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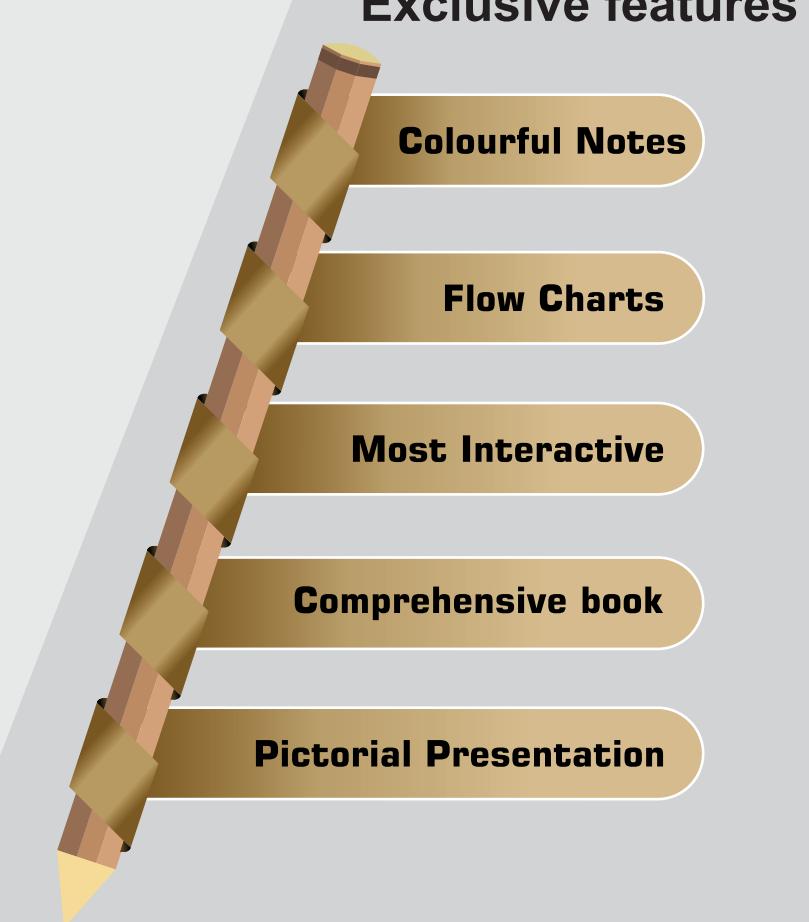
## Introduced 1st time in India



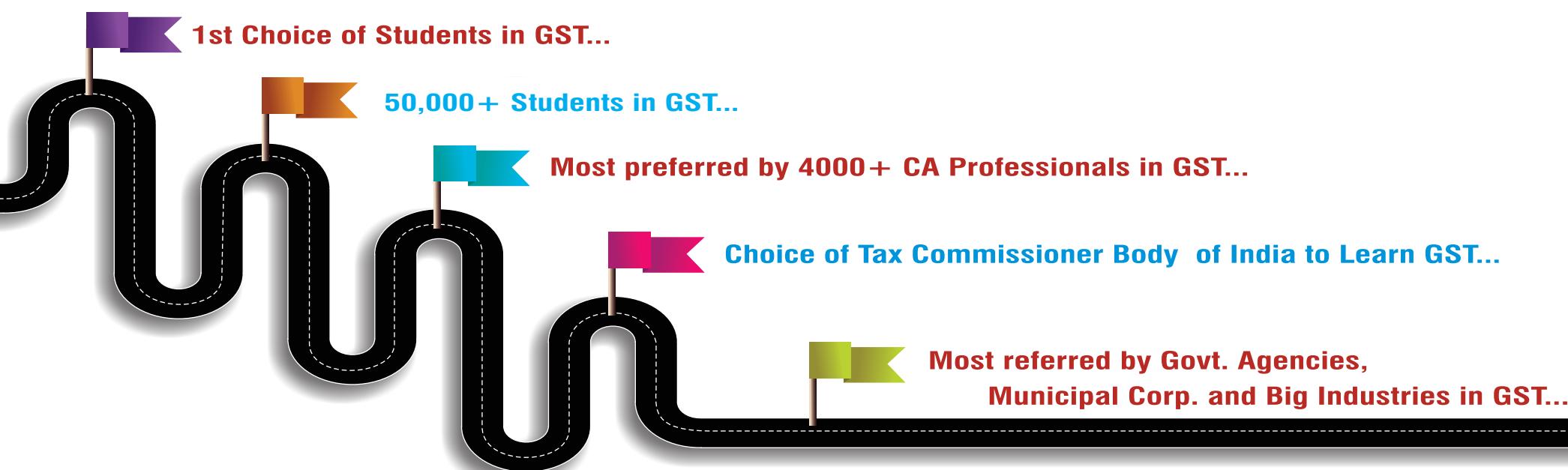
Think GST !  
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- Taught more than 1,50,000+ Students
- Tax Advisor for 2014 budget poll
- Tax Consultant of big Export/Import Companies
- Selected as No. 1 Faculty Since last 5 Years in many Social & Professional organizations.



### Achievements in 2023 & 2024



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IDT concept doubts & queries  
By Vishal Sir & Research Team  
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## Expanded Form of Abbreviations used in Chart Book

<b>GSTN</b>	Goods & service tax network
<b>GTA</b>	Goods Transport Agency
<b>HSN</b>	Harmonised System of Nomenclature.
<b>IFF</b>	Invoice Furnishing facility
<b>ISD</b>	Input Service distributors
<b>ITS</b>	Inverted tax structure
<b>JC</b>	Joint Commissioner
<b>LUT</b>	Letter of undertaking
<b>ME</b>	Merchant Exporter
<b>NBFC</b>	Non-Banking Financial Corporations
<b>NRTP</b>	Non-resident Taxable Person
<b>NTOR</b>	Non-taxable online recipient
<b>NTT</b>	Non-taxable territory
<b>OIDAR</b>	Online Information Data Base Access and Retrieval
<b>OOBH</b>	Opportunity of being heard
<b>PAT</b>	Provisional assessment tax
<b>PFY</b>	Preceding Financial Year
<b>PO</b>	Proper officer
<b>POB</b>	Place of business
<b>PSP</b>	Private service providers
<b>QR</b>	Quick Dynamic
<b>QRMP</b>	Quarterly return monthly payment
<b>RC</b>	Registration certificate
<b>RP</b>	Registered Person
<b>RWA</b>	Resident Welfare Association
<b>SCN</b>	Show cause notice
<b>SEZ</b>	Special Economic zone
<b>TP</b>	Taxable Person
<b>TS</b>	Taxable supply
<b>TT</b>	Taxable Territory
<b>UIN</b>	Unique Identification number
<b>WD</b>	Working days
<b>WIH</b>	Whichever is higher
<b>ZRS</b>	Zero rated supply

# CHAPTER - 1: BASIC CONCEPT OF GST



CA Vishal Bhattad

## FRAMEWORK OF GST

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

## CONCEPT & PRINCIPLE OF GST

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

## CONSTITUTIONAL AMENDMENTS

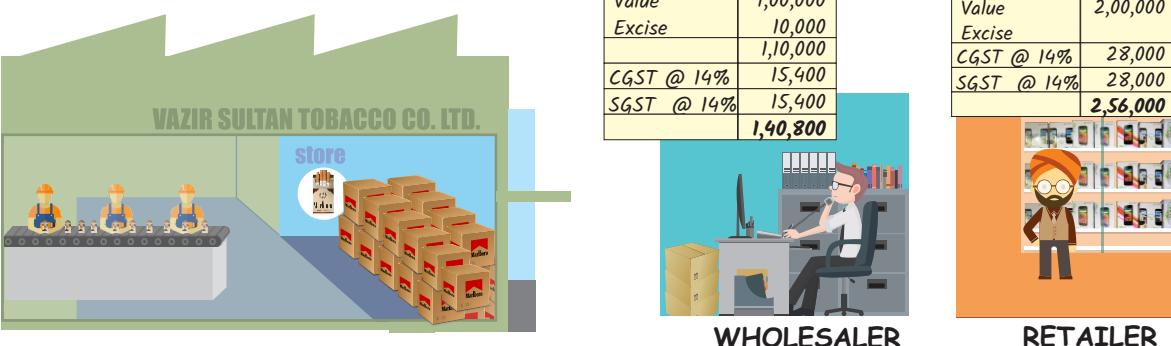
Article 366 (12A)	GST means "Any tax on supply of Goods or Services or both except tax on Supply of the Alcoholic Liquor for human Consumption
Article 246A	Concurrent powers to both, Parliament and State Legislatures is given to make laws with respect to GST
Article 269A	Provides exclusive power to the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

## BENEFITS OF GST

- Creation of Unified National market
- Mitigating Cascading Effect of taxes
- Elimination of multiple taxes and double taxation
- To Promote make in India Initiative
- It also helps to increase overall revenue of Govt.

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

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



Particulars	₹
Value	1,00,000
Excise	10,000
	1,10,000
CGST @ 14%	15,400
SGST @ 14%	15,400
	1,40,800

Particulars	₹
Value	2,00,000
Excise	28,000
	28,000
CGST @ 14%	28,000
SGST @ 14%	28,000
	56,000

## RECOMMENDATION OF GST COUNCIL

Recommendations of GST Council –

- Taxes to be subsumed in GST
- Exemption in GST
- model of GST Laws, principles of levy, apportionment of IGST between Center & State and the principles that govern the POS
- the threshold limit of turnover for Exemption
- the rates of GST & other Special Rates
- Special Provision w.r.t. the special category state
- any other matter relating to the GST.
- Special rates to raised additional resources during any natural calamity/disaster

## SPECIAL CATEGORY OF STATE

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

## MANNER OF UTILIZATION OF ITC IN GST

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

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

## Entertainment tax

E.T. by state Govt.=Substances in GST levied then so such tax is payable

E.T. by local body = It is not subsumed in GST. Hence it is payable in addition to GST

E.g. Price of Movie ticket 500

E.T. of local body 20

CGST @8%

SGST @8%

## TAXES TO BE SUBSUMED IN GST

### Central Taxes

- Central Excise duty
- Additional excise duty
- Excise duty levied under Medicinal & Toiletries preparation Act
- Additional Customs duty(ACD)
- Service Tax
- Surcharges & Cesses
- Central Sales Tax

### State Taxes

- State VAT/Sales Tax
- Central Sales Tax
- Purchase Tax
- Entertainment Tax (other than those levied by local bodies)
- Luxury Tax
- Entry Tax (All forms)
- Taxes on lottery, betting & gambling
- Surcharges & Cesses

## Taxes not subsumed under GST

- Property Tax & Stamp Duty
- Electricity Duty
- Excise Duty on Alcohol
- Basic Custom Duty
- Excise Duty on Petrol Diesel

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



## Section 9(1) of CGST Act/Sec 5(1) of IGST Act :- Charging Section

Levy	Collection	Person Liable to Pay Tax																							
<p><b>Charge</b></p> <p>9(1) - Intra-State Supply of Goods or services or Both</p> <p>5(1) [IGST Act]- Inter-State Supply of Goods or Services or Both</p> <p><b>Value</b></p> <p>Shall be determined as per sec 15 read with rules</p> <p><b>Goods not Subject to Levy of GST</b> - alcoholic liquor &amp; un-denatured extra neutral alcohol/ rectified spirit used for manufacture of alcoholic liquor for human consumption.</p> <p><b>Sec 9(2):- Levy on Petroleum Products from Notified date</b> : - Supply of petroleum crude, high speed diesel, petrol, natural gas and ATF shall be levied from the notified date on recommendation of GST Council.</p> <p><b>Note</b> : Still levy of GST on such products is not notified</p> <p><b>Analysis</b>: The type of levy existing or to be continued after GST</p>	<p>in such manner as may be prescribed (Detail discussion in TOS chapter)</p>	<p><b>Sec 2(107) "Taxable person" - includes</b></p> <p>Taxable person means a person who is registered or liable to be registered u/s 22 or sec 24</p>																							
	<p><b>CGST Rate</b></p> <table border="1"> <tr> <td>0%</td> <td>0.125%</td> <td>1.5%</td> <td>2.5%</td> <td>6%</td> <td>9%</td> <td>14%</td> </tr> <tr> <td>SGST Rate</td> <td>0%</td> <td>0.125%</td> <td>1.5%</td> <td>2.5%</td> <td>6%</td> <td>9%</td> <td>14%</td> </tr> <tr> <td><b>Total</b></td> <td>0%</td> <td>0.25%</td> <td>3%</td> <td>5%</td> <td>12%</td> <td>18%</td> <td>28%</td> </tr> </table>	0%	0.125%	1.5%	2.5%	6%	9%	14%	SGST Rate	0%	0.125%	1.5%	2.5%	6%	9%	14%	<b>Total</b>	0%	0.25%	3%	5%	12%	18%	28%	<p>Forward Charge Sec 9(1) Taxable person making Intra-State Supply</p> <p>Reverse Charge Sec 9(3) /9(4) Recipient of Supply</p> <p>E-Commerce Sec 9(5) E-Commerce Operator</p>
0%	0.125%	1.5%	2.5%	6%	9%	14%																			
SGST Rate	0%	0.125%	1.5%	2.5%	6%	9%	14%																		
<b>Total</b>	0%	0.25%	3%	5%	12%	18%	28%																		
	<p><b>Sec 2(84) "Person" - includes</b></p> <ul style="list-style-type: none"> <li>(a) An Individual</li> <li>(b) A hindu undivided family</li> <li>(c) A Company</li> <li>(d) A Firm</li> <li>(e) A limited Liability Partnership</li> <li>(f) An AOP or a BOI, whether incorporated or not, in India or outside India</li> <li>(g) Corporation established under any Act</li> <li>(h) any body corporate incorporated by or under the laws of a country outside India</li> <li>(i) A co-operative society registered under any law relating to co-operative societies</li> <li>(j) A local authority</li> <li>(k) CG or a SG</li> <li>(l) Society as defined under the Societies Registration Act, 1860</li> <li>(m) Trust</li> <li>(n) Every artificial juridical person, not falling within any of the above</li> </ul>	<p><b>Deemed Distinct Persons : Sec 25 CGST Act</b></p> <p><b>25 (4)</b> A person who has obtained or is required to obtain more than one registration.</p> <ul style="list-style-type: none"> <li>⌚ whether in one State or Union territory or</li> <li>⌚ more than one State or UT shall,</li> </ul> <p>in respect of each such registration, be treated as distinct persons for the purposes of this Act.</p> <p><b>25 (5)</b> Where a person who obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishment shall be treated as establishment of distinct persons for the purposes of this Act.</p>																							
<p><b>SEC 2 (56) "INDIA"</b></p> <p><b>Means</b></p> <ul style="list-style-type: none"> <li>a) Territory of India (state and the Uts.)</li> <li>b) Its ⌚ Territorial Water, ⌚ seabed and ⌚ sub-soil underlying such waters,</li> <li>⌚ continental shelf, ⌚ Exclusive economic zone (EEZ) or</li> <li>⌚ Any other maritime Zone under Maritime Zones Act.</li> <li>c) Air space above its territory &amp; territorial waters</li> </ul> <p><b>SEC 2(114) "UNION TERRITORY"</b></p> <p><b>Means</b> the territory of -</p> <ul style="list-style-type: none"> <li>(a) the Andaman and Nicobar Islands</li> <li>(b) Lakshadweep</li> <li>(c) Daman and Diu and Dadra and Nagar haveli</li> <li>(d) Ladakh</li> <li>(e) Chandigarh</li> </ul>	<p><b>Single/ Multiple Registration</b></p> <p>DDP (Factory Dept Single Reg.)</p> <p>Stock Transfer 1) It's a supply u/s 7(1)(c), Schedule 1 &amp; Para 2 2) IGST is payable 3) Removal under Tax Invoice &amp; E-way Bill</p> <p>Stock Transfer to Depot 1) It's a supply u/s 7(1)(c), Schedule 1 &amp; Para 2 2) CGST &amp; SGST [Intra] 3) Removal of Goods 'Tax Invoice' &amp; 'E-Way Bill'</p> <p>Not DDP</p> <p>Depot</p> <p>DDP (Goa (Reg) Depot)</p> <p>Stock Transfer to Depot 1) It's not a supply (Single reg) 2) No GST is payable 3) Removal under stock transfer challan</p> <p>DDP (Rajasthan (Reg))</p> <p>Stock Transfer 1) It's a supply u/s 7(1)(c), para 2 2) IGST is payable 3) Tax Invoice &amp; Incase of goods also e-way bill required</p> <p>H.O. (Un-Registered)</p> <p>DDP (Registered)</p> <p>Stock Transfer of goods or service to unregistered DDP 1) Its supply u/s 7(1)(c) , para 2 2) IGST is payable 3) Tax Invoice &amp; Incase of goods also e-way bill required</p>	<p>DDP (Reg)</p> <p>Stock Transfer 1) It's a supply u/s 7(1)(c), para 2 2) IGST is payable 3) Tax Invoice &amp; Incase of goods also e-way bill required</p> <p>Warehouse (Rajasthan)</p> <p>Stock Transfer 1) It's a supply u/s 7(1)(c), Schedule 1 &amp; Para 2 2) IGST is payable 3) Removal under Tax Invoice &amp; E-way Bill</p> <p>DDP (Reg)</p> <p>Stock Transfer 1) It's a supply u/s 7(1)(c), Schedule 1 &amp; Para 2 2) CGST &amp; SGST [Intra] 3) Removal of Goods 'Tax Invoice' &amp; 'E-Way Bill'</p> <p>DDP (Reg)</p> <p>Stock Transfer 1) It's not a supply (Single reg) 2) No GST is payable 3) Removal under stock transfer challan</p> <p>DDP (Reg)</p> <p>Stock Transfer 1) It's a supply u/s 7(1)(c), para 2 2) IGST is payable 3) Tax Invoice &amp; Incase of goods also e-way bill required</p> <p>H.O. (Un-Registered)</p> <p>DDP (Reg)</p> <p>Stock Transfer 1) It's a supply u/s 7(1)(c), para 2 2) IGST is payable 3) Tax Invoice &amp; Incase of goods also e-way bill required</p> <p>H.O. (Un-Registered)</p>																							

## Sec 2(93) "Recipient"

a) Where supply of goods or services is for consideration

Recipient = person who is liable to pay such consideration

Where supply of goods or services is without consideration

### Clause (b) Supply of goods

Recipient = a person to whom  
 ➤ goods are delivered  
 ➤ made available or  
 ➤ possession or use of goods is given

### Clause (C) Supply of Services

Recipient = A Person to whom service is rendered

Recipient also includes agent acting on behalf of the recipient

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

"Registered person" means a person -

- ⇒ who is registered under section 25
- ⇒ but does not include a person having a Unique Identity Number (UIN)

## Sec 2 (105) "Supplier"

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

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

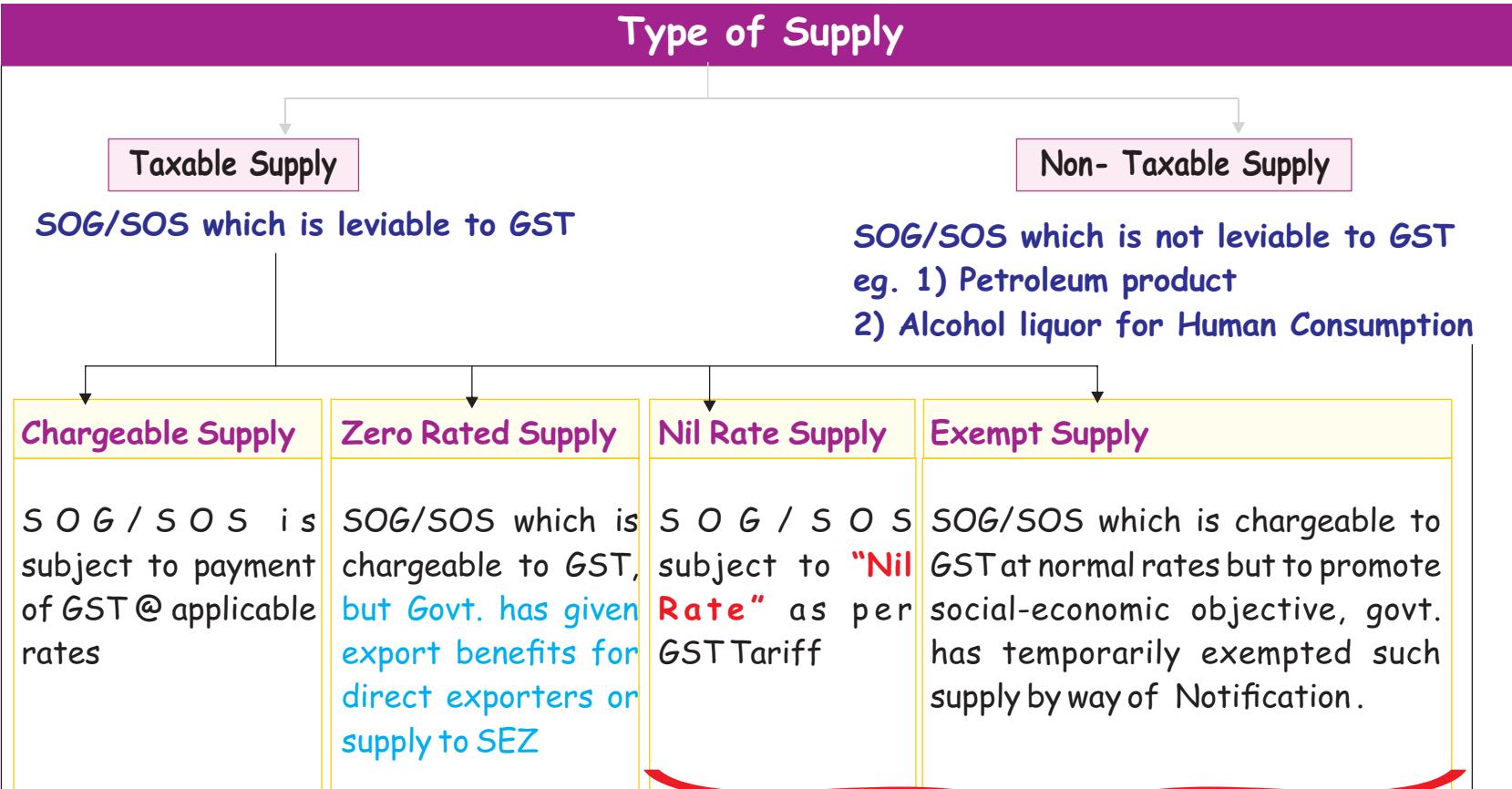
## Sec 2(80A):- Online Gaming

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

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

Means actionable claim involved in/by

1	betting	2	casinos	3	gambling
4	horse racing	5	lottery	or	
6	online money gaming.				



**Note:-** As per Sec 2(47) : For GST Purpose Exempt Supply includes Nil Rate, Wholly Exempt & non taxable supply

## General Activities

## Business includes [Sec 2(17)]

## Special Activities

General Activities	
a	Any trade, commerce, manufacture
	Profession Adventure Vocation
	Wager Any Other similar activity
	Whether or not for pecuniary benefit.
b	Any activity or transaction
	In connection with or Incidental or Ancillary to Sub - Clause (a)
c	Any activity or transaction in nature of Sub Clause (a)
	Whether or Not
	There is a volume, frequency, continuity or regularity of such transaction.
d	Supply or acquisition of goods including capital goods & service in connection with Commencement or Closure of business

Special activities	
e	Provision by a Club or Association or Society or Any Such body of facilities or benefits to its members.
f	Admission for a consideration of person to any premises
g	Services supplied by a person as a holder of an office which has been accepted by him
	In course or furtherance of his trade Profession Vocation
h	Activity of a race club including by way of totalisator or a licence to book maker or activities or licensed book marker in such club and
i	Any activity or transaction under taken by CG/SG/ local authority in which they are engaged as public authorities.

## Sec 2 (52) Goods

MEANS

Any kind of movable property

INCLUDES

- 1) Actionable Claims,
- 2) Growing Crop, grass & things attached to or forming part of land agreed to be severed before/under a contract of supply

EXCLUDES  
Money  
Securities

## Sec 2(102) Services

Anything other than goods

INCLUDES

Separate consideration is charged for  
 ⇒ Use of Money (eg. Interest)  
 ⇒ Conversion of money (eg. Commission)  
 ⇒ to Facilitate or arranging transaction of securities (e.g. brokerage/ portfolio management fees)

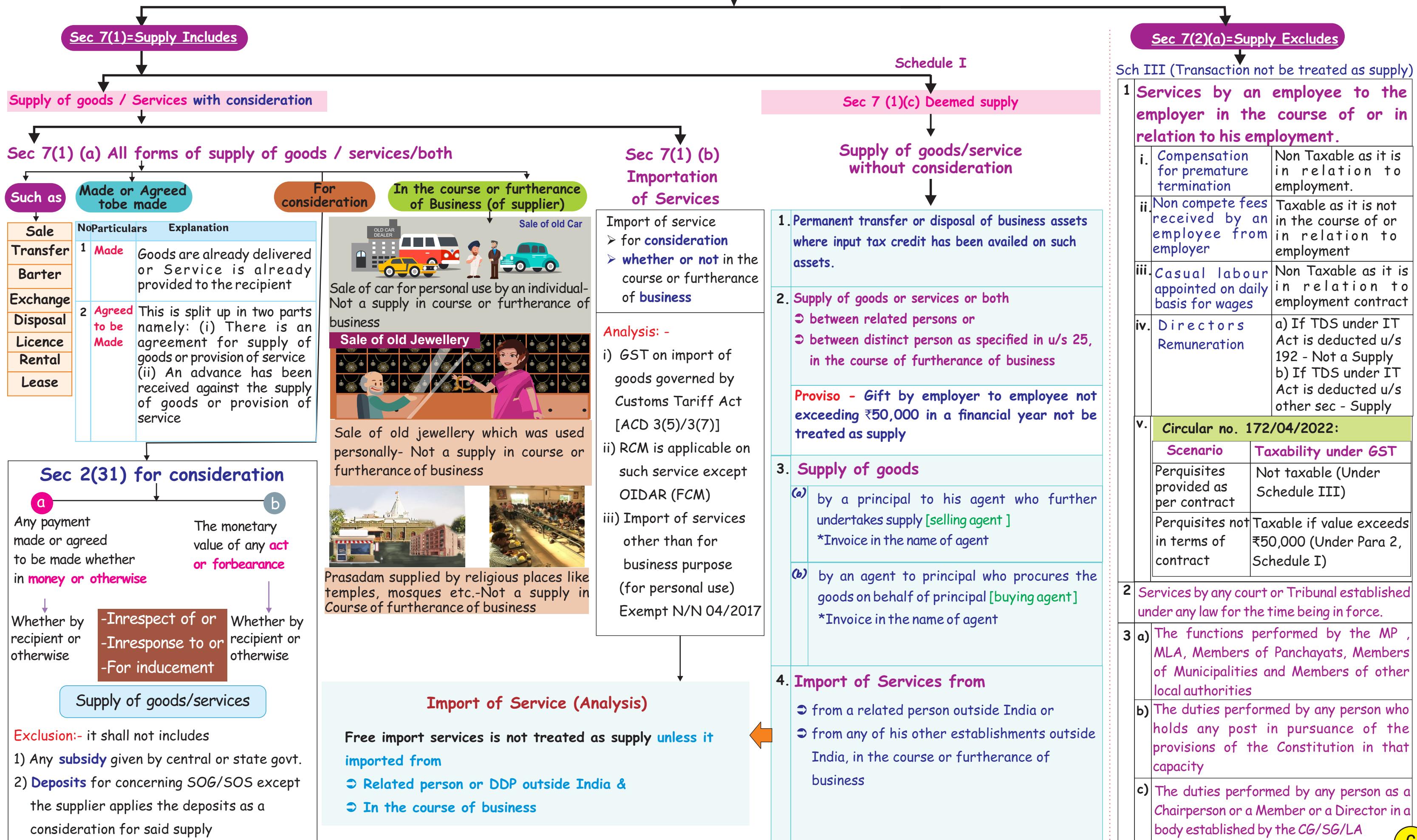
### Interest on Loan/Adv/Deposits

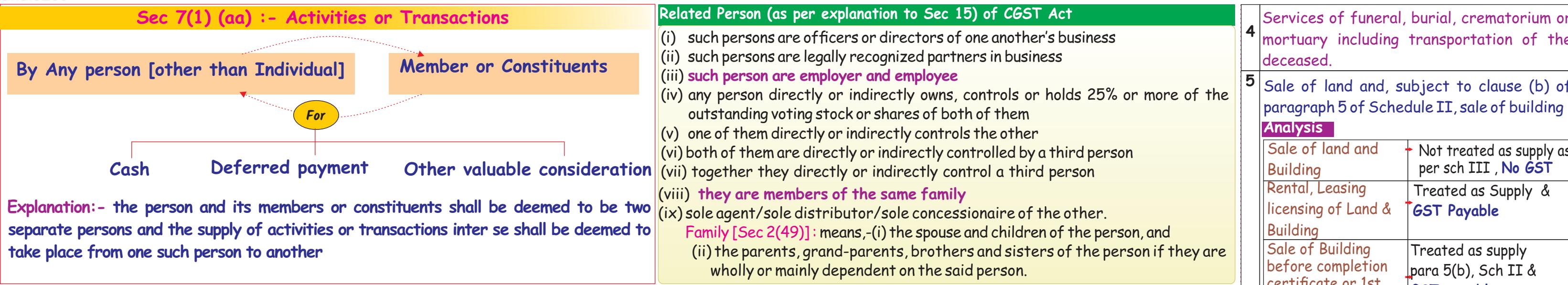
It's a service but Govt. has exempted such interest by N/N 12/2017 Except interest on credit card

## Sec 16 of IGST Act: Zero Rated Supply

ZRS means Export of goods/services or both or SOG/ SOS for authorised operations to a SEZ developer/ unit.

# CHAPTER - 2 : CONCEPT OF SUPPLY (SEC 7)





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

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

Para 1 : Transfer of goods		Para 2 : Land & Building		Para 3: Treatment or process		Para 4 : Transfer of business asset		
Supply of goods	1) Transfer of title in goods 2) Transfer of Title in Goods on future date (Ex. Hire Purchase)	Supply of Service	Any lease, tenancy, easement, license to occupy land	Supply of Service	Any treatment or process which is applied to another person's goods (Jobwork)	Supply of goods	Permanent transfer of Business Asset:- If goods as a part of the asset are permanently transferred or disposed off	
Supply of Service	Transfer of rights in goods or undivided share in goods without transfer of title in goods	Supply of Service	Any lease, letting of building including commercial, industrial complex for business/commerce either wholly or partly	<b>Process of Job worker</b> 		Supply of Service	Temporary transfer of business assets:- If goods as a part of business asset are put to any private use or are used for any purpose other than business	
<b>Para 5 : Following activities always treated as supply of service under GST</b>								
<b>a</b> Renting of immovable property		<b>b</b> Construction of complex, building, civil structure including a complex, building intended for sale to buyer.  But in following case it shall not be treated as supply.  When entire consideration has been received after - issuance of completion certificate - It's 1st occupancy <u>whichever is earlier</u>		<b>c</b> Temporary transfer of IPR  <b>d</b> Development, design, programming, customisation etc. of info. Tech. Software  				<b>c</b> Deemed Supply : If any person ceases to be a taxable person then goods forming part of business asset shall be <b>deemed to be supplied</b> (In the course or furtherance of business) unless : (i) Business is transferred as going concern to another person. (ii) Business is carried on by personal representative who is deemed to be a TP.
<b>e</b> Agreeing to the obligation - to refrain from an act or - to tolerate an act/to do an act.		<b>f</b> Transfer of right to use any goods for any purpose for cash, deferred payment or other consideration.		<b>Supply of Service</b> <b>a</b> Works contract  				
<b>Note :-</b> Construction - it includes addition, alteration, replacement, remodeling of any existing civil structure		<b>c</b> Supply of Service <b>Restaurant, catering or any supply of service where food/drink is supplied for consideration.</b>		<b>Supply of Service</b> 				

4	Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5	Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building
<b>Analysis</b>	
Sale of land and Building	Not treated as supply as per sch III, <b>No GST</b>
Rental, Leasing licensing of Land & Building	Treated as Supply & <b>GST Payable</b>
Sale of Building before completion certificate or 1st occupancy whichever earlier	Treated as supply para 5(b), Sch II & <b>GST payable</b>
<b>Clarification 177/09/2022 GST:</b> Sale of land either as it or after development like levelling, laying down of drainage, water & electricity lines is also sale of land and not attract GST	
6	Actionable claims, other than <b>specified actionable claims</b> .
<b>Entry 7 &amp; 8 not applicable for Inter level</b>	
9	Apportionment of co-insurance premium by the lead insurer to the co-insurer is not supply, provided the lead insurer pays GST on the entire premium paid by the insured.
10	Services by insurer to the reinsurer for which ceding, or reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, are not supply, provided that GST is paid by the reinsurer on the gross reinsurance premium, inclusive of the commission.

Sec 7(2)(b)= Notified activities by Government	
⇒ Services under Article 243G & 243W of Panchayats & Municipality <b>and</b>	
⇒ Services of granting liquor license against consideration in the form of license fee by SG.	

## Sec 8 : Composite Supply & Mixed Supply

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

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

### Definition - Composite Supply

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

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



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

### Definition - Mixed Supply

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

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



**Illustration.—** A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately

## IMPORTANT CLARIFICATIONS

### Cir. no. 1/1/2017: Inter-state movement of modes of conveyance or repairs between DDP:



Scenario (Inter/Intra State movement of conveyance bet' DDP)	GST Levy
Conveyance carrying goods/passengers/ both between DDP	No GST on conveyance
Conveyance for repair & maintenance	No GST on conveyance
Repair & maintenance on conveyance by DDP	GST payable (deemed supply Sch- I)
Conveyance moved for further supply	GST payable (Treated as SOG/SOS)

### Cir. no. 21/21/2017: : Inter-state movement of Rigs, tools, spare parts between DDP:

Scenario	IGST Levy
Inter-state movement of rigs, tools, spare parts accompanied with conveyance between DDP	No GST on rigs, tools etc.
Further supply of these goods between DDP	CGST/SGST/IGST applicable

### Cir. no. 116/35/2019: Donations received by charitable institutions from individual, without quid pro

Scenario	GST Levy
Displaying name/placing name plates of donors in charitable organizations	No GST (Philanthropic purpose, no commercial gain)
<b>Note:</b> The institution places name plates to show gratitude, not for advertisement.	
Displaying name/placing name plates of donors to promote his business	GST payable (its advertisement service)

### Cir. No. 44/2018: Taxability of 'tenancy rights' under GST

Issue	GST Levy
Tenancy premium for transfer of tenancy rights to incoming tenant	Taxable
Surrendering tenancy rights by the outgoing tenant for a portion of the premium	Taxable (Service provided by outgoing tenant)

### Renting of residential property for use as residence

Exempt

Execution of documents (registration, stamp duty) involved in the transaction.

Does not affect GST liability

### Cir. No. 57/31/2018: Principal-Agent-Relationship, under Para 3 of Sch I, in context of Agents:

Scenario	<b>P</b> = Principal, <b>A</b> = Agent	Covered under Para 3, Schedule I
<b>Selling Agent</b>		
SOG by Principal to Agent (Invoice in Agent's name for further supply)	Yes (Transaction bet' <b>P</b> to <b>A</b> = taxable)	
SOG by Principal to Agent (Invoice in Principal's name for further supply)	No (Transaction bet' <b>P</b> to <b>A</b> = not taxable)	
<b>Buying Agent</b>		
SOG by Agent to Principal (Invoice in Agent's name )	Yes (Transaction bet' <b>A</b> to <b>P</b> = taxable)	
SOG by Agent to Principal (Invoice in Principal's name)	No (Transaction bet' <b>A</b> to <b>P</b> = not taxable)	

### Cir. No. 73/47/2018 Principal-Agent-Relationship, under Para 3 of Sch I, in context of DCA:

Scenario	Taxability	Treatment of Interest charges by DCA
1. DCA don't have authority to pass title in his own invoice	Not covered in para 3 of Sch- 1	<ul style="list-style-type: none"> <li>➢ It is treated as finance charges for start term loan</li> <li>➢ Interest = Exempt</li> </ul>
2. DCA have authority to pass title in his own invoice	<ul style="list-style-type: none"> <li>Covered in para 3</li> <li>Tr. bet' <b>P</b> - <b>A</b> = Taxable</li> <li>Tr. by agent in his own invoice with customer</li> </ul>	<ul style="list-style-type: none"> <li>VOS = As per Rule 29</li> <li>VOS = T.V. charges by <b>A</b> + Interest (delay payment of consideration)</li> </ul>

### Cir. no. 178/10/2022 Applicability of liquidated damages, compensation & penalties for breach of contract or legal violations.:

Agreeing to obligation

- to **refrain** from an act, or
- to **tolerate** an act or situation, or
- **to do an act**.

Parameters for taxability under GST:

- Contractual relationship between supplier and recipient.
- Express or implied promise for services;
- payment can't be assumed. ☐ Independent arrangement or activity.

If payment is merely & event in the course of main contract & it is not the main objective = **No GST**

Scenario	Taxability under GST
Liquidated damages	Normally not taxable, but taxable in some cases
Compensation for cancellation of coal blocks	Not taxable (No contract between govt and allottee)
Cheque dishonour fine/penalty	Not taxable (No express or implied agreement)
Penalty for violation of law	Not taxable (No agreement with govt)
Forfeiture of salary or bond payment	Not taxable (Not consideration for tolerating the act)
Compensation for not collecting toll charges	Taxable (Treated as supply)
Late payment surcharge/fee	Taxable (Part of the principal supply)
Fixed capacity charges for power	Not taxable (Exempt as sale of electricity)
Cancellation charges	Taxable (Assessed as principal supply, same rate as service contract)

#### Cir. No. 11/11/2017 Taxability of printing contracts

Scenario	SOG/SOS Classification
Printing of books, pamphlets, brochures, annual reports, etc (where content is from recipient & physical inputs are from printer).	Supply of Service - Printing
Supply of printed envelopes, letter cards, boxes, napkins, wallpapers, etc. (using recipients designer logo only)	Supply of Goods - Printed items

#### Cir. no. 190/02/202 Incentives by MeitY to banks for promoting RuPay and BHIM-UPI3

Scenario	Taxability
Incentives paid by Ministry of Electronics & IT (MeitY) to acquiring bank for promoting digital payments	Not taxable (Treated as Subsidy)

#### Cir. No. 196/08/2023 Taxability of Holding company's share capital in its subsidiary.

Scenario	Taxability
Holding of shares by a holding company in a subsidiary	Not taxable (Shares are neither goods nor services)

#### Cir. No. 201/13/2023 Supply of food or beverages in cinema hall

Scenario	Taxability
Supply of food/beverages in cinema hall as part of service or independently	Taxable as restaurant service
Sale of cinema ticket bundled together with food & beverages	Entire supply is taxed at cinema exhibition rate

#### Cir. No. 213/07/2024:- Taxability of ESOP/ESPP/RSU provided by an Indian company to its employees through its overseas holding company

Scenario	Taxability	Reason
ESOP/ESPP/RSU [Reimbursement by Indian Co. to foreign] Co. on cost to cost basis	Not a supply & no GST	➤ It's a part of employees remuneration as per para 1 of Sch III ➤ Securities or shares neither goods/services
Additional fees, mark-up, commission (charges by foreign co. to India co.)	Supply & taxable	SOS of facilitating the transaction in securities

#### Cir No. 215/09/2024:- Settlement of claim by insurance co. Salvage value of damage vehicle

Scenario	Reason	Taxability
1) Deduction of salvage value from settlement	➤ Claim is settled after deducting salvage value ➤ Ownership of salvage value with person insured ➤ Salvage does not become property of Insurance Co.	Deduction of salvage value = <b>Not a supply [no GST is payable by insurance co.]</b>
2) Full Insured declared value settlement	➤ Claim is settled on full value without deducting salvage ➤ Ownership of salvage is with insurance Co.	Sale of salvage by Insu. Co. = <b>Supply [Insurance co. liable to GST]</b>

#### Cir. no. 234/28/2024 :- Preferential location charges (PLC) collected by builder along with sale of residential or commercial property

PLC charge with construction service is a composite supply	
Scenario	Taxability
If construction intended for sale & taxable as SOS under para 5(b) of Sch - II	Supply of construction service is main service & PLC is naturally bundled with it.
Sale of building after completion	Not a supply as per para 5 of Sch - III, so <b>PLC also not liable to tax</b>

#### Taxability of Penal Charges by Banks etc.[Cir. No. 245/02/2025]

- ⇒ RBI has instructed lenders to **charge penal charges (not penal interest)** for loan term violations (excludes credit cards, External Commercial Borrowings, etc.).
- ⇒ Such charges, like liquidated damages, for breach of contract are not a consideration for tolerating an act, thus **no GST applies** on them.

#### GST implications on vouchers [Cir. No. 243/37/2024]

Issue	Clarification
Are voucher transactions taxable under GST?	➤ RBI-approved vouchers (like gift cards) are treated as money: <b>Not taxable</b> . ➤ Other vouchers are actionable claims: <b>Not taxable</b> . <b>Conclusion:</b> Vouchers aren't taxed under GST, but the goods/services bought with them are taxable at redemption.
GST on voucher transactions by distributors/ agents:	➤ <b>P2P Basis:</b> Distributors buy and sell vouchers on their own - treated as trading in money/actionable claims, so <b>no GST</b> . ➤ <b>Commission Basis:</b> Distributors act for the issuer - <b>GST applies</b> on commission as it's a supply of service. <b>Conclusion:</b> GST is charged only on services like distribution or promotion, not on voucher trading.
GST on Additional Services Related to Vouchers:	Distributors or others providing extra services (like ads, co-branding, tech or customer support) to the voucher issuer for a fee must pay <b>GST</b> , as these are separate taxable services.
GST on Unredeemed Vouchers (Breakage):	Unredeemed vouchers (breakage) <b>involve no supply of goods or services</b> and no agreement to act or refrain from acting. <b>Conclusion:</b> Breakage is not a taxable supply, so no GST is payable.



# Chapter 3: Reverse Charge Mechanism & ECO



## Sec 9(3) CGST/SGST, Sec 5(3) IGST Act:

- ⇒ Applies to specified goods or services by Govt.
- ⇒ Recipient of the supply is liable to pay tax directly.

## Sec 9(4) CGST Act, Sec 5(4) IGST Act:

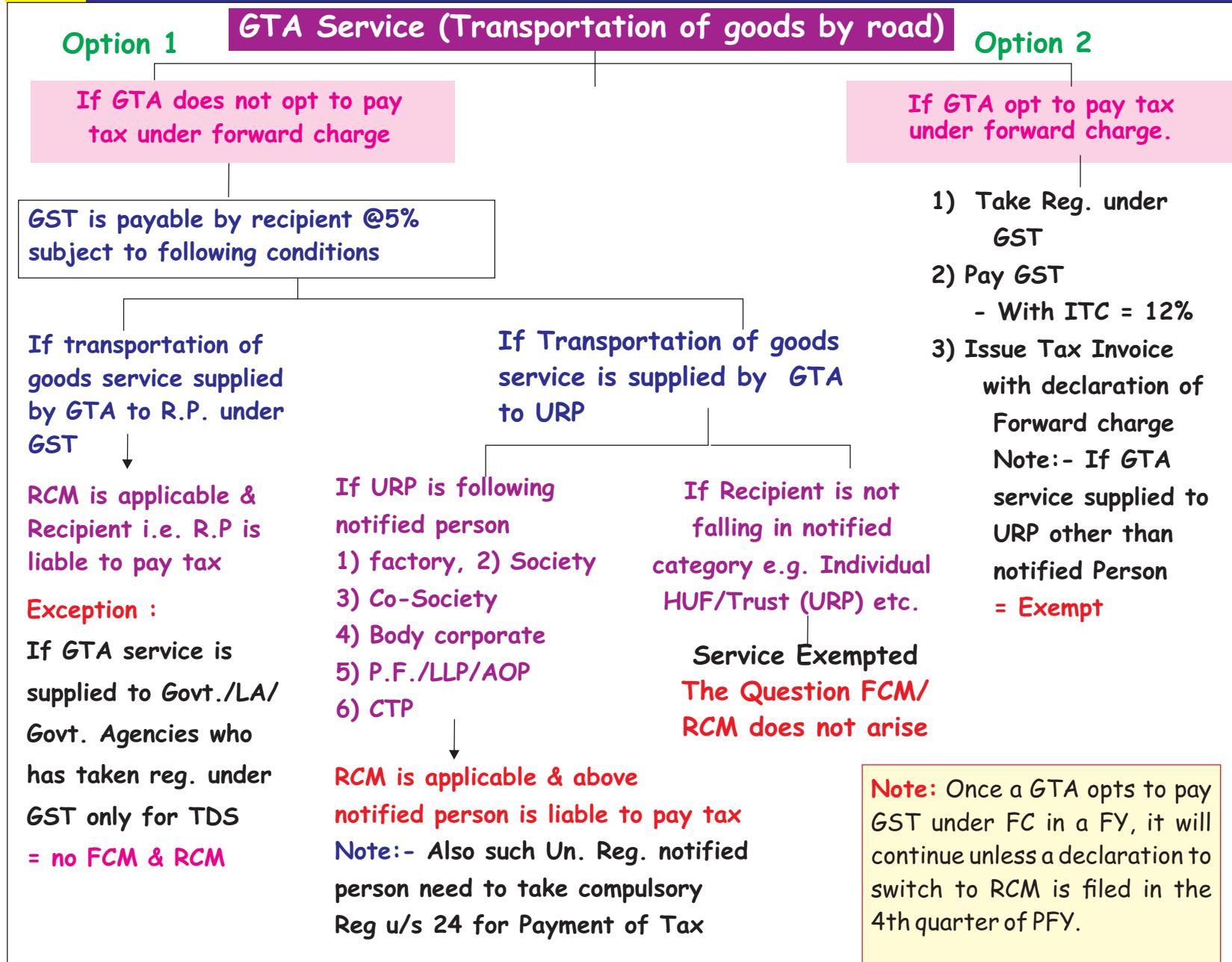
- ⇒ Relates to specified goods or services by Govt. from URP to specified class of registered recipient.
- ⇒ Tax liability falls on registered recipients.

Sec 9(4)		100% tax liability
<b>Construction</b>	Value of Inputs and Input services purchase from registered supplier is less than 80% by Promoter	Promotor
	In case of <b>Cement</b> supplied by unregistered person to Promoter	Promotor
	In case of <b>Capital Goods</b> supplied by unregistered person to Promoter	Promotor

## Reverse Charge Mechanism Under sec 9(3)

### Transport Sector

#### 1. GTA



## Sec 9(5) of CGST/SGST Act, Sec 5(5) of IGST Act: Liability of ECO

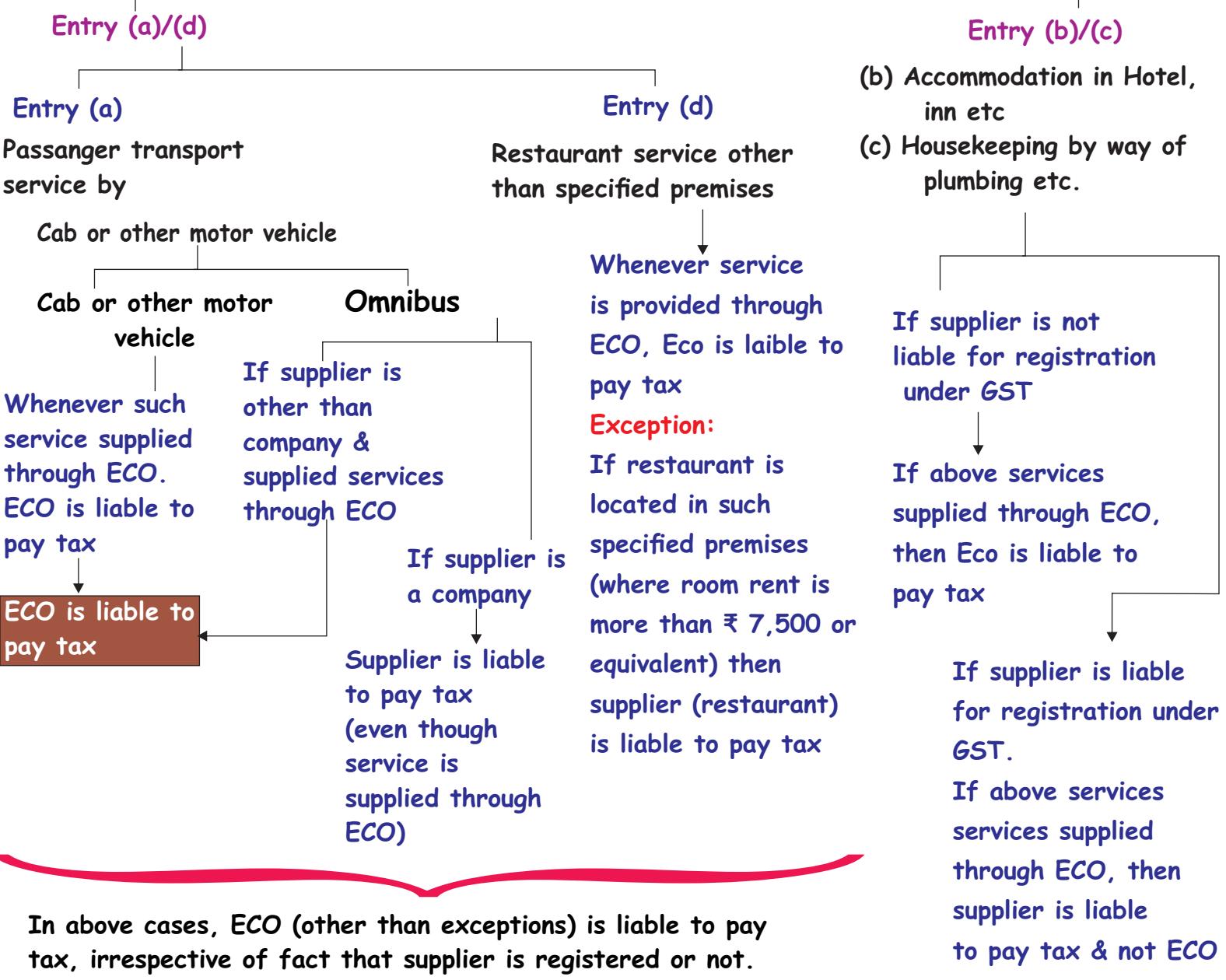
- If there is **intra-state or inter-state supply of notified services through ECO**,
- ⇒ the tax on such supply shall be paid by ECO &
- ⇒ All provisions of act shall apply to that ECO as if he is the person liable to pay tax in relation to such supply.

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

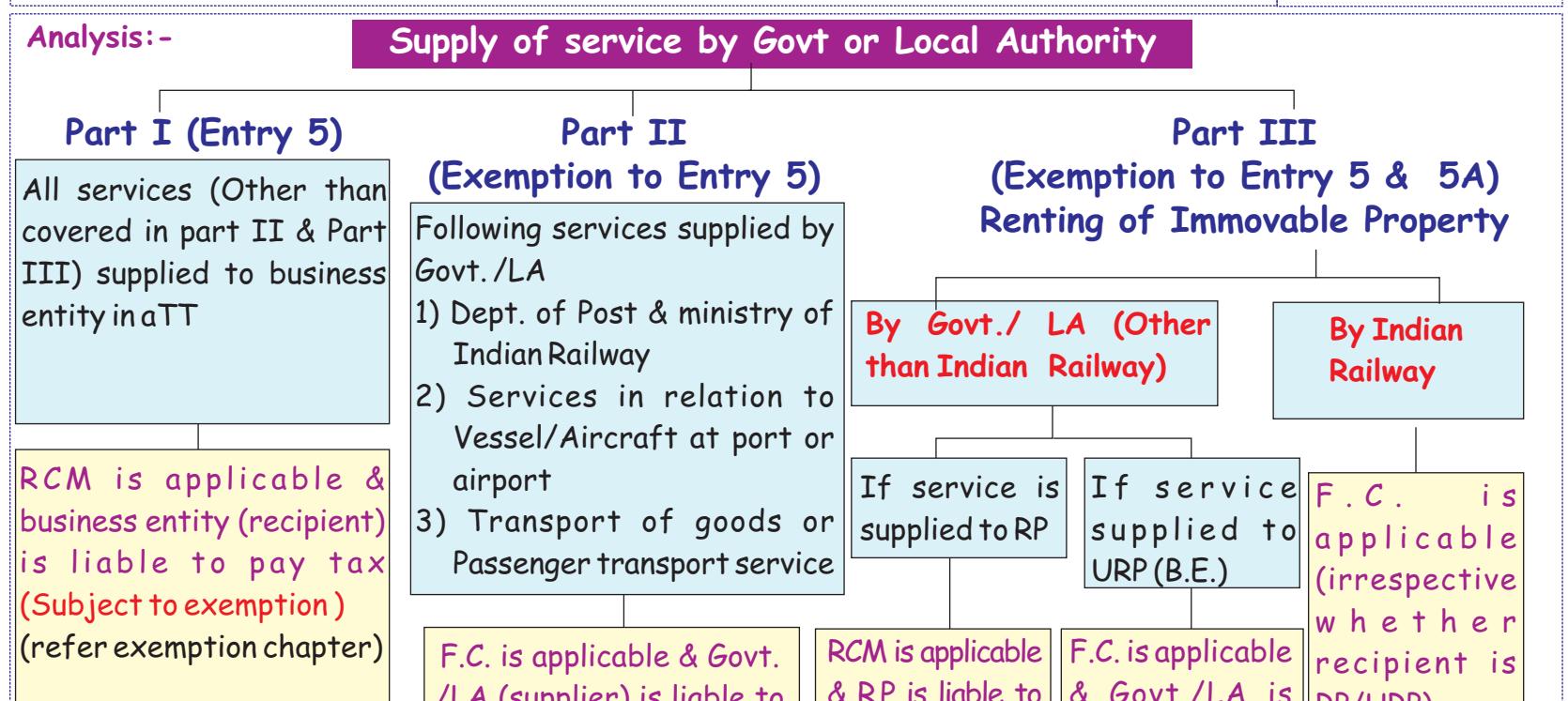
**Definition u/s 2(45):-** Electronic Commerce Operator (ECO) means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.

## Sec 9(5) : Liability of ECO for Notifies Services

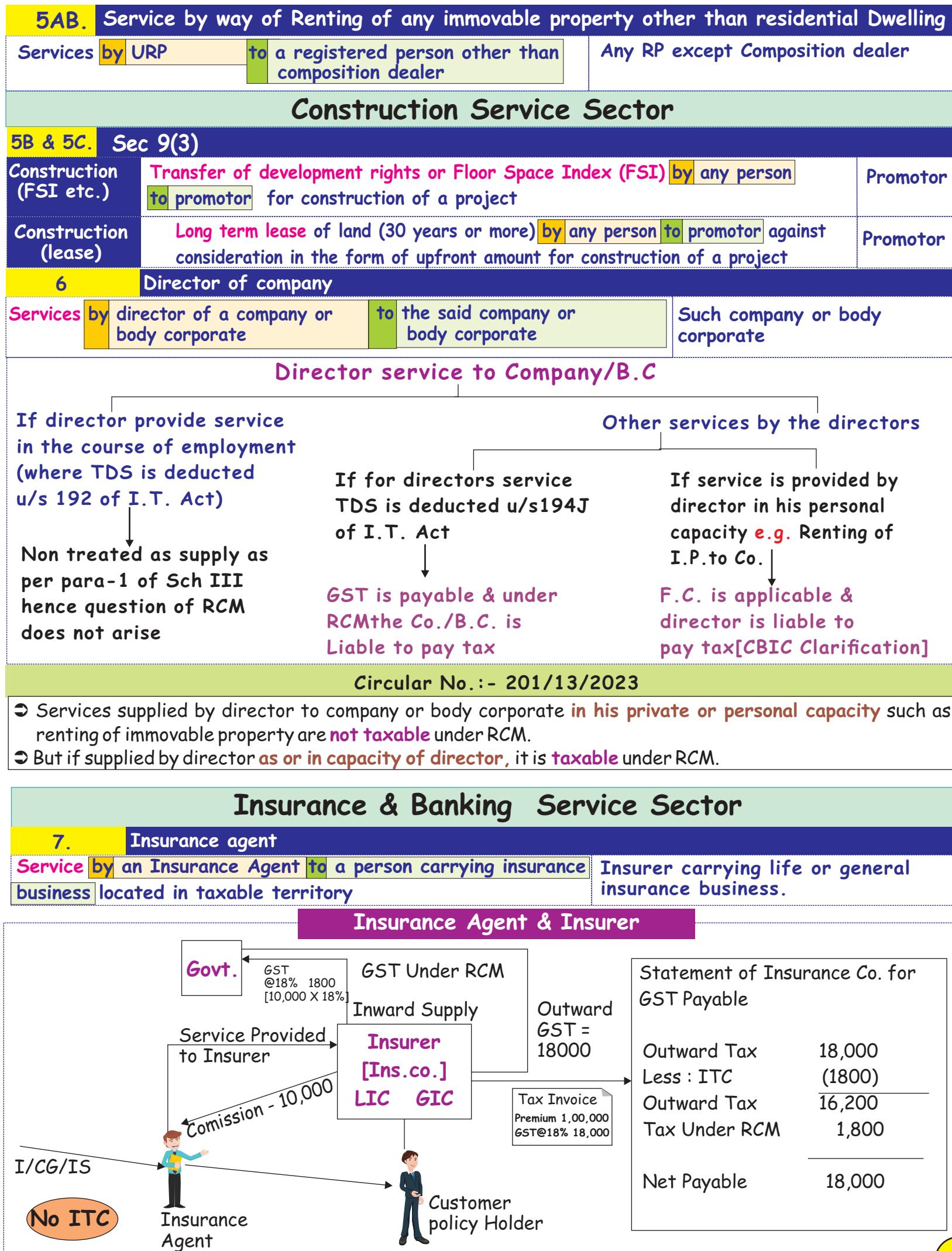


Legal Sector		
2. Legal Services		
Legal Services provided by an individual / senior / firm of advocates to business entity directly or indirectly.		Any business entity located in the taxable territory
Explanation:- "legal service" means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.".		
3. Arbitral Tribunal		
Services by Arbitral Tribunal	to business entity in a TT	Any business entity located in the TT
Un-organised to Organised Service Sector		
4. Sponsorship		
Sponsorship Service	by Any person other than a body corporate	to any body corporate or partnership firm located in TT. Such body corporate or Partnership Firm located in a TT.

Government Service Sector		
5. Government		
Any Services provided by Government or Local authority to business entity other than ① renting of immovable property/ ② Service by Department of Post & Ministry of Railways (Indian Railways); ③ Service in relation to Aircraft, Vessel inside / outside precincts of port/airport. ④ transportation of goods or passengers		Any business entity located in the taxable territory
5A. Government		
Renting of immovable property by CG [excluding Ministry of Railways (Indian Railways)], SG, UT or LA	to any RP	Any registered person

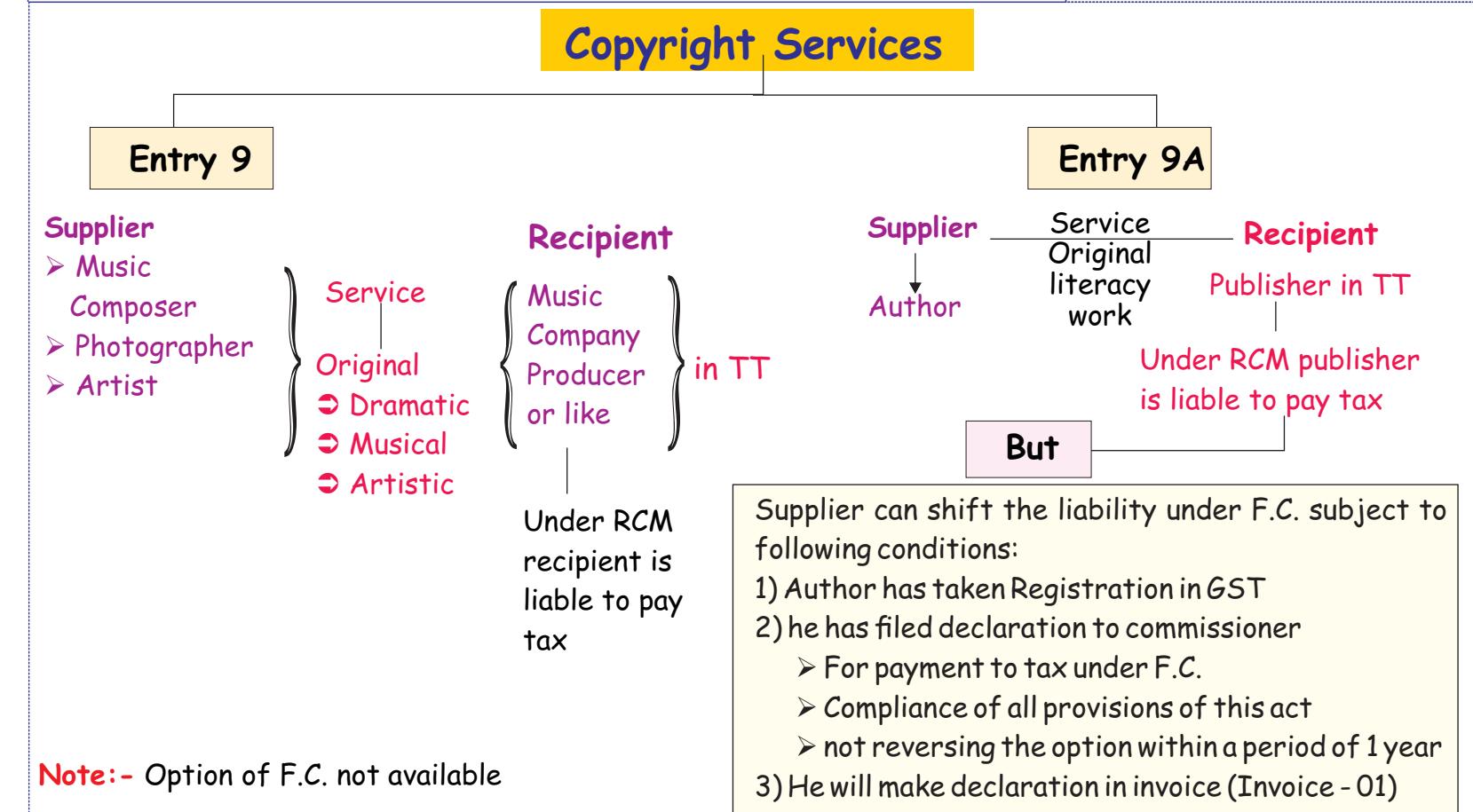


Renting of Residential Dwelling and Commercial Property		
5AA. Renting of Residential Dwelling		
Services by Any Person	to a registered person	Any Registered Person



8.	Recovery agent
Services by	any recovery agent to a banking company, Financial Institution or NBFC in a taxable territory.
Such banking company, Financial institution or NBFC in TT	
9.	Copyright Service Sector
Copyright service	
transfer or permitting use or enjoyment of a copyright relating to Original, dramatic, musical works	
by Music composer, Photographer, Artist	
to Music company, producer or the like	Music company, producer or the like, located in the TT

9A.	Copyright relating to literary	
Transfer or permitting use or enjoyment of a copyright relating to original literary work	by an author to publisher	A Publisher located in the taxable territory



## 10. Members of Overseeing committee

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

12. Business Facilliator	Services supplied by Business Facilitator to A banking company located in the taxable territory.	Banking company located in Taxable Territory
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13. Agent of Business Correspondent

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

Business correspondent located in TT

Services BF/BC:-

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graph LR
    Agent[Agent] -- "RCM Services" --> BC[Business Correspondent]
    BC -- "GST under RCM" --> GSTN[GSTN]
    BC -- "Business Services" --> BF[Business facilitator]
    BC -- "Services" --> BC_Bank[Banking Company]
    BF -- "RCM Services" --> GSTN
    BC_Bank -- "under RCM bank" --> BC_Bank_L[is liable to pay]
    BC_Bank -- "Services" --> BC_Bank_F[Forward charge is applicable & business correspondent is liable to pay tax]
    
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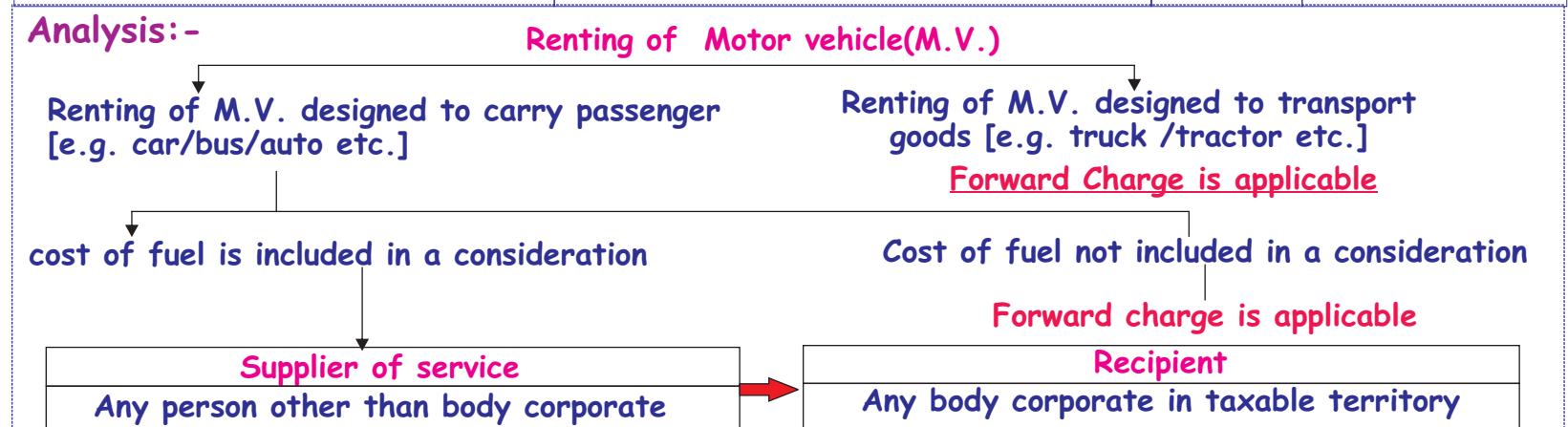
Entry 13

Entry 12

under RCM bank  
is liable to pay

Forward charge is applicable  
& business correspondent  
is liable to pay tax

Proviso	<p>In following cases F.C. is applicable, if security services are supplied to</p> <p>i) &gt;CG/SG/UT/LA departments ➤ Governmental agencies</p> <p>ii) a RP paying tax under composition scheme.</p> <p style="border: 1px solid red; padding: 5px; display: inline-block;">registered only for deducting TDS u/s 51</p>
15.	<b>Renting of motor vehicle</b>



Circular No.:- 177/09/2022		
Renting of Motor Vehicle	where the renter defines how and when the vehicles will be operated, determining schedules, routes and other operational considerations.	RCM Applicable
Passenger Transport Service	passenger transport services over pre-determined routes on pre-determined schedules.	FCM Applicable

## Other Service Sector

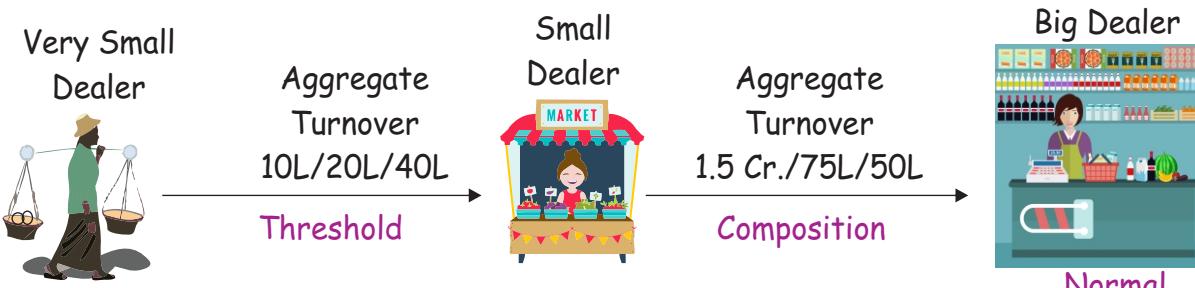
## 16. Lending of security





# Chapter 4:- Composition Scheme

## Analysis - Threshold, composition & Normal Scheme



Assessee	Mfg	Trader	SP	Mfg	Trader	SP	Mfg	Trader	SP
Very Small Dealer	✓	✓	✓	✓	✓	✓	✓	✓	✓
Small Dealer									
Big Dealer									

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

GST Rate under Composition Scheme					
Rule- 7 = Rates:-	Categories of RP	CGST	SGST	Total	Basis for Calculation
1) Manufacturer	0.5%	0.5%	1%	Turnover in State/UT	( T . S . + Exempt + Nil rate)
2) Catering & Restaurant	2.5%	2.5%	5%	Turnover in State/UT	
3) Trader	0.5%	0.5%	1%	Turnover of taxable SOG & SOS in the State/UT	Only Taxable Supply of SOG & SOS
4) R.P. not eligible u/s 10(1)&(2), but eligible for 10(2A)	3%	3%	6%	Turnover of SOG & SOS in the State/UT	( T . S . + Exempt+ Nil rate)

⇒ Both are Optional Scheme.

Sec 10(1) & 10(2)		Sec 10(2A)
Applicability:	Manufacturer + Trader+ Restaurant etc.	Sec 10(2A) - Applicability :-
Eligibility :	Agg. T/O of P.F.Y. of R.P. does not exceeds Normally - 150 lakhs (including Assam + H.P. + J/K) Special Category State(SCS) - 75 lakhs	⇒ Applicable to RP whose Agg. T/o in P.F.Y is not exceeding ₹ 50 Lakhs
C.L.in C.F.Y.	Composititon levy upto Agg. T/O 150L/75L	⇒ Person is not eligible to opt u/s/ 10(1)(2)
Marginal Supply of services =	Manufacturer/catering & restaurant/trader may supply services of value upto 10% of T/O in state of P.F.Y. or 5 Lakhs. Which ever is higher (limit is state wise).	⇒ It is applicable to: a) Person engaged in SOS b) M/T/C where service is pre-dominant
Sec 10(2)- Eligibility Conditions-		Sec 10(2A)- Eligibility Conditions -
a)	Person opting for the scheme u/s 10(1) (Manufacturer/ Catering & Restaurant / Trader) <b>cannot supply any service</b> (Taxable / exempt), except as allowed in proviso 2 to sec 10(1). (Limit is statewise)	Not Applicable
b)	Not engaged in SOG/SOS, which are <b>Non-taxable</b> under GST Act.	a) Not engaged in SOG or SOS, which are <b>Non-taxable</b> under GST Act.
c)	Not engaged in making any <b>inter-state outward SOG/SOS</b> <b>Note:</b> Inter state inward supply is allowed.	b) Not engaged in making any <b>inter-state outward SOG or SOS</b>
d)	Not engaged in SOS, through an ECO, collecting TCS u/s 52. (i.e For SOG - CL allowed).	c) Not engaged in SOS, through an ECO, collecting TCS u/s 52
e)	Not a manufacturer of <b>Notified Goods*</b> .	d) Not a manufacturer of <b>Notified Goods*</b> .
f)	Neither a <b>CTP</b> nor <b>NRTP</b>	e) Neither a <b>CTP</b> nor <b>NRTP</b>
*[Notified Goods= Ice cream & other edible ice / Pan Masala / Aerated water/ tobacco & tobacco substitutes, Fly ash bricks, Fly ash aggregates, fly ash blocks]		*[Notified goods = Ice cream & other edible ice / Pan Masala / Aerated water/ tobacco & tobacco substitutes]
Note:- This restrictions only applicable to C.F.Y and not for P.F.Y		

Proviso to Sec. 10(2)/ sec. 10(2A) : All RP with the same PAN must choose the composition scheme u/s 10(1). If one of them chooses the regular scheme, everyone else will also be ineligible for the composition scheme.

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

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

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

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

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

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

### Rule-5 Conditions/ restrictions:-

- 1) Title on Bill of Supply= "Composition Taxable person, not eligible to collect tax on supplies"
- 2) Display at business premise= "Composition Taxable Person"
- 3) Pay tax under RCM = Stock of URP held at the time of taking C.L.

## Section 2(6):- Aggregate Turnover

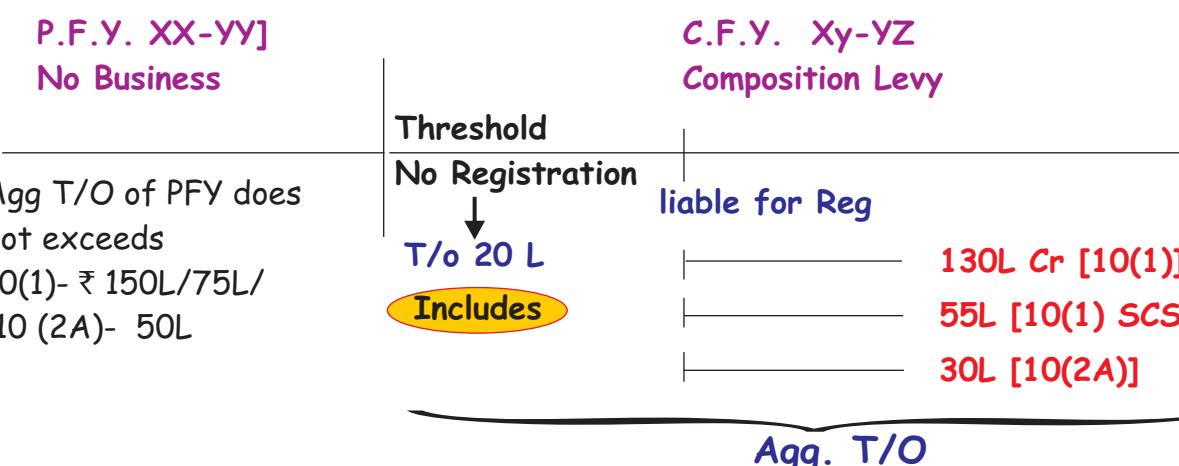
means the aggregate value of

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

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

"aggregate turnover" shall include the value of supplies made by such person from the 1st day of April of a financial year up to the date when he becomes liable for registration under this Act, but shall not include the value of exempt supply of services provided by way of extending deposits, loans or advances is so far as the consideration is represented by way of interest or discount.

## Explanation 1 of Sec 10 [Aggregate Turnover]



## Sec 2(112):- Turnover in State" or "Turnover in UT

means the aggregate value of

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

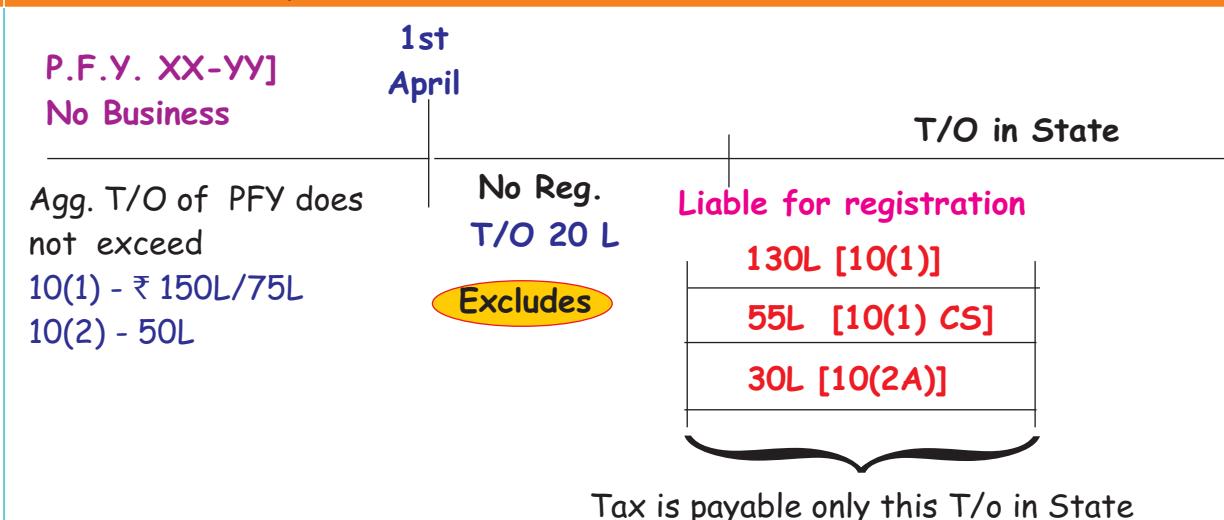
but excludes central tax, State tax, Union territory tax, integrated tax & cess.

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

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

[ We calculate T/o in state for payment of tax under CL]

## Explanation 2 of Sec 10 [Turnover in State]



## 2(47) : Exempt Supply

means a supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax includes non-taxable supply

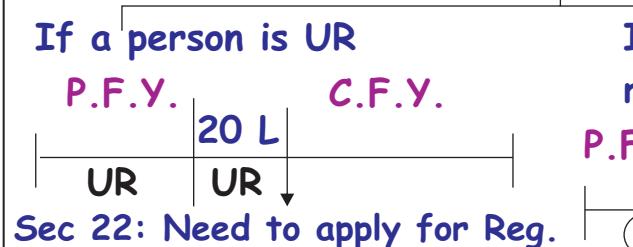
### Procedure- Composition Scheme

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

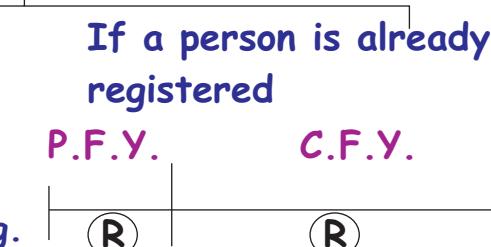
Intimation by RP= Electronically file an intimation, prior to commencement of FY, for which option exercised.

Any intimation i.r.o. any place of business in a State/UT= deemed to be an intimation i.r.o all other place of business registered on same PAN.

#### Intimation for opting C.L.



PART A  
➤ PAN  
Opting for C.L  
If is treated as  
intimation



Intimation of C.L shall be  
given in form [CMPO2] before  
starting C.F.Y.

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

⇒ If person ceases to fulfill above conditions= shall file intimation of opting out scheme in CMP 04 (Within 7days)

⇒ If person want to opt out voluntarily= shall file intimation in CMP 04 before such withdrawal.

⇒ After withdrawal he shall issue tax invoice & allowed to avail ITC i.r.o. stock held by him as on date.

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

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

**Rule-80** ⇒ File Return (GSTR-9A)- Annually till 31st Dec of following year.

# CHAPTER 5: Time of Supply



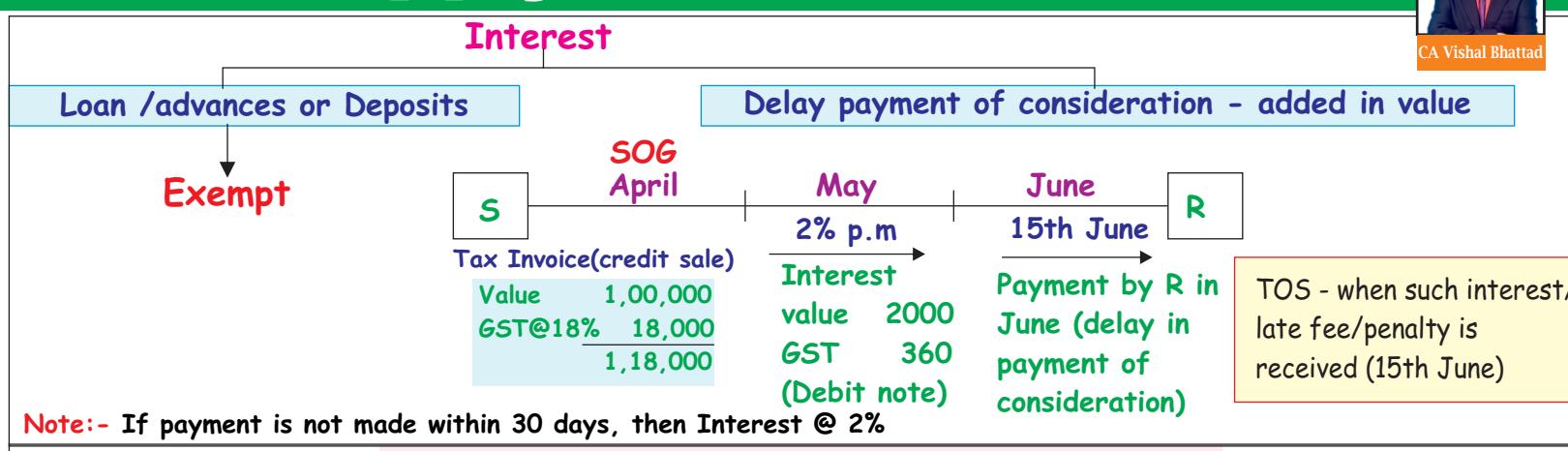
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## SECTION 31- INVOICE FOR SOG/SOS

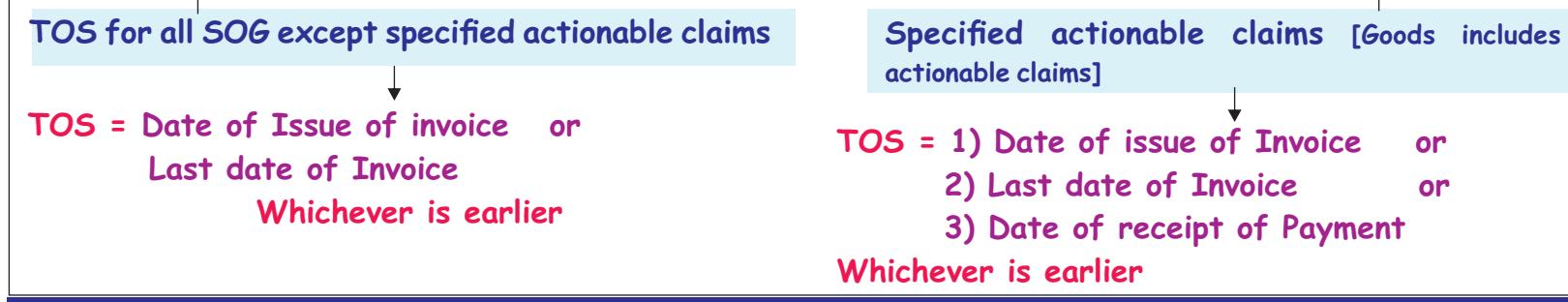
Invoice by Supplier of Goods	Invoice by supplier of the Service
<p>As per Sec 31, a RP supplying taxable goods invoice shall be issued <b>Invoice</b>, before or at the time of</p> <p>(a) removal of goods for supply to the recipient, <b>where the supply involves movement of goods; or</b></p> <p>(b) delivery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

## Time of Supply u/s 12 & 13

Cases	Sec 12 : TOS for SOG	Sec 13 :- TOS for SOS
	Sec 12(2) : TOS	Sec 13(2) :TOS
Forward charge or Tax on Outward supply	<p><b>Earlier of</b> <b>1</b> Date of issue of Invoice or <b>2</b> Last Date of issue of Invoice <b>Whichever is earlier</b></p> <p><b>Note :</b> As per N/N 66/2017, TOS of goods is not on date of Receipt except Specified actionable claim</p>	<p>(a) If Invoice is issued within time</p> <p>(b) If Invoice is not issued within time</p> <p>(c) If TOS cannot be determined as per (a) or (b)</p> <p>Date of invoice or Date of Receipt, whichever is earlier</p> <p>Date of Completion or Receipt whichever is earlier</p> <p>Date when Recipient shows receipt of service in his books</p>
RCM or Tax on Inward supply	<p><b>Sec 12(3) : TOS is on</b></p> <p>(a) Date of Receipt of goods, or</p> <p>(b) Date of Payment, or</p> <p>(c) 31st Day from Supplier's Invoice <b>Whichever is earlier</b></p> <p><b>Note :</b> If (a) (b) or (c) is not possible then date of Entry in Books of Accounts of recipient</p>	<p><b>Sec 13(3) : TOS is on</b></p> <p>(a) Date of Payment, or</p> <p>(b) 61st Day from Supplier's Invoice</p> <p><b>(c) Date of invoice issued by Recipient, if any</b></p> <p><b>Whichever is earlier</b></p> <p><b>Note :</b> If (a) or (b) or (c) is not possible then date of Entry in Books of Accounts of recipient</p>
Payment upto ₹1000 in excess of Invoice	<p><b>Proviso to Sec 12(2) and 13(2) :</b></p> <p>TOS is on, at the option of Supplier, on the date of issue of next invoice in which such payment is adjusted</p>	
Residual Cases	<p><b>Sec 12(5) and 13(5) : TOS cannot be determined in any of the above sec, then</b></p> <p>(a) <b>In case Periodical returns is to be filed</b> - Date on which such return is filed</p> <p>(b) <b>In Other Cases</b> - Date of Payment of Tax</p>	
Interest/ Late Fees or Penalty for delay payment of consideration	<p><b>Sec 12(6) and 13(6) : TOS is on</b></p> <p><b>2</b> Date on which Supplier receives such addition in value</p>	
<p><b>Note: i) Date of Payment received</b> <b>2</b> Date of book entry, or <b>2</b> Credited to Bank</p> <p><b>ii) Date of Payment (RCM)=</b> <b>2</b> Date of Payment entered in books of accounts, or <b>2</b> Date of debit to bank</p>		
<p><b>3 Whichever is earlier</b></p> <p><b>3 Whichever is earlier</b></p>		



## TOS for SOG u/s 12(2) = Forward Charge

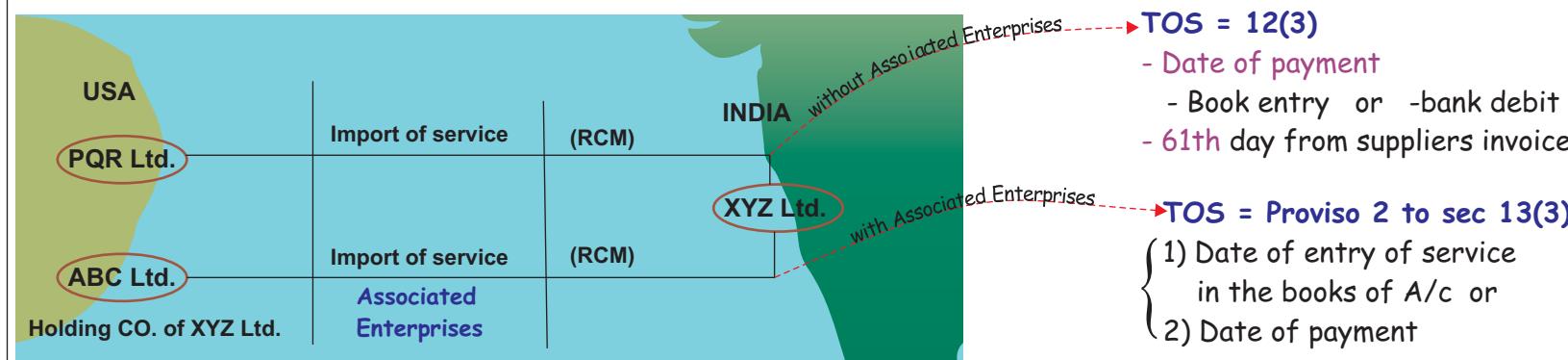


## TOS IN CASE OF ASSOCIATED ENTERPRISES

**Sec 2(12) - "Associated Enterprise"** Shall have the same meaning as assigned to it in Section 92-A of the Income tax Act, 1961

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

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



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

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

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

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



CA Vishal Bhattad

# CHAPTER 6: Section 15 - Value of Supply

## Sec 15(1)

Value of Supply = Transaction value

SOG/SOS  
Price actually paid  
or payable for Supply

### Conditions:

- Supplier & recipient are not related
- Price is sole consideration for Supply

Any taxes, Duties, fees or charges levied under any law (if charges by seller)  
except = GST

3rd party payment  
Any payment  
Supplier is liable to pay for supply  
but incurred by recipient  
Not included in price

Tobacco & Tobacco Products		Tax Invoice
Invoice	Basic Price	
Value	1,00,000	
Central Excise @ 20%	20,000	
	1,20,000	
GST @ 18% (1,20,000 X 18%)		

**Price Inclusive of GST**

Price (Inclusive of GST @ 18%) 2,00,000

$$VOS = \frac{2,00,000 \times 100}{118} = 1,69,491$$

$$GST = \frac{2,00,000 \times 18}{118} = 30,508$$

**Note:** For GST purposes, the TCS amount under the Income Tax Act is not included in the value of supply.

## Important Clarification

### No Claim Bonus (NCB) by Insurance Company [Cir. No. 186/18/2022]

Cases	Clarification
Is NCB considered as a supply?	No, NCB is not a supply
Can NCB be considered a discount?	Yes, NCB is deductible from premium

### Clarification relating to pure agent [Cir. No. 206/18/2023]

Cases	Clarification
Reimbursement of electricity charges bundled with renting or maintenance	It is a composite supply, taxed at the rate of the principal supply (renting).
Electricity supplied as a pure agent	If real estate owners, developers, or RWAs supply electricity as a pure agent, it is not included in the value of their supply.
If Charging electricity on an actual basis	They are acting as a pure agent.

## Sec 15(2)

### Inclusion to Transaction Value [only if charges extra by Seller]

a

b

c

d

e

Any taxes, Duties, fees or charges levied under any law (if charges by seller)  
except = GST

3rd party payment  
Any payment  
Supplier is liable to pay for supply  
but incurred by recipient  
Not included in price

Any Incidental expenses:  
including commission or packing charged by the supplier or  
Supplier is liable to pay for supply  
but incurred by recipient  
Not included in price

Interest, late fee  
Interest, late fee penalty for delayed payment of consideration for any supply of goods or services

Subsidy  
Subsidy directly linked to price except subsidy given by CG/SG

### Examples of additional recoveries by supplier

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

**Analysis:- Interest**

- on loan, advances or deposits
- It is SOS but exempted
- As per above clause it is included in VOS & GST is payable

**Analysis : Subsidy**

- Given by Govt. (CG/SG/UT)
- Not to be added to the value of supply
- Subsidy linked to the price
- Given by others
- Not linked to the price
- not to be added in value

**Analysis:- Price net of subsidy**

- no impact of govt. subsidy
- price including subsidy
- deduct govt. subsidy

1) price net of subsidy = add subsidy  
2) price including subsidy = already added

### Important Notes:-

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

### Evidence of Compliance with Sec 15(3)(b)(ii) by Suppliers [Cir. No. 212/6/2024]

- Suppliers should obtain a CA/CMA certificate confirming ITC reversal for credit notes, including details like credit note, ITC amount & supporting documents.
- These certificates, with UDIN, must be provided if requested by tax officers during audits or investigations.

## Sec 15(3)

Deduction of discount  
Any discount is deductible from value of supply

(a) Discount is given at the time or before supply

(b) Past supply Discount  
Discount given after supply

if it is Agreed at the Time of supply  
If it is not agreed at the time of supply

deduction is available if it is recorded in Invoice  
Discount is deductible if linked to invoice & ITC is recovered by recipient

No deduction of discount is available  
Notes: 1) for such discount GST credit not shall be issued  
2) GST apportioned to such discount shall be adjusted (deducted from output tax) in a month in which credit note is issued

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

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

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



# CHAPTER 8: IGST Act, 2017 (Place of Supply)



CA Vishal Bhattad

Export of Service	Export of Goods	"Import of Goods"	Import of Service 2(11):means the supply of any service, where-
1) Location of supplier is in India	⇒ Goods are taken to a place outside India.	2(10) : means bringing goods into India from a place outside India	(i) the supplier of service is located outside India
2) Location of Recipient as outside India	<b>Note:-</b> No such condition of receipt of CFE, only requirement is that goods are taken out of India.		(ii) the recipient of service is located in India; and
3) Place of Supply outside India.			(iii) the place of supply of service is in India
4) Amount Received in CFE or ₹ if allowed by RBI			
5) Supplier & recipient are not DDP			

SEC 9 : Supply in Territorial Water	
<b>Notwithstanding anything contained in this Act,</b>	
a	Where the LOS is in the territorial waters,
	OR
b	Where the POS is in the territorial waters,
LOS (for clause (a) & POS (for clause(b)) shall be deemed to be in the coastal State or UT where the nearest point of the appropriate baseline is located.	



## POS for supply of Goods

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

S.No.	Nature of Supply	Parties Involved	Place of Supply
a)	Involves Movement of Goods	⇒ Movement by ⇒ Supplier ⇒ Recipient or ⇒ Any other person (transporter)	POS = Location of the goods when the movement of goods terminates for delivery to the recipient
b)	Bill-to-Ship-to Sale	⇒ Supplier ⇒ Recipient (Shipping address) ⇒ Third Person (Billing Address)	POS = Principal place of Business of third person, on whose direction goods are supplied to recipient
c)	Does not involve Movement of Goods	⇒ Supplier ⇒ Recipient	POS = Location of goods at the time of delivery to the recipient
ca)	Supply of goods to URP (overrides sec 10(1)(a)/(c)) (Does not override sec 10(1)(b)) supply through ECO = address of delivery recorded in invoice	⇒ Supplier (registered) ⇒ Recipient (unregistered)	POS= a) If address of recipient exist - address recorded in invoice b) If address of recipient does not exist - location of supplier
d)	Installation and Assembly of Goods at Site	⇒ Supplier ⇒ Recipient	POS =Place of such Installation or assembly of Goods
e)	Goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle	⇒ Supplier ⇒ Recipient	POS=Location at which goods are taken on board.

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

POS of Services						
Sec 12 (1) - Pos where LOS and LOR of Services in India						
Sec	Description of Service	Place of Supply				
		Supply to unregistered person (B2C) <span style="float: right;">Supply to RP (B2B)</span>				
12(2)	General rule for all services except covered in 12(3) to 12(14)	(i) If Address of R exists on record POS = LOR (ii) If Address on recipient does not exists on record POS =LOS				
POS of Online Services supplied to unregistered recipients. [Cir. No.242/36/2024]						
⇒ All online service providers (including online gaming, OIDAR, and ECOs) must record the State of unregistered recipients on tax invoices, irrespective of the value of supply. ⇒ This State name acts as the POS under GST (as per Sec 12(2)(b)(I) of IGST Act). ⇒ Suppliers must have systems in place to collect and record this information before making the supply. ⇒ Missing the recipient's State on the invoice can lead to penalties u/s 122(3)(e). ⇒ The recipient's State must also be reported as POS in GSTR-1/1A returns.						
12(5)	Training and performance appraisal	POS=Location where the service is actually performed.				
12(7)	Organisation of events including ancillary services, sponsorship	POS = Place where event is actually held. <b>Note:-</b> If event is held outside India POS = LOR				
Rule 5 prescribed for supply of services attributable to different States or UT, of Sec12(7)						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center; padding: 2px;">In case of service</th> <th style="text-align: center; padding: 2px;">Basis of apportionment</th> </tr> <tr> <td style="padding: 2px;">Services are supplied to a person other than a RP, the event is held in India in more than one ST/UT and a consolidated amount is charged absence of any contract or agreement for separately collecting</td> <td style="padding: 2px;">Shall be determined by application of the GAAP</td> </tr> </table>			In case of service	Basis of apportionment	Services are supplied to a person other than a RP, the event is held in India in more than one ST/UT and a consolidated amount is charged absence of any contract or agreement for separately collecting	Shall be determined by application of the GAAP
In case of service	Basis of apportionment					
Services are supplied to a person other than a RP, the event is held in India in more than one ST/UT and a consolidated amount is charged absence of any contract or agreement for separately collecting	Shall be determined by application of the GAAP					
12(8)	Transportation of goods, mail or courier	POS = Location at which goods are handed over for transportation <b>Note:-</b> Transportation outside India POS = Rule 12(2)				
12(9)	Passenger transport service	POS = Place where passenger embarks on the conveyance for a continuous journey <b>Note:-</b> Right to passage for future use where point of embarkment is not known, POS = Section 12(2)				

Location of such registered recipient

12(13)	Insurance service	<b>POS</b> = LOR on record of insurance company	
12(3)	Service directly related to immovable property including agents, experts, lodging in hotels, inn, accommodation for functions & ancillary services	<b>POS</b> = Location at which immovable property or boat or vessel is located <b>But if IP is located outside India , POS = LOR</b>	
Rule 4:- The supply of services attributable to different States or Union territories, under section 12(3)			
		<b>In case of service</b>	<b>Basis of apportionment &amp; Value of services</b>
(i)By way of lodging accommodation by a hotel, inn, guest house, club or campsite, and services ancillary to such services (except cover in (ii))		number of nights stayed in such property	
(ii) a single property located in two or more contiguous States or Union territories or both, and services ancillary to such services		area of the immovable property lying in each State or Union territory	
(ii)In all other services in relation to immovable property including any immovable property for organising any marriage or reception etc.			
(iii) lodging accommodation by a house boat or any other vessel and services ancillary to such services		time spent by the boat or vessel in each such State or Union territory,	
12(4)	Restaurant catering, personal grooming fitness, beauty treatment, health services including plastic surgery	<b>POS</b> = Location where service is actually performed	
12(6)	Admission to events or amusement park &ancillary Services	<b>POS</b> = Where the event is actually held Where park or other place is located	
12(10)	Service on board a conveyance	<b>POS</b> = Location of first schedule point of departure of that conveyance for the journey	
12(11)	Supply of telecom services including data transfer, broadcast, cable or DTH		
(a) Fixed lease or cable line		<b>POS</b> = Place where such fixed line is installed	
(b) Postpaid mobile, internet, DTH		a) If address of R exists = LOR b) If address of R dose not exists = LOS	
(c) Prepaid mobile, internet, DTH		a) Selling through agent = address of agent if on record otherwise LOS b) Direct to final subscriber = Place where voucher is sold	
(d) In all other cases		a) If address of R exist = LOR b) If address does not exist = LOS	
Proviso - Prepaid - electronic payment		<b>POS</b> = LOR in record of supplier	
Rule 6 is prescribed supply of services attributable to different ST/UT , under sub section (11) of section 12 of the said Act,			
		<b>In case of service</b>	<b>Basis of apportionment</b>
the leased circuit is installed in more than one ST/UT and a consolidated amount is charged, In the absence of any contract or agreement for separately collecting Liability on Intermediary		in proportion to the number of points lying in the ST or UT	

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



## Exemption Related to Health Care

Sl. No. 74 **Imp**

a) **Health Care** by

- ⇒ a clinical establishment (hospital+nursing home+pathological lab),
- ⇒ an authorized medical practitioner
- ⇒ paramedics (Nursing staff+physio+lab assistant etc.).

b) **Ambulance Service** provided by others is also - Exempted

Means	Includes	Does not includes
<ul style="list-style-type: none"> <li>⇒ Diagnosis or</li> <li>⇒ Treatment or</li> <li>⇒ Care</li> </ul> <p>For illness, injury, pregnancy abnormality deformity</p> <p>Recognised system of medicine Allopathy+Yoga +Ayurveda+Natropathy+ homeopathy+Siddha+unani</p>	<p>Transportation of the patient (i.e. Ambulance Service)</p>	<ul style="list-style-type: none"> <li>⇒ hair transplant</li> <li>⇒ plastic surgery Just for beauty</li> </ul> <p>except(exemption available)</p> <p>to restore or to reconstitute</p> <ul style="list-style-type: none"> <li>⇒ anatomy</li> <li>⇒ function of body affected due to &gt;congenital defects</li> <li>&gt;development abnormalities</li> <li>&gt; Injury or trauma</li> </ul>

CBIC Clarifications
Assisted Reproductive Tech. (ART) or IVF Exempt
Ambulance service by SG or through PSP Exempt
Services to/by Hospitals
Services by senior doctors/consultants/ technicians to hospital Exempt
Retention money by hospital Exempt

### Food Supplied to the Patient

Canteen run by Hospital	Canteen run by Pvt. person
To Admitted Patients Exempt	Food supplied to all
To Non-Ad. Patients Taxable	Taxable
To Doctors, staff etc. Taxable	

If room rent is ₹5,000 If room rent exceeds ₹5,000 per day or less per day

ICU/ICCU/NICU

Exemption

Normal room

Taxable

## Sl. No. 46 **Imp** Health Care or Animal or Birds Service by Veterinary Clinic

Sl. No. 74A **Imp** Service provided by professional by way of rehabilitation, therapy or counseling at medical establishment, Educational Institution, Govt. Center or charitable institution u/s 12AA or 12AB etc.

## Exemption Charitable and Religious Sector

### Sl. No. 1 **Imp** Services-entity u/s 12AA/ 12AB of Income tax Act By way of charitable activities

#### Public Health by way of

##### Core or counseling

- ⇒ Terminally ill person
- ⇒ Person with physical or mental disability
- ⇒ Affected with HIV/AIDS
- ⇒ Person addicted with narcotics or drugs etc.

Not includes-1) Hostel Accommodations

2) Lodging or boarding unless it's a composite supply

3) Fitness camp & classes

##### Public awareness

- ⇒ Preventive health
- ⇒ Family planing
- ⇒ Prevention of HIV infection

#### Advancement of

- ⇒ Religion or
- ⇒ Spirituality or
- ⇒ Yoga

#### Prevention environment

- ⇒ watershed
- ⇒ forest & Wildlife

Advancement of educational programs or skills development relating to

- ⇒ abandoned, orphaned or homeless children
- ⇒ physically mentally abused person
- ⇒ prisoners
- ⇒ persons over age of 65 years residing in a rural area

### Sl. No. 13 Religious Activities - Conduct of Religious Ceremony

#### Sl. No. 13 **Imp** Renting of precincts

of a religious place Meant for general public

Owned or manage by an entity registered as a - charitable or - religious trust

Sec 12AA/12AB  
Sec 10(23C)(v)  
Sec 10(23BBA) Of Income Tax Act

#### Exemption is not available in following cases

##### Renting Exemption not available

Renting of Rooms where charges are ₹ 1000 or more per day

Renting of Premises, Community halls, kalyanmandapam or open area and the like where charges are ₹ 10,000 or more per day

Renting of Shops or other spaces for business or commerce where charges are ₹10,000 or more per month

## Exemption in Legal Sector

### Sl. No. 45 Legal Services by arbitral tribunal, advocate etc.

**Imp**

#### Service provided by arbitral Tribunal

To Business Entity

Agg T/O of business Entity up to such amount in PFY make it eligible for exemption from registration

**Exempt**

Taxable

[Under RCM business Entity is liable]

To Non business Entity

Agg.T/O of business Entity in PFY such amount make it liable for reg.

**Exempt**

CG/ SG /UT/ LA Govt. Entity

Exempt

To Business Entity

Agg T/O of business Entity up to such amount in PFY make it eligible for exemption from registration

**Exempt**

To Non business Entity

Agg.T/O of business Entity in PFY such amount make it liable for registration

**Exempt**

CG/ SG /UT/ LA Govt. Entity

Exempt

To Another individual advocate or firm of advocate

**Exempt**

CG/ SG /UT/ LA Govt. Entity

Exempt

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

#### Service provided by senior advocate

To Business Entity

Agg T/O of business Entity up to such amount in PFY make it liable for reg.

**Exempt**

Taxable

[Under RCM business Entity is liable]

To Non business Entity

Agg.T/O of business Entity in PFY such amount make it liable for reg.

**Exempt**

CG/ SG /UT/ LA Govt. Entity

Exempt

To Another individual advocate or firm of advocate

**Exempt**

but can take exemption of amount upto T/O of business entity in PFY to be eligible for exemption from registration

S.No. 54 : Exemption in Agriculture Sector Imp

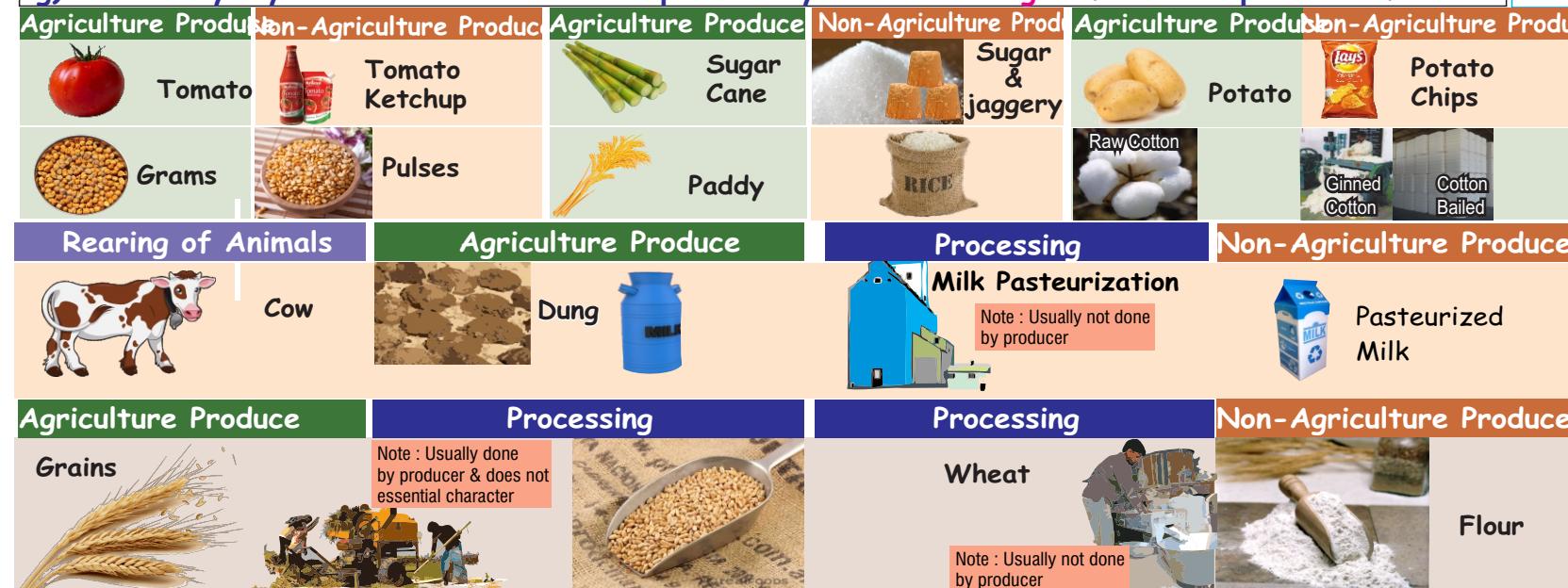
- a) Agricultural operations directly related to production of any A.P. including cultivation, harvesting, threshing, plant protection or seed testing.
- b) Supply of farm labour
- c) Processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, bulk packaging etc. which do not alter essential characteristics of A.P
- d) Renting or leasing of agro machinery or vacant land with or without a structure incidental to its use.
- e) Loading, unloading, packing, storage or warehousing of A.P.
- f) Agricultural extension services (Scientific research & knowledge to farmer).
- g) Services by any APMC or Board or services provided by a commission agent for sale or purchase of A.P.

**Agriculture:**  
 1) cultivation of plants and  
 2) rearing of all life-forms of animals, except the rearing of **for** **horses**

- ↳ food,
- ↳ fibre,
- ↳ fuel,
- ↳ raw material or
- ↳ other similar products

**Agricultural Produce (A.P.):** means any produce of agriculture on which either no processing is done or such processing is done as is usually done by a cultivator or producer

- which does not alter its essential characteristics
- but makes it marketable for primary market.



Sl.No. 55

## Exemptions on intermediate production processes

Carrying out an intermediate production process as job work in relation to agriculture

(Cir. no. 19/19/2017) Milling of paddy into rice **cannot** be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce, hence not eligible for exemption

Sl.No. 57

Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of **fruits and vegetables**.

Sl.No. 24

Services of Loading, Unloading, warehousing, packing, storage of **Rice**.

Sl.No. 24A

Warehousing of minor forest produce

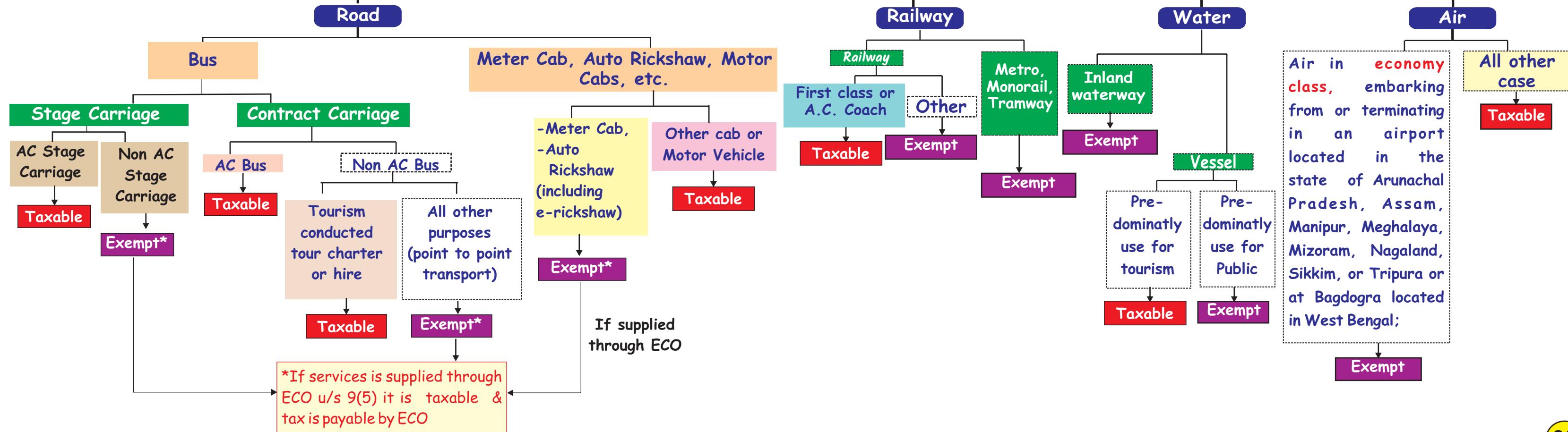
Sl.No. 24B

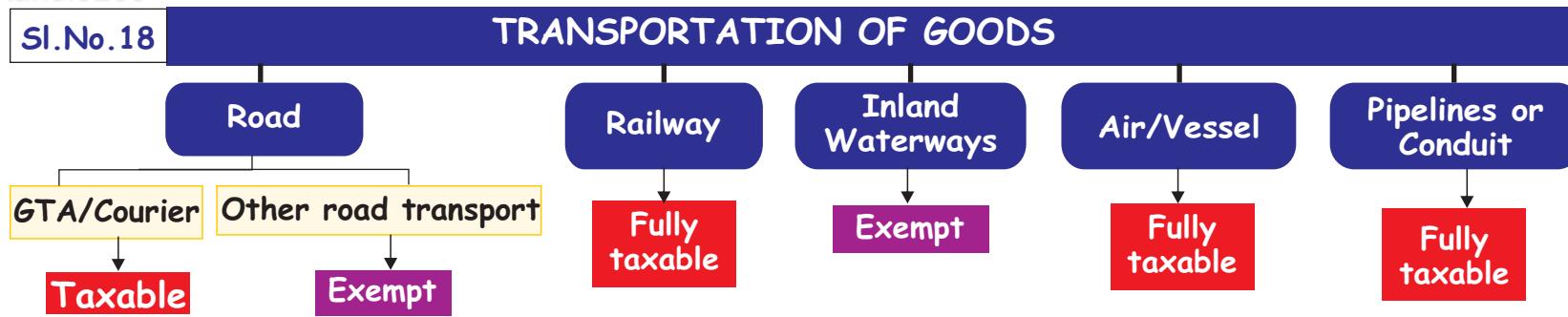
"Services by way of storage or warehousing of cereals, pulses, fruits and vegetables.

Sl.No. 55A

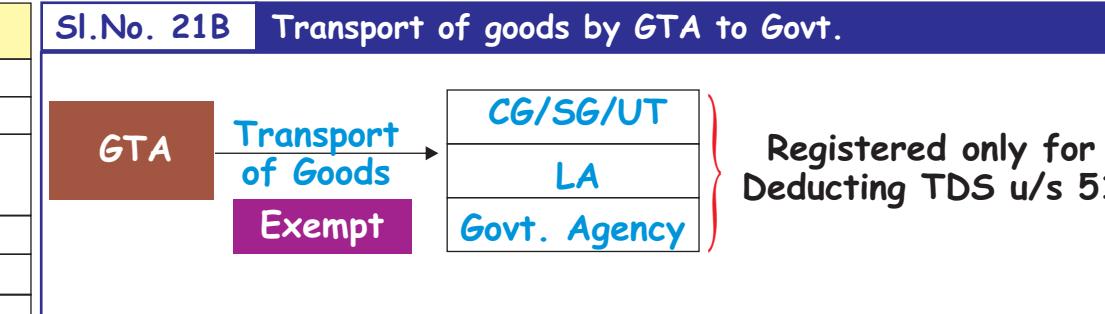
Services by way of Artificial insemination of live stock **other than horses**

S.No. 14&amp;15

PASSENGER TRANSPORT SECTOR Imp



Exemptions to GTA/Vessel/Rail	
D	Defence or military equipments.
R	Relief material for victims
M	Milk, Salt, food grains, flours, pulses or rice
O	Organic manure
N	Newspaper or Magazines
A	Agriculture produce



**SI. No. 22 Services by way of giving on hire-**

**Imp**

(a)	to a state transport undertaking, a motor vehicle meant to carry more than 12 passengers
(aa)	to a LA, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers.
(b)	to a GTA, a motor vehicle means of transportation of goods.
(c)	to a person providing services of motor vehicle for transportation of students, faculty and staff to an EI providing services by way of school.



**CBIC Clarifications**

1	Transport of Minerals within mines by Tipper, Dumper etc	It is a rental service for transportation of goods	Taxable
2	GTA + Cargo Handling (Packing + Loading + Unloading) Bundle services with GTA Separate Invoice for Cargo handling	Composite Supply Non treated as Composite supply	Taxable as GTA Taxable as cargo handling

**RENTING OF IMMOVABLE PROPERTY**

SI.No.12	Renting of Residential Dwelling (RD) - for use as residence		
Supplier	Recipient	Taxability	Who will pay tax
➤ Any Person [RP + URP]	URP(if use for residence)	Exempt	—
➤ Any Person [RP + URP]	RP But if RP is - Proprietor - using RD in Personal capacity for own residence - Renting on own account	Taxable Exempt	Under RCM recipient (RP) is liable to pay tax —

SI.No.12A	Accommodation Services ( Hostels, residence for student, Camps, Paying Guest accommodations & the like. ) - Value ≤ 20,000 PP/PM for Continuous period of 90 days		
➤ Any Person [RP + URP]	Any Person [RP + URP]	Exempt	—

**When tax payable on accommodation services:-**

- Value > 20,000 PP/PM or
- Supplied for non-continuous period of 90 days
- If charges on daily basis & not on monthly basis

**CBIC Clarifications**

1	hostel accommodation or long-term service apartments/hotels	It is <b>taxable</b> under entry 12 but <b>exempt</b> under entry 12A ( if conditions of entry 12A are met)
2	hostels for poor and middle-class students run by charitable trusts	

**Renting of Immovable property other than Residential Dwelling (Fully taxable)**

➤ RP	Any Person [RP + URP]	Taxable	Supplier (FCM)
➤ URP	RP	Taxable	Under RCM recipient (RP) is liable to pay tax

**EXEMPTION IN BANKING AND FINANCIAL SECTOR**

SI. No. 27	Exemption	(a) Consideration - Interest or discounting	(b) sale or Purchase of Foreign Currency
Imp		On extending Deposits Loan Advances	Amongst Bank Amongst Dealer Amongst Bank & Dealer
Except:- Interest involved in credit card services			
All other services of Bank / FI/NBFC are taxable			

Exempt	Taxable
Discounting of cheque promissory note, BOE	Processing, documentation fees charged by bank
Discounting of C.P. or C.D.	Interest on finance lease (delay payment of consideration)
Interest on debentures or bond	
Repos & reverse Repos	
Penal Interest = Interest	

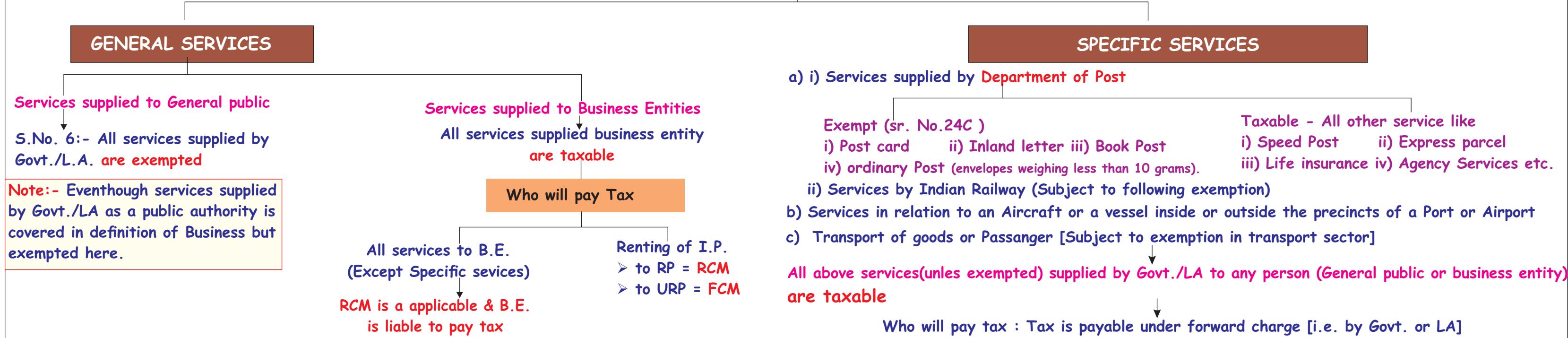
## Imp Exemptions in Education Sector

Service Taken by Educational Institution		Sl.No.66:- Educational institution (EI)	Service supplied by Educational Institution
<p>1) Transportation of students, faculty or staff 2) Catering (including mid-day meal) 3) Security, cleaning or house keeping 4) Supply of online education as Journal or periodicals 5) Service relating to admission to or Conduct of examination (eg. paper setting, Answers evaluation etc.)</p>	<p><b>Exempt only if supplied to School</b></p> <p><b>Exempt only if supplied to Colleges etc.</b></p> <p><b>Exempt if supplied to all education Institute</b></p>	<p><b>Pre-school or Higher or Secondary school (Public/Private/International)</b></p> <p><b>Education as a part of curriculum for obtaining qualification recognised by law(Indian law) Eg. Colleges, universities or institution etc authorised to providing education.</b></p> <p><b>Education as a part of Approved Vocational courses</b></p> <ul style="list-style-type: none"> <li>⇒ A course by ITI/ ITC affiliated to NCVET or SCVT offering courses in notified trades.</li> <li>⇒ Modular Employable Skill Course approved by NCVET</li> </ul> <p><small>NCVET = National Council for Vocational &amp; Educational Training, SCVT = State Council for Vocational Training</small></p> <p><b>In Central and State Educational Boards for the limited purpose - by way of conduct of examination to the students.</b></p> <p><b>1) Private coaching classes are <b>Taxable</b> 2) Only 5 input services to EI in respective cases are exempt. Thus, all other services supplied to EI are <b>Taxable</b></b></p>	<p><b>Exemptions</b></p> <ol style="list-style-type: none"> <li>Any service supplied by such <b>EI</b> to its student and faculty or staff. (e.g. education fees lab charge, lab charges, transportation, catering etc.)</li> <li>Service by way of Conduct entrance examination against <b>entrance fees</b></li> </ol> <p><b>Taxability</b> Any Service supplied to any person other than student faculty or staff by such <b>EI</b> then it is taxable e.g.</p> <ol style="list-style-type: none"> <li>Auditorium of school given to other for seminar</li> <li>Placement services to corporate</li> <li>franchisees fees to various franchisees.</li> </ol>

Qualification recognised by law			Taxability in various scenario			Sr.No. 66A:- Affiliation service		
Scenario	Recognized by law	Taxability	Service	Taxability	Reason	Service provided by	Service provided to	Taxability
1. Services by IIM- - long duration program - Short Duration Program	Yes, by IIM Act No	Exempt Taxable	1. Isuance of migration certificate	Exempt	Services by E.I. to Student	1. Affiliation service provided by Central or State Educational Board or Council or other similar body	To schools owned or controlled by - CG/SG/UT/LA - Govt. Authority/Entity	Exempt [Sr.No. 66A]
2. Maritime courses approved by DG shipping	Yes, by Merchant Shipping Act	Exempt	2. Supply of food in Anganwadi [by Govt. or Corporate]	Exempt	Canteen services to pre-School		To Pvt Schools	Not Exempt = Taxable
3. Flying training courses approved by DGCA	Yes	Exempt	3. Catering services -School to student - Pvt. canteen to Std.	Exempt Taxable		2. Affiliation service provided by Universities	To Colleges	Not Exempt = Taxable Cir No. 234/28/2024
Sl. No. 71 Services provided by training providers under the Deen Dayal Upadhyaya Grameen Kaushalya Yojana, offered by the Ministry of Rural Development, include skill or vocational training courses certified by the NCVET.								

Exemption Related to Entertainment, Museum etc.				Exemption in Government Sector			
<p><b>Service - performance by Artist - Folk or classical form</b></p> <p><b>Sl. No.78</b></p> <p><b>Musical Dance Theatre</b></p> <p><b>Fpr</b></p> <p><b>Consideration &lt;₹1,50,000</b></p> <p><b>Exception - service as a brand ambassador (Taxable)</b></p> <p><b>Note:- If consideration is more than ₹1,50,000 then full amount is taxable.</b></p>				<p><b>Access to Road or bridge on Payment of toll</b></p> <p><b>Sl. No. 23</b> Access to Road or bridge on Payment of toll</p> <p><b>SI No.61A</b> Granting National permit to goods carriage &amp; to operate through India.</p> <p><b>Services by foreign diplomatic missions in India</b></p> <p><b>Sl. No. 59</b> All services provided by a foreign diplomatic mission located in India</p>			
<p><b>Service - Admission to (ticket charges)</b></p> <p><b>Si.No.81: Entertainment event</b></p> <p>(a) Circus ➤ dance ➤ Theatrical Performance ➤ Non-recognised sporting event</p> <p>(b) Award Function ➤ Concert ➤ Pageant ➤ Musical Performance</p> <p>(c) sporting event</p> <p>(d) planetarium</p> <p><b>Consideration does not exceeds ₹500 per Person</b></p>				<p><b>Service = Training or Coaching in Recreational activities relating to</b></p> <p><b>Si.No.79A: Monument</b></p> <p>Protected monuments</p> <p><b>Si.No.79:Zoo etc</b></p> <p>➤ Museum ➤ National Park ➤ Wildlife sanctuary ➤ Tiger reserve ➤ Zoo</p> <p>(a) art or culture ➤ Sport by charitable entity ➤ by an individual ➤ u/s 12AA or 12AB ➤ or ➤ Painting, dance ➤ Singing classes</p> <p><b>Consideration - No Limit</b></p>			

## Services provided by Government/LA



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

Turnover or Value based	Railway Related services (Newly Inserted)	Certification or Registration based	Others
Sl.No. 7 Service provided by Govt/Local Authority to Business Entity where its Aggregate T/O less than such amount in PFY make it eligible for exemption from registration <b>Exception :</b> above exemption not applicable to (a) Specific services (Ref. above part 2) (b) Renting of immovable property	Sl.No. 9E Services provided by Railways to individuals by way of ➤ Sale of platform tickets, ➤ Facility of retiring rooms/waiting rooms, ➤ Cloak room services & ➤ Battery-operated car services.  Sl.No. 9F Intra railway transactions between different zones / divisions are exempt.	Sl. No. 61 Service provided by Govt/LA by way of ➤ Issuance of passport, ➤ Visa driving licence, ➤ Birth Certificate or Death Certificate	Sl. No. 8 Service provided by Govt. or LA to another Govt. or LA. <b>Exception:</b> Specific services (Ref. above part 2)
Sl. No. 9 Service provided by Govt/LA Where Gross Amount Charge per service (per invoice) does not exceeds ₹ 5000 & in case where continuous supply of service the limit is ₹5000 in a F.Y  <b>Exception:</b> Specific services (Ref. above part 2) <b>Note:--</b> Renting of immovable property (any amount) = Taxable	Sl.No. 9G ➤ SPVs provide infrastructure to Railways for use and maintenance during the concession period for consideration, ➤ while the Railways offers maintenance services to the SPVs for the same infrastructure, also for consideration.  A special-purpose vehicle (SPV) is a legal entity that allows multiple investors to pool their capital and make an investment in a single company.	Sl. No. 47 Service provided by Govt/LA by way (a) Registration required under any law (b) Testing, calibration, safety, check for protection or safety of worker, consumer or public at large	Sl. No. 62 Fines or liquidated damage for tolerating non performances of Contract  Sl. No.65A Services by way of providing information under the Right to Information Act, 2005
<b>Circular no. 190/02/2023</b>			
Accommodation services by Defence mess to person other than business entity are exempt & such services are qualified as services by Govt.			

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

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

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

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

Exemption in sport sector	
Sl. No. 68 <small>Imp</small>	Service Provided to recognized Sport Body by- a) An individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body; b)Another recognised sports body;
Exemption in Construction Sector	
Sl.No. 10	Construction etc or Original Work to Pradhan Mantri Awas Yojana
Sl.No. 11	Construction etc or Original Work to Single Residential Unit
Miscellaneous	
Sl. No. 2	Transfer of a Going Concern
Sl. No. 52	Organization of Business Exhibition Outside India
Sl. No. 77 <small>Imp</small>	<p><b>Exemption - Services by RWA to Members</b></p> <p><b>CBIC Clarification:-</b></p> <ol style="list-style-type: none"> <li>1) SOS by RWA to its members for contribution upto ₹ 7,500 per month per member (PM<sup>2</sup>) are exempt</li> <li>2) RWA required to pay GST, only if such subscription &gt; ₹ 7,500/- per month per member &amp; ATO of RWA by way of SOS &amp; SOG &gt; ₹ 20 L</li> <li>3) RWAs are entitled to take ITC of GST paid by them on capital goods (taps, pipes, other sanitary/ hardware filling, etc.) and Input services such as repair and maintenance service.</li> <li>4) The ceiling of ₹ 7,500 (PM<sup>2</sup>) shall be applied separately for each residential apartment owned by him.</li> <li>5) If amount exceeds 7500, GST shall be payable on the entire amount.</li> </ol>
Other Exemptions	
Exemption Charitable and Religious Sector	
Sl.No.60	Services provided by specified organization with respect to Kailash Mansarovar and Haj Pilgrimage exempted
Exemption in banking and financial sector	
Sl.No.34	Services by Acquiring Bank to any person for Card transaction settlement ₹ 2,000 (Services by Payment Aggregators's are exempt but not for Payment Gateways)
Sl.No.27A	Services provided by a banking company to - Basic Saving Bank Deposit account holders under Pradhan Mantri Jan Dhan Yojana
Exemption in sport sector	
Sl.No.53	Sponsorship of Certain Sport Events (Read from Notes)
Sl.No.82	Admission to events organised under FIFA world cup 2017
Sl.No.9A	Services Provided by and to FIFA
Sl.No.9AA	Services Provided by and to FIFA at its subsidiary directly, indirectly related to event under FIFA U-17 Women's World cup 2020 to be hosted in India <b>whenever rescheduled.</b>
Sl.No.9AB	Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women's Asia Cup 2022 to be hosted in India.

Sl.No.82A	Service by way of right to admission to the event organise under FIFA U-17 Women's World cup 2020 [whenever rescheduled. ]
Sl.No.82B	Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022
Services provided by Government to Business Entity	
Sl.No.63	Assignment of right to use natural resources to an Individual farmer for the purpose of Agriculture. (service provided by Govt./LA)
Sl.No.9C	Service Provided by Govt. Entity against consideration in form grants to another Govt. or LA, received from Govt./LA
Sl.No.9D	Services by an old age home run by Govt. /Entity reg. u/s 12AA or 12AB, to its resident (Age 60 years or more) (Consideration-upto ₹ 25000 per month per member)(Consideration includes boarding/loading/maintenance charges)
Sl.No.65	Merchant overtime charges for inspection of import container by custom officers.
Services provided to Government	
1)	Services provided by fair price shop
2)	Supply of pure services & composite supplies (where value of goods constitutes ≤ 25% of total value of supply) made to Govt. or LA in relation to functions entrusted under article 243G or 243W.
<b>CBIC Clarification:- Cir no. 245/02/2025:</b> MCD receives services like housekeeping, maintenance etc for its office upkeep which are not related to the municipal functions under Article 243W of the Constitution, thus <b>taxable</b> under GST.	
3)	Services provided to a Governmental Authority by way of - (a) water supply (b) public health (c) sanitation conservancy (d) solid waste management (e) slum improvement & upgradation
4)	Insurance scheme where total premium is paid by Government
5)	Training program to Government where for which <b>75% or more</b> expenditure is borne by Government.
6)	Passenger transport Service by air where boarding or termination at a regional connectivity scheme, Airport avails the consideration in the form of viability gap funding.
Miscellaneous	
Sl.No.39	Intermediary Service- Read From Notes
Sl.No.39A	Services by an intermediary of financial services
Sl.No.48	Services recognised by Biotechnology Industry Research Assistance Council
Sl.No.49	by way of collecting or providing news by ⇒ An independent journalist, ⇒ Press Trust of India or ⇒ United News of India;
Sl.No.50	Public Library Service
Sl.No.76	by way of public conveniences such as provision of facilities of Bathroom, Washrooms, Lavatories, Urinal or Toilets.
Sl.No.9B	Exempting Supply of Services associated with Transit Cargo to Nepal & Bhutan
	Exempt certain supplies to NPCIL
Sl.No.69	Service by NSDC, NCVET, etc.
Other Exemption	
Sl.No.30	Services provided by Employees State Insurance Corporation
Sl.No.31	Services provided by Employees Provident Fund Organisation (EPFO) to persons governed under the Employees provident Funds and Miscellaneous Provisions Act, 1952.

Sl.No.31A	Services Provided by coal mines provident fund organisation
Sl.No.31B	Services Provided by National Pension system
Sl.No.58	Services provided by National Centre for Cold Chain Development under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.
Sl.No.38	Services by way of collection of contribution under any pension scheme of the SGs
Sl.No.41	Long term lease of plot 30 years or more by State Government Industrial Development Corporations for development of infrastructure for financial business,
Sl.No.19C	<b>Satellite launch services</b>
Sl.No.25	Transmission or Distribution of Electricity
Sl. No.25A	Services of renting meters, testing equipment, connecting electricity, shifting meters & issuing duplicate bills. These help utilities serve their customers.
Sl. No.44A	Research & development services funded by grants supplied by Govt entity or Notified research association, university, college, or institution. <b>Note:</b> The institution must be notified when the research service is provided.
Sl.No.36A	<ul style="list-style-type: none"> <li>⌚ GST liability on reinsurance of specified general &amp; life insurance schemes:- GST on reinsurance services for schemes in Sl. Nos. 35 &amp; 36 is exempt as per Cir No. 228/22/2024</li> <li>⌚ GST liability on reinsurance of insurance schemes for which total premium is paid by Govt.: - GST on reinsurance services for insurance under Sl. No. 40 is exempt as per Cir No. 228/22/2024.</li> </ul> <p><b>Circular No. 228/22/2024:-</b></p> <p>As per IRDAI, 'Retrocession' is when a reinsured risk is further ceded to another Indian Insurer or a Cross Border Re-insurer (CBR). Thus, 'reinsurance' under Sl. No. 36A includes 'retrocession' services.</p>
Sl.No.36B	Insurance Services Provided by the Motor Vehicle Accident Fund

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

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

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

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

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

# Chapter 9 - SEC 49 : Payment of Tax



CA Vishal Bhattad

Debit	Sec 49(1): E-Cash Ledger	Credit
49(3) Utilization of E-Cash Ledger	Deposit of Amount in E-Cash Ledger	
It may be utilised for making payment of [Liability Register] ⇒ Tax (output/RCM) ⇒ Interest ⇒ Penalty ⇒ Fees (late fee) ⇒ Any other dues	⇒ Internet banking /UPI/IMPS ⇒ By using credit or debit cards ⇒ NEFT or RTGS Payment (PMT-06) by above mode only through authorised bank.  Balance if any in E- cash ledger will be carry forward or refunded ⇒ Amount of TDS u/s 51 ⇒ Amount of TCS u/s 52	
1) Over the Counter(OTC) cash Payment - ₹ 10,000 per challan per tax period Exception : Cash payment (OTC) without limit:- a) Payment by Govt. Department or person notified by Comm. b) P.O. authorised to recovery dues from person including recovery through sale of property/during investigation etc.		
2) Special Payment mode for OIDAR or Online money gaming:- International money transfer system of SWIFT network.		
Rule 87 :- Tax Payment Challan		
E-Challan	PMT- 06	Other Aspects relating to challan
Validity	for 15 days from generation on CP	CPIN : - 1. Common portal Identification Number. 2. It is created for every Challan successfully generated by the taxpayer. 3. It is a 14-digit unique number to identify the challan. 4. CPIN remains valid for a period of 15 days.
Date of payment	When amount is successfully credited in government A/C. & CIN generated by Bank.	
Credit to E-cash Led.	On receipt of CIN the same amt. is credited into the E-cash ledger	
RBI's e-Scroll	If CIN is not generated after payment, the ledger can be updated based on RBI's e-Scroll,	CIN:- 1. Challan Identification number 2. It is when payment is actually received by authorised banks or RBI & credited in the Govt. A/c 3. It is indication of successful payment of account. 4. CIN is communicated by authorised bank to taxpayer as well as to CP. 5. It is 18 digit number that is 14 digit CPIN plus 4 digit Bank code.
Non-Generation of CIN	If CIN isn't generated or reflected on the portal, use PMT-07 to make a representation.	
Reporting Discrepancies	Report any discrepancies on the CP in prescribed form.	
Payment by URP	URP must pay through the E-cash ledger using a temporary ID generated on CP. eg. CTP, NRTP	

## Special Discussion- Transfer of balance of E-Cash Ledger (all following amounts are assumed)

	Major Head			20th of next month			Transfer between own E-cash ledger			Transfer bet <sup>n</sup> E-Cash Ledger of DDP (PMT - 09)		
Minor Head	IGST ₹)	CGST ₹)	SGST ₹)		IGST	CGST	SGST					
Tax	50,000	10,000	10,000	Output Tax	60,000	30,000	30,000	R.P. can transfer (through PMT-09) amount between different major & minor heads within their E-cash Ledger for payment IGST/CGST/SGST/UTGST/Cess				
Interest	1,000	500	500	Less: ITC	(30,000)	(5,000)	(5,000)					
Fee	-	-	-	Net liability	30,000	25,000	25,000					
Penalty		2,000	2,000	Existing Bal.	(50,000)	(10,000)	(10,000)					
Other	-	-	-	Shifting	IGST Interest Penalty	10,000 1,000 2,000	10,000 1,000 2,000	Note :- Any transfer between any head-allowed				

## Sec 50 - Interest

### Sec 50(1): Delay payment of Tax in Full/part

- Interest @ 18% p.a. (calculation on day wise basis)
- From next day after due date till day of payment

If tax is paid before filling return (GSTR - 3B)  
Interest is on tax payable through E-cash Ledger (net GST liability + RCM)

If tax is paid after filling return (GSTR-3B)  
Interest is payable on GST gross liability

Proviso:- If any amt is credited (deposited) to E-cash ledger by or before due of return but debited for tax payment after due date of return (because of late filing of return)

interest won't payable to that intent if the amount remains in the ledger from the due date until debited.

### Sec 50(3): Utilisation of wrongly availed ITC

Interest @ 18% p.a. to the extent of ITC wrongly utilised (calculation on day wise basis)  
From : day next to the date of utilization of wrongly availed ITC  
To : Date of reversal or date of payment

Date of utilisation (ITC balance E-credit ledger fall below the ITC wrongly availed)

If amount in E-credit falls below wrongly availed ITC on A/c of payment of tax through return  
Due date of return or actual date of filing return whichever is earlier

If amount in credit ledger falls below wrongly availed ITC otherwise  
Date of debit to E-credit ledger

### Sec 50(1) - Calculation of Interest for delay Payment of Tax (all amounts are assumed)

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Output tax payable	4,50,000	2,85,000	2,85,000
Less: ITC	(2,50,000)	(55,000)	(55,000)
Net Tax (A)	2,00,000	2,30,000	2,30,000
Tax under reverse charge is payable in cash (B)	18,000	32,000	32,000
Total tax payable in cash [(A) + (B)]	2,18,000	2,62,000	2,62,000
Interest payable @ 18% per annum (rounded off) (assume delay 60 days)	6,450 (2,18,000*18% *60/365)	7,752 (2,62,000*18% *60/365)	7,752 (2,62,000*18% *60/365)

### Sec 50(3) - Calculation of Interest for wrongly availed & utilise ITC

Month	Opening balance in electronic credit ledger (A)	Eligible ITC (B)	ITC wrongly availed (C)	Total ITC (D) = (A+B+C)	Output liability (E)	Closing balance in E-credit ledger (F) = (D-E)	Due date of return filing	Actual date of filing Return	Amount on which Interest is applicable
April	-	7,00,000	50,000	7,50,000	7,00,000	50,000	20 May XX	20 May XX	-
May	50,000	5,00,000	-	5,50,000	5,00,000	50,000	20 Jun XX	20 Jun XX	-
June	50,000	3,00,000	-	3,50,000	3,30,000	20,000	20 Jul XX	20 Jul XX	30,000
July	20,000	6,00,000	-	6,20,000	6,10,000	10,000	20 Aug XX	18 Aug XX	10,000
Aug	10,000	5,00,000	-	5,10,000	5,10,000	-	20 Sep XX	25 Sep XX	10,000

June :- Interest = ₹ 30,000 \* 18% \* 92 days (21st July to 20th Oct 20XX) / 365 days = ₹ 1,361

July :- Interest = ₹ 10,000 \* 18% \* 63 days (19th Aug to 20th Oct 20XX) / 365 days = ₹ 311

August :- Interest = 10,000 \* 18% \* 30 days (21st Sep to 20 th Oct 20XX) / 365 days = ₹ 148

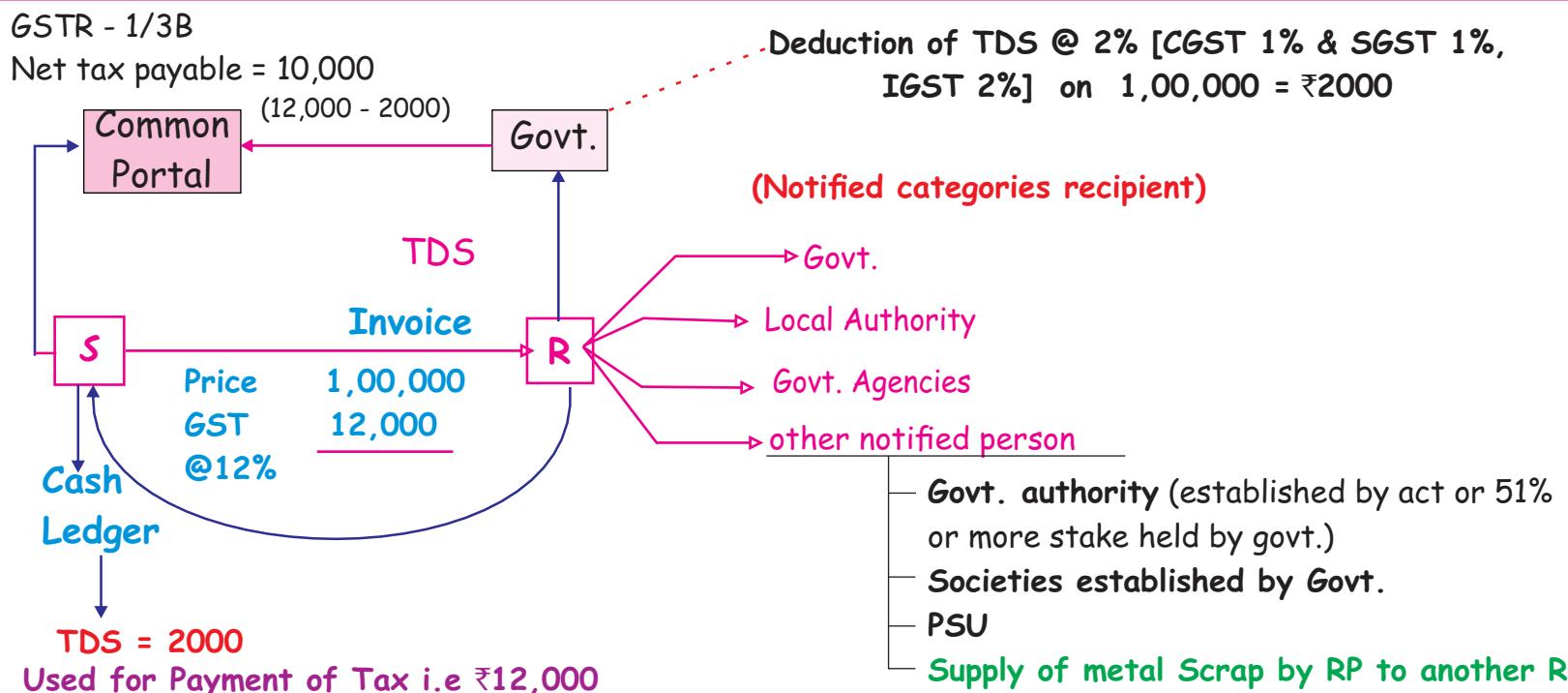
Assume payment/reversal of ITC made on 20th October



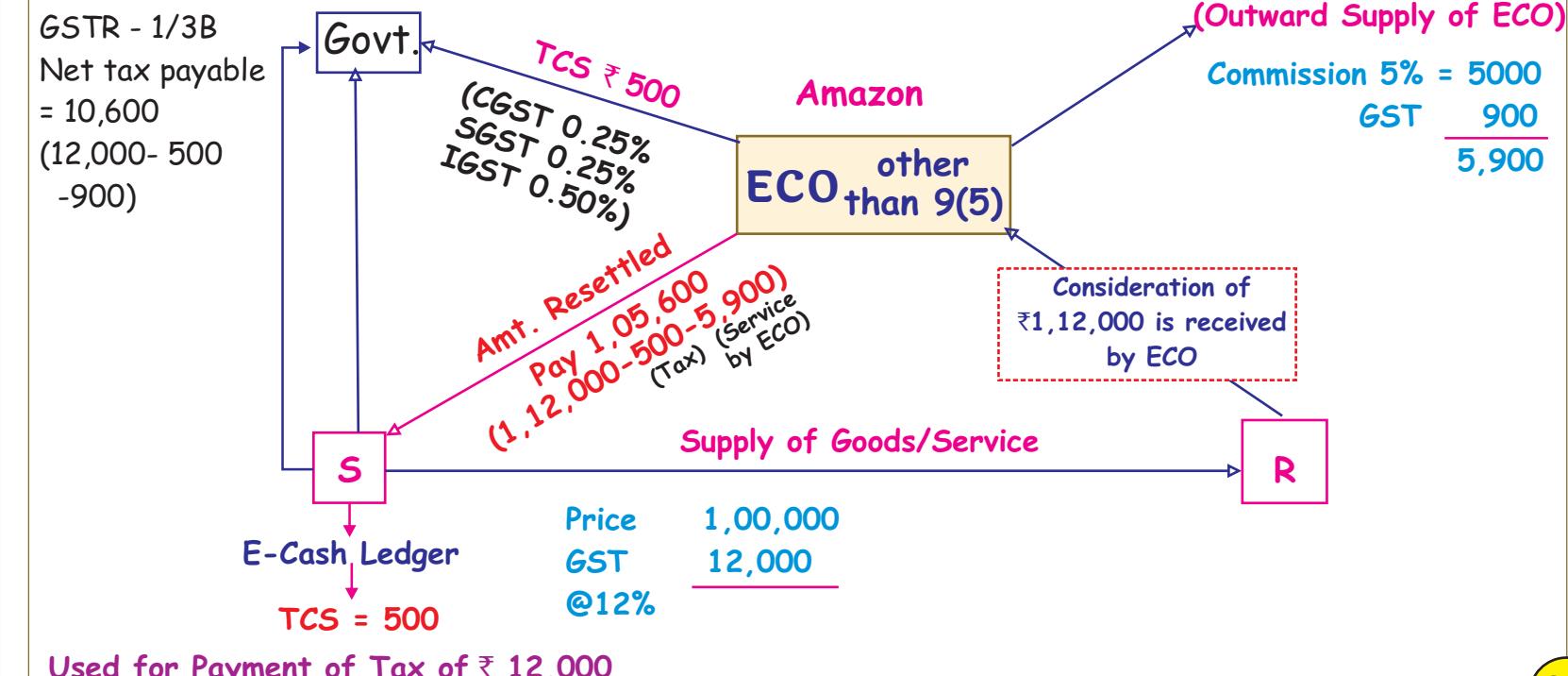
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## Chapter 9 - TDS - TCS

### Sec 51 TDS



### Sec 52 TCS



## Sec 51- TDS

Who is liable (i.e who will deduct TDS)	<ul style="list-style-type: none"> <li>Specified persons like CG, SG, LA, Govt Agencies.</li> <li>Public Sector Undertakings (PSU).</li> <li>Society established by CG/SG under Society Act.</li> <li>An authority/Board or Other body established by Any act or Govt. with 51% or more equity concern with Govt.</li> <li>Any RP receiving supplies of metal scrap from other RP.</li> </ul>						
TDS rate	1% CGST, 1% SGST or 2% IGST						
Threshold limit	TDS is applicable only when taxable value of contract exceeds ₹2.5 lakh (excluding GST). TDS is deducted at the time of credit or payment, whichever is earlier.						
Payment	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Total contract value ₹ 2,00,000</td> <td style="width: 30%; text-align: center;">① Payment 1,50,000 No TDS</td> <td style="width: 30%; text-align: center;">② Payment 50,000 No TDS</td> </tr> <tr> <td>Total contract value ₹ 3,00,000</td> <td style="text-align: center;">① Payment 2,00,000 TDS = 4,000</td> <td style="text-align: center;">② Payment 1,00,000 TDS = 2,000</td> </tr> </table>	Total contract value ₹ 2,00,000	① Payment 1,50,000 No TDS	② Payment 50,000 No TDS	Total contract value ₹ 3,00,000	① Payment 2,00,000 TDS = 4,000	② Payment 1,00,000 TDS = 2,000
Total contract value ₹ 2,00,000	① Payment 1,50,000 No TDS	② Payment 50,000 No TDS					
Total contract value ₹ 3,00,000	① Payment 2,00,000 TDS = 4,000	② Payment 1,00,000 TDS = 2,000					
Due date	Deductor shall deposited TDS deducted by 10th of succeeding month.						
TDS Certificate	GSTR-7A to be provided to deductee.						
TDS Return	FORM GSTR-7 (on or before the 10th day of the month succeeding the calendar month)						
Non-Compliance	Failure to deposit TDS: Interest @ 18% u/s 50(1) & Penalty u/s Sec 73 or 74/74A/122						
E-cash ledger	TDS deducted shall reflect in Cash ledger of Deductee.						
Excess or erroneous deduction of TDS	Refund as per Sec 54, but no refund, if TDS is credited to E-cash ledger of deductee.						
Non-Applicability	<ul style="list-style-type: none"> <li>Value of taxable supply in a Contract value &lt;= ₹ 2,50,000</li> <li>Exempt supplies</li> <li>Supplies under RCM.</li> <li>Supplier is URP.</li> <li>LOS &amp; POS are in same state, but LOR is in different state.</li> <li>SOG/SOS between all notified persons u/s 51(1)(a) to (d), excluding metal scrap received by RPs.</li> </ul>						

## Sec 52- TCS

ECO		
ECO notified u/s 9(5)	All other ECO of goods or Services	
No provision of TCS is applicable & 100% liability to pay tax is on ECO	If own goods or services are supplied from own website	If ECO is acting as an agent
No TCS	No TCS	If Goods or Services supplied through ECO where the consideration with respect to such supplies is to be collected by the operator TCS provision is applicable
Who is liable	Every ECO not being an agent is required to collect tax on Net value of Taxable supplies.	
TCS Rate	0.25 % CGST, 0.25% SGST & 0.50% IGST	
Net Value of Taxable supplies:	Aggregate value of taxable supplies other than notifications services u/s 9(5) XX Less: Aggregate value of taxable supplies returned to supplier (XX) Net value of taxable supplies XX	
	Note: Above value is calculated for each supplier on monthly basis. No TCS if net value is Nil or Negative.	
Monthly Statement	GSTR-8 by 10th of next month but maximum within 3 years from its due date.	
	Note: After filing of GSTR-8 by ECO, supplier can claim TCS in their E-cash ledger.	
Annual Statement	GSTR-9B before 31st Dec following the end of FY.	
Rectification of errors:	Any omission or incorrect particulars (other than in scrutiny, audit, inspection), ECO can rectify in the statement along with interest.	
	Time limit: Earlier of 30th Nov of next FY or date of filing Annual statement.	
Late Fee	Lower of: ₹ 200 [ ₹100 each for CGST & SGST] for every day during which such failure continues or ₹ 10,000 [ ₹5,000 each for CGST & SGST]	
Penalty	U/s 122 & Penalty upto ₹ 25,000	
Foreign ECO:	Foreign ECO not having place of business in India would be liable to TCS where supplier & customers are in India & shall register in each state/UT.	
Non-Applicability	<ul style="list-style-type: none"> <li>If supplier is not liable for registration, ECO is not required to collect TCS.</li> <li>Exempt supplies.</li> <li>Composition taxpayers cannot make SOS through ECO.</li> <li>Import of goods or services as it is covered under RCM.</li> <li>Supplies own product through his own website.</li> <li>Goods purchased from different Vendors &amp; then sold under own billing.</li> </ul>	

# CHAPTER 10: Input Tax Credit



CA Vishal Bhattad

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

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

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

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

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

## Sec 16 : Eligibility & Conditions for ITC

### 1) Eligibility criteria-

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

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

#### a) He is in possession of a Tax Invoice/ debit note or other documents (as specified below)

##### Rule 36- Documents Requirement :-

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

#### aa) the details of the invoice or debit note has been furnished by the supplier in GSTR-1/1A and such details have been updated in GSTR - 2B of recipient.

36 (4) No ITC by a RP unless,-

- (a) The details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in Form GSTR 1 & **GSTR 1A** or using IFF &
- (b) the details of **ITC in respect of** such invoices or debit notes have been communicated to the RP in FORM GSTR-2B.

#### b) He has received the Goods/Services/Both

(For Bill to Ship to- it shall be deemed to be received

- ⇒ Goods- When goods are delivered by supplier to the recipient
- ⇒ Services- When services are provided by supplier

#### Cummulative Conditions of 16(2)(a)/(ab)/(b)

Situations	Date of receipt of Invoice	Date of receipt of G/S	Updated in GSTR -2B	Eligibility of ITC
A)	25.04.XX	26.04.XX	April	In April
B)	28.04.XX	03.05.XX	April	In May
C)	05.05.XX	29.04.XX	May	In May
D)	10.04.XX	15.04.XX	July	In July

#### ITC Eligibility for Goods Delivered Under Ex-Works Contract - Sec 16(2)(b) [Cir. No. 241/35/2024]-

- ⇒ In the automobiles sector, dealers can claim ITC when vehicles are handed over to the transporter at the OEM's factory gate under EXW contracts. This is considered as "receipt of goods" u/s 16(2)(b)
- ⇒ If the supplier arranges transport and insurance on behalf of the dealer, and the dealer bears the risk of loss in transit, ITC is still allowed.
- ⇒ However, ITC is not allowed if the goods are used for non-business purposes, lost, stolen, or given as gifts/free samples.

(ba) The details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted(blacklist)

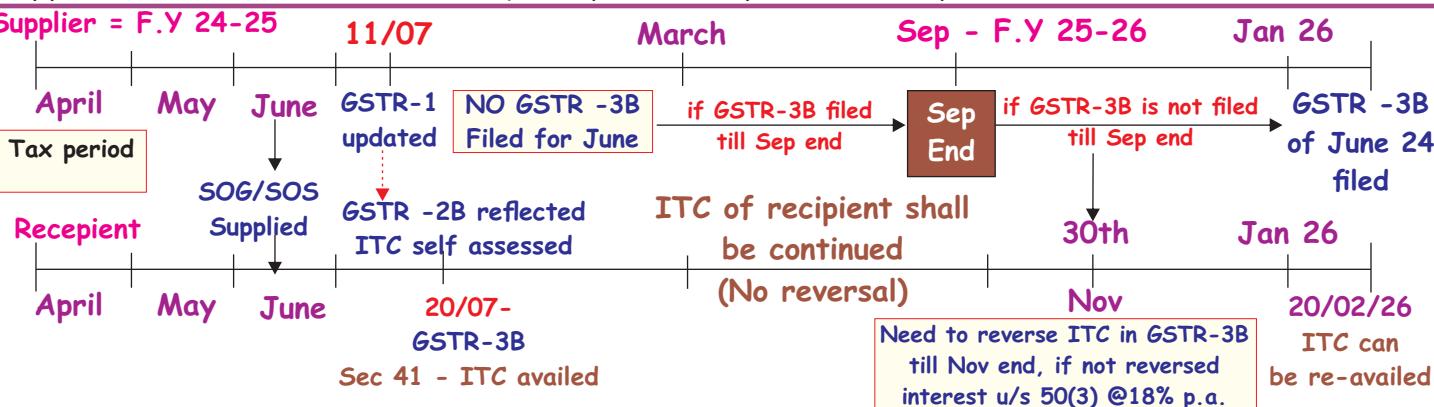
c) Tax charged on such supply= has been actually paid to Govt. by the supplier

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

- ⇒ The taxpayer shall self-assess and claim ITC in GSTR 3B.
- ⇒ In case the taxpayer has claimed ITC of GST which is not paid/ deposited by the corresponding supplier, than the taxpayer / recipient shall reverse the ITC along with interest as per rule 37A.
- ⇒ The recipient shall be eligible to re-claim the ITC reversed, on payment of GST by the supplier.

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

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



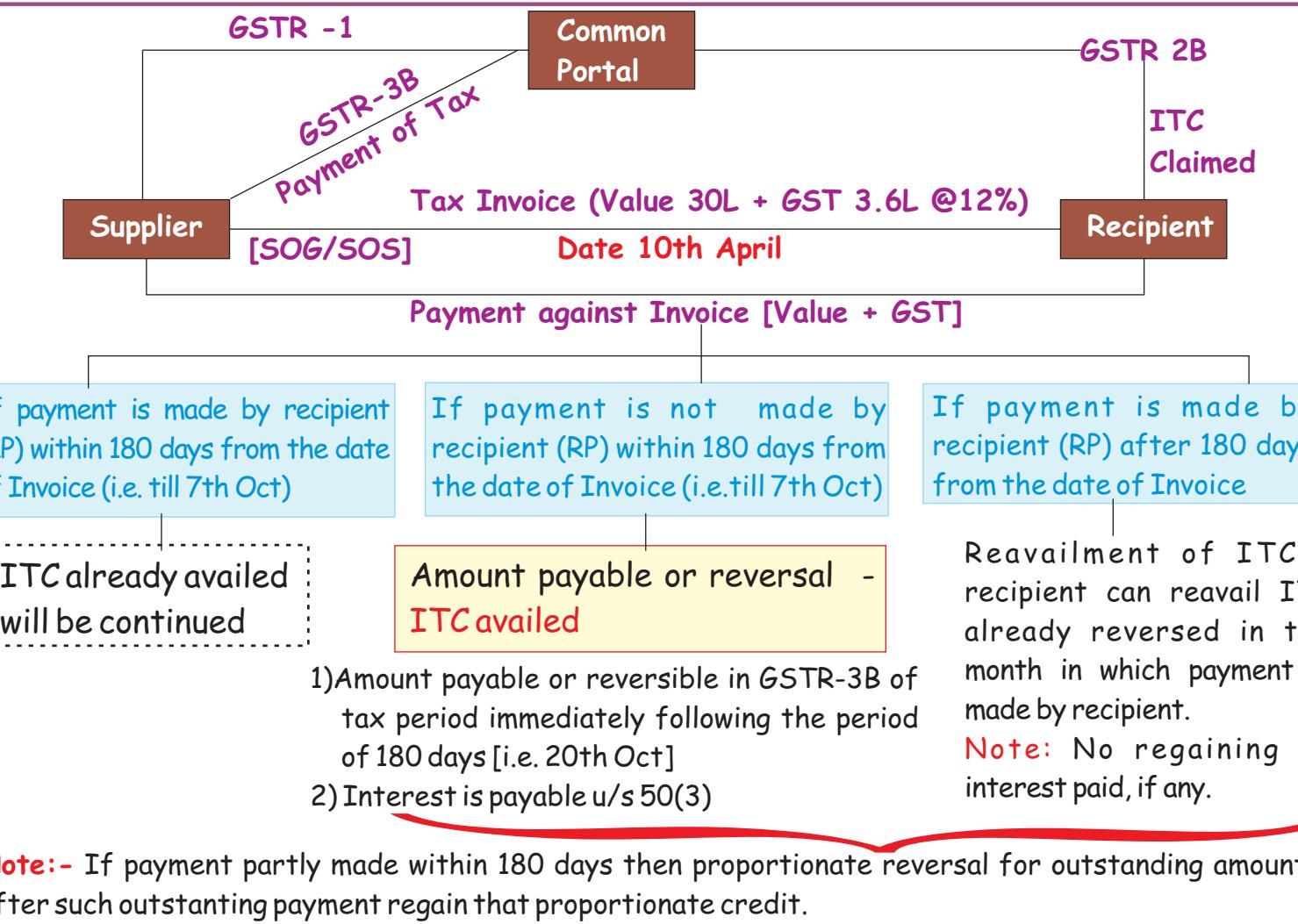
#### d) He has furnished return u/s 39

**Proviso 1 :- ITC if Goods are received in Lot** :- Where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment

#### Proviso 2:- Payment for the invoice to be made within 180 days (Rule 37)

1. **Default** : Failure by Recipient to pay (Wholly or partly) to the supplier the within 180 days from Invoice date.
2. **Consequence** : Amount equal to the ITC availed proportionate to amount not paid to supplier shall be paid by him along with interest payable u/s 50.
3. **Details to be furnished** : Details of defaulted supply, value not paid, ITC availed to be mentioned in GSTR-3B for the month immediately after the expiry of 180 days from Invoice date.
4. **Regain of Credit** : Regain when payment is made to supplier (Time limit u/s 16(4) is N.A. for regaining of ITC)
5. **Non Applicability** : This provision not applicable
  - a) Tax payable under RCM
  - b) Deemed supplies without consideration [Sch.I]
  - c) Value of supplies on account as per sec 15(2)(b)

## 2nd Proviso:- Payment to supplier within 180 Days [Rule 37]



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

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

## 4) Time limit of availing ITC-

A RP shall not be entitled to take input tax credit in respect of any invoice or debit note for SOG or SOS or both

- after the **30th day of November** following the end of F.Y to which such invoice or debit note pertains or
- furnishing of the relevant annual return, whichever is earlier.

## Time Limit for Availing ITC on RCM Supplies from URPs u/s 16(4) (Cir. No. 211/5/2024)

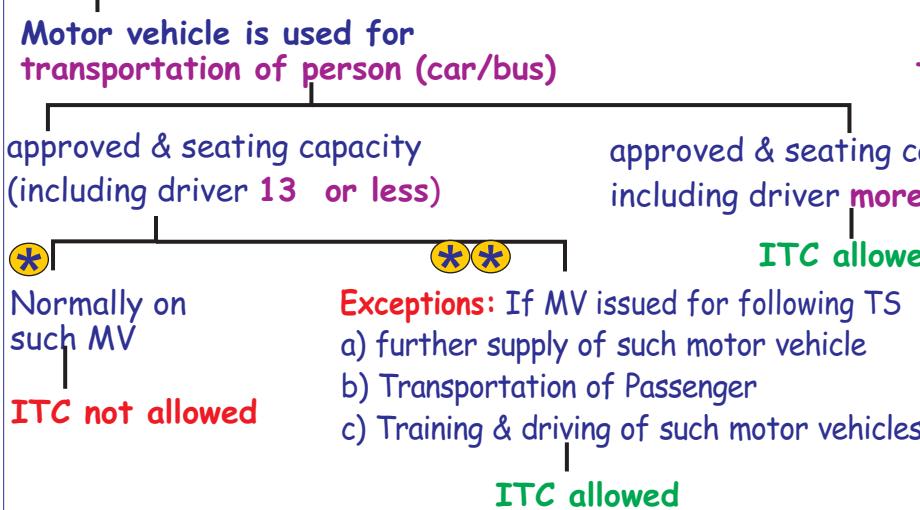
Issue	Clarification
Services received from URP without consideration	The recipient must issue an invoice and pay tax under RCM.
Time limit for ITC u/s 16(4)	ITC time limit is based on the F.Y. when the self invoice is issued, not when the supply was received.
Invoice issued after TOS	If the self invoice is issued late, the recipient must pay interest on delayed tax & may face penalty u/s 122.

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

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

## Sec - 17(5) Blocked Credit

### (a) Motor vehicles



**Motor vehicle is used for transportation of Goods (Truck/Lorry etc.)**

**ITC allowed**

### (ab) Specified services

- 1) General insurance,
- 2) servicing,
- 3) repair and maintenance
- 4) Leasing/hiring/renting (clause b)

→ **ITC Not available**  
→ **ITC available**

### (aa) Vessel & Aircraft

**Vessel/Aircraft is used for transportation of person**

**Normally**

**ITC not allowed**

**Vessel /aircraft is used for transportation of goods**

**Exceptions**

It used for making taxable supply

- a) further supply of such Vessel / aircraft
- b) Transportation of Passenger
- c) Imparting Training & navigation such vessel
- d) Imparting training or flying such aircraft

**ITC allowed**

## Availability of ITC in respect of Demo Vehicles (Cir. no. 231/25/2024)

ITC on demo vehicles used for transporting up to 13 people (including the driver) u/s 17(5)(a)	Clarification
Demo vehicles used to promote sales (Trial run & Demonstration to potential buyers)	<b>ITC is not blocked</b>
Demo vehicles used for employee transport or management (not for further supply)	<b>ITC is blocked</b>
Dealers merely acting as agent of manufacturer and manufacturer is selling demo vehicles later	<b>ITC is blocked</b>

ITC on demo vehicles capitalized in books of account by authorized dealers	Clarification
Demo vehicles capitalized as "capital goods"	<b>ITC can be claimed on taxes paid.</b>
Depreciation claimed on the tax portion of the capitalized demo vehicle	<b>ITC cannot be claimed.</b>
Capitalized demo vehicle sold later	<b>Tax must be paid u/s 18(6) &amp; Rule 44(6).</b>

## (b) Goods /services used in business not eligible for IT (mostly for employee, director, Guest etc.)

(I)

- ⇒ Food & beverages
- ⇒ Outdoor catering
- ⇒ Beauty Treatment
- ⇒ Healthy Services
- ⇒ Cosmetic plastic surgery
- ⇒ Life insurance health insurance
- ⇒ Leasing, renting, of ineligible MV/vessel/aircraft

**No ITC**

(ii) Membership of a club, health & fitness center

**No ITC**

(iii) Travels benefits extended to employee on vacation such leave or home travel concession

**No ITC**

Exceptions(in following cases ITC allowed) :-

- a) making outward supply of same category of goods/services or both or
- b) Element of composite or Mixed supply

Note:- If above supplies are provided to employees under any statutory obligation, ITC Allowed

## c) &amp; d) Construction Sector

## (c) Works Contract (services + Goods)

## (d) Goods/Services or both

Construction of immovable property other than Plant or machinery

**ITC not allowed**

Note:- If any works contract services or goods or service is purchased for construction & plant & machinery - ITC allowed

Explanation 1 Construction includes

- Reconstruction
- renovation
- addition / alteration
- repairs

**IMP note:- If as per GAAP they are treated to the extent of capitalisation as revenue expenditure - ITC allowed**

Explanation 2 :- Definition of Plant or Machinery

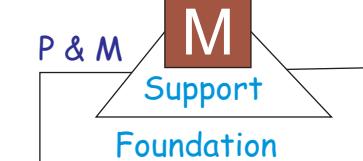
Means

- Apparatus
- Equipments
- Machinery

Fixed to the earth by foundation or structural support used for making an outward supply

Includes

Such foundation or structural support



I/CG/IS : ITC Allowed

Excludes

- Land & Building or other civil Structure
- Telecommunication Towers
- Pipelines land outside the Factory

Note:- if works contract or goods or services purchased for construction of above = **No ITC**

Important Note :- ➢ If works contract services is availed for providing works contract services - ITC allowed  
➢ If goods or services are purchased for construction of other's building intended for sale - ITC allowed

## Other Points

## Non eligibility of ITC

## Explanation

e) Goods or services or both on which tax has been paid under sec 10

अगर composition supplier के composition tax, invoice में लगाकर दे रहा है, जो नहीं देना चाहिये था. So, recipient को उस Tax का credit नहीं मिलेगा

f) Goods or services or both received by NRTP

No ITC (Remark: ITC available on imported goods by NRTP)

fa) Goods &/or services received by taxable person, which are used/intended to be used CSR activities.

No ITC

g) Goods or services or both used for personal consumption

No ITC

## h) Goods

→ Lost, destroyed, stolen, written off Wholly or Partly

## Goods

Distributed by way of Gift/sample

- No ITC is available
- If ITC is availed then it needs to be reversed

If ITC is taken on such goods

As per para I Sch I, it is treated as supply. GST is payable on value as determined u/r 30  
No need to reverse ITC

If ITC is not taken on such goods

Then as per sec 17(5) (h)  
ITC is not allowed

i) Any tax paid u/s 74 for any period up to FY 2023-24.

## ITC for Ducts &amp; Manholes in Optical Fiber Cable Networks u/s 17(5) (Cir. No. 219/13/2024)

## Issue

## Clarification

## Ducts &amp; Manholes classification

Ducts and manholes are part of the OFC network and not land or buildings, so they are "Plant & Machinery."

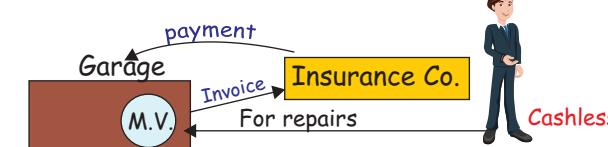
## ITC eligibility

Ducts & manholes are eligible for ITC & not blocked u/s 17(5)(c) & (d).

## ITC Entitlement for Insurance Co. on Motor Vehicle Repairs in Reimbursement Claims (Cir. No. 217/11/2024)

Insurance Co. = General insurance of Motor vehicle

Handling of repair/damage cost through cashless mode



ITC to Insurance co. on invoice of garage for repair

- not blocked u/s 17(5)
- Invoice in the name of Insurance Co.
- Use in outward supply

**ITC allowed**

Handling of repair/damage cost through Re-imbursement mode



ITC to Insurance co. on invoice of Garage for repair

- not blocked u/s 17(5)
- Invoice not in the name of Insurance Co.

Hence ITC in-eligible u/s 16(2)(a)/(aa)

## Free Sample and gift treatment under GST

## Buy one, Get One offer

Not a supply as no consideration is included but

ITC taken on such goods

ITC not taken

It shall be treated as supply

don't take it

u/s 17(5)(h)

ITC - available

## Supplier

GST = 500

Shirt 1

Shirt 2

## Supply

Invoice

Shirt 1 5000

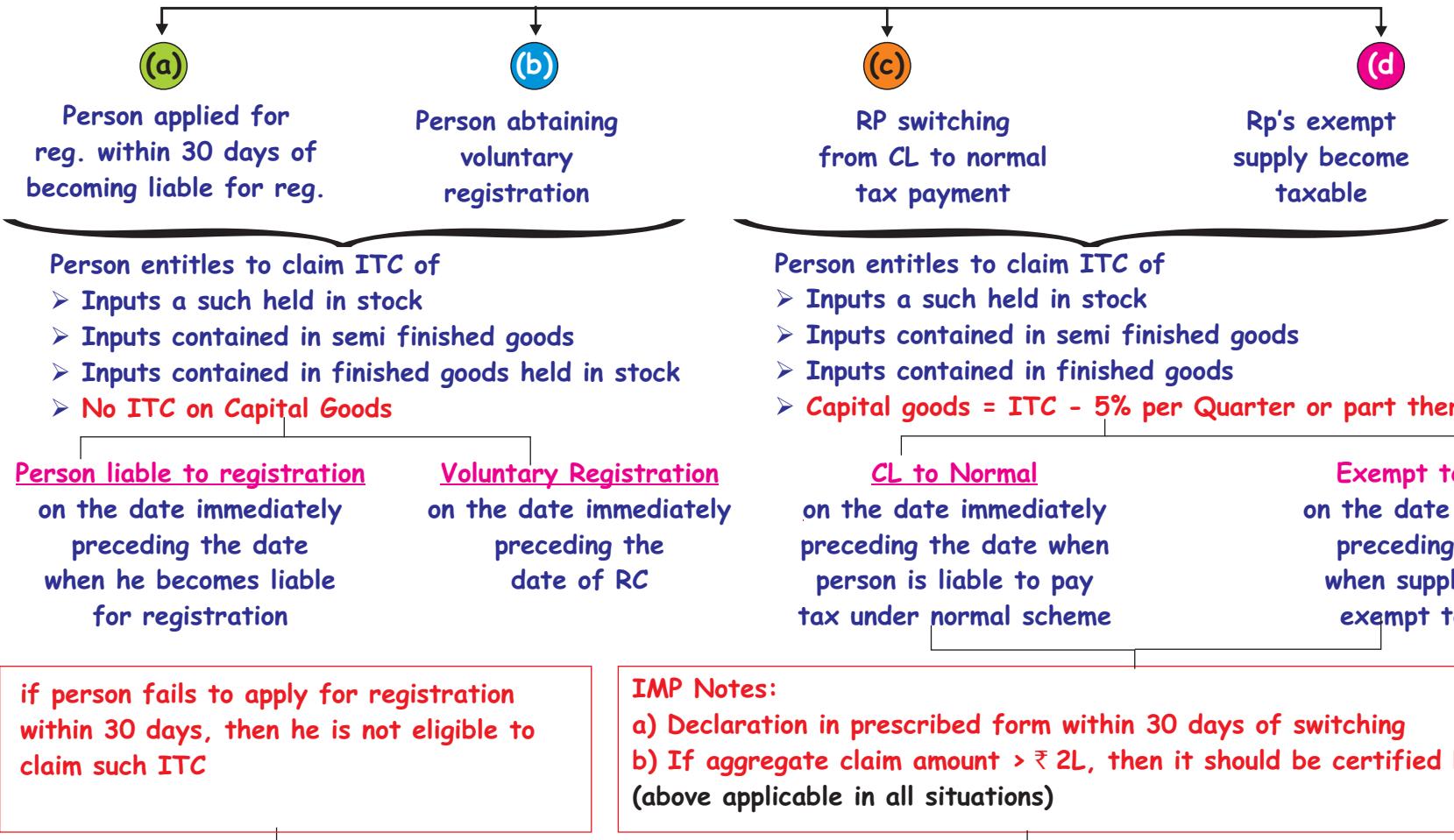
Shirt 2 Free

5000

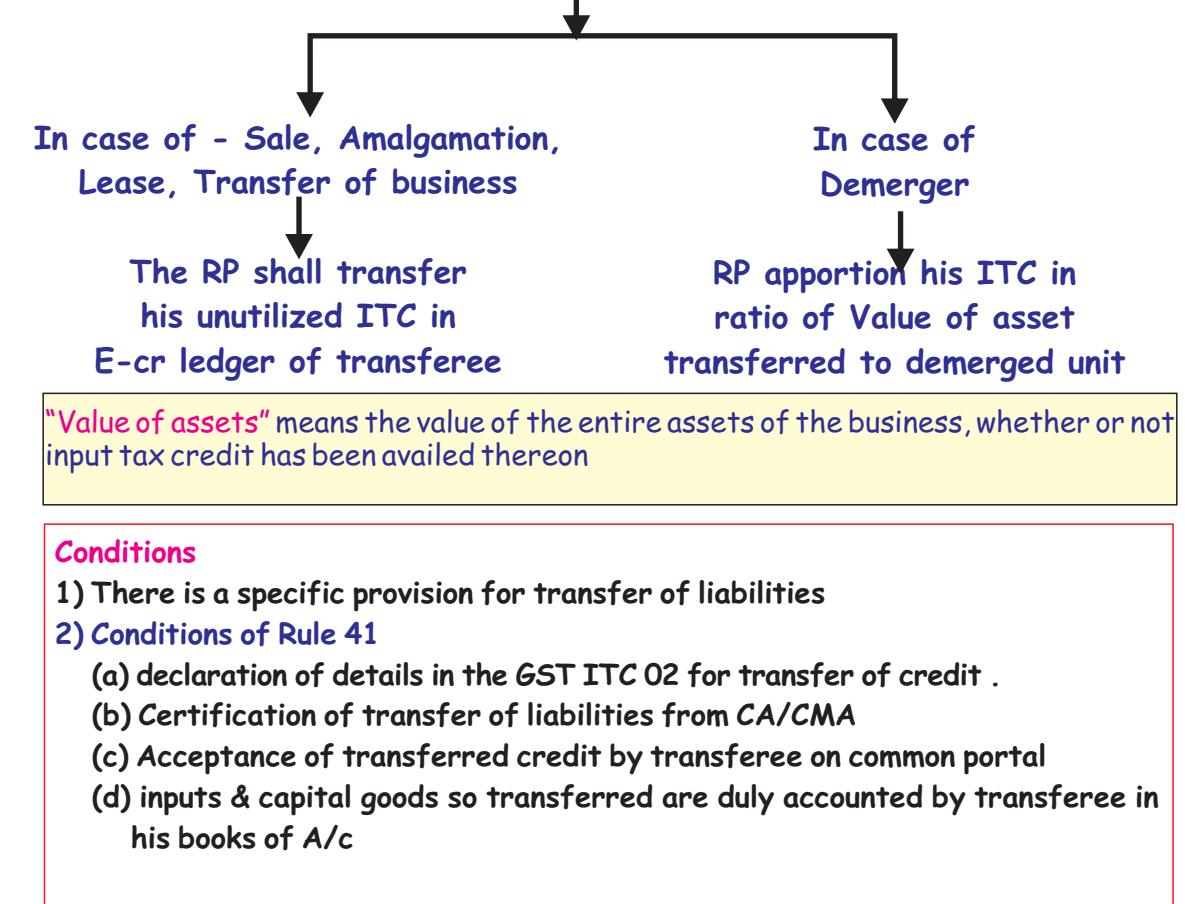
Single price for both shirts, hence No need to reverse ITC

# Sec 18 : Availment or Reversal of Credit

## Sec 18(1) Availment of Credit



## Sec 18 (3) Transfer of ITC



Section 18(2) : Person is not entitled to take ITC of I/CG after expiry of one year from the date of invoice.

## Reversal of Credit

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

#### Registered person switching from normal scheme of payment of tax to composition Scheme

1) Amt to be reversed is equivalent to ITC on  
- Input as such held in stock  
- Inputs contained in semi finished goods  
- Inputs contained in finished goods held in stock  
- Capital goods [reversal on prorata basis pertaining to remaining useful life in a month (taking useful life as 5 yrs).  
After reversal balance if any in Ecr. ledger shall lapse

Illustration: Capital goods have been in use for 4 years, 6 month and 15 days.

#### Taxable supply becomes exempt Supply

The useful remaining life in months= 5 months ignoring a part of the month  
Input tax credit taken on such capital goods= C  
Input tax credit attributable to remaining useful life= C multiplied by 5/60

#### Rule 44 : Procedure & conditions

1) Reversal of inputs shall be determined with

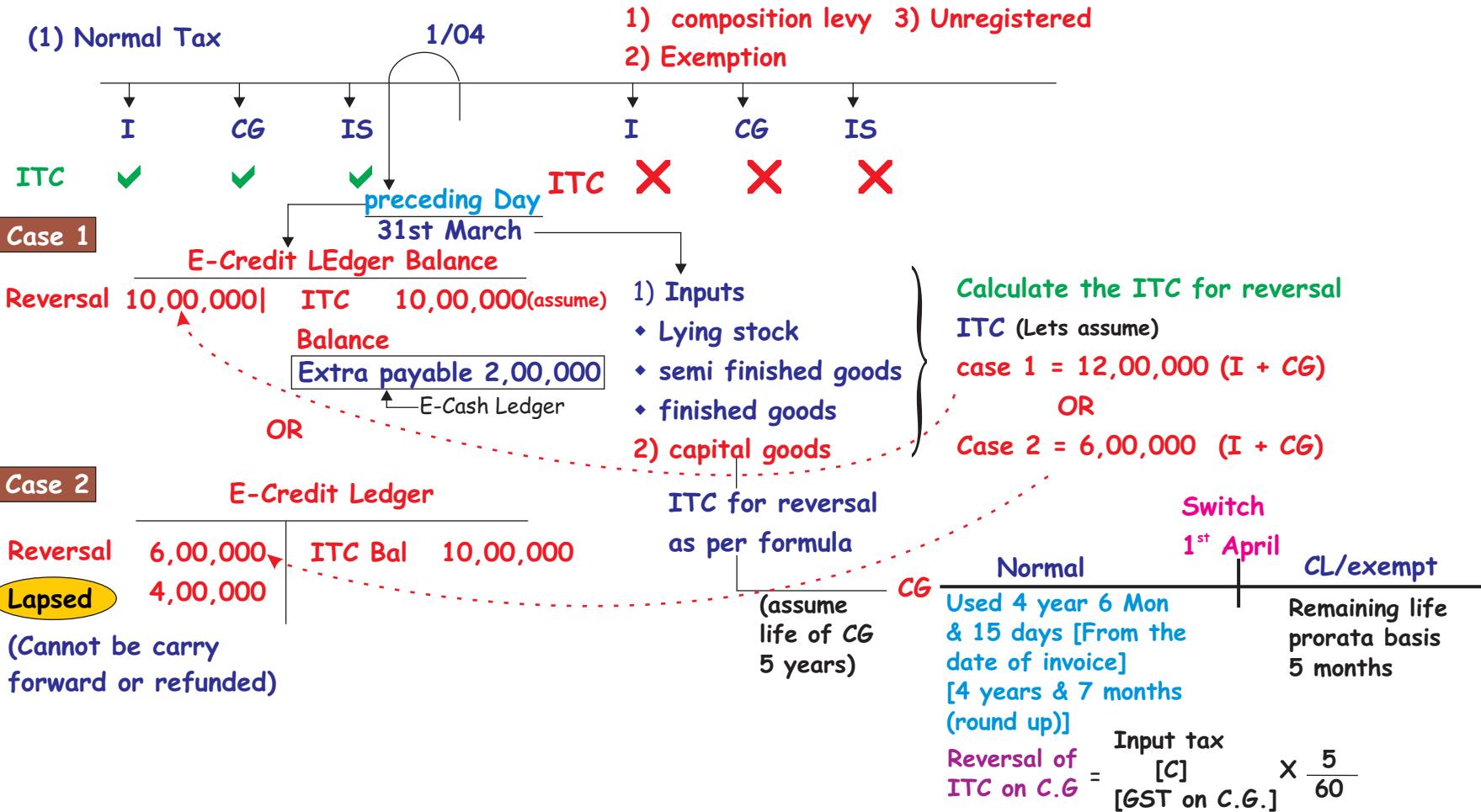
#### Cancellation of Registration

corresponding invoices. If invoice is not available then reversal is based on prevailing market price of inputs.  
2) Reversal of ITC shall be calculated separately for CGST, SGST & IGST.  
3) Reversal amt. will be added in output tax liability & details to be furnished in GST ITC-03

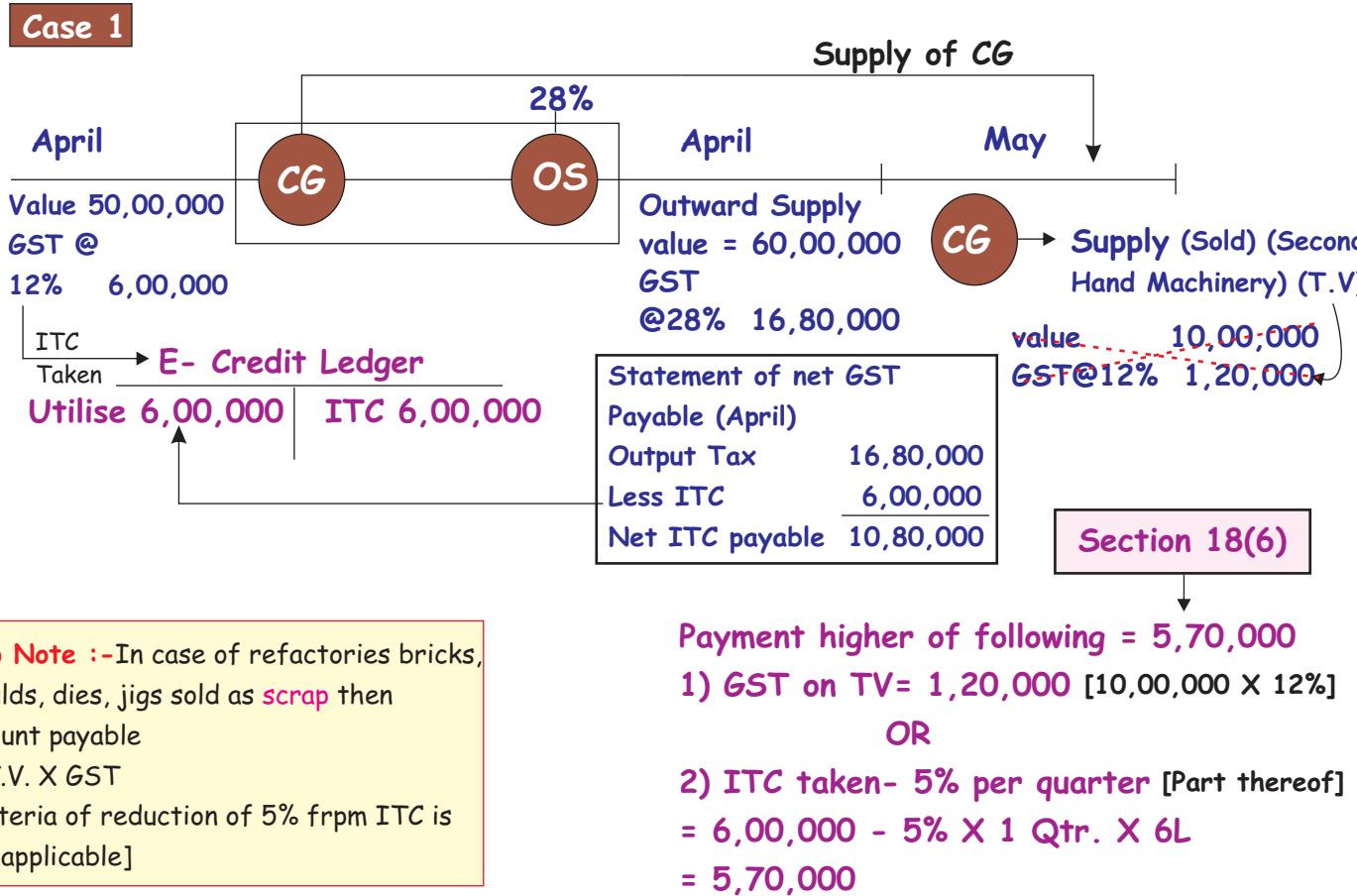
### Sec 18 (6) : Reversal of credit on supply of Capital Goods/ Plant & Machinery on which ITC has been taken

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

### Reverse Switching [Section 18(4)]



### Why Sec 18(6) is given



### Rule 86A: Restrictions on ITC Utilisation

Authority to Restrict ITC	Commissioner or authorized officer can restrict ITC.
Restriction on Liability & Refund	➤ ITC cannot be used to pay any liability u/s 49. ➤ Unutilized ITC cannot be refunded.
Circumstances for imposing Restrictions	<ol style="list-style-type: none"> <li><b>Invalid Documents:</b> ITC claimed on documents issued by           <ul style="list-style-type: none"> <li>A non-existent or inactive business, a</li> <li>A person who hasn't paid the tax, or</li> <li>Without receipt of goods/services.</li> </ul> </li> <li><b>Non-existent RP:</b> ITC claimed by a RP found to be non-existent or not operating from the registered business place.</li> <li><b>Lack of Valid Documents:</b> ITC claimed without possession of valid documents (tax invoices, debit notes etc.)</li> </ol>
Duration of Restrictions	Restrictions last up to 1 year, can be lifted if conditions change.

### Rule 86B: Restrictions on ITC available in Credit Ledger

Applicability of Rule 86B	Applies to RPs with taxable supply > ₹ 50 lakh/month.
ITC Utilization Limit	➤ Cannot use > 99% of output tax to discharge output tax liability. ➤ 1% must be paid from E-cash ledger.
Exceptions	<ol style="list-style-type: none"> <li>Paid more than ₹ 1L of income tax in last 2 years.</li> <li>Received more than ₹ 1L of ITC refund (ZRS/ITS).</li> <li>Paid more than 1% of tax from E-cash ledger.</li> <li>Government/PSU/LA/Statutory body.</li> </ol>
Commissioner's Authority	May remove restriction after verification.

### Taxability of Services Between Offices of Same Organisation in Different States (Cir. No. 199/11/2023)

Issue	Clarification
Can Head Office (HO) Avail ITC for Common Services and Issue Invoices to Branch Office (BO), or Must It Use ISD?	ITC Distribution Method HO can either use the ISD mechanism or directly issue tax invoices to BO.
ISD Registration	If HO chooses the ISD mechanism, it must register as an ISD u/s 24(viii).
Services Specifically for BOs	ITC or invoices can only be issued if the services are specifically for or provided to the BO.
Is HO Required to Issue Invoices for Internally Generated Services to BOs When Full ITC is Available?	Valuation as per Rule 28(2) If BOs are eligible for full ITC, the invoice value from HO to BO is considered the OMV.
Uninvoiced Services	If HO doesn't issue an invoice, the value of services is <b>deemed Nil</b> and treated as OMV when full ITC is available.
Is Salary costs to be included by HO?	Inclusion of Employee Salary Costs HO is not required to include employee salary costs in taxable value, even if BOs can't avail full ITC.



# Chapter 11:- REGISTRATION



CA Vishal Bhattad

## Sec 22 Persons liable for registration

Every supplier liable to be registered in the State or UT from where he makes a taxable supply, if his Agg. T/O in a F.Y. exceeds following limits.

Analysis:- Limit for Threshold

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

In following cases extended limit 40 Lakh is not applicable

a) Required to take compulsory registration	General threshold also not available
b) Person who taken voluntary registration.	
c) Supply of i) Ice-cream or edible ice ii) Pan Masala iii) All Tobacco & Tobacco product iv) Fly ash bricks v) Fly ash aggregates vi) Fly ash blocks vii) Building Bricks viii) Bricks of fossils ix) Earthen or roofing tiles or ruffing tiles	10L/20L threshold is available

Interest or Discounting :- For Calculation of threshold limit, Interest or Discount on loan, advances & deposits is includable, but for determining extended limit, it shall not be considered.

Other aspects:-

Agent	Supply made by agent on the behalf of principals to be added in agg. t/o of agent (if agent issues own invoice = compulsory reg. u/s 24)
Job-worker	Supply made by job worker on the behalf of principals not to be added in agg. t/o of JW
Transfer of business	When business is transferred, whether on account of succession or otherwise then Transferee/Successors shall take new reg.

## Sec 23: Persons not liable for Registration (even if agg. t/o exceeds threshold)

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

**Note:** This notification doesn't apply to suppliers of metal scrap.

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

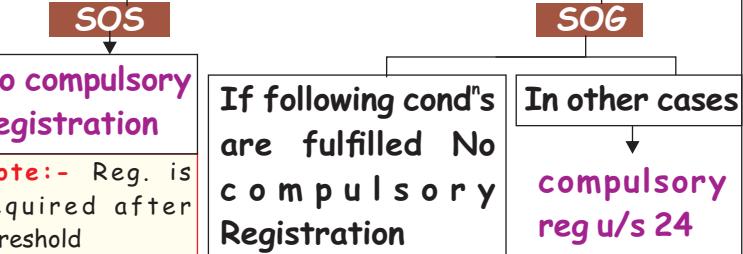
- by own labour, or
- by the labour of family, or
- by servants on wages under own or family supervision

## Sec 24:- Compulsory Registration

(viii) Input Service Distributor, (Separate Registration for ISD is required)

(ix) every ECO who is required to collect TCS u/s 51. ((Separate Registration for TCS is required)

(x) Person supplies goods or services through ECO u/s 52



↳ No inter State Supply for such supplier by ECO  
↳ Declared on portal PAN & address of POB & State  
↳ Portal will grant enrollment no. after validation of PAN  
↳ ECO shall not allow supply unless enrolment no. provided to it.  
↳ Supplier after crossing threshold apply for Reg. & enrollment no. shall be ceases

**Note:-** Registration is required after threshold

(xi) every person supplying OIDAR services from a place outside India to a person in India, other than a RP.

(xii) every person supplying online money gaming from a place outside India to a person in India; and

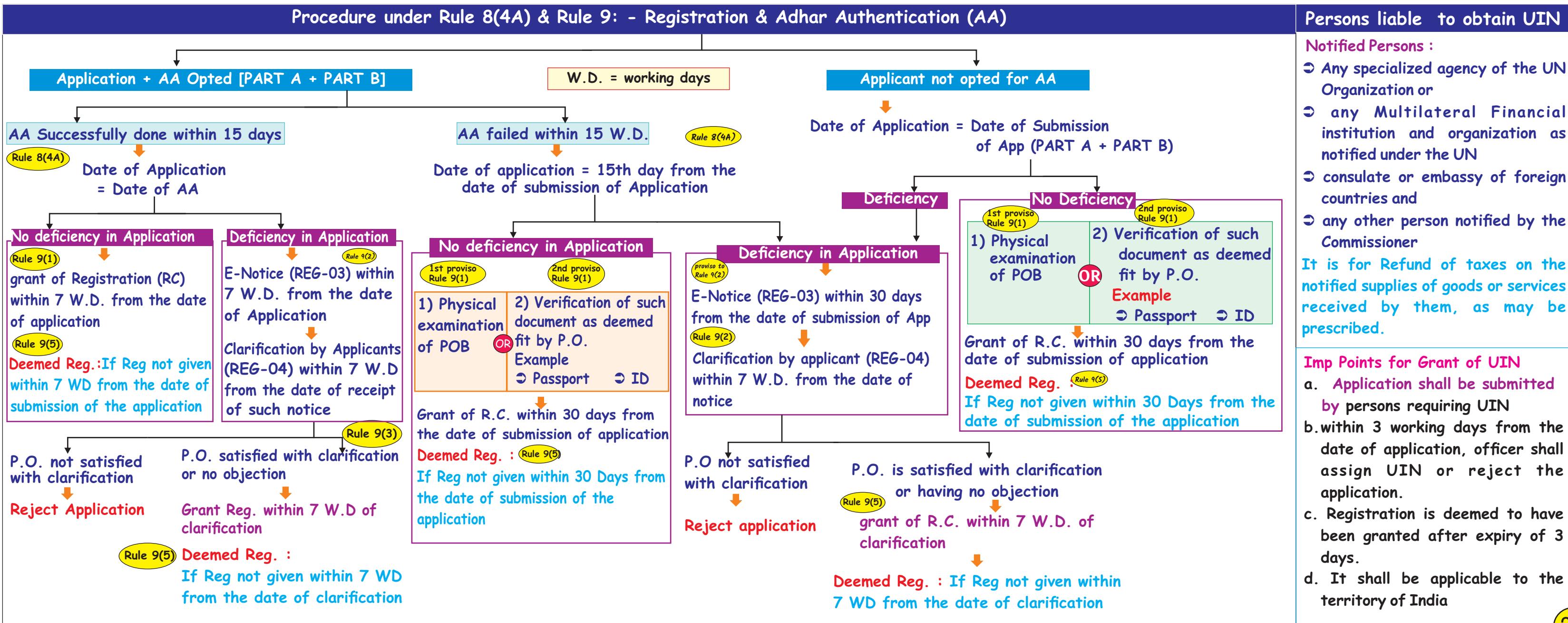
(xiii) Any other person notified by C.G.

## Sec 25:- Timeline for application for Registration & other procedure

Particulars	Where	When							
Person who is liable to be register u/s 22/24	In every such ST/UT in which he is so liable	within 30 days from the date on which he becomes liable to registration	<p><b>Voluntary Registration</b> A person who is not liable to be registered under section 22 or section 24 may get himself registered voluntarily. All the provision of this act is applicable.</p> <p><b>DDP</b> Already discussed in sec 25(4) and 25(5)</p>						
Units in SEZ or SEZ Developer	shall apply for a separate registration for unit in SEZ & outside the SEZ in a same ST or UT.		<p><b>Bank Details</b> Rule 10A :- RP (except person liable to TDS/TCS) shall furnished Bank A/c details on common portal after obtaining certificate of registration &amp; a GSTIN but earlier of :</p> <ul style="list-style-type: none"> <li>within 30 days from date of grant of registration, or</li> <li>before furnishing GSTR-1 or IFF.</li> </ul> <p><b>Note:-</b> In case of TDS/TCS, Bank details are mandatory at the time of Registration.</p>						
Person making supply in Territory Water	in the coastal State or UT where the nearest point of the appropriate baseline is located.		<p><b>Issue of Registration Certificate [Rule 10]</b></p> <ol style="list-style-type: none"> <li>Certificate of registration in GST REG-06 and GSTIN of 15 digit .</li> <li>Display of RC and GSTIN on the name board at the entry and in a prominent location at his Principal POB and additional POB.</li> <li>Effective date of registration :</li> </ol>						
PAN	1. Person shall have a PAN in order to be eligible for grant of registration 2. Exceptions : (a) A Person required to deduct TDS (b) A NRTP (Passport basis)	at least 5 days prior to the commencement of business	<table border="1"> <tr> <td>Application files from Liability date</td> <td>Registration Effective from</td> </tr> <tr> <td>within 30 days</td> <td>Date on which the person becomes liable to registration</td> </tr> <tr> <td>Not within 30 days</td> <td>date of grant of registration</td> </tr> </table>	Application files from Liability date	Registration Effective from	within 30 days	Date on which the person becomes liable to registration	Not within 30 days	date of grant of registration
Application files from Liability date	Registration Effective from								
within 30 days	Date on which the person becomes liable to registration								
Not within 30 days	date of grant of registration								
Registration in State	Normally single registration in a state shall be allowed but Separate registration if multiple place of business within a State/UT may be granted at the option of supplier.								

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

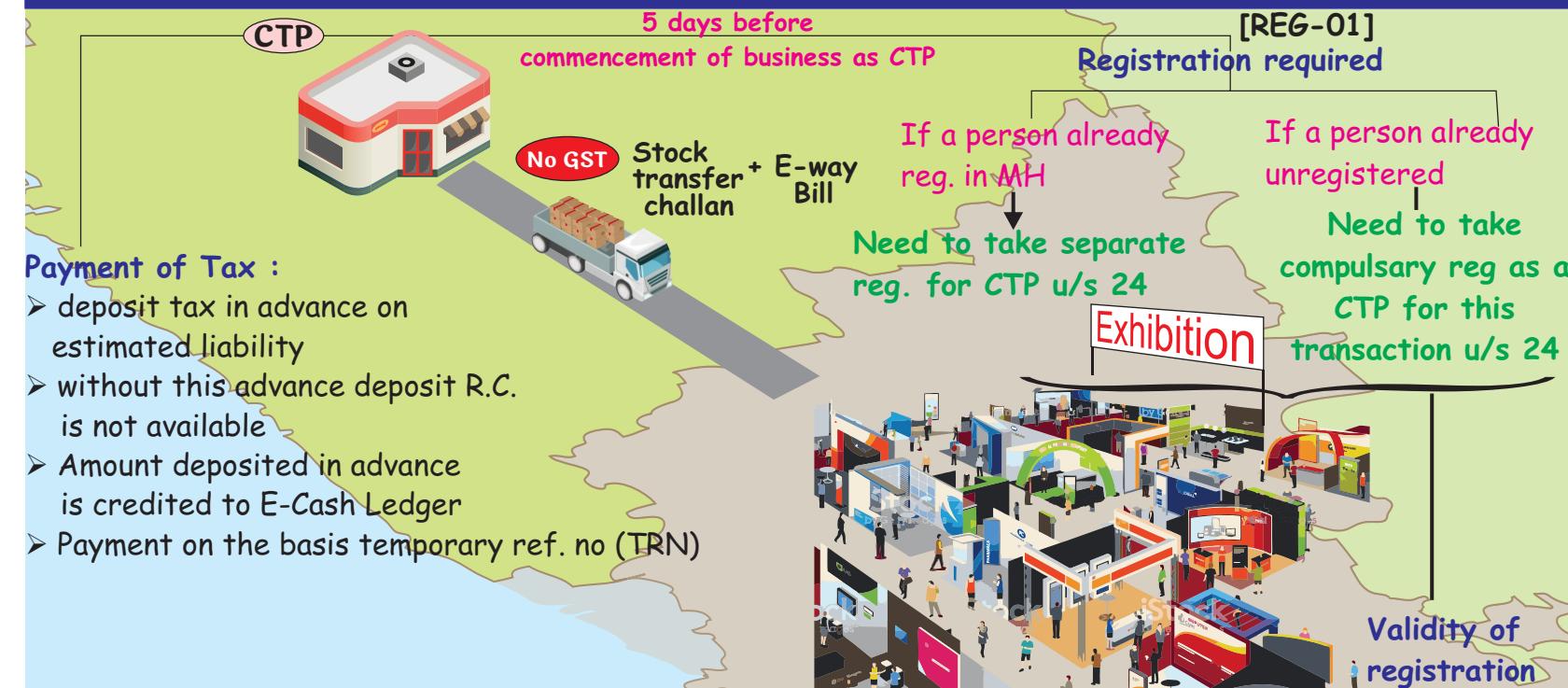
<b>Object</b>	To control fake invoices, dummy address registration & multiple registration at same place.		
<b>Sec 25 (6A) read with Rule 10B</b>	<b>Person Applying for fresh Registration</b> <div style="display: flex; justify-content: space-around;"> <div style="width: 45%;"> <b>Sec 25 (6B): Individual</b> <p>1) <b>Authentication:</b> Individual shall undergo Authentication or Furnish proof of possession of Aadhar no. of</p> <ul style="list-style-type: none"> <li>⇒ Karta (HUF)</li> <li>⇒ M.D. (Company)</li> <li>⇒ Whole time director (Company)</li> <li>⇒ Member of managing committee (AOP)</li> </ul> </div> <div style="width: 45%;"> <b>Sec 25 (6C) : Every person other than individual</b> <p>1) <b>Authentication:</b> Such person shall undergo Authentication or Furnish proof of possession of Aadhar no. of</p> <ul style="list-style-type: none"> <li>⇒ Board of trustees (Trust)</li> <li>⇒ Authorised representative</li> <li>⇒ Authorised Signatory</li> <li>⇒ Notified person by C.G.</li> </ul> </div> </div>		
RP shall undergo authentication of Aadhar no. (if Aadhar is not authenticated earlier) for following purposes	1) application for revocation of cancellation of registration	2) For filing of refund application	3) refund for export goods
	<p><b>The consequences for failure to undergo authentication or Aadhar No. is not assigned : Reg. shall be granted only after physical verification of the place of business in the presence of the said person</b></p>		



## Sec 26 - Deemed Registration

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

## Sec 27 Concept of CTP and NRTP



### Eligibility of ITC

- CTP can take ITC of Input/CG/IS while making payment of tax in advance
- If reg. extended for further 90 days then he again deposit tax on estimate liability

### Return filing [CTP]

- 1) He will submit GSTR -1 on 11th of next month [during CTP period]
- 2) He will submit GSTR -3B on due date [during CTP period]
- 3) a) If final tax is more than adv. tax paid then differential amt. is payable  
b) If final tax is less than adv. tax paid then he can claim Refund

### 1) For a period as mentioned in application

- 2) but max for 90 days [which can be further extended for 90 days]

CTP= a person who occasionally undertakes transactions

- ⇒ involving supply of SOG &/or SOS
- ⇒ in the course or furtherance of business,
- ⇒ whether as principal, agent or in any other capacity,
- ⇒ in a ST/UT where he has no fixed POB

NRTP= any person who occasionally undertakes transactions

- ⇒ involving supply of SOG &/or SOS
- ⇒ whether as principal or agent or in any other capacity,
- ⇒ but who has no fixed place of business or residence in India .

### Registration provisions

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

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

### Threshold Exemption

Not available	Not available
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### Composition Scheme

Not available	Not available
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### Return provisions

GSTR-1, GSTR-3B	GSTR-5
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### ITC provisions

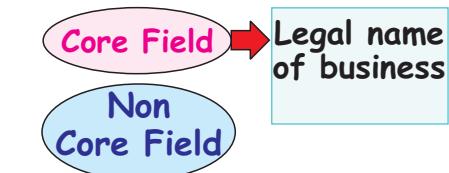
ITC of all I/CG/IS is available	ITC only on imported goods is available
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### Important Comment

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

## Sec 28 :- Amendment of Registration

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



Core Field → Legal name of business

Non Core Field

Address of PPoB/ APoB - Principal place of Business

Addition, deletion or retirement of partners or directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer or equivalent, responsible for day to day affairs of the business

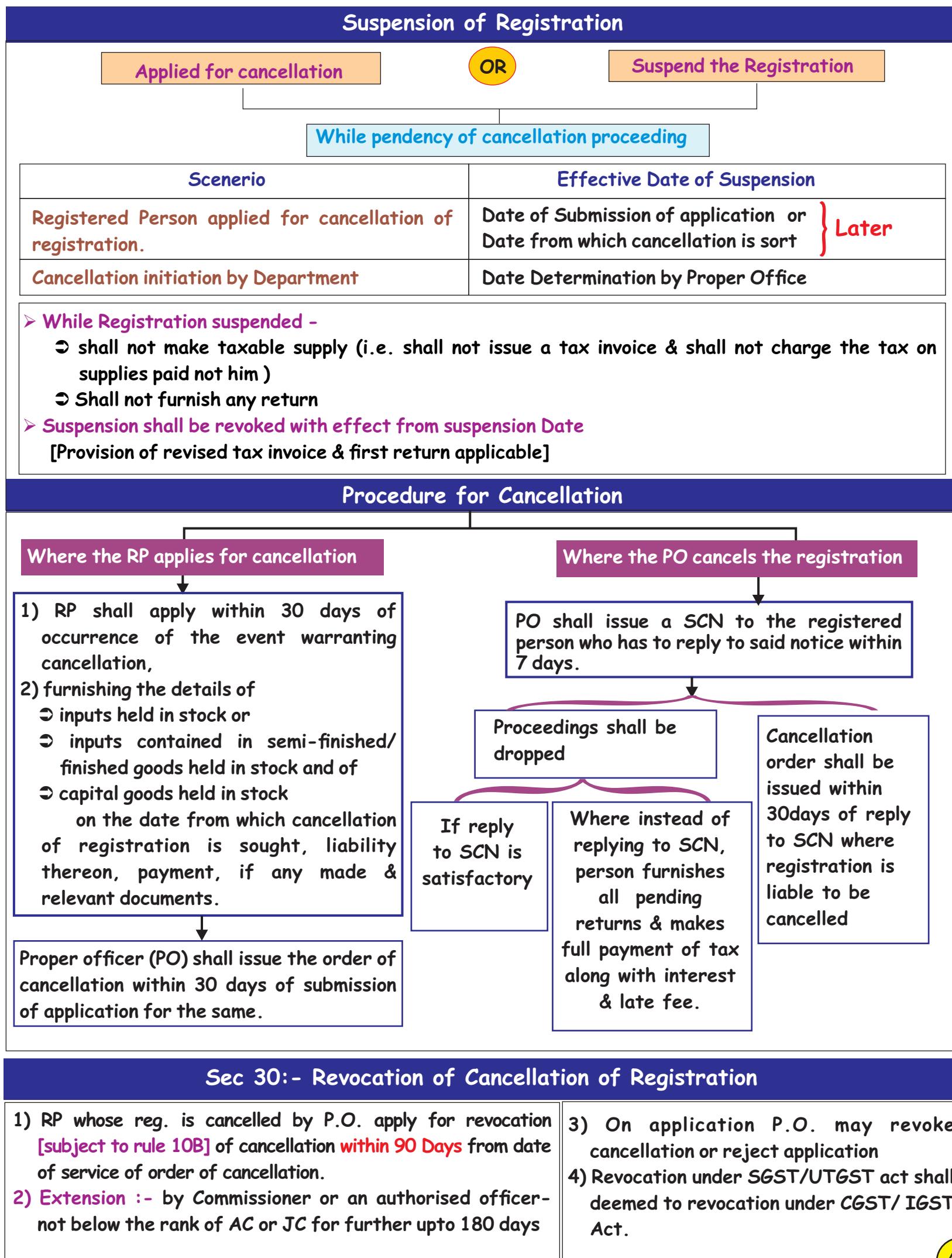
Mobile no./e-mail address of authorised signatory can be amended only after online verification through GST Portal.

Eligible of ITC  
No ITC except Imported goods

Return  
Special Return (GSTR-5)

Sale - Tax invoice  
value 1,00,000  
IGST  
%18% 18,000

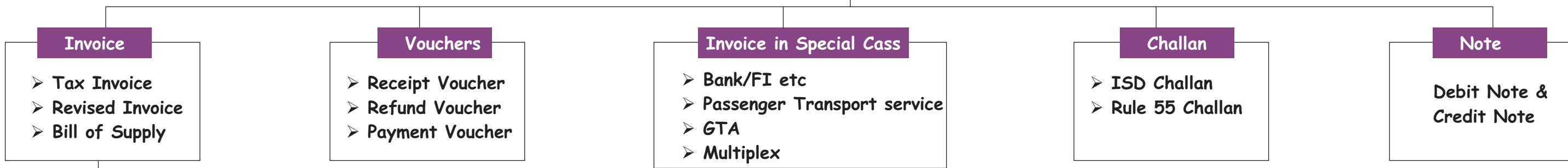
Sec 29:- Cancellation of Registration		
Suo Moto Cancellation [Section 29 (1) & (2)]	<ul style="list-style-type: none"> <li>⌚ Business discontinued</li> <li>⌚ Transferred including death</li> <li>⌚ Demerged</li> <li>⌚ Amalgamated with others</li> <li>⌚ Otherwise disposed of</li> </ul>	
⌚ Change in the constitution of the business		
⌚ The TP is no longer liable to be registered u/s 22 or 24 or ⌚ intends to optout of the registration voluntarily		
Cancellation of registration by PO on his own motion only	<p>Following are the circumstances where the PO may cancel the registration of a person from such date, including any retrospective date, as he may deem fit:-</p> <ul style="list-style-type: none"> <li>a) A RP has contravened following provisions (Rule 21):-</li> <li>b) Dummy POB or invoice <ul style="list-style-type: none"> <li>⌚ He does not conduct any business from the declared POB or</li> <li>⌚ He issues invoice/bill without supply in violation of GST law.</li> </ul> </li> <li>c) Violation of Specified provision <ul style="list-style-type: none"> <li>⌚ He violates the provisions of Anti-Profeetering measure</li> <li>⌚ He violates the provision of furnishing of bank account details</li> <li>⌚ He avails ITC in violation of sec 16 oread with rules</li> <li>⌚ He violates the provision of rule 86B [restriction of 99% ITC]</li> </ul> </li> </ul>	
Mismatch of GSTR-1/1A & 3B	<p>Outward supply declared in <b>GSTR-1/1A</b> for one or more tax period is in excess of supplies declared in return.</p>	
Non-filing of return	Normal scheme	RP has not furnished monthly returns for a continuous period of <b>6 months</b>
	QR MP scheme	RP has not furnished returns under QRMP for a continuous period of <b>2 tax periods</b> (i.e. 2 quarters).
	Composition Levy	A person paying tax under Composition Scheme (Sec 10) has not furnished return for a F.Y. beyond <b>3 months</b> from the due date of furnishing the said return
	fails to file return after revocation order	<ul style="list-style-type: none"> <li>⌚ failed to file returns due between the order of cancellation and revocation of registration within 30 days of the revocation order.</li> <li>⌚ If the cancellation was retrospective, failed to file all returns from the date of order of cancellation date to the revocation order within 30 days.</li> </ul>
d) No start of business	<p>Voluntary RP u/s 25(3)(Voluntary registration) has not commenced business within <b>6 months</b> from the date of registration.</p>	
e) Fraudulent Activity	<p>Registration has been obtained by means of fraud, wilful misstatement or suppression of facts.</p>	
Proviso	<p>PO shall not cancel registration without giving the person an <b>opportunity of being heard</b>.</p>	
Proviso	<p>During pendency of proceedings relating to cancellation of registration, PO may suspend the registration for the period &amp; in the manner prescribed.</p>	



# CHAPTER 12 - TAX INVOICE, DEBIT NOTE & CREDIT NOTE



CA Vishal Bhattad



Particular	Tax Invoice : Supply of goods		Tax Invoice : Supply of Service		Content of Invoice [Rule 46]																				
<b>Normal case</b>	Invoice shall be issued - On or before		Invoice shall be issued - On or before																						
	a) If movement involved-	At the time of removal for supply	a) Provision of services	within 30 days from Completion	a) Name, Address and GSTIN	f) HSN code	i) Total value	n) Address of delivery	b) Consecutive Number Series	g) Description of SOG/SOS	j) Taxable value	o) If reverse charge applicable													
	b) In other case-	At the time of delivery or made available	b) Bank/FI/NBFC/ Insurer	within 45 days from Completion	c) Date of Issue	h) Quantity of goods	k) Rate of tax	p) Signature of digital Signature	d) Name of address & GSTIN or UIN of recipient	l) Amount of tax charged	q) Nature of document	e) Other details of Unregistered recipient	m) Place of supply	r) Quick Response(QR) Code	s) Declaration that not required to prepare an invoice as per rule 48(4)										
	<p>Government may</p> <p>(a) specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.</p> <p>(b) subject to the condition mentioned therein, specify the categories of services in respect of which—</p> <p>(i) any other document deemed to be a tax invoice or</p> <p>(ii) tax invoice may not be issued.</p>					<p>Notes : 1)Consecutive serial number shall not exceed 16 characters for tax Invoice in one/multiple series shall be maintained same for a F.Y.</p> <p>Where the value of the goods or services or both supplied is less than ₹200</p>																			
<b>Continuous Supply of goods / services</b>	Invoice shall be issued before or at the time		Invoice shall be issued on or before		<p>a) Due date of payment by recipient ascertainable in contract-on such date</p> <p>b) If due date not ascertainable - date of payment received</p> <p>c) If completion of event are fixed in contract-Last date of completion of such event</p>																				
<b>Supply on sale or return/ Approval basis</b>	Invoice shall be issued		<p>a) Before/at the time of supply [i.e. approval given by recipient]</p> <p>b) 6 months from the date of removal,</p>		<p>whichever is earlier</p> <p>—</p>																				
<b>Cessation of SOS</b>	—		Invoice shall be issued at the time when supply ceases & such invoice only to the extent supply made before such cessation																						
<p><b>Issue of Tax Invoice</b></p> <pre> graph TD     A[Value is less than ₹ 200] --&gt; B[Supply B2B]     A --&gt; C[Supply B2C]     B --&gt; D[Issue of Tax Invoice is mandatory irrespective of value]     C --&gt; E[Multiplex]     C --&gt; F[Recipient want tax invoice]     E --&gt; G[Issue of Tax Invoice is mandatory Tax Invoice = Ticket]     F --&gt; H[Required to issue tax invoice]     H --&gt; I[In other cases Supply may not issue Tax Invoice Note: In such case supplier shall issue a consolidated tax invoice at the end of each day]   </pre>																									
<p><b>Manner of issuing Tax Invoice Rule 48:-</b></p> <table border="1"> <tr> <td><b>Normal Invoice</b></td> <td>1) In case of taxable SOG Invoice shall be prepared in <b>TriPLICATE</b> 2) In case of taxable SOS Invoice shall be prepared in <b>Duplicate</b> 3) Serial number of invoices issued during a tax period shall be furnished electronically in GSTR - 1/ 1A</td> </tr> <tr> <td><b>E-Invoice</b></td> <td>1)Notified classes of person obtaining invoice reference no. from E-invoice portal 2) Invoice void, if invoice reference no. not quoted 3) Does not require to issue Duplicate or TriPLICATE copy</td> </tr> </table>											<b>Normal Invoice</b>	1) In case of taxable SOG Invoice shall be prepared in <b>TriPLICATE</b> 2) In case of taxable SOS Invoice shall be prepared in <b>Duplicate</b> 3) Serial number of invoices issued during a tax period shall be furnished electronically in GSTR - 1/ 1A	<b>E-Invoice</b>	1)Notified classes of person obtaining invoice reference no. from E-invoice portal 2) Invoice void, if invoice reference no. not quoted 3) Does not require to issue Duplicate or TriPLICATE copy											
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## Rule 48(4) : E-invoicing

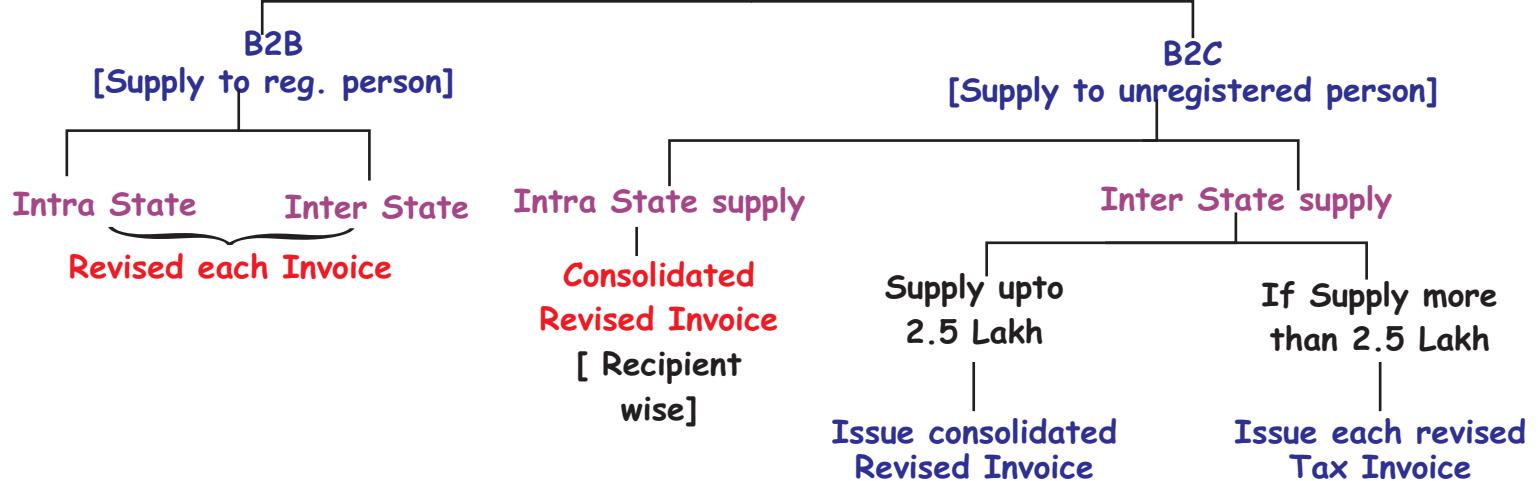
<p><b>E-invoice Mechanism</b></p> <p><b>1) Communication with GSTN Portal</b></p> <p><b>2) Communication with E-Way Bill Portal</b></p> <p><b>5 E-invoice</b></p> <p><b>7 Non-applicability of provision of normal invoice</b></p> <p><b>8 Amendment/ cancellation of e-invoices</b></p> <p><b>9 Circular No. 198/10/2023</b></p>		<p>⑤ <b>GSTR - 1</b> [Auto updated]</p> <p><b>E-way Bill</b> [Auto generated]</p> <p><b>E-way Bill Portal</b></p> <p><b>1) Communication with GSTN Portal</b></p> <p><b>2) Communication with E-Way Bill Portal</b></p> <p><b>3 Validation of invoice</b></p> <p><b>4 E-invoice</b></p> <p><b>5 E-invoice</b></p> <p><b>64 Character</b></p> <p><b>7 Non-applicability of provision of normal invoice</b></p> <p><b>8 Amendment/ cancellation of e-invoices</b></p> <p><b>9 Circular No. 198/10/2023</b></p>
<p><b>1 What is E-Invoicing?</b></p> <p>An E-invoice refers to the requirement for businesses to generate and issue invoices electronically through the government's IRP (Invoice registration portal).</p>		<p>⑦ <b>Non-applicability of provision of normal invoice</b></p> <ul style="list-style-type: none"> <li>Normal Invoice or computer generated invoice applies in any manner shall not be treated as an invoice (if provision of E-invoice is applicable).</li> <li>3 copies of invoices is not required in case of E-invoice.</li> <li>Digital signature also not required in case of E-invoice.</li> </ul>
<p><b>2 Applicability</b></p> <p>RP with an Agg. T/o exceeds ₹5 crores in Any P.F.Y. from 2017-18 onwards are required to issue e-invoices for &gt;B2B transactions &gt; exports Supply &gt; Debit Note &amp; Credit note.</p>		<p>⑧ <b>Amendment/ cancellation of e-invoices</b></p> <ul style="list-style-type: none"> <li>Cancellation need to be reported into the IRN Portal within 24 hours.</li> <li>After 24 hrs should be manually cancelled on the GST portal before the returns are filed.</li> <li>Once an IRN is cancelled, the same invoice number cannot be used again.</li> <li>Any amendments to an e-invoice can be made only on the GST Portal.</li> </ul>
<p><b>3 Non-Applicability</b></p> <ol style="list-style-type: none"> <li>for B2C invoices</li> <li>RP with an Agg. T/o below / upto ₹5 crores in all F.Y. from 2017-18,</li> <li>Input Service Distributors (ISD),</li> <li>Import of goods,</li> <li>Government, LA, SEZ units, insurers, banks, NBFCs, GTA, suppliers of passenger transportation &amp; Multiplexes.</li> <li>Certain reverse charge scenarios (explain later).</li> <li>Exempt Supply (nil rate + wholly exempt + non-taxable)</li> </ol>		<p>⑨ <b>Circular No. 198/10/2023</b></p> <p>E-invoices must be issued for supplies to registered Government Departments / agencies / LA by RP surpassing the turnover threshold of ₹5 CR.</p>
<p><b>4 Advantages of E-Invoicing</b></p> <ul style="list-style-type: none"> <li><b>Efficiency:</b> Automates reporting of invoices in GST returns and e-way bill generation.</li> <li><b>Accuracy:</b> Reduces transcription errors &amp; facilitates reconciliation with purchase orders.</li> <li><b>Tax Compliance:</b> Helps in matching ITC with output tax, reducing tax evasion.</li> <li><b>Fraud Prevention:</b> Curbs fake invoicing and fraudulent ITC claims.</li> </ul>		<p><b>HSN &amp; QR Code in Invoice</b></p> <p><b>Required of HSN invoice</b></p> <ul style="list-style-type: none"> <li><b>Supply to unregistered person (B2C)</b> <ul style="list-style-type: none"> <li>If Agg. T/o of supplier in P.F.Y is upto 5Cr      If Agg. T/o of P.F.Y. is more than 5Cr</li> <li>4 Digit [Optional]      6 Digit</li> </ul> </li> <li><b>Supply to RP (B2B)</b> <ul style="list-style-type: none"> <li>Mandatorily to mention HSN in Invoice</li> <li>If Agg. T/o of P.F.Y upto 5 Cr.      If Agg. T/o of P.F.Y more than 5 Cr.</li> <li>[4 Digit]      [6 Digit HSN]</li> </ul> </li> </ul>
<p><b>5 Important Notes for SEZ</b></p> <ul style="list-style-type: none"> <li><b>SEZ Units vs. Developers:</b> Only SEZ units are exempt from E-invoicing &amp; not SEZ developers i.e. provision of E-invoice applicable to SEZ Developer.</li> <li><b>Entity-Wide Exemption:</b> The exemption applies to the entire entity of SEZ unit, regardless of the nature of the supply.</li> </ul>		<p><b>Applicability of QR Code</b></p> <ul style="list-style-type: none"> <li><b>Supply B2B</b> <ul style="list-style-type: none"> <li>agg.T/o of any P.F.Y. from 17-18 upto 5 Cr.      If Agg. T/o of P.F.Y. is more than 5 Cr</li> <li>E-Invoice is not mandatory also no need to generate QR code      E-Invoice is mandatory &amp; need to generate QR code</li> </ul> </li> <li><b>Supply B2C</b> <ul style="list-style-type: none"> <li>Mandatorily to mention HSN in Invoice</li> <li>If Agg. T/o of any P.F.Y from 17-18 upto ₹500 Cr.      If Agg. T/o of any from 17-18 exceeds ₹500 Cr</li> <li>No Need to generate QR code      Need to generate QR code compulsorily</li> </ul> </li> </ul>
<p><b>6 E-Invoice in case of Reverse Charge</b></p> <ul style="list-style-type: none"> <li><b>If supplier is RP (u/s 9(3))</b> :- Supplier required to generate an E-invoice for taxable supplies (for B2B), regardless of whether the transaction is under RCM or not.</li> <li><b>If supply from URP to RP (u/s 9(3)/(4))</b>:- Since the supplier is unregistered, they are not required to generate an e-invoice.</li> </ul> <p><b>Note:-</b> Although the recipient is responsible for paying GST under RCM, they are not required to generate an e-invoice as the responsibility of e-invoicing rests solely with the registered suppliers who meet the turnover criteria, and this does not extend to recipients under RCM.</p>		<p><b>Student Notes:-</b></p>

**Revised Invoice:-**

Revised Invoice to be issued from effective date of registration till the date of issuance of RC within 1 month from the date of issuance of RC.

**Consolidated revised tax invoice:-** RP may issue a consolidated revised tax invoice

1. in respect of all taxable supplies made to a recipient who is URP
2. In the case of inter-State supplies, where the VOS does not exceed ₹ 2.5 Lakhs to URP

**Revised Tax Invoice****Bill of Supply:-**

1. On Supply of **Exempt** Goods or Services

2. Paying tax under **Composition Scheme**.

**Endorsement for Export Invoice:-**

Condition	Declaration in invoice	Required Details
Payment of Integrated Tax	"Supply meant for export/supply to SEZ unit or SEZ developer for authorised operations on payment of integrated tax"	(i) Name and address of the recipient (ii) Address of delivery (iii) Name of the country of destination
Without Payment of Integrated Tax	"Supply meant for export/supply to SEZ unit or SEZ developer for authorised operations under bond or letter of undertaking without payment of integrated tax"	(i) Name and address of the recipient (ii) Address of delivery (iii) Name of the country of destination

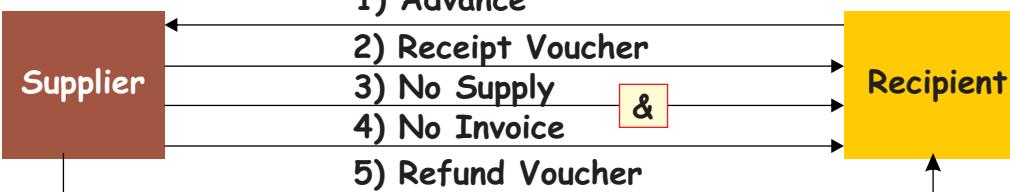
**Invoice-cum-bill of supply**

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

**Student notes****VOUCHERS**

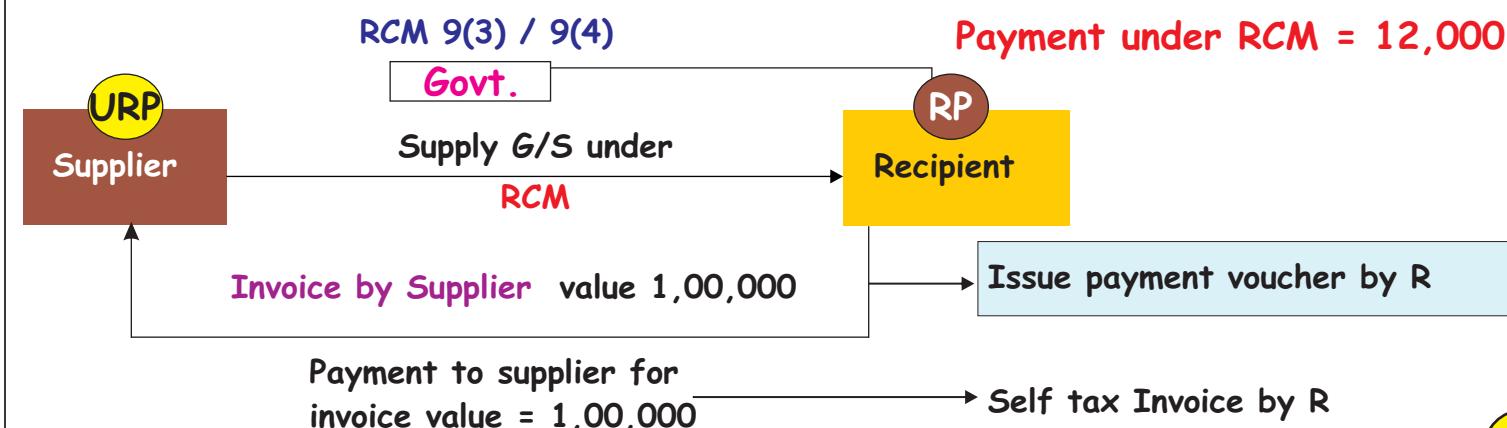
<b>Receipt Voucher Sec 31 (3)(d)</b>	A RP shall, on receipt of advance payment with respect to any supply of goods or services , issue a Receipt Voucher evidencing receipt of such payment. if, at the time of receipt of advance, rate of tax/nature of supply is not determinable
	Where at the time of receipt of advance
	(i)Rate of tax is not determinable
	tax shall be paid at the rate of 18%
	(ii) nature of supply is not determinable
	Same shall be treated as inter-State supply

<b>Refund Voucher Sec 31 (3)(e)</b>	Where on receipt of advance payment with respect to any supply of goods or services the RP 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.
	1) Advance 2) Receipt Voucher 3) No Supply & 4) No Invoice 5) Refund Voucher



When to issue refund voucher

<b>Analysis:-</b>	[Advanced received & receipt voucher issue ]
Supply is made but no Invoice is given	Invoice is made but no supply is done
Refund voucher not allowed <b>Note:-</b> GST is payable on supply	Refund voucher not allowed <b>Note:-</b> In that case supplier can issue credit note & claim the adjustment in output tax
	Refund voucher is allowed <b>Note:-</b> supplier can claim GST refund of advance [In case of refund voucher only refund is allowed]
<b>Payment Voucher &amp; Self Invoice Sec 31 (3)(g)</b>	<ul style="list-style-type: none"> <li>⇒ Payment Voucher: It is issued by recipient when making payment to supplier under RCM.</li> <li>⇒ Self-Invoice: If goods/services are received from an unregistered supplier (including TDS-only registered), the recipient must issue a self-invoice under RCM.</li> <li>⇒ Time Limit: Recipient must issue self-invoice within 30 days of receiving goods/services (Rule 47A).</li> </ul>



## Tax invoices in Special Cases (Rule 54)

Supplier of taxable service	Document in lieu of the tax invoice	
	Optional information	Mandatory information
Insurer/Banking/ FI/ NBFC	<ul style="list-style-type: none"> <li>Serial number</li> <li>Address of the recipient</li> </ul>	Information for a Tax Invoice, u/r 46
		Such document may be required
The said supplier may issue a consolidated tax invoice for SOS made during a month at the end month.		
Supplier of passenger transportation service	<ul style="list-style-type: none"> <li>Serial number</li> <li>Address of the recipient</li> </ul>	Information for a tax invoice, u/r 46
		Tax invoice = ticket
Admission to Exhibition of cinematography films in multiplex screens	Tax Invoice = E-Ticket	
	Other information as prescribed for a tax invoice, u/r 46	

## Delivery Challan/ Invoice for Transportation of Goods (Rule 55)

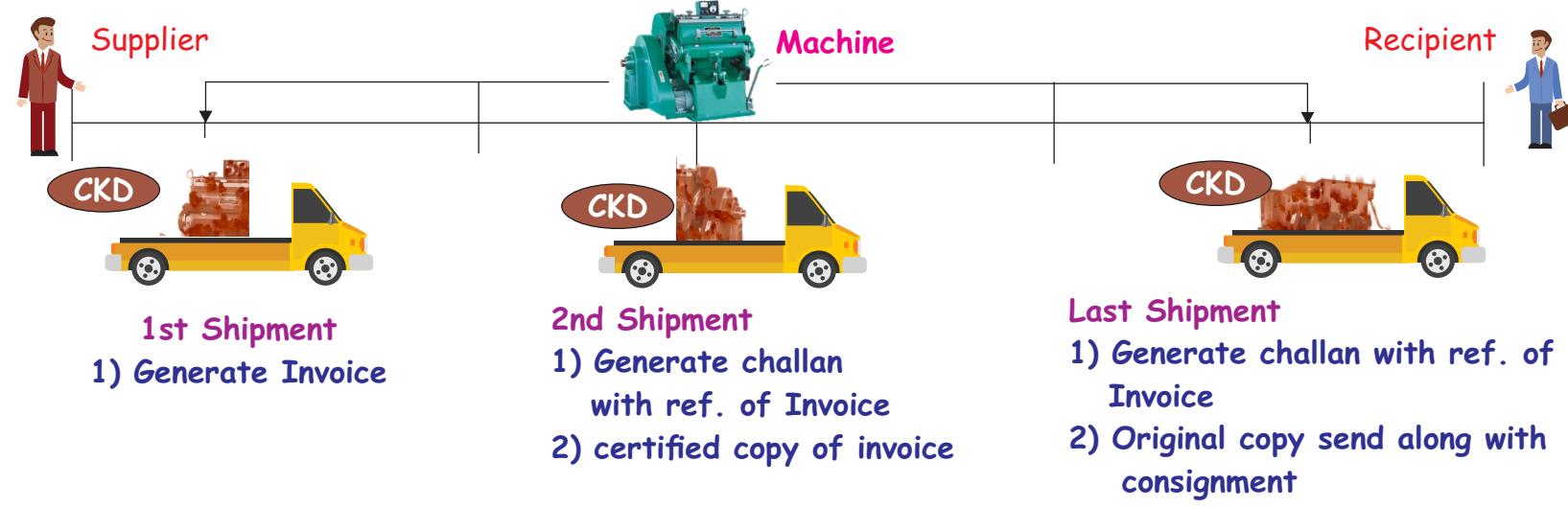
### Nature of supply

- (1) Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,
- (2) Transportation of goods for job work,
- (3) Transportation of goods for reasons other than by way of supply, or
- (4) Such other supplies as may be notified by the Board

### Supply of goods in SKD/CKD/batches/ lots:-

Where the goods are being transported in a semi knocked down (SKD) or completely knocked down condition (CKD) or in batches or lots,

- (a) the supplier shall issue the complete invoice before dispatch of the first consignment;
- (b) the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
- (c) Copies of the corresponding delivery challan shall accompany each consignment along with a duly certified copy of the invoice; and
- (d) the original copy of the invoice shall be sent along with the last consignment.



## Sec 34 - Credit Note & Debit Note

### Credit Note :-

Circumstances of Issuance of Credit Note	<ul style="list-style-type: none"> <li>⇒ the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply,</li> <li>⇒ the goods supplied are returned by recipient,</li> <li>⇒ the goods &amp;/or services supplied are found to be deficient,</li> <li>⇒ the goods or services don't meet the recipient's quality expectations.</li> <li>⇒ Any other similar reasons.</li> </ul>
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Reducing Tax Liability	<ul style="list-style-type: none"> <li>⇒ Issuing a credit note decreases the supplier's tax liability.</li> <li>⇒ Correspondingly, the recipient's Input Tax Credit also reduces.</li> </ul>
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Restrictions on Credit Notes	<p><b>Exceptions:</b> GST credit note can not be issued</p> <ul style="list-style-type: none"> <li>⇒ Not allowed for secondary discounts which is not agreed at the time of supply.</li> <li>⇒ Financial/commercial credit notes can be issued but won't affect Tax Liability.</li> </ul>
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### Debit Note:-

Circumstances of Issuance of Debit Note	<ul style="list-style-type: none"> <li>⇒ the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply,</li> <li>⇒ the quantity received by recipient is more than what is declared in tax invoice, or</li> <li>⇒ any other similar reasons.</li> </ul>
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Additional Tax Liability	<ul style="list-style-type: none"> <li>⇒ A debit note/supplementary invoice creates additional tax liability ("Debit note" = supplementary invoice).</li> <li>⇒ Treatment of a debit note/ supplementary invoice is identical to that of a tax invoice for returns and payment purposes.</li> </ul>
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### Details of Debit Note/Credit Note to be declared in return

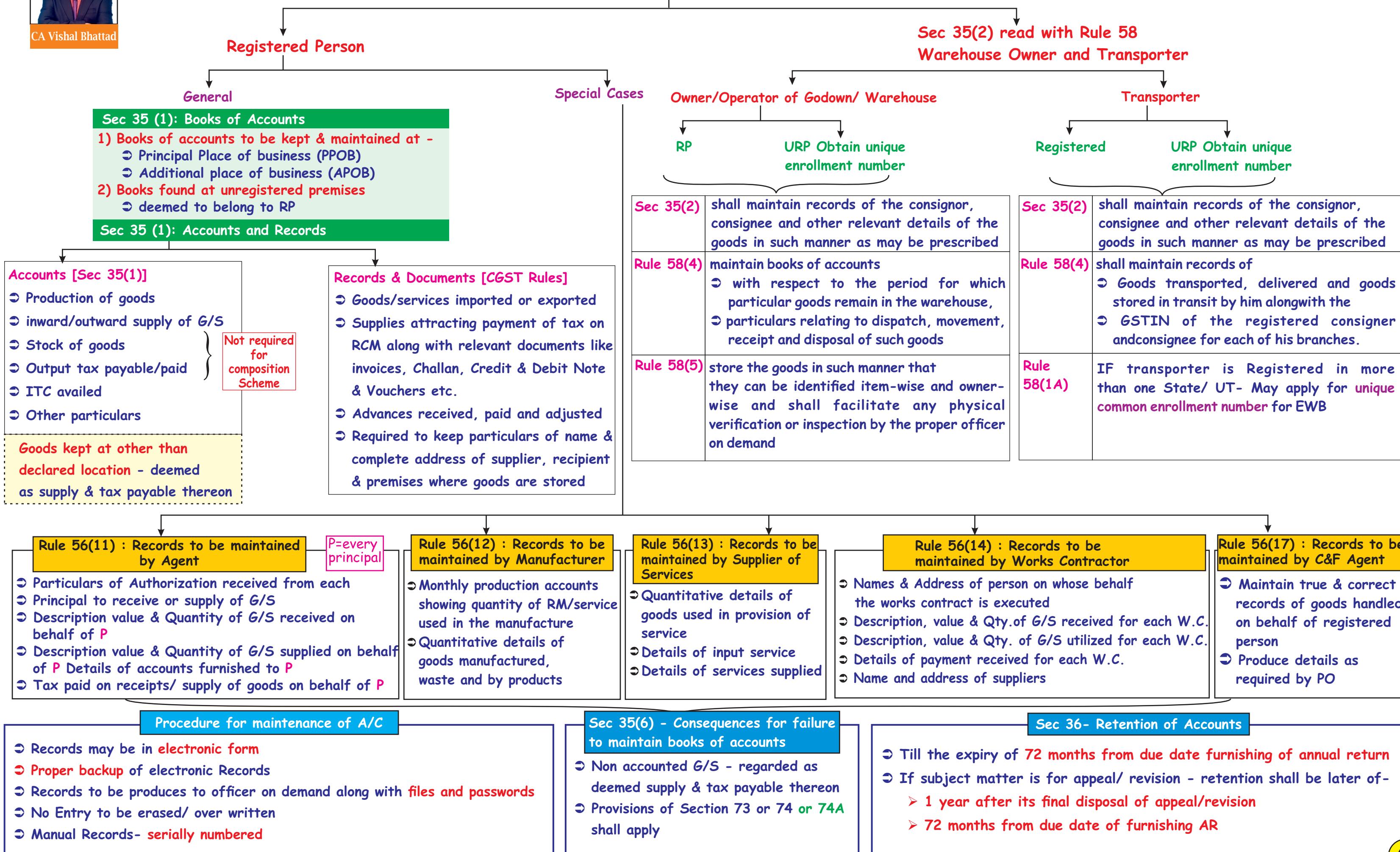
Time limit to declare details of Credit note issued & other relevant pts.	<ul style="list-style-type: none"> <li>⇒ <b>Declaration in Returns:</b> Must be declared in the tax return of the month when the credit note is issued.</li> <li>⇒ <b>Deadline for Declaration:</b> Earlier of two dates: <ul style="list-style-type: none"> <li>➤ <b>30th November</b> following the end of F.Y. in which such supply was made or</li> <li>➤ <b>Date of furnishing</b> of the relevant <b>annual return</b>.</li> </ul> </li> <li>⇒ <b>Adjustment of Tax Liability:</b> Tax liability to be reduced in the month in which credit note is issued.</li> <li>⇒ <b>Restriction:</b> No reduction in output tax liability if incidence of tax and interest have been passed to another person or ITC is not reversed by recipient.</li> <li>⇒ <b>Flexibility:</b> A single credit can address multiple invoices.</li> </ul>
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Time limit to declare details of Debit note issued	<ul style="list-style-type: none"> <li>⇒ <b>Declaration Timing:</b> In the tax return for the month when the debit note is issued.</li> <li>⇒ <b>Tax Liability Adjustment:</b> added in tax liability in which debit is issued.</li> <li>⇒ <b>Flexibility:</b> Single debit note can address multiple invoices</li> </ul> <p><b>Note:-</b> There is no time limit for issue of Debit note.</p>
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CA Vishal Bhattad

# CHAPTER 13: ACCOUNTS & RECORDS



# Chapter 11- Sec 68 & Rule 138 : E-Way Bill



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

- E-Way Bill is a compliance mechanism
- Where in by way of a digital interface
- The person causing the movement of goods
- upload the relevant information prior to commencement of movement of goods
- Generates E-Way Bill on GST Portal

**Relevance :-**

- Hassle free movement
- Track movement of goods
- Control tax evasion
- Eliminate State boundary check post

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

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

- in relation to a supply or
- Reasons other than supply or
- Due to inward supply from an URP

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

### Voluntary Generation

(even if consignment value is ₹ 50000 or less)

Consignment value exceeds ₹ 50,000

Every R.P. causing movement of goods

Can authorized ECO or Courier Agency or Transporter to furnish details in Part-A

### Mandatory Generation

Job Work

handicraft goods

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

- Inter State movement
- E-Way Bill is required Irrespective of consignment value**

## General Discussion

### Details in E-Way Bill

Part A		Part B
GSTIN of Supplier,		Vehicle Number for Road
Place of Dispatch Indicate the PIN Code of place of dispatch.	Bill To	Transporter document no. / Defense vehicle no./Temporary vehicle Registration no./Nepal or Bhutan Vehicle Registration no.)
	Ship To	
GSTIN of Recipient		
Place of Delivery (PIN Code also), indicate the PIN Code of place of delivery.		
Document Number		
May be of Tax Invoice, Bill of Supply, Delivery Challan or Bill of Entry.		
Document Date		
Value of Goods,		
HSN Code,		
Annual T/O of preceding F.Y.	HSN Code Digit	
Upto 5 Cr	4 Digit	
Above 5 Cr	6 Digit	
Reason for Transportation, etc.		
Information in part B is optional		
If Distance up to 50 Km within State or UT in case of transportation from POB to transporter's Place or vice-versa		

### Determination of Value

Mandatory generation of E-Way bill if Value exceeds ₹50,000

- Determined as per Section 15
- Declared in invoice/ Bill of Supply/ Delivery Challan
- Issued in respect of said consignment

**Includes**  
CGST  
SGST/  
UTGST  
IGST  
Cess

**Excludes**  
Value of Exempt Supply of goods

**Note:-** Specially for E-Way Bill value includes GST

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

Goods Transported by Road by Railways by Air/Vessel

- by R.P. (supplier/recipient)
- Information in Part B before/After commencement of movement of goods but it shall not be delivered unless EWB is produced at the time of delivery

Self Transportation (own vehicle/hired or public conveyance)

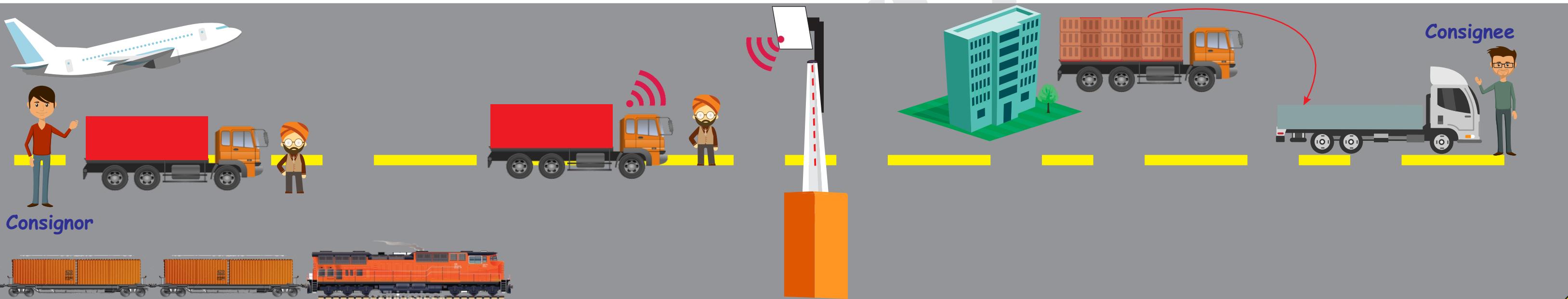
Third party (Transporter)

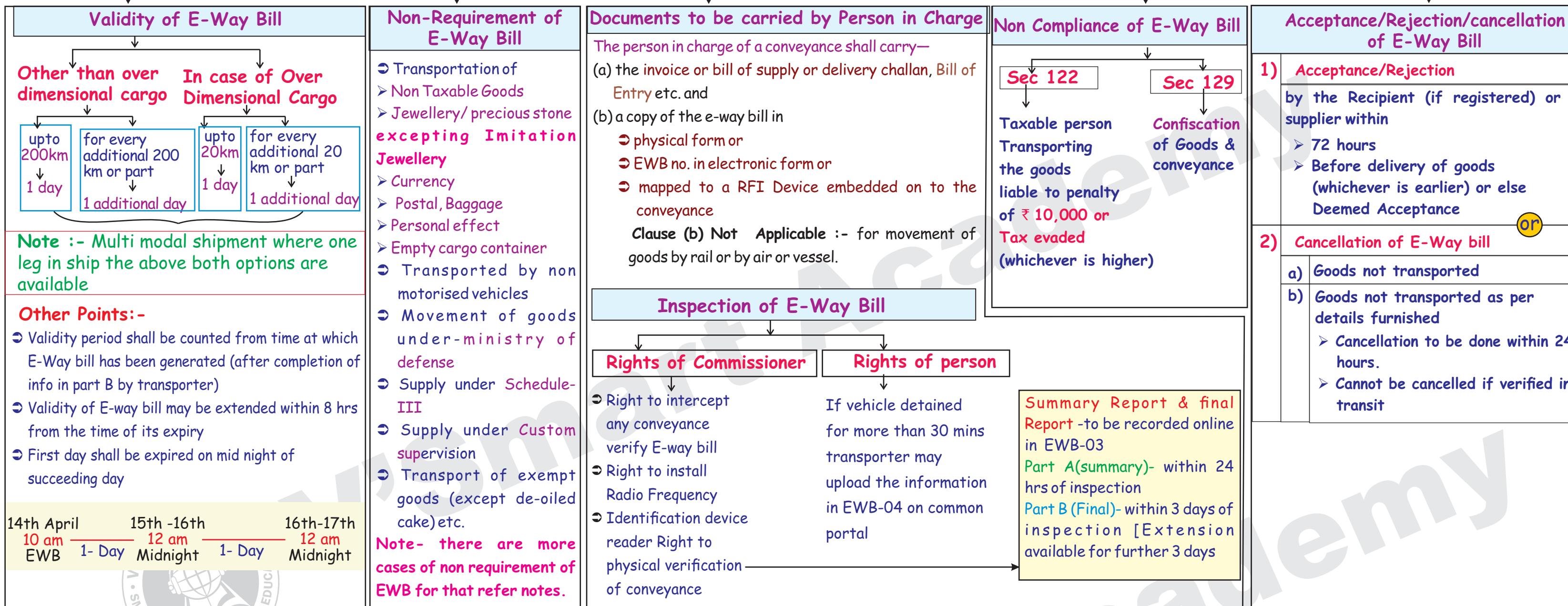
Part A Part B Part A Part B

Consignment Details Vehicle Number Consignment Details Vehicle Number



GTA Unregistered → Unique Enrollment Number (UEN)  
GTA Registered  
→ Single Registration → GSTIN  
→ Multiple Registration → Common UEN

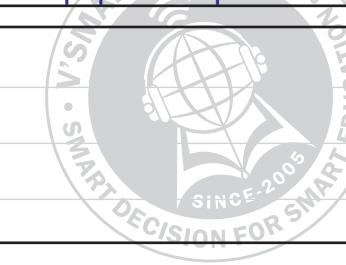




### Special Discussion

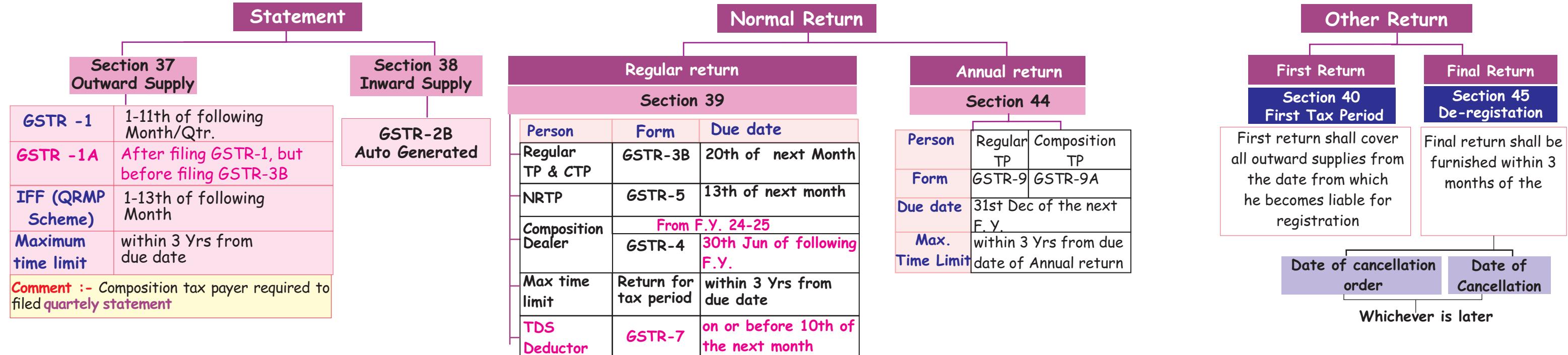
Transhipment of Goods	Bill to Ship to Transportation	Multiple Consignment	Rule 138E:-Restriction of furnishing of information in part A of EWB-01.
<ul style="list-style-type: none"> <li>Consignor / Recipient (who has furnished Part A) or</li> <li>Transporter can assign the E-Way Bill to another registered transporter to update Part B of E-Way bill for further movement of goods.</li> </ul> <p><u>Note- only 1 EWB is required</u></p>	<p><b>Bill to Ship to Transportation</b></p> <p>Part A of E-Way Bill shall contain :</p> <ul style="list-style-type: none"> <li>Place of Dispatch(address of Place)</li> <li>Bill to (Details of "Bill to" party)</li> <li>Ship to (Address of "Ship to" party)</li> </ul> <p><u>Note- only 1 EWB is required</u></p> <p><b>Invoice Reference Number</b></p> <p>Reduces burden of carrying physical copy of Invoice</p> <p>Auto populates part A of E-way Bill</p>	<p><b>Multiple Consignment</b></p> <p>Transporter will generate the E-Way Bill in following cases</p> <ol style="list-style-type: none"> <li>If consignor &amp; Consignee has not generated E-Way Bill and Value of Goods carried in the conveyance is more than ₹ 50000 -Generation of E-Way bill in EWB-01.</li> <li>May also generate a consolidated e-way bill in EWB-02.</li> </ol> <p><b>Note -</b> Applicable only for transportation by Road</p>	<p><b>Rule 138E:-Restriction of furnishing of information in part A of EWB-01.</b></p> <p>in respect of any outward movement of goods of a registered person who -</p> <ol style="list-style-type: none"> <li>composition dealer has not furnished the returns for two consecutive tax periods; or</li> <li>Other Person has not furnished the returns for a consecutive period of Two Tax Periods</li> <li>Other person has not furnished the statement of outward supplies for anytwo months or quarters, as the case may be.</li> <li>being a person, whose registration has been suspended under the provision of rule 21A(1) or 21A(2) or 21A(2A)</li> </ol>

Student Notes:-



# Chapter 14 - RETURN

## Statement / Return



## Outward and Inward Supply Statement (Sec 37 & Sec 38)

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

Details of Outward Supply		Rectification of Error:
Invoice wise details	⦿ Inter-State and Intra-State supplies made to RP, and ⦿ Inter-State supplies with invoice value more than ₹ 1L made to URP	RP can rectify error in GSTR 1 & GSTR 3B (other than scrutiny, Audit & Inspection) & time limit is 31st Dec of next F.Y.
Consolidated details	⦿ Intra-State supplies made to URP for each rate of tax, and ⦿ State wise Inter-State supplies with invoice value upto ₹ 1L made to URP for each rate of tax	Earlier of 30th Nov or Date of Annual return

### 3) Annual Return

Type of TP	Form No.	Periodicity	Due date	Not Applicable to
Registered Normal taxpayer	GSTR-9	Annual Return	31st Dec of next F.Y.	(a) Supplier of OIDAR services (b) Composition taxpayer (c) NRTP (d) ISD (e) Person deducting TDS&TCS (f) CTP (g) those referred to in the proviso to sec 35(5),

- ⦿ a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the F.Y.,
- ⦿ with the audited annual financial statement for every financial year electronically,

### 4) Final Return

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

### 5) OIDAR Services & Online money gaming from outside India

Type of taxable person	Form No.	Periodicity	Due date
OIDAR Services to NTOR or other RP & Online money gaming	GSTR-5A	Monthly Return	On or before 20 <sup>th</sup> day of succeeding month

### First Return (Sec 40)

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

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

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

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

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

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

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

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

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

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

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

### Late fee u/s 47 for delayed filing of GSTR - 7 by person liable to deduct tax at source u/s 51

₹ 50 per day(i.e. ₹ 25 per day each under CGST & SGST/UTGST) but maximum = ₹ 2,000 (i.e. ₹ 1,000 under CGST & SGST/UTGST each)

**N/n 23/2024:** The government has reduced the late fee for filing GSTR-7 (TDS return) late, from June 2021 onwards:

1. Late fee is limited to ₹25 per day of delay.
2. Maximum late fee is ₹1,000 total for each return.
3. No late fee if no TDS (CGST) was deducted for that month.

### Goods and Service Tax Practitioners

#### Concept of GSTP

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

#### Eligibility Criteria for GSTP

**Basic Conditions:-** 1) Citizen of India 2) Person of Sound Mind 3) Not adjudication as insolvent 4) not been convicted by court

**Other Conditions:-** 1) Retired officer of Govt. Not below lower the rank of group B gazetted officer for not less than 2 years

2) enrolled as a sales tax practitioner or tax return preparer under the existing law for a period of not less than five years

3) he has passed, (i) a graduate of postgraduate degree (ii) a degree of any Foreign University recognized by any Indian University or  
(iii) any other examination notified by the Government, or (iv) He has passed a) ICAI : or b) ICAI (CMA); or c) ICSI.

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

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

# QRMP SCHEME

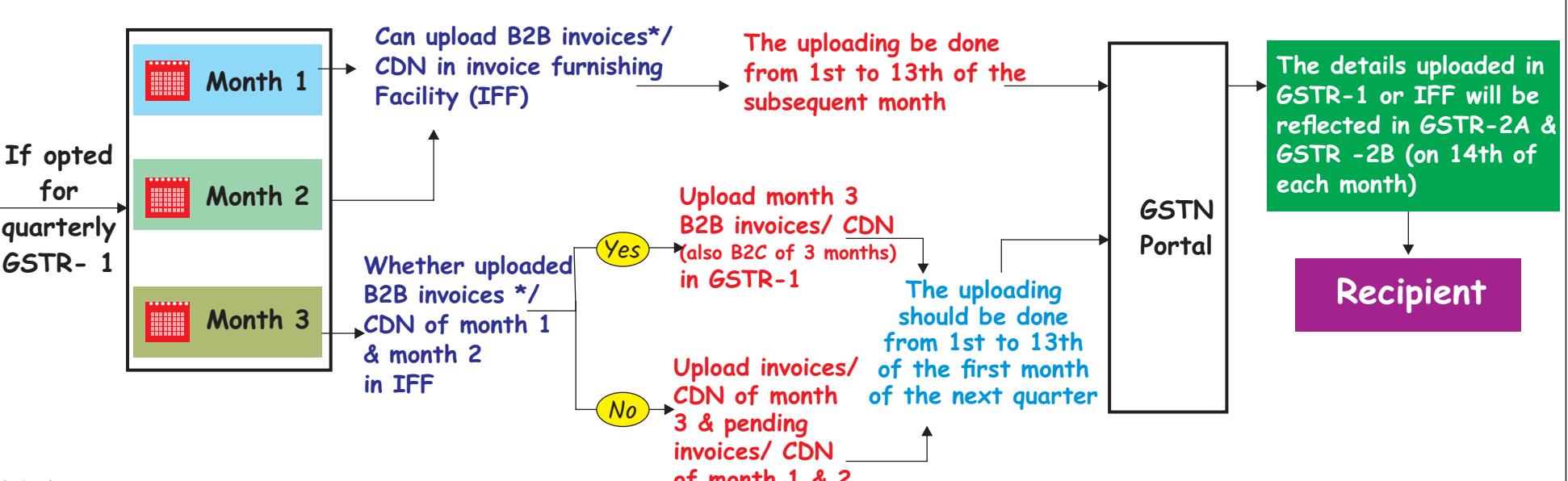
(This new Scheme will be effective from 01.01.2021)



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

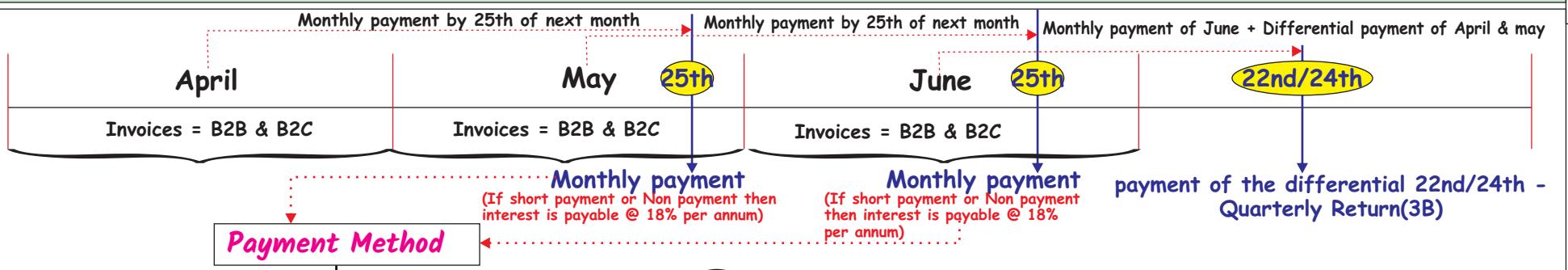
**Registered Person (Supplier)**  
 Ü who is required to furnish a return in FORM GSTR-3B  
 Ü Whose Aggregate annual turnover upto 5 Cr in P.F.Y



\*CDN :- Credit note &amp; Debit note

## QRMP - Monthly Payment & Interest Liability

**Registered Person (Supplier)**  
 (Whose Aggregate annual turnover upto 5 Cr in P.F.Y)



### Payment Method

#### 1. Fixed Sum Method (FSM)

Payment of tax in the 1st and the 2nd month of the quarter.

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

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

#### 2. Self-Assessment Method (SAM)

Here the taxpayer can pay the tax liability by considering the tax liabilities on inward and outward supplies and as per the ITC available.

There are certain conditions where no tax needs to be paid:

- 1st Month of Quarter: The tax liability is Nil. OR The balance in the electronic cash ledger is adequate for the tax liability for the same month.
- 2nd Month of Quarter: The tax liability is Nil. OR The balance in the electronic cash ledger is adequate for the cumulative tax liability for the first two months of the quarter.

## Example

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

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

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

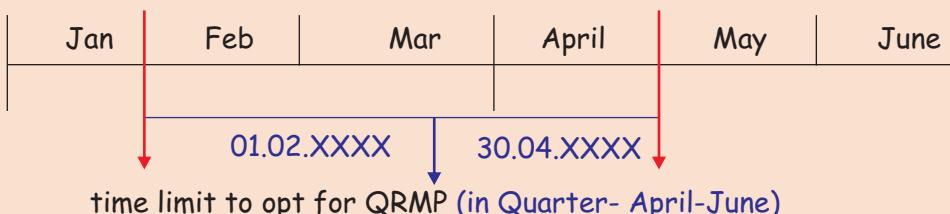
Tax paid in Cash in March,21	Tax required to be paid in each of the months - April and May, 21
CGST	50
SGST	50
IGST	80
Cess	----

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

### Rule 61A: Manner of opting Quarterly return

Ü Facility to avail the Scheme on the common portal would be available throughout the year.

Ü A registered person can opt in for any quarter from first day of second month of preceding quarter to the last day of the first month of the quarter.



### Student Notes :-

