records pertaining to the subject matter shall be retained **for a period of one year after final disposal of such appeal or revision or proceedings or investigation**, or for the period specified above, whichever is later.
- Where the registered person **fails to account** for the goods or services or both in accordance with the provisions of Sec. 35(1), the proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for, as if such goods or services or both had been supplied by such person (deemed supply)
- A transporter having registration in more than one State/UT would have more than one GSTIN as well. A transporter who is registered in more than one State/UT having the same PAN, may apply for a unique common enrolment number by submitting the details in FORM GST ENR-02 using any one of his GSTINs.
- **Section 68 & Rules 138 – E-way bill**
 - It is an electronic document created online to evidence movement of goods
 - Mandatory if consignment value being transported is more than 50,000
 - No 50,000 limit when inter-state movement is to a job-worker
 - No 50,000 limit in case of movement of handicraft goods by a person exempted from registration
 - Voluntary generation of EWB even if consignment value if less than 50,000
 - Consignment Value shall be the value as per Section 15 INCLUDING tax, and shall exclude value of exempt supply
 - Movement can be due:
 - to supply,
 - other than supply eg: job work or
 - inward supply from unregistered persons
 - Saves time, fuel and is seamless
 - E-way bill is to be generated by regd consignor or consignee, and if they don't then transporter needs to generate (If aggregate of all the consignment exceeds Rs. 50,000 but individually the consignment does not exceed Rs. 50,000)
 - GST EWB 01

- Part A to be filled by the consignor or consignee – Contains details of supplier, receiver and goods
- Part B contains details of transporter, vehicle number, etc. Details of conveyance not needed if intra-state movement upto 50 kms from consignor to transporter or transporter to receiver
- Movement of goods is caused by registered supplier or if recipient arranges transport then by him
- Movement of goods in case of Unregd supplier to regd recipient then it is caused by the recipient
- If the transporter is generating the e-way bill, but he is not registered person under GST law, it is mandatory for him to get enrolled on e-waybill portal before generation of the e-way bill to get 15-digit Unique Transporter Id called TRANSIN.
- This TRANSIN or Transporter id can be shared by transporter with his clients, who may enter this number while generating e-way bills for assigning goods to him for transportation.
- For each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved. Multiple invoices cannot be clubbed to generate one e-way bill. However, after generating all these e-way bills, one consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle.
- Consolidated EWB (GST EWB 02) in case multiple consignments in a single conveyance, it is like a trip sheet
- It is not possible to modify Part A of Form GST EWB-01 without cancelling or withdrawing the same, however EWB can be cancelled within 24 hours
- **Validity of EWB:**
 - 1 day for every 200 kms or part thereof
 - 1 day for every 20 kms or part thereof in case of Over Dimensional Cargo (ODC) or transport by ship atleast one leg
 - The validity of the e-way bill may be extended within 8 hours from the time of its expiry.
- **Acceptance or rejection of EWB**
 - Deemed acceptance if not rejected within 72 hours
- If an invoice is split into multiple vehicles, then multiple EWBs need to be generated
- Where goods move from a DTA unit to a SEZ unit or vice versa located in the same State, there is no requirement to generate an e-way bill, if the same has been exempted under rule 138 of the CGST Rules.
- Information submitted for e-way bill can be used for filing GST Returns - The information furnished in Part A of the e-way bill shall be made available to the registered supplier on the common portal who may utilize the same for furnishing the details in Form GSTR-1.
- **Additional Points:**
 - E-way bill is not valid for movement of goods without vehicle number on it.
 - Once E-way bill is generated, it cannot be edited for any mistake. However, it can be cancelled within 24 hours of generation.
 - E- Way Bill may be updated with vehicle number any number of times.
 - The latest vehicle number should be available on e-way bill and should match with the vehicle carrying it in case checked by the department.
- **No EWB in the following cases:**

- <<Postman Used LPG / Kerosene cycle rickshaw for pearls, jewellery, currency, coral>> <<Nepal / Bhutan Customs Easily Defended Notified Alcohol and 5 products>> <<Carried empty containers cylinders weighing III Govt Rail >>
(refer main book for details)
- Conveyance should carry the invoice / delivery challan / BOS as well as the EWB
- Proper officer can intercept vehicle and verify the EWB without authorization
- Physical verification possible but with Commissioner's approval, in this case summary report within 24 hours and final report within 3 days.
- Once physical verification of goods being transported on any conveyance has been done during transit at one place within the State/UT, no further physical verification of the said conveyance shall be carried out again in the State/UT, unless evasion of tax is envisioned.
- Where vehicle has been stopped for more than 30 minutes, transporter may upload details
- **Part A of EWB will not allowed to be filled in if (only outward supply, EWB for inward supplies if not blocked): <<222 Suspend>>**
 - CSD not paid and filed quarterly amounts for 2 quarters
 - Normal scheme person not filed return for 2 months
 - Non filing of GSTR-1 for 2 months / quarters
 - Registration is suspended
- **Consequences of not creating e-way bill**
 - A taxable person who transports any taxable goods without the cover of specified documents (e-way bill is one of the specified documents) shall be liable to a penalty of 10,000/- or tax sought to be evaded (wherever applicable) whichever is greater
 - Further the goods shall be liable to detention or seizure.
- **E-way bill generation facility to be blocked only in respect of outward movement of goods, by the defaulting registered person [Notification No. 15/2021]**
 - Earlier, a user was not able to generate e-way bill for a GSTIN if the said GSTIN was not eligible for e-way bill generation. It implies that the GSTINs of such blocked taxpayers could not be used to generate the e-way bills neither as supplier (consignor) nor as recipient (consignee).
 - Said rule has been amended to relax such restriction. Blocking of GSTIN for e-way bill generation would only be for the defaulting supplier GSTIN and not for the defaulting Recipient or Transporter GSTIN. Suspended GSTIN cannot generate e-way bill as supplier. However, the suspended GSTIN can get the e-way bill generated as recipient or as transporter.
 - In other words, e-way bill generation facility is blocked only in respect of any outward movement of goods of the registered person who is not eligible for e-way bill generation. E-way bills can be generated in respect of inward supplies of said registered person.
- **PQ1, PQ2, PQ3, PQ4, PQ5**

Chapter 14 – TDS / TCS

Section 51 – TDS

- **The following persons need to mandatorily deduct TDS <<Govt And LA Notified SAP>>**
 - Central & State Govt
 - Government Agencies
 - Local Authority
 - Notified Persons ie i) Society established by Central / State Govt, ii) Authority set up under an Act of Parliament / State Legislature / Government with 51% or more equity participation iii) PSUs
- **No TDS in the following cases**
 - Supplies between the persons mentioned above and also supplies between PSUs
 - If 'location of supplier' and 'place of supply' are in one state but 'location of recipient' (deductor) is in another state
- **TDS threshold:**
 - TDS to be deducted only if value of TAXABLE supply under a contract exceeds 2,50,000 INR EXCLUSIVE of tax and cess.
 - TDS has to be deducted even if the Individual supplies may be less than 2,50,000 but if total value of supplies under a contract is more than 2,50,000/-,
- **TDS rate would be 2% (1% CGST & 1% SGST or 2%IGST)**
- **Deposit of TDS:**
 - The amount of tax deducted at source should be deposited to the Government account by deductor by 10th of the succeeding month alongwith GSTR-7
 - TDS to be deducted on 'payment or credit' whichever is earlier
- **TDS Certificate:**
 - TDS certificate will be made available online under GSTR-7A.
- **Non-Remittance to the government:**
 - If the deductor has not remitted the amount deducted as TDS to the Government within the prescribed time limit, he is liable to pay penal interest @18% under Section 50 in addition to the amount of tax deducted.
- Excess credit can be refunded to the deductor / deductee. However, if the deducted amount is already credited to the electronic cash ledger of the supplier, the same shall not be refunded.
- **Section 52 – TCS [ECO other than Notified u/s 9(5)]**
- TCS to be collected by every electronic commerce operator (ECO) (not being an agent) when a supplier supplies taxable goods or services through its portal and the payment for that supply is collected by the electronic commerce operator.
- TCS to be collected at 1% on the NET VALUE OF SUPPLIES (aggregate value per month reduced by value of returns) (rate has been reduced to 0.5% from 10th July 2024 and onwards)
- **Q1**
- However, no TCS is required to be collected in the following cases:-
 - on supply of services notified under section 9(5) <<HTHR>>
 - on exempt supplies
 - on RCM supplies
- The TCS amount collected by the ECO has to be remitted to the Government Treasury within 10 days after the end of the month in which the collection was made by filing GSTR-8
- According to Section 52 of the Act, TCS is required to be collected on the net value of taxable supplies made through ECO by other suppliers where the consideration is to be collected by

the ECO. In cases where someone is selling their own products through a website, there is no requirement to collect tax at source as per the provisions of this Section

- **Compliances to be done by ECO:**
 - ECO needs to file an electronic statement containing details of the outward supplies of goods and/ or services effected through it, including the supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of the each month in which supplies are made.
 - Additionally, the ECO is also mandated to file an Annual Statement on or before 31st day of December following the end of the financial year (GSTR-9B)
 - Else penalty of upto 25,000
 - Return of e-commerce operator should be matched with every of supplier and if the returns do not match then the amount of discrepancy will be added to the outward tax liability of the e-commerce operator
 - As per Section 52, the TCS provisions shall trigger only when the ECO is receiving the consideration for supply from the recipient of supply.
- **Additional Points:**
 - The amount of tax deducted/collected is reflected in the Electronic Cash Ledger of the deductee/supplier respectively.
 - TDS deductors and TCS collectors need to get compulsorily registered under section 24 of the CGST/SGST Act.
 - TDS provisions to apply even if the supplier is a CSD
- **Q2, Q3, Q4, Q5**