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V'Smart Academy

GST

**1.5 Day Revision
Before Exam**

**(Most Expected
Concepts)**

Applicable for Jan 26 Exam

By CA Vishal Bhattad

*Think GST
Think Vishal Sir!*

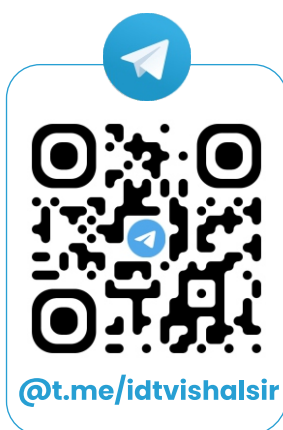


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IMP Questions

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Concept of Supply

“Supply” chapter is **NOT** about memorising sections. It is about answering **WHY it is supply / NOT supply**

Definition consideration:- The definition of consideration specifically **excludes certain items**, namely:

1. **Subsidies provided by the Central Government or a State Government**, and
2. **Deposits**, unless such deposit is applied as consideration for the supply.

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) |
|-------|--|---|
| 1. | Supply without Consideration - Schedule I Core focus: <ul style="list-style-type: none"> ➤ Permanent transfer of business assets (ITC availed Vs not availed) ➤ Related persons / distinct persons ➤ Employer → employee gifts ➤ Definition of family | As per Para 1 of Schedule I read with section 7(1)(c) of the CGST Act, 2017, permanent transfer or disposal of business assets on which input tax credit has been availed shall be treated as a supply even if made without consideration . |
| 2. | Distinct Person – Branch / Depot / Factory Transfers Core focus: <ul style="list-style-type: none"> ➤ Sec 25(4) & 25(5) ➤ Inter-State stock transfer without consideration ➤ Factory → depot → showroom | As per Sec 25(4) of the CGST Act, 2017, a person who has obtained more than one registration, whether in one State or in different States, shall be treated as distinct persons for the purposes of GST. Further, in terms of sec 7(1)(c) read with Schedule I, supply of goods or services between distinct persons, when made in the course or furtherance of business, shall be treated as supply even if made without consideration . |
| 3. | Employer–Employee Transactions Core focus: <ul style="list-style-type: none"> ➤ Gifts > ₹50,000 → supply ➤ Gifts ≤ ₹50,000 → not supply | Employer and employee are deemed to be related persons as per Explanation to section 15 of the CGST Act. As per Para 2 of Schedule I , supply of goods or services between related persons is treated as supply even without consideration. However, gifts not exceeding ₹50,000 in value in a financial year by an employer to an employee shall not be treated as supply. |
| 4. | Import of Services – Personal vs Business Core focus: <ul style="list-style-type: none"> ➤ Import for consideration (personal / business – both taxable) ➤ Import from related person without consideration ➤ Family dependency condition | As per Sec 7(1)(b) of the CGST Act, 2017, import of services for a consideration shall be treated as supply, whether or not such services are used in the course or furtherance of business. As per Para 4 of Schedule I read with sec 7(1)(c) of the CGST Act, import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business, shall be treated as supply even if made without consideration |
| 5. | Agent–Principal Transactions (Schedule I – Para 3) Core focus: <ul style="list-style-type: none"> ➤ Invoice in agent's name vs principal's name ➤ Del-credere agent (DCA) ➤ Agent issuing invoice in own name | As per Para 3 of Schedule I , supply of goods by an agent to his principal or by a principal to his agent shall be treated as supply when the agent undertakes to supply such goods on behalf of the principal and issues invoice in his own name. But if invoice is issued in the name of the principal and the agent merely facilitates the transaction, the conditions of Para 3 of Schedule I are not satisfied & not treated as supply. |
| 6. | Donations vs Advertisement / Promotion Core focus: <ul style="list-style-type: none"> ➤ Donation with nameplate (gratitude only) | As per Sec 7(1)(a) of the CGST Act, 2017, supply includes all forms of supply of goods or services made for a consideration in the course or furtherance of business . CBIC has clarified that Where the donation is given without |

| | | |
|-----|--|---|
| | <ul style="list-style-type: none"> ➔ Donation with branding / hoarding → taxable ➔ Quid-pro-quo concept | <p>any quid pro quo and the institution merely displays the donor's name as a mark of gratitude or public recognition, such activity does not constitute supply under GST.</p> <p>However, if the donation is linked to promotion, advertisement or branding of the donor's business, it amounts to supply of service for consideration and is taxable under GST.</p> |
| 7. | <p>Schedule III – Sale of Land & Government Licences</p> <p>Why: Conceptual clarity tested again & again</p> <p>Core focus:</p> <ul style="list-style-type: none"> ➔ Sale of developed land ➔ Alcohol licence by State Government ➔ Employee to employer services ESOP/ESPP/RSU (Schedule III logic) | <p>In terms of Para 1 of Schedule III, services by an employee to the employer in the course of or in relation to his employment shall be treated as neither supply of goods nor supply of services.</p> <p>Further, CBIC has clarified that ESOPs / ESPPs / RSUs provided by an employer to its employees form part of the employee remuneration / compensation package.</p> <p>Additionally, securities (including shares) are neither goods nor services as per Sec 2(52) and Sec 2(102) of the CGST Act.</p> |
| 8. | <p>Agreeing to Refrain / Tolerate an Act (Schedule II)</p> <p>Core focus:</p> <ul style="list-style-type: none"> ➔ Compensation for not constructing ➔ Tolerating an act ➔ Value inclusive of GST logic | <p>As per Para 5(e) of Schedule II provides that agreeing to the obligation to: refrain from an act, or tolerate an act or a situation, or do an act shall be treated as supply of services, provided it is for a consideration.</p> <p>Further, CBIC clarifies that such transactions shall be treated as supply only when there is a express and direct nexus between the payment and the obligation to refrain, tolerate or do an act.</p> <p>Mere payment of damages, compensation or penalty without any agreement or contractual obligation to tolerate or refrain from an act shall not be treated as supply.</p> |
| 9. | <p>Composite Supply & Mixed Supply</p> <p>Why: Appears every attempt in some form</p> <p>Core focus:</p> <ul style="list-style-type: none"> ➔ Naturally bundled test ➔ Single price vs separate values ➔ Principal supply identification | <p>As per Sec 2(30) of the CGST Act, 2017, composite supply means a supply made by a taxable person consisting of two or more taxable supplies, which are naturally bundled and supplied together in the ordinary course of business, one of which is a principal supply.</p> <p>As per Sec 8, the tax liability on a composite supply shall be determined as if it were a supply of the principal supply.</p> <p>As per Sec 2(74) of the CGST Act, 2017, mixed supply means a supply of two or more individual supplies of goods or services, which are not naturally bundled, but are supplied together for a single price.</p> <p>As per section 8, a mixed supply shall be taxed at the rate applicable to the supply attracting the highest rate of tax.</p> |
| 10. | <p>Para 9 of Schedule III:</p> <p>Apportionment of co-insurance premium</p> | <p>Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements, subject to the condition that the lead insurer pays the CGST, SGST, UGST & IGST on the entire amount of premium paid by the insured.</p> |
| 11. | <p>Para 10 of Schedule III:</p> <p>Services by insurer to the reinsurer</p> | <p>Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the CGST, SGST, UGST & IGST is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.</p> |

Reverse Charge Mechanism & ECO

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) |
|-------|---|---|
| 1. | Director's remuneration – salary vs professional fees | As per Sec 9(3) of the CGST Act, 2017 , services provided by a director to the company are liable to GST under reverse charge. However, as per Schedule III , services by an employee to employer in the course of employment are neither supply of goods nor supply of services. CBIC has clarified that: 1. The amount subjected to TDS u/s 192 is treated as salary and is not liable to GST. 2. The amount subjected to TDS u/s 194J is treated as professional services. 3. If service not in director capacity (e.g. renting to co.)- FC is applicable |
| 2. | Renting of residential dwelling to registered person | As per Notification No. 12/2017- renting of residential dwelling for residence to URP is exempt . However, renting of residential dwelling to a registered person is notified under Sec 9(3) for payment of tax under reverse charge. |
| 3. | Renting of Immovable Property (Other than Residential Dwelling) | As per Sec 9(3) of the CGST Act, 2017 , services by way of renting of immovable property (other than residential dwelling) provided by an unregistered person to a registered person, other than a person paying tax under composition levy , are liable to GST under RCM. |
| 4. | Legal services by advocate / firm of advocates | As per Sec 9(3) of the CGST Act , legal services provided by an individual advocate, including a senior advocate, or firm of advocates to a business entity located in the taxable territory are liable to GST under RCM |
| 5. | GTA services to notified person | As per Sec 9(3) , services provided by a Goods Transport Agency for transportation of goods by road to notified persons are liable to GST under reverse charge, unless the GTA opts to pay tax under forward charge. |
| 6. | Security services | As per Sec 9(3) , services by way of supply of security personnel provided by any person other than a body corporate to a registered person (other than composition dealer) are liable to GST under RCM. |
| 7. | Services provided by Government to business entity | As per Sec 9(3) , services supplied by the CG,SG,UT or local authority to a business entity located in the taxable territory are liable to GST under reverse charge, except for notified exclusions. ➡ Immovable property to RP - Reverse charge ➡ Immovable property to URP - Forward charge ➡ All Services by railway - taxable under Forward charge. |
| 8. | Sponsorship services | As per Sec 9(3) , sponsorship services provided by any person other than a body corporate to a body corporate or partnership firm located in the taxable territory are liable to GST under reverse charge. |
| 9. | Insurance agent / Direct Selling Agent services | As per Sec 9(3) , services provided by an insurance agent to an insurance company or by an individual direct selling agent to a banking company or NBFC are liable to GST under reverse charge. |
| 10. | Transfer of copyright by author to publisher | As per Sec 9(3) , services provided by an author by way of transfer or permitting the use or enjoyment of copyright relating to original literary works to a publisher are liable to GST under reverse charge, subject to option for forward charge. Conditions for FC - a) Registration under GST b) Declaration to comply all provisions c) does not withdraw the option at least 1 year. |

Composition Levy

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) |
|-------|--|--|
| 1. | Aggregate Turnover – Meaning | As per Sec 2(6) of the CGST Act, 2017, “aggregate turnover” means the aggregate value of all taxable supplies, exempt supplies, exports of goods or services and inter-State supplies of persons having the same PAN, to be computed on all-India basis, but excludes GST |
| 2. | Aggregate OR Turnover in state – Special exclusions for composition | For the purpose of composition levy, value of inward supplies on which tax is payable under reverse charge and interest on loans, advances or deposits shall be excluded. |
| 3. | Turnover to be considered for composition Tax | Aggregate t/o for composition levy shall include supplies made from 1st April till the date the person becomes liable for registration. Turnover in State for composition levy shall not include supplies made from 1st April till the date the person becomes liable for registration. |
| 4. | Turnover limit for composition (Goods) | As per Sec 10(1) , a registered person may opt for composition scheme if aggregate turnover in the preceding financial year does not exceed ₹1.5 crore (₹75 lakh for specified special category States other than Assam, H.P. & J & K). |
| 5. | Basic eligibility conditions (Check conditions only for current year) | <ul style="list-style-type: none"> ➤ Not engage in service unless allowed (for Sec 10(1)) ➤ No inter-State outward supply ➤ No non-taxable supply ➤ No supply of service from Sec 52 ECO (supply of goods allowed) ➤ Not manufacturer of notified goods ➤ Not casual / non-resident taxable person |
| 6. | Inter-State inward supply | Sec 10 places restriction only on inter-State outward supply and not on inter-State inward supply of goods or services. |
| 7. | Marginal supply of services (10% / ₹5 lakh) | As per the second proviso to section 10(1) , a person opting for composition scheme may supply services (other than restaurant services) up to 10% of the turnover in State or UT in the preceding financial year or ₹5 lakh, whichever is higher. |
| 8. | Notified goods – Manufacturer not eligible | As per Sec 10(2)(e) , a manufacturer of notified goods such as ice-cream, pan masala, aerated water, tobacco and fly ash bricks etc. shall not be eligible for composition scheme. |
| 9. | Composition scheme for service providers | As per Sec 10(2A) , a registered person not eligible under section 10(1) and having aggregate turnover not exceeding ₹50 lakh in the preceding financial year, may opt for composition scheme. |
| 10. | Tax rate u/s 10(2A) | Tax shall be payable at the rate of 3% CGST and 3% SGST of the turnover in State or UT as per Sec 10(2A) . |
| 11. | Supply of goods under 10(2A) | Sec 10(2A) does not prescribe any restriction on supply of goods along with services. |
| 12. | PAN-based condition (all registrations) | As per the Proviso to Sec 10(2) , all registered persons having the same PAN shall opt for composition scheme; if any one is not eligible, none shall be eligible. |

| | | |
|-----|---|---|
| 13. | Supply to SEZ | Supply of goods or services to an SEZ unit or developer is treated as inter-State supply; hence a person making such supplies is not eligible for composition scheme. |
| 14. | Crossing turnover during the year | As per Sec 10(3) , the option to pay tax under composition scheme shall lapse from the day on which aggregate turnover exceeds the specified limit (1.5 Cr. /75L/ 50L) during the financial year. |
| 15. | Tax collection & ITC | As per Sec 10(4) , a person paying tax under composition scheme shall not collect tax from the recipient and shall not be entitled to input tax credit. |
| 16. | Invoice under composition | A person paying tax under composition scheme shall issue a bill of supply instead of a tax invoice as per Sec 10(4) . |
| 17. | Return & Statement under composition | A person paying tax under composition scheme shall furnish GSTR-4 (yearly basis) by 30th June following the end of the financial year & statement in CMP 08 (Quarterly basis) by 18th of following the end of quarter. |

Chapter

4

Value of Supply

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) | Tricky Points |
|-------|---|--|--|
| 1. | Transaction Value – basic rule | As per Sec 15(1) , value of supply is the transaction value i.e. price actually paid or payable, where parties are not related and price is sole consideration. | |
| 2. | Taxes other than GST | As per Sec 15(2)(a) , taxes, duties, cesses, fees under any law other than GST, if charged separately, are includible. | TDS / TCS under Income-tax Act → NOT ADD (interim levy) |
| 3. | Supplier's liability paid by recipient | As per Sec 15(2)(b) , supplier's liability incurred by recipient and not included in price is includible in value. | Freight Charges on FOR basis incurred by the buyer - Added |
| 4. | Buyer's own expenses | Only supplier's liability is includible under Sec 15(2)(b) . | Don't add dismantling charges or freight charges in as-is-where-is sale |
| 5. | Incidental expenses | As per Sec 15(2)(c) , packing, freight, commission and all other charges up to delivery are includible. | Add only if “ charged by supplier ” |
| 7. | Interest / late fee received | As per Sec 15(2)(d) , interest or late fee for delayed payment is includible in value. | Taxable on receipt basis & treated as inclusive of GST |
| 8. | Interest waived / notional | Interest is includible only when actually received under Sec 15(2)(d) read with Section 13(6) . | |
| 9. | Subsidy – NGO (price-linked) | As per Sec 15(2)(e) , non-Government subsidy directly linked to price is includible. | Refer below table |
| 10. | Subsidy – Government | Subsidies by Central or State Government are excluded under Sec 15(2)(e) . | |
| 11. | Lump-sum donation | Only price-linked subsidy is includible under Sec 15(2)(e) & not lump sum subsidy. | |

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|-----|---|--|--|
| 12. | Discount before / at supply | As per Sec 15(3)(a) , any discount given before or at time of supply and recorded in invoice is deductible. | Any discount whatever name is allowed |
| 13. | Post-supply discount (valid) | As per Sec 15(3)(b) , deductible only if agreement existed, invoice-wise linkage and proportionate ITC reversal by recipient. | Discount given on next transaction not agreed before-not allowed |
| 14. | Turnover / year-end discount | ☞ Satisfying Sec 15(3)(b) is - Deductible. ☞ Not satisfying Sec 15(3)(b) is - Not deductible. | |
| 15. | Del-credere agent – | Agent own invoice- Interest is treated as delayed consideration and includible in value. | |
| | | Principal invoice- Interest is treated as interest on loan and exempt from GST. | |
| 17. | Insurance – No Claim Bonus (NCB) | NCB disclosed in policy and mentioned in invoice is deductible under Sec 15(3) . | NCB deductible as discount. |


Very IMP

Adjustment for sub-sidy :-

| | |
|----------------------------------|-----------------|
| Example :- Net List Price | 1,00,000 |
| Subsidy | 10,000 |
| Total List Price | 1,10,000 |

| Sr.No. | Particulars | List price net of supply | List price Gross amount |
|--------|---------------------------------------|------------------------------------|----------------------------------|
| 1. | List Price | 1,00,000 | 1,10,000 |
| 2. | Government subsidy | [No Adjustment] (Already deducted) | Less : 10,000 |
| 3. | Non Govt. subsidy linked to the Price | Add : 10,000 | No adjustment (already included) |

Time of Supply

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) |
|-------|---|--|
| 1. | Goods – Forward Charge | As per Sec 12(2) of the CGST Act, 2017 read with Notification No. 66/2017 , the time of supply of goods shall be the earlier of the date of issue of invoice or the last date on which invoice is required to be issued under section 31. |
| 2. | Goods – Advance Received | In terms of Notification No. 66/2017 , GST on advance received is not applicable in case of supply of goods, except in case of composition supplier and specified actionable claims. |
| 3. | Goods – Reverse Charge | As per Sec 12(3) of the CGST Act, 2017, the time of supply of goods liable to tax under reverse charge shall be the earliest of the (a) date of receipt of goods, or (b) the date of payment, or (c) 31st day from the date of issue of invoice by the supplier. |
| 4. | Services – Forward Charge-Invoice within 30 days/45 days. | As per Sec 13(2)(a) of the CGST Act, 2017, where the invoice is issued within the time prescribed under section 31, the time of supply shall be the earlier of the date of issue of invoice or the date of receipt of payment. |
| 5. | Services – Forward Charge-Invoice not within 30 days/45 days. | As per Sec 13(2)(b) of the CGST Act, 2017, where the invoice is not issued within the prescribed time, the time of supply shall be the earlier of the date of provision of service or the date of receipt of payment. |
| 6. | Advance in Services | Advance received towards supply of services is liable to GST and the time of supply shall be determined in accordance with Sec 13(2) of the CGST Act, 2017. |
| 7. | Excess Payment ≤ ₹1,000 | As per the Proviso to Sec 13(2) of the CGST Act, 2017, where the supplier receives an amount up to ₹1,000 in excess of the invoice value, he may, at his option, treat the time of supply of such excess amount as the date of issue of invoice relating to such excess amount. |
| 8. | Excess Payment > ₹1,000 | Where the excess payment exceeds ₹1,000, the proviso to Sec 13(2) is not applicable and the time of supply shall be determined as per Sec 13(2) of the CGST Act, 2017. |
| 9. | Services – Reverse Charge  | As per Sec 13(3) of the CGST Act, 2017, the time of supply of services liable to tax under reverse charge shall be the earliest of (a) the date of payment by the recipient, (b) 61th day from the date of issue of invoice by the supplier, or (c) the date of issue of invoice by the recipient(self Invoice), where applicable. |
| 10. | RCM – Unregistered Supplier-Self-invoice | Where the supplier is unregistered and invoice is required to be issued by the recipient, the time of supply shall be the date of issue of invoice by the recipient or the date of payment , whichever is earlier, in terms of Sec 13(3) . |
| 11. | Residual Time of Supply | Where the time of supply cannot be determined under sections 12 or 13, the time of supply shall be determined as per Sec 12(5) / Sec 13(5) of the CGST Act, 2017.i.e. the time of supply shall be the due date of filing return or the date of payment of tax, as the case may be |
| 12. | Continuous Supply – HAM Model (NHAI) | In case of continuous supply of services, the time of supply shall be determined in accordance with Sec 13(2) , as clarified by CBIC, based on issuance of invoice or due date of payment, as applicable. |

Exemption Under GST

Author Suggestion :- Refer LDR Notes which covers every aspects of Exemption.

Following most expected area for Jan 26 Exam

1. HEALTH CARE SERVICES

CORE FOCUS (Must Prepare)

- ➔ Recognised vs non-recognised system of medicine
- ➔ Cosmetic vs reconstructive surgery
- ➔ Room rent > ₹5,000 per day - Taxable
- ➔ ICU / NICU always exempt
- ➔ Food to in-patients (composite supply)
- ➔ Cord blood bank = taxable

2. CHARITABLE & RELIGIOUS TRUST (Very High)

CORE FOCUS

- ➔ Meaning of charitable activities
- ➔ Trust registration ≠ automatic exemption
- ➔ Renting thresholds:
 - Rooms < ₹1,000/day
 - Halls < ₹10,000/day
 - Shops < ₹10,000/month
- ➔ Entire amount taxable once limit crossed

3. EDUCATION SERVICES

CORE FOCUS

- ➔ Exemption only up to **higher secondary school**
- ➔ Transport/ security / catering → exempt for schools
- ➔ Colleges / coaching institutes → taxable
- ➔ Hostels / PGs → taxable

4. LEGAL SERVICES

CORE FOCUS

- ➔ Exempt when provided to:
 - Government
 - Advocate / law firm
 - Individual
 - Business entity below threshold

5. AGRICULTURE SERVICES

CORE FOCUS

- ➔ Sugarcane → jaggery (taxable)
- ➔ Paddy → rice (taxable)
- ➔ Tomato → ketchup (taxable)
- ➔ Rearing of animals **except horses**

6. RWA / HOUSING SOCIETY

CORE FOCUS

- ➔ Exempt up to ₹7,500 per member per month
- ➔ If crossed → **entire amount taxable**

7. PASSENGER TRANSPORTATION

CORE FOCUS

- ➔ Non-AC rail, metro, ferry (non-tourism) → exempt
- ➔ AC rail, air, cable car, tourism carriage → taxable

8. GOODS TRANSPORTATION

CORE FOCUS

- ➔ Transport by Road except GTA & Courier
- ➔ Transport by Inland waterways

9. PURE SERVICES TO GOVERNMENT

CORE FOCUS

- ➔ Pure services under **Art. 243G / 243W** → exempt
- ➔ Composite supply → exempt only if goods ≤ 25%

Place of Supply

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) |
|-------|---|---|
| 1. | Goods involving movement | As per Sec 10(1)(a) of the IGST Act, where the supply involves movement of goods, the place of supply shall be the location of goods at the time at which the movement terminates for delivery to the recipient. |
| 2. | Bill To – Ship To | As per Sec 10(1)(b) of the IGST Act, where goods are delivered by the supplier to the recipient on the direction of a third person, the place of supply shall be the principal place of business of such third person. |
| 3. | Unregistered person (E-commerce) | As per Sec 10(1)(ca) of the IGST Act, where goods are supplied to an unregistered person, the place of supply shall be the address of the recipient as recorded on the invoice. In case of E-Commerce if billing address & delivery address differ, then consider delivery address. |
| 4. | Installation / assembly at site | As per Sec 10(1)(d) of the IGST Act, where goods are assembled or installed at site, the place of supply shall be the place of such installation or assembly. |
| 5. | Default rule – Services | As per Sec 12(2) of the IGST Act, where services are supplied to a registered person, the place of supply shall be the location of such registered person , and where supplied to an unregistered person, it shall be the location of the recipient if address is available , otherwise the location of the supplier. |
| 6. | Immovable property services | As per Sec 12(3) of the IGST Act, the place of supply of services directly in relation to an immovable property shall be the location of such immovable property. |
| 7. | Event organisation | As per Sec 12(7) of the IGST Act, where services are provided to a registered person, the place of supply shall be the location of such registered person, otherwise (to URP) the place where the event is held. |
| 8. | Transport of goods / courier | As per Sec 12(8) of the IGST Act, where the recipient is registered, the place of supply shall be the location of such registered person , otherwise (to URP) the place where goods are handed over for transportation. |
| 9. | Passenger Transport | As per Sec 12(9) of the IGST Act, where the recipient is registered, the place of supply shall be the location of such registered person & If the recipient is unregistered, the place of supply shall be the place where the passenger embarks for the continuous journey. |
| 10. | Telecommunication services | As per Sec 12(11) of the IGST Act, the place of supply of telecommunication services on post-paid basis shall be the billing address of the recipient , and on prepaid basis through distributor shall be the location of such distributor. |
| 11. | If following services provided in multiple state - immovable property related - organization of event - Telecommunication | where an event or service is provided in more than one State/UT and a single consolidated amount is charged, the place of supply shall be deemed to be in each such State/UT in proportion to the value of services attributable to each State. |

Input Tax Credit

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) |
|-------|---|--|
| 1. | ITC when invoices not reflected in GSTR-2B | As per Sec 16(2)(aa) , a registered person shall be entitled to avail ITC only in respect of invoices or debit notes, the details of which have been furnished by the supplier in GSTR-1 / GSTR-1A and communicated to the recipient in GSTR-2B. |
| 2. | Supplier uploaded invoice but not filed GSTR-3B (Rule 37A) | As per Rule 37A of CGST Rules, 2017 , where supplier has furnished invoice details but failed to furnish return u/s 39 till 30th September following the end of FY, the recipient shall reverse such ITC in GSTR-3B on or before 30th November. Re-availment allowed once supplier files return. |
| 3. | Advance paid for services – ITC eligibility | As per Sec 16(2)(b) , ITC can be availed only after receipt of goods or services. Mere payment of advance does not entitle ITC until services are actually received. |
| 4. | Bill-to Ship-to model – ITC availability | Explanation to Sec 16(2)(b) provides that where goods are delivered by supplier to recipient on the direction of a registered person (third person), it shall be deemed that the registered person has received the goods. |
| 5. | Ex-works contract – date of receipt of goods | CBIC Clarification:- In case of ex-works contract, goods are deemed to be received by recipient when handed over to transporter at supplier's factory gate, even if physically received later. |
| 6. | Non-payment to supplier within 180 days | Second proviso to Sec 16(2) read with Rule 37 provides that where consideration along with tax is not paid within 180 days, proportionate ITC shall be reversed along with interest. Re-availment permitted on payment. This provision not applicable a) Tax payable under RCM b) Deemed supplies without consideration [Sch.I] c) Value of supplies on account as per sec 15(2)(b) |
| 7. | Time limit for availing ITC (Sec 16(4)) | As per Sec 16(4) , ITC shall be availed on or before 30th November following the end of financial year to which invoice pertains or date of furnishing annual return, whichever is earlier. |
| 8. | Claiming ITC for Invoices Post- Revocation of Registration Cancellation [Sec 16(6)]: | If the registration cancelled u/s 29 is subsequently revoked; and ITC on the relevant invoice/debit note was not time-barred u/s 16(4) as on the date of cancellation; such ITC may be availed in a return furnished under section 39— a) up to 30th November following the relevant FY or the date of furnishing the annual return, whichever is earlier; or b) in the return for the period from the date/effective date of cancellation till the date of revocation, provided such return is furnished within 30 days from the date of the revocation order; whichever is later. |
| 9. | ITC on motor vehicles & related services | As per Sec 17(5)(a) , ITC on motor vehicles for transportation of persons having seating capacity not more than 13 persons is blocked except when used for further supply, passenger transport or training. As per Sec 17(5)(ab) , related repair/insurance/servicing follows same treatment. |

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| 10. | ITC on construction of immovable property | As per Sec17(5)(d) , ITC is blocked on goods or services used for construction of immovable property except plant and machinery. Foundation and structural support of P&M is included in plant and machinery. |
| 11. | Goods or services used in CSR activity | As per Sec 17(5)(fa) , ITC is blocked on goods or services used for CSR activities. |
| 12. | Applicability of Sec 18(1)(a) & Sec 18(1)(d) | <p>1. When an exempt supply becomes taxable and the person becomes liable to registration, Sec 18(1)(a) is applicable</p> <ul style="list-style-type: none"> ➤ ITC is allowed only on stock of inputs: as on the day immediately preceding the date from which tax becomes payable, provided registration is applied within 30 days. ➤ ITC on capital goods is NOT allowed, <p>2. If the person is already registered, when exempt supply becomes taxable then u/s 18(1)(d):</p> <ul style="list-style-type: none"> ➤ ITC is allowed on inputs held in stock / semi-finished / finished goods, and ➤ ITC on capital goods used exclusively for exempt supply is also allowed. |
| 13. | Rule 86B – 99% cash payment restriction | As per Rule 86B, where taxable turnover exceeds ₹50 lakh in a month, ITC usage is restricted to 99% of output tax liability, subject to specified exceptions such as income tax paid, refunds received, cash payment >1%, or government entities. |

Chapter

9

Payment of Tax & TDS-TCS

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) |
|-------|--|---|
| 1. | Utilisation of Electronic Credit Ledger | As per Sec 49(4) , the amount available in electronic credit ledger may be utilised only for payment of output tax . |
| 2. | Payment of Interest / Penalty | As per Sec 49(3) , payment towards tax, interest, penalty, fee or any other amount shall be made by debiting electronic cash ledger only. |
| 3. | RCM – Mode of Payment | As per Sec 49(4) read with Sec9(3)/(4) , tax payable under reverse charge shall be paid only through electronic cash ledger . |
| 4. | Order of Discharge of Liability | As per Sec 49(8) , liabilities shall be discharged in the following order: (a) self-assessed tax and other dues of previous period, (b) self-assessed tax of current period, (c) any other amount payable. |
| 5. | Interest u/s 50 – Late Filing vs Late Payment | As per Sec 50(1) , interest is payable @18% p.a on tax which remains unpaid beyond the due date till the date of payment. |
| 6. | Interest on net & gross liability | <p>1) Interest arises on net liability where return (GSTR-3B) is filed late.</p> <p>2) Interest arises on gross liability where return (GSTR-3B) is filed on time & liability arises thereafter.</p> <p>3) If any amount deposited in cash ledger before due date then interest won't payable to that intent if the amount remains in the ledger from the due date until debited.</p> |

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| 7. | Wrong Utilisation of ITC | As per Sec 50(3) , interest shall be payable @18% p.a on ITC wrongly availed and utilised, from the date of utilisation till reversal/payment. |
| 8. | Transfer of Amount between Heads (PMT-09) | As per Sec 49(10) , a registered person may transfer amount from one head to another head in electronic cash ledger in prescribed manner. |
| 9. | Payment before Registration (Casual / NRTP) | As per Sec 27 , a casual taxable person shall make advance deposit of estimated tax liability prior to grant of registration. |

TDS-TCS

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| 10. | Tax Deducted at Source (TDS) | As per Sec 51 , notified persons shall deduct TDS @1% CGST + 1% SGST (or 2% IGST) where value of taxable supply under a contract exceeds ₹2.5 lakh excluding GST . |
| 11. | Persons liable to deduct TDS (Sec 51) | As per Sec 51 , a) Specified persons like CG, SG, LA, Govt Agencies . b) Public Sector Undertakings (PSU). c) Society established by CG/SG under Society Act. d) An authority/Board or Other body established by Any act or Govt. with 51% or more equity concern with Govt. e) Any RP receiving supplies of metal scrap from other RP . |
| 12. | Time of deduction & deposit of TDS | TDS shall be deducted at the time of payment or credit , whichever is earlier, and shall be deposited within 10 days after the end of the month . |
| 13. | NON-APPLICABILITY – Inter-State Supply (TDS) | TDS under section 51 shall not apply where location of supplier and place of supply are in a State different from the State of registration of recipient . |
| 14. | NON-APPLICABILITY – | <ul style="list-style-type: none"> ➤ Value of taxable supply in a Contract value \leq ₹ 2,50,000 ➤ Exempt supplies ➤ Supplies under RCM. ➤ Supplier is URP. ➤ LOS & POS are in same state, but LOR is in different state. ➤ SOG/SOS between all notified persons u/s 51(1)(a) to (d), excluding metal scrap received by RPs. |
| 15. | E-Commerce Operator liable to collect TCS (Sec 52) | As per Sec 52 , every e-commerce operator (not being an agent) shall collect tax at source on net value of taxable supplies made through it. |
| 16. | Rate of TCS | TCS shall be collected @ 0.25% CGST + 0.25% SGST (or 0.5% IGST) . |
| 17. | NON-APPLICABILITY – ECO as Agent | Where the e-commerce operator is required to pay tax on the supply as an agent , provisions of Sec 52 shall not apply . |
| 18. | Registration & compliance for TCS | Every e-commerce operator liable to collect TCS shall obtain compulsory registration and deposit TCS within 10 days after end of the month , and file annual statement. |

Registration

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) |
|-------|---|---|
| 1. | Threshold limit – Goods vs Services | Under Sec 22(1) , The threshold limit for a person making exclusive intra-state supplies of goods is as under:- <ul style="list-style-type: none"> ➤ ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland. ➤ ₹ 20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand. ➤ ₹ 40 lakh for rest of India (if person exclusively engage in supply of goods). |
| 2. | Special Category State Override | Since taxable supplies are made from a Special Category State, the applicable threshold limit stands reduced to ₹10 lakh notwithstanding supplies made from other States. |
| 3. | Notified Goods – Denial of ₹40L | The enhanced threshold limit of ₹40 lakh is not available to persons engaged in making supplies of notified goods (ice-cream, pan masala, aerated water, tobacco and fly ash bricks etc.). Hence, the normal threshold limit shall apply. |
| 4. | Section 23 – Person Not Liable at All | As per Sec 23 , persons engaged exclusively in supplying goods or services which are wholly exempt from tax or not liable to tax, and agriculturists to the extent of supply of produce out of cultivation of land, are not liable for registration also includes whose supply under RCM. |
| 5. | Securities & Charitable Trust (RTP-driven) | Securities are neither goods nor services under GST and hence do not attract GST. Further, charitable trusts registered u/s 12AB supplying exempt charitable activities are not liable to registration under section 23. |
| 6. | Section 24 – Inter-State Supply of GOODS | As per Sec 24 , persons making inter-State taxable supply of goods are required to obtain compulsory registration irrespective of the quantum of aggregate turnover. |
| 7. | Agent Issuing Invoice in Own Name | Since the agent issues invoice in his own name, supplies made on behalf of the principal are includible in aggregate turnover and compulsory registration under section 24 gets attracted. |
| 8. | Effective Date of Registration (Rule 10) | Where the application for registration is made within 30 days from the date of becoming liable, the effective date of registration shall be the date on which the person becomes liable; otherwise, it shall be the date of grant of registration. |
| 9. | Furnishing of Bank Details – Rule 10A | Rule 10A permits furnishing of bank account details after grant of registration; however, such details shall be furnished within 30 days from the earlier of the date of grant of registration or the date of furnishing outward supplies in GSTR-1 or IFF. |
| 10. | Circumstances for Cancellation (Sec 29(2) r/w Rule 21) | As per Sec 29(2) , registration may be cancelled if the registered person contravenes provisions of the Act, does not conduct business from declared place, issues invoice without supply, avails ITC in violation of law, or fails to furnish returns for the prescribed continuous period (6 months/3 months). |

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| 11. | Tax Payable on Cancellation (Sec 29(5)) | A registered person whose registration is cancelled shall pay an amount equal to the higher of the input tax credit on inputs, semi-finished goods, finished goods and capital goods held in stock, or the output tax payable on such goods. |
| 12. | Revocation of Cancellation (Sec 30 r/w Rule 23) | Where registration is cancelled by the proper officer, the registered person may apply for revocation within 90 days from the date of service of cancellation order, subject to furnishing all pending returns and payment of tax, interest, penalty and late fee. The time limit may be extended up to 180 days on sufficient cause being shown. |

Chapter

11

Tax Invoice

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) |
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| 1. | Goods sent on approval (sale or return basis) – with partial sale / return / unsold goods | Legal Provision: As per Sec 31(7) of the CGST Act, 2017, where goods are sent or taken on approval for sale or return and are removed before supply takes place, the tax invoice shall be issued before or at the time of supply (acceptance) or 6 months from the date of removal, whichever is earlier. |
| 2. | Time limit to issue invoice for supply of goods (movement vs non-movement) | As per Sec 31(1) of the CGST Act, 2017, a registered person supplying taxable goods shall issue a tax invoice before or at the time of removal of goods for supply to the recipient where movement of goods is involved and in other cases, before or at the time the goods are delivered or made available to the recipient. |
| 3. | Time limit to issue invoice for supply of services | As per Sec 31(2) of the CGST Act, 2017, a tax invoice for supply of services shall be issued within 30 days from the date of supply of service; however, in case of insurer, banking company, financial institution or NBFC, within 45 days. |
| 4. | Continuous supply of services – due date ascertainable / not ascertainable | As per Sec 31(5) of the CGST Act, 2017, in case of continuous supply of services, where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before such due date, and where the due date is not ascertainable, before or at the time of receipt of payment. If payment willing to completion of event then on or before the completion of event. |
| 5. | Receipt voucher → no supply → refund voucher | As per Sec 31(3)(d) , on receipt of advance payment, a registered person shall issue a receipt voucher. Where subsequently no supply is made and no tax invoice is issued, a refund voucher may be issued against such advance in terms of Section 31(3)(e). |
| 6. | Revised tax invoice – delayed registration cases | As per Sec 31(3)(a) read with Rule 53 , a registered person may issue revised tax invoices for supplies made from the effective date of registration till the date of issuance of registration certificate, within one month from the date of issuance of the certificate. |
| 7. | Consolidated tax invoice – value less than ₹200 | As per Sec 31(3)(b) read with proviso to Rule 46 , a registered person is not required to issue a tax invoice if the value of supply is less than ₹200, the recipient is unregistered and does not require such invoice; however, a consolidated tax invoice shall be issued at the end of the day. Exception:- 1) Multiplex Cinema 2) Invoice value is more than ₹ 200 |

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| 8. | E-Invoicing – applicability, exemptions & PAN-based turnover | As per Rule 48(4) of the CGST Rules, 2017, registered persons having aggregate turnover exceeding ₹5 crore in any preceding financial year from 2017-18 onwards shall issue e-invoices for B2B supplies, except notified exempt classes of persons. |
| 9. | Issue of invoice / self-invoice under RCM | As per Sec 31(3)(f) , a registered person liable to pay tax under reverse charge mechanism shall issue a tax invoice in respect of goods or services received from an unregistered supplier, within 30 days from the date of receipt of such supply. |
| 10. | Credit note – situations & time limit for declaration | As per Sec 34 of the CGST Act, 2017, a registered person may issue one or more credit notes for supplies made in a financial year, which shall be declared in the return not later than 30th November following the end of the financial year or the date of furnishing the annual return, whichever is earlier. |

Chapter

12

Accounts & Records

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) |
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| 1. | Who is required to maintain books & where? | Sec 35(1) – Every registered person shall keep and maintain, at his principal place of business and additional places of business as mentioned in the certificate of registration, a true and correct account of... |
| 2. | Accounts & records to be maintained by a registered person | Sec 35(1) – True and correct account of: (a) production/manufacture, (b) inward & outward supply, (c) stock of goods, (d) ITC availed, (e) output tax payable & paid, and (f) other prescribed particulars |
| 3. | Accounts NOT required by Composition taxable person | Rule 56(2) & 56(4) – Composition supplier is not required to maintain: (i) detailed stock register and (ii) tax accounts containing tax payable, tax collected & ITC |
| 4. | Special records for manufacturer | Rule 56(12) – Registered manufacturer shall maintain monthly production accounts showing quantitative details of raw materials used and goods manufactured including waste & by-products |
| 5. | Works contract – specific records | Rule 56(14) – Separate accounts for each works contract showing: names of contractees, description/value/quantity of goods & services received and utilised, payments received and supplier details |
| 6. | Accounts to be maintained by warehouse / cold storage owner | Sec 35(2) – Maintain records of consigner, consignee, period of storage, movement, receipt & disposal of goods and store goods owner-wise & item-wise |
| 7. | Additional records to be maintained by Agent | Agent shall maintain authorisation from principal, goods/services received & supplied on behalf of principal, accounts furnished to principal and tax paid |
| 8. | Retention period of accounts – normal case | Sec 36 – Books of account shall be retained for 72 months from due date of furnishing annual return for the relevant year |
| 9. | Retention period – appeal / investigation cases | Sec 36 (Proviso) – Retained for later of: (i) one year after final disposal of appeal/revision/investigation OR (ii) 72 months period |

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) |
|-------|--|---|
| 1. | When is e-way bill required to be generated under GST? | As per Rule 138(1) , where there is movement of goods of consignment value exceeding ₹50,000 (i) in relation to a supply, or (ii) for reasons other than supply, or (iii) due to inward supply from an unregistered person, the registered person causing such movement shall generate an e-way bill before commencement of movement . |
| 2. | Explain the meaning of “consignment value” for e-way bill. | As per Rule 138(1) , consignment value shall be the value declared in invoice/bill of supply/delivery challan as per Section 15 , including GST and cess, if charged, but excluding value of exempt supply where invoice covers both taxable and exempt supplies. |
| 3. | Whether freight charges are included in consignment value? | Where freight is charged by supplier and forms part of a composite supply , freight charges shall be included in consignment value for determining applicability of e-way bill. |
| 4. | Is furnishing of Part-B mandatory in all cases? | The statement is partially valid . E-way bill is valid for movement of goods only when conveyance details are furnished in Part-B . However, Part-B is not required where goods are transported up to 50 km within the same State/UT for specified purposes. |
| 5. | Procedure when goods are transferred from one transporter to another during transit.(Transshipment) | Before transfer and further movement of goods, the consignor/ recipient/ transporter who furnished Part-A may update Part-B . E-way bill number may be assigned to another transporter. Once Part-B is updated, reassignment is not allowed . |
| 6. | Can an e-way bill be edited after generation? | An e-way bill cannot be edited once generated. If there is any mistake, it may be cancelled within 24 hours of generation and a fresh e-way bill may be generated, provided it has not been verified in transit . |
| 7. | State the validity period of e-way bill and when it commences. | As per Rule 138(10) , validity is 1 day for every 200 km or part thereof (normal cargo) and 1 day for every 20 km or part thereof (over-dimensional cargo). Validity commences from the date and time when Part-B is first updated . |
| 8. | Cases for Mandatory Generation of E-Way Bill, irrespective of consignment value: | <ul style="list-style-type: none"> ➤ Interstate Job Work ➤ Inter-state movement of Handicraft Goods:- Following shall submit details on common portal & on validation, UEN is generated & communicated: ➤ URP making inter-State transport of handicraft goods, exempt from registration & irrespective of consignment value. ➤ URP opting to generate e-way bill. |
| 9. | Mention cases where e-way bill is not required to be generated. | As per Rule 138(14) , e-way bill is not required for non-motorised conveyance, alcoholic liquor, petroleum products, exempt goods, Schedule III supplies, transit cargo to/from Nepal or Bhutan, defence movement, and movement within notified areas etc. |
| 10. | Who are restricted from generating e-way bill under GST? | As per Rule 138E , restriction applies to: (a) composition supplier not filing CMP-08 for 2 quarters, (b) regular taxpayer not filing returns for 2 tax periods, (c) non-filing of GSTR-1 for 2 months/quarters, (d) suspended registration. Restriction does not apply to inward supplies . |

Returns

| S.No. | Most Expected Area | Legal Template (As ICAI Expect) |
|-------|--|---|
| 1. | Can GSTR-1 be filed before the end of tax period? State exceptions. | As per Sec 37 r/w rule 59 , a registered person cannot furnish GSTR-1 before the end of tax period. However, exceptions are: (i) casual taxable person after closure of business and (ii) cancellation of registration of normal taxpayer after confirmation of application. |
| 2. | Amendment of GSTR-1 after filing & impact on ITC | Proviso to Rule 59(1) allows amendment/additional details in Form GSTR-1A before filing GSTR-3B. As per rule 60(7), such amendment is reflected in Form GSTR-2B of subsequent tax period. |
| 3. | Is NIL GSTR-1 mandatory when no outward supply? | Furnishing of GSTR-1 is mandatory even if there is no business activity. In such case, NIL GSTR-1 is required to be filed. |
| 4. | Whether composition dealer is required to file GSTR-1 | A person paying tax under composition scheme is not liable to furnish GSTR-1. However, GSTR-1 is required for the period during which he was a normal taxpayer. |
| 5. | Restrictions on filing GSTR-1 /IFF | A registered person shall not be allowed to furnish GSTR-1/IFF if he has not furnished preceding GSTR-3B, or intimation u/r 88C or 88D is pending, or bank details not furnished as per rule 10A. |
| 6. | Is GSTR-3B mandatory if no business activity? | As per Sec 39 , filing of GSTR-3B is mandatory even if no business activity is carried out during the tax period. |
| 7. | Meaning of NIL GSTR-3B | Nil GSTR-3B means a return having nil entry in all its tables. |
| 8. | Can NIL GSTR-3B be filed if purchases received? | Where inward supplies are received and ITC is intended to be claimed, Nil GSTR-3B cannot be furnished as ITC table is required to be filled. |
| 9. | Can current GSTR-3B be filed if previous return not filed? | As per Sec 39(10) , a registered person shall not be allowed to furnish a return for a tax period if return for any previous tax period has not been furnished. |
| 10. | QRMP – eligibility & option period | Registered person having aggregate turnover up to ₹5 crore in preceding FY may opt for QRMP. Option can be exercised from 1st day of 2nd month of preceding quarter till last day of 1st month of the quarter. |
| 11. | QRMP – due dates of return & payment | Under QRMP, GSTR-3B is filed quarterly by 22nd/24th of month succeeding quarter. Tax for first two months is paid by 25th of succeeding month in Form PMT-06. |
| 12. | Rectification of returns & time limit (Sec 39(9)) | A return once filed cannot be revised. Errors can be rectified in the return for the period in which noticed, with interest, till earlier of 30th November following end of FY or date of filing annual return. |
| 13. | Annual return vs Final return | Annual return is mandatory for normal taxpayers. Final return is mandatory upon cancellation of registration and is to be filed within 3 months of cancellation or order, whichever is later. |

For Your Notes:-

