



# THAT'S IT

## On Goods and Service Tax (GST)

For passionate learners... © Tharun Raj

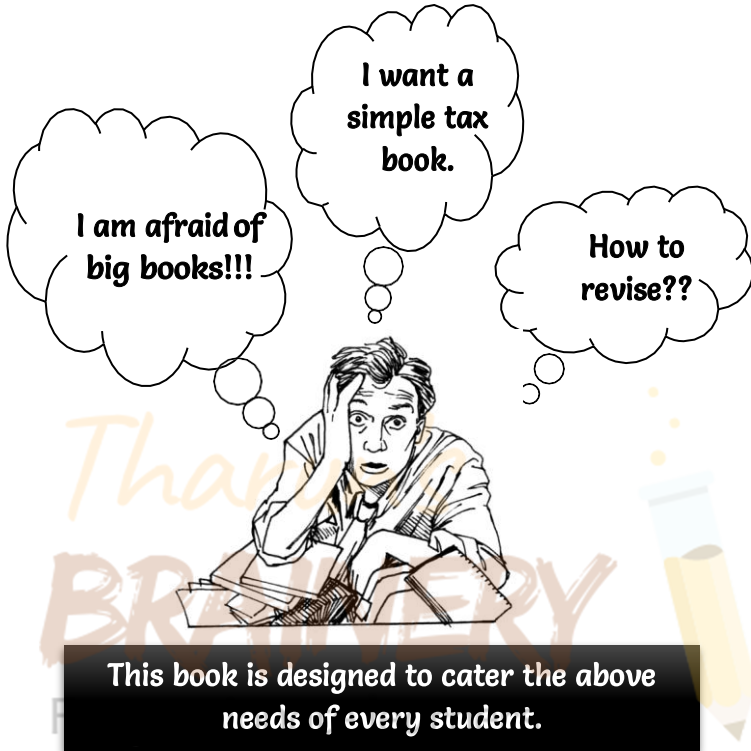
CA Inter : Jan'25 Exam

[www.tharunraj.com](http://www.tharunraj.com)

*Tharun's*  
**Dedicated to**  
**My wife ABHINAYA**  
**My son ADVAITH**  
**My daughter ADITHI**  
For passionate learners...



## PREFACE



**This book is designed to cater the above needs of every student.**

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## FOREWORD

The CA profession is a dizzy road with thorns for an ultimate bliss in life. The student has to undergo intensive coaching and learn many new concepts which are of divergent nature say it be accounts, audit, tax, costing, law etc., and particularly students at Inter level feels it difficult to absorb as they have to undergo practical training and attend classes.

On my interaction with many students at inter level, I came to know that they are very much in need of a simple indirect tax book covering all topics which helps them to revise the subject from time to time, during their idle time in travelling, waiting at office etc., and mainly that one and half day before exam.

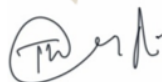
As a faculty, it is a herculean task for me to make things simple - to the point and at the same time ensuring that the essence of law in indirect tax is not missed.

It took me a considerable amount of time and I sincerely thank the almighty and my family for enabling me to put enough efforts required to bring this novel concept into your hands. Special thanks to Tharun's Brainery Team.

However, the detailed information may not be available in this book, but I ensured that the crux required for appearing exams is covered. It is always advisable to read the main text and base this book as a revision exercise.

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By the Author



THARUN RAJ



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**VARIOUS ABBREVIATIONS USED IN THIS BOOK**

<b>AC/DC</b>	<b>Assistant Commissioner/Deputy Commissioner</b>
<b>ADOI</b>	<b>Actual date of invoice</b>
<b>AWB</b>	<b>Air Way Bill</b>
<b>B2B</b>	<b>Business to Business – Recipient is Registered</b>
<b>B2C</b>	<b>Business to Consumer – Recipient is unregistered</b>
<b>CESS</b>	<b>Compensation Cess</b>
<b>CG</b>	<b>Central Government</b>
<b>CGST</b>	<b>Central Goods and Services Tax</b>
<b>CVD</b>	<b>Counter Veiling Duty</b>
<b>DDOI</b>	<b>Due date of Invoice</b>
<b>DOC</b>	<b>Date of Completion</b>
<b>DOI</b>	<b>Date of Invoice</b>
<b>DOP</b>	<b>Date of Payment</b>
<b>DTA</b>	<b>Domestic Tariff Area</b>
<b>ECL</b>	<b>Electronic Cash Ledger</b>
<b>ECO</b>	<b>E Commerce Operator</b>
<b>ECRL</b>	<b>Electronic Credit Ledger</b>
<b>ELL</b>	<b>Electronic Liability Ledger</b>
<b>FCM</b>	<b>Forward Charge Mechanism</b>
<b>FG</b>	<b>Finished Goods</b>
<b>GAAP</b>	<b>Generally Accepted Accounting Principles</b>
<b>GSTC</b>	<b>GST Council</b>
<b>GSTN</b>	<b>GST Network</b>
<b>IFF</b>	<b>Invoice Furnishing Facility</b>
<b>IGST</b>	<b>Integrated Goods and Services Tax</b>
<b>IS</b>	<b>Input Services</b>
<b>ITC</b>	<b>Input Tax Credit</b>
<b>LOR</b>	<b>Location of Recipient</b>
<b>LOS</b>	<b>Location of Supplier</b>
<b>LR</b>	<b>Lorry Receipt</b>
<b>LUT</b>	<b>Letter of Undertaking</b>
<b>NTOR</b>	<b>Non-taxable online recipient</b>
<b>NTR</b>	<b>Non-taxable recipient</b>
<b>OIDAR</b>	<b>Online Information Database Access or Retrieval</b>
<b>P&amp;M</b>	<b>Plant &amp; Machinery</b>
<b>POS</b>	<b>Place of Supply</b>
<b>QRMP</b>	<b>Quarterly Return Monthly Payment</b>
<b>RBI</b>	<b>Reserve Bank of India</b>
<b>RCM</b>	<b>Reverse Charge Mechanism</b>
<b>RM</b>	<b>Raw Materials</b>

<b>RP</b>	<b>Registered Person</b>
<b>RR</b>	<b>Railway Receipt</b>
<b>SAD</b>	<b>Special Additional Duty</b>
<b>SEZ</b>	<b>Special Economic Zone</b>
<b>SG</b>	<b>State Government</b>
<b>SGST</b>	<b>State Goods and Services Tax</b>
<b>SWS</b>	<b>Social Welfare Surcharge</b>
<b>TCS</b>	<b>Tax Collected at Source</b>
<b>TDS</b>	<b>Tax Deducted at Source</b>
<b>TOS</b>	<b>Time of Supply</b>
<b>URP</b>	<b>Unregistered Person</b>
<b>UTGST</b>	<b>Union Territory Goods and Services Tax</b>
<b>WIP</b>	<b>Work In Progress</b>



# SEGMENT - 1

## BASIC CONCEPTS OF GST

GST is implemented in India w.e.f 01/07/17.

### HOW IS GST FORMED?

1. All indirect taxes levied in the past by CG (Excise duty, Service tax, Central Sales tax) got subsumed into GST
2. Customs Duty is outside the ambit of GST
3. However, additional customs duties, Counter Veiling Duty (CVD) to counter - balance excise duty and Special Additional Duty (SAD) to counter-balance sales tax, is subsumed into GST
4. Indirect taxes levied in the past by SG (Value Added Tax, Advertisement Tax, Luxury Tax, Entertainment Tax, lottery & Betting Tax, Purchase Tax i.e., Octroi) got subsumed into GST
5. However, entertainment tax & other indirect taxes levied by local authorities, not got subsumed into GST

India has adopted dual GST model through Constitution (101st Amendment Act), 2016 from Brazil and Canada, where both CG & SG has power to levy tax on the common tax base (i.e., Value)

### \*GST Council: -

1. Article 279A of constitution – Constituted by president of India & Union FM is its chairman. It is a decision-making body of GST.
2. Total 33 members | Quorum = 50% | CG Vote = 1/3rd weight | SG Vote = 2/3rd weight | Weighted majority required to take a decision = 3/4th
3. State FM's & MP of state affairs in charge of revenue are its members.

### TYPES OF GST:

1. CGST – Central Goods and Services Tax – Levied on intra-state supply by CG
2. SGST – State Goods and Services Tax – Levied on intra-state supply by SG
3. UTGST – Union Territory Goods and Service Tax – Levied on intra-state supply by CG
4. IGST – Integrated Goods and Services Tax – Levied on inter-state supply by CG.
5. GST Comp. Cess shall be levied on notified goods by CG to compensate the states on account of implementation of GST and shall be levied upto 31/03/2026.

**Note:** IGST is levied by Central Government and 50% out of that is transferred to state based on Place of Supply (POS). If POS cannot be ascertained, it shall be apportioned between the states based on the turnover of the supplier during the Financial Year.



- State of J&K is divided into two Union territories – UT of Ladakh (UT without state legislature where UTGST Act is applicable) and UT of J & K (UT with state legislature where SGST Act is applicable).
- UT of Dadra & Nagar Haveli and UT of Daman & Diu got MERGED into single UT.

**GST NETWORK [SEC.146 - CGST ACT]:**

- It provides information technology infrastructure for the implementation of GST. It is referred to as a common portal and provides services to taxpayers, CG, SG, banks and other stakeholders.
- It is facilities registration, payment to tax, furnishing of returns, settlement of IGST, E-Way bill etc.

Notes

# SEGMENT - 2 SUPPLY UNDER GST

Levy of GST = Taxable Event under GST = SUPPLY of Goods or Services or Both

Supply - Sec. 7 of CGST Act, 2017

7(1) - Includes

7(1A) - Classification of supply as goods and services (Read with Schedule II)

7(2) - Excludes (Read with Schedule III)

7(3) - CG on the recommendations of GST council can notify supply of goods as supply of services and viceversa

### 7(1) - Supply INCLUDES

7(1)(a) - Any activity for **consideration** in the course or furtherance of **business**

7(1)(aa) - Any activity **between [a person other than individual] and [its members]**, for a consideration

7(1)(b) - Import of services for **consideration whether or not** in the course or furtherance of **business**

7(1)(c) - Activities in Schedule I even though not for consideration  
**D** - Disposal of business assets on which ITC has been availed  
**R** - Related party transactions (incl. transaction between distinct persons)  
**I** - Import of services by a person from related persons or establishment outside India  
**P** - Principal Agent transactions w.r.to goods, when agent is acting on behalf of principal

If an activity is not covered in Sec. 7(2) - Exclusions, then Sec. 7(1) should be checked. If such activity is not in Sec. 7(1), then such activity is not a supply

Sec. 2(52) - Goods  
 Sec. 2(102) - Services  
 Sec. 2(17) - Business  
 Sec. 2(31) - Consideration  
 Sec. 2(84) - Person

### 7(2) - Supply EXCLUDES (Read with Schedule III)

**S** - Sovereign Functions of Govt - Activities of Municipalities and Panchayat under Article 243G/243W of the Constitution

**P** - Posts (Govt, Constitutional and Nominated)

**A** - Actionable Claims other than specified actionable claims

**L** - Legal Fees collected by Court or Tribunal

**L** - Land Sale (incl. Sale of immovable property, where entire consideration is received after obtaining completion certificate (or) first occupation whichever is earlier)

**E** - Employee to Employer in the course of employment

**D** - Death related (Funeral, Burial, Mortuary etc.,)

**S** - Sale in High Seas (i.e. sale before import)

**L** - Liquor Licence by SG

**O** - Outside the country movement of goods

**W** - Warehoused goods sold under customs

#### Note:

1. Gifts by employer to employee not exceeding ₹50,000 p.a per employee is excluded from supply. If value of gift > ₹50,000, entirely it is treated as supply.
2. Specified Actionable Claims [HC BLOG] – Horse racing, Casinos, Betting, lottery, online money gaming, Gambling.

#### CBIC CIRCULAR RELATED TO SEC. 7(2) OF CGST ACT:

- 1) Sale of land after some development such as levelling, laying down drainage lines, electricity lines etc., is also sale of land and excluded from supply. However, Services provided for development of land is not excluded from supply and shall attract GST.
- 2) Perquisites provided by the employer to employee in terms of contractual agreement entered into between them, will not be subject to GST when the same are provided in terms of contract.

**SUMMARY OF SEC. 7(1):**

Sec.	Nature of Supply	Consideration	Course or furtherance of business	Point of View	Coverage
7(1)(a)	Any Activity	✓	✓	Supplier	Goods/Services
7(1)(aa)	Any activity between [person other than individual] and [its members]	✓	✓	Supplier	Goods/Services
7(1)(b)	Import of services	✓	✓/✗	Recipient	Services
7(1)(c) read with Sch. I	D	✗	✓/✗	Supplier	Goods
	R	✗	✓	Supplier	Goods/Services
	I	✗	✓	Recipient	Services
	P	✗	✓	Supplier	Goods

**IMPORTANT DEFINITIONS/POINTS:**

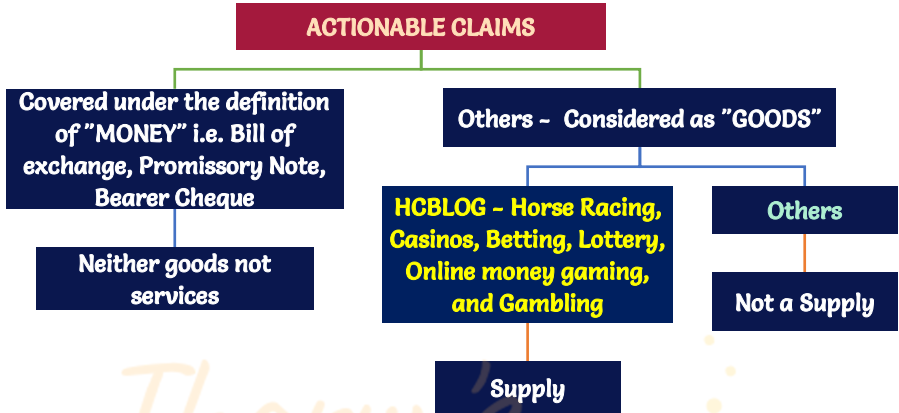
**I. MEANING OF GOODS & SERVICES:**

	Section 2(52)	Section 2(102)
	GOODS	SERVICES
MEANS	Any kind of movable property	Anything other than goods
INCLUDES	<ul style="list-style-type: none"> <li>⇒ Actionable Claims</li> <li>⇒ Growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.</li> </ul>	<ul style="list-style-type: none"> <li>⇒ Transaction in money for a separate consideration</li> <li>⇒ Facilitating or arranging transaction in securities is included in services</li> </ul>
EXCLUDES	<ul style="list-style-type: none"> <li>⇒ Money</li> <li>⇒ Securities</li> </ul>	

**Money** = Indian Currency (or) Foreign Currency (or) Instrument recognized by RBI, but does not include Old Currency which is not in Circulation. Sale of old coins or sale of cryptocurrency treated as sale of goods and attracts GST.

**ACTIONABLE CLAIMS** = An instrument which entitles 1) Right to receive a benefit or recover a debt, 2) which is transferable and 3) legally enforceable and 4) holder of such right is entitled to receive benefit or recover debt.

(Eg: Bill of Exchange, Lottery, Promissory note, Bearer Cheque etc.,)



**IMPORTANT POINTS RELATING TO SPECIFIED ACTIONABLE CLAIMS <sup>(A)</sup>**

- **“Online Gaming”** means offering of a game on the internet or an electronic network and includes online money gaming;



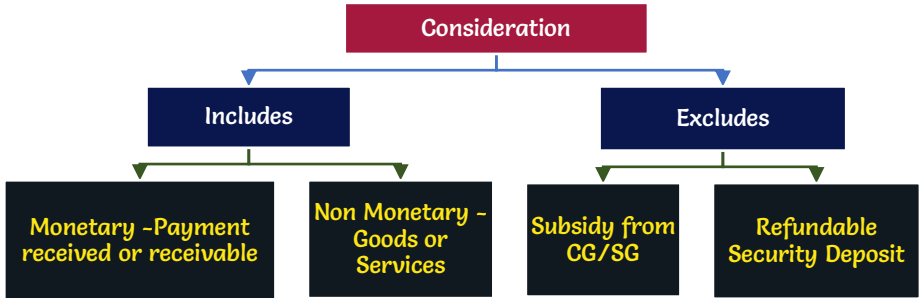
- **“Online Money Gaming”** means online gaming in which players pay or deposit money or money’s worth, including virtual digital assets, in the expectation of winning money or money’s worth, including virtual digital assets, in any event including game, scheme, competition or any other activity or process, **whether or not its outcome or performance is based on skill, chance or both** and whether the same is permissible or otherwise under any other law for the time being in force.

**Sec 5(1) of IGST ACT -The CG has notified the supply of online money gaming as the goods on import of which integrated tax shall be levied and collected and not in accordance with the provisions of the Customs Tariff Act, 1975<sup>1</sup>.**

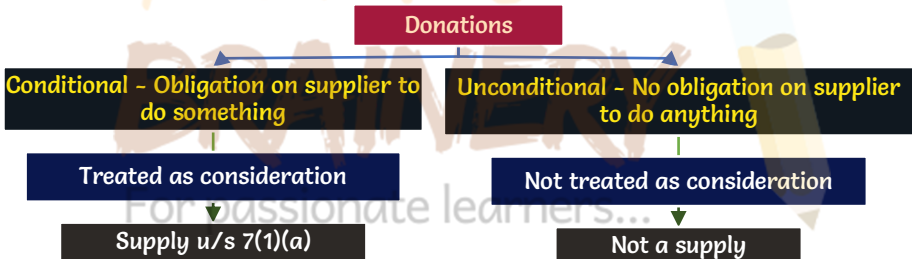
<sup>1</sup> Notification No. 03/2023- IT dt. 29.09.2023



**II. MEANING OF CONSIDERATION – S. 2(31):**



- ⇒ Consideration can be received from recipient or any other person (Presence of Consideration is relevant)
- ⇒ Consideration should be in respect of, in response to, or for the inducement of supply of goods or services
- ⇒ Activity without consideration (or) Consideration without activity; is not a supply u/s 7(1)(a)



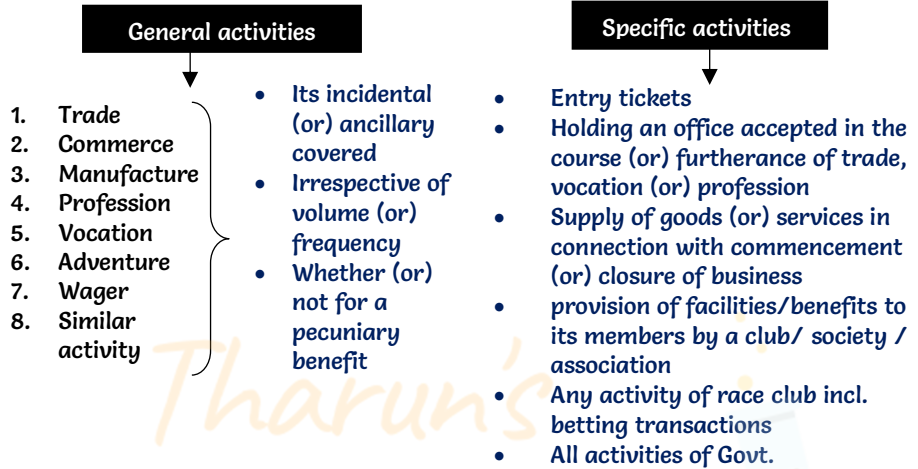
If Donor name displayed anywhere in the premises against donation (Not-obligated):  
 Display of name does not give business advantage to donor – **Not a supply**  
 Display of name give business advantage to donor – **Supply u/s 7(1)(a)**

**III. Meaning of Person – S.2(84):**



**Person under IT Act, 1961:** - An Individual, a HUF, a Company, a Firm, an AOP, Co-Operative society, Local Authority, Artificial Juridical Person & Other Body Corporates.

**IV. MEANING OF BUSINESS – S.2(17):**



**V. MEANING OF RELATED: [TRANSACTION VALUE U/S 15 NOT APPLICABLE AND VALUE DETERMINED IN TERMS OF RULES]**

As per Explanation to Section 15, persons shall be deemed to be related if -

1. **Such persons are officers or directors of one another's businesses;** - Mr. X is appointed as officer of Mr. Y's business and Mr. Y is appointed as officer of Mr. X's business. Now Mr. X and Mr. Y are related. (Director of a company and such company are related)
2. **Such persons are legally recognised partners in business;** - Partners in a firm are related. However, partners & such firm are not related.
3. **such persons are employer and employee<sup>2</sup>;**
4. **Any person directly or indirectly owns, controls or holds twenty-five per cent. or more of the outstanding voting stock or shares of both of them;** - Mr. A invests ≥ 25% in X Ltd. and ≥ 25% in Y Ltd. Now X Ltd. and Y Ltd. are related.
5. **One of them directly or indirectly controls the other;** - Meaning of control - Investment > 50%, (or) Majority common BOD, (or) Controlling operations.
6. **Both of them are directly or indirectly controlled by a third person;** - X Ltd. is controlled by A Ltd. and Y Ltd. controlled by A Ltd., Now X Ltd. and Y Ltd. are related.

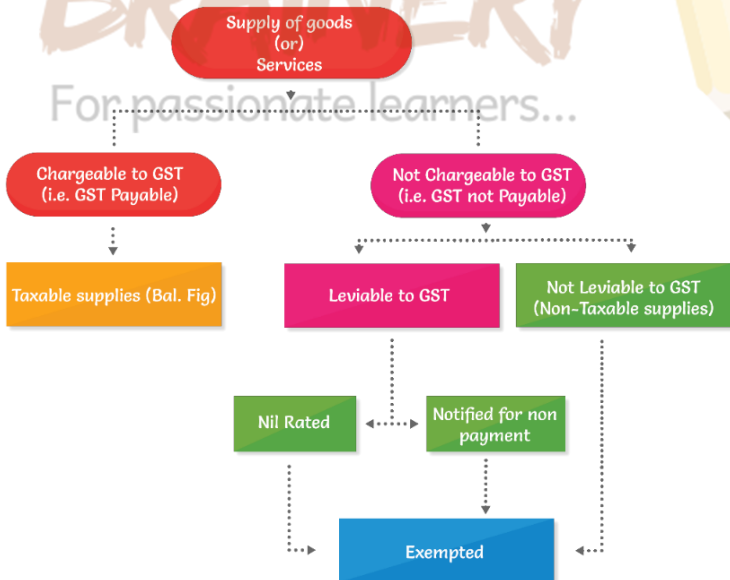
<sup>2</sup> However, services by employee to employer in the course of employment is not treated as supply as per schedule III of CGST Act, 2017.

7. **Together they directly or indirectly control a third person;** - X Ltd. invested 28% in A Ltd. and Y Ltd. invested 30% in A Ltd. As both X Ltd. and Y Ltd. together control A Ltd., X Ltd. and Y Ltd. are related.
8. **They are members of the same family;** (Family MEANS the spouse and children of the person, whether or not dependent and the parents, grandparents, brothers and sisters of the person if they are wholly and mainly dependent on the said person).
9. **Sole agent** or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

**VI. MEANING OF VARIOUS SUPPLIES:**

	Taxable Supply	Exempted Supply	Non-taxable supply	Zero rated supply
Section	2(108) of CGST Act, 2017	2(47) of CGST Act, 2017	2(78) of CGST Act, 2017	16 of IGST Act, 2017
MEANS	G/S/GS, which is leviable to tax	G/S/GS, Which attracts nil rate of tax (or) Wholly exempt from tax and includes non-taxable supply	G/S/GS, which is not liable to tax	Supply of G/S/GS: a) Export b) Supply to SEZ unit/ Developer

**Goods not liable to tax – 1) Alcoholic Liquor for Human Consumption & 2) Petroleum products – Crude Oil, Petrol, Diesel, Aviation Turbine Fuel and Natural Gas.**



**Note: Taxable supplies do not include in its ambit exempted supplies**

**VII. MEANING OF AGGREGATE TURNOVER:**

As per Sec. 2(6) of CGST Act, 2017 AGGREGATE TURNOVER MEANS aggregate value of

- Taxable supplies
- Exempt supplies<sup>3</sup>
- Exports
- Interstate supplies<sup>4</sup>

of persons having same PAN, to be computed on all India basis.

**BUT EXCLUDES**

- Inward supplies on which tax is payable by a person on reverse charge
- CGST/SGST/UTGST/IGST/compensation cess

**VIII. GST ON SALE OF FLATS/BUILDINGS:**

Before obtaining Earlier of CC or FO	After obtaining Earlier of CC or FO	GST	Nature
Money* Received	-	Payable	Works Contract Service
-	Money* received	Not payable (i.e., Excluded from supply)	Sale of immovable property
Part Money* received	Remaining Money* received	Payable on entire Money*	Works Contract Service

\*Money = Consideration (Monetary/Non-Monetary)

CC = Completion Certificate (Issued by competent authority)

FO = First Occupation = Date on which a flat is occupied by the buyer in the project (It is deemed as completion and remaining flats un-booked excluded from supply)

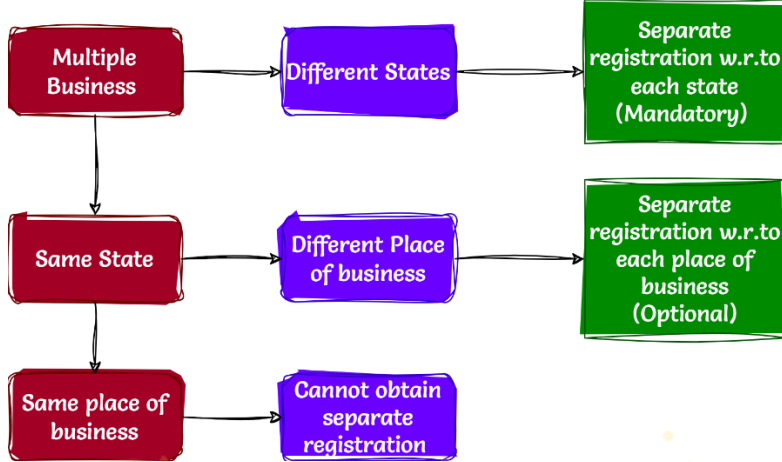
**IX. MEANING OF DISTINCT PERSONS:**

- Every registration of a person to their another registration is a DISTINCT PERSON
- Registered establishment of a person in a state and unregistered establishment of that person in another state

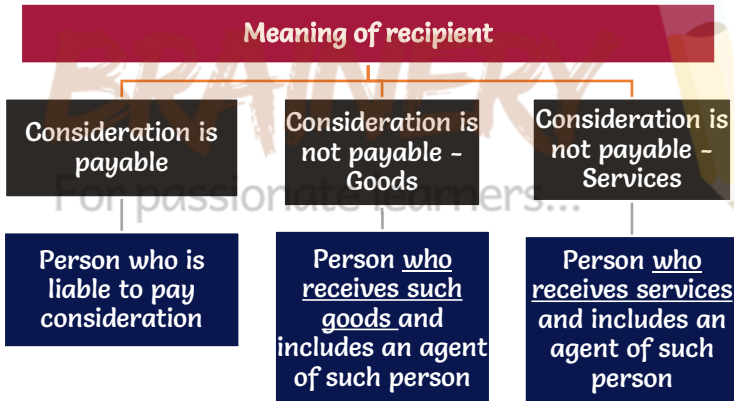
<sup>3</sup> Includes Non-taxable supplies or nil rated supplies

<sup>4</sup> Includes supplies to SEZ unit/Developer (Even though it is zero rated, it is included in aggregate turnover)

**WHEN A PERSON IS REQUIRED TO OBTAIN MORE THAN ONE REGISTRATION?**



**Note:** Another establishment in another state, whether registered or not registered, treated as distinct person



**CLASSIFICATION OF SUPPLY INTO GOODS OR SERVICES [SEC. 7(1A) READ WITH SCH. II]:**

Activity	Supply of goods	Supply of Services
1) Movable Property	Transfer of title ⇨ Present (Eg: Sale) ⇨ Future (Eg: Hire Purchase)	Transfer of right to use (Eg: Renting or Leasing)
2) Immovable	Transfer of title	⇨ Construction (Eg: Lifts)

Property		<b>&amp; Escalators)</b>
		⇒ Transfer of right to use (Eg: Renting of land)
3) Intellectual Property Rights (IPR)	Permanent transfer (Eg: Patent of a technology sold to a company)	Temporary Transfer (Eg: Music director composing music for a movie)
4) Carrying out process on goods belonging to others	Substantial material required for the process is supplied by supplier	Substantial material required for the process is supplied by recipient
5) Supply of goods along with services		
- Notified Supplies		a) Works Contract b) Information Technology Software c) Supply of food
- Other supplies		
• Composite Supply	If principal supply is supply of goods, then entire transaction is supply of goods (Eg: AC + Installation)	If principal supply is supply of service, then entire supply is supply of service (Eg: Coaching + Study Materials)
• Mixed Supply	If highest rate supply is supply of goods, then entire transaction is supply of goods (Eg: TV + Optional warranty)	If highest rate supply is Supply of service, then entire transaction is supply of service (Eg: Video Lectures + Pen-drive)
6) Any other activity	*	Doing an act (or) Not doing an act (or) Tolerating an act

**X. MEANING OF WORKS CONTRACT:**

**“Works Contract”** – A Contract involving transfer of property in goods as well as supply of services, in relation to immovable property against a single consideration. [In earlier indirect tax regime, the same was classified under both goods and services, and in GST, it is classified completely as service]

**XI. MEANING OF JOB WORK:**

**“Job Work”** – Carrying out any process on the goods belonging to other registered person & the words job worker shall be construed accordingly

- Job-worker (Supplier) may or may not be registered
- But principal manufacturer (Recipient) should be registered
- Process carried out may or may not be manufacture
- Job work is supply of service
- If recipient is unregistered, it is not job work but treated as some other services (Rate will be 18%)

**COMPOSITE SUPPLY VS. MIXED SUPPLY [SEC. 8 OF CGST ACT]:**

Composite Supply - Sec. 2(30)

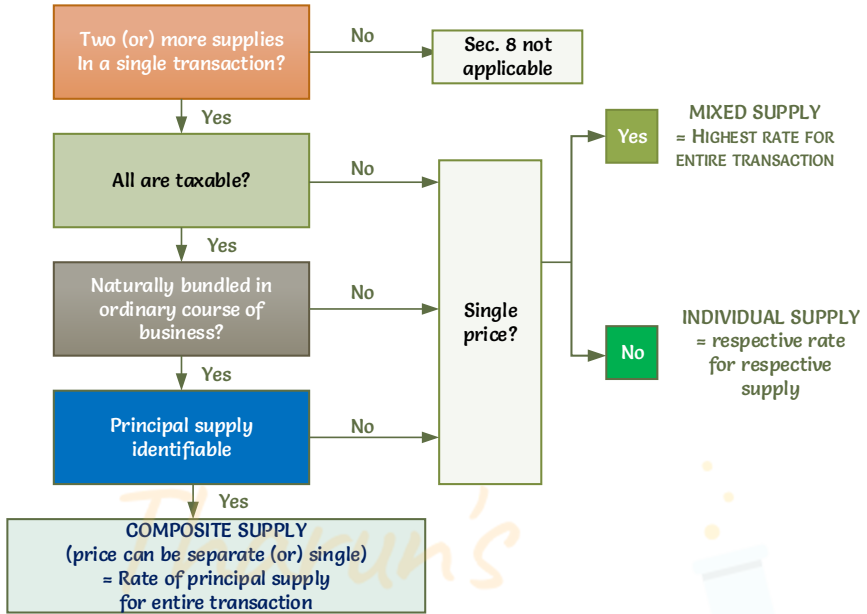
two or more taxable supplies of goods or services or both or any combination thereof

are naturally bundled and supplied in conjunction with each other, in the ordinary course of business, one of which is a principal supply

Mixed Supply - Sec. 2(74)

two or more individual supplies of goods or services, any combination thereof, made in conjunction with each other

for a single price where such supply does not constitute composite supply



**Note – 1:** In case of servicing of cars, test of composite supply should not be applied. Parts replaced and labour charges for replacement, are treated as individual supplies, if the amount is shown separately for each. – CBIC Circular

**Note – 2:** Food and beverages purchased in a theatre taxable as individual supplies (Taxable at the rate applicable to restaurant) and if the same is purchased along with ticket, then it may attract composite supply. In such case, Food and beverages taxable at the rate applicable to entry to cinema hall. – CBIC circular **A**

**Note – 3:** If there are two or more supplies, which is not a composite supply and also not involving single price, then these are treated as individual supplies & taxable accordingly.

**SUMMARY OF IMPORTANT CIRCULARS**

Issue involved?	Clarification
Whether inter-state movement of various modes of conveyance carrying goods or passengers or both, or for repairs and maintenance, between	It is clarified that such interstate movement of Trains, buses, trucks, tankers, trailers, vessels, containers, aircrafts - Carrying goods or passengers or both, or - For repairs and maintenance, shall not constitute supply and not chargeable to GST.



<p>distinct persons as specified in section 25(4) of the CGST Act [except in cases where such movement is for further supply of the same conveyance], is leviable to IGST?</p>	<p>However, applicable CGST/ SGST/ IGST, as the case may be shall be leviable on repairs and maintenance done for such conveyance.                  Also, the above circular is extended to interstate movement of rigs, tools and spares, and all goods on wheels (like Cranes) and except in case where movement of such goods is for further supply of the same.  <b>Note: This circular can be applied even in case of intra state, if there are multiple registrations in the state.</b></p>
<p>When an agent is termed as “Acting on behalf of principal”?</p>	<p>An agent should:                  1. Represent principal in all aspects                  2. raise invoice in their name (or) accept invoice in their name i.e. in Agent’s name</p>
<p>Whether supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc., printed with design, logo, name, address or other contents supplied by the recipient of such supplies, would constitute supply of goods or supply of services?</p>	<p>Printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher – Supply of Service                   Printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc., printed with design, logo etc. supplied by the recipient – Supply of goods</p>
<p>Whether activity of bus body building, is a supply of goods or services?</p>	<p>Determined on the basis of principal supply involved in the transaction</p>
<p>Whether rethreading of tyres is a supply of goods or services?</p>	<p>Supply of rethreaded tyres, where the old tyres belong to the supplier of rethreaded tyres, is a supply of goods. If the old tyres belongs to recipient, then it is treated as supply of service.</p>
<p>Whether Priority Sector Lending Certificates (PSLCs) are outside the purview of GST and therefore not taxable?</p>	<p>In GST, there is no exemption to trading in PSLCs. Thus, PSLCs are taxable as goods (Always, chargeable to IGST under RCM)</p>

Whether art works sent by artists to galleries for exhibition not being a supply?	It is only when the buyer selects a particular art work displayed at the gallery, that the actual supply takes place and applicable GST would be payable at the time of such supply
Whether tenancy rights or pagadi system is chargeable to GST?	In relation to residential property → Exempted In relation to commercial property → Taxable
Whether insured getting no claim bonus from insurance company is supply of service?	It is not a supply of service and no claim bonus cannot be considered as consideration for any supply provided by insured to insurance company.
Whether interest received by del-credere agent is chargeable to GST?	<u>If del-credere agent is raising invoice in the name of principal</u> <ul style="list-style-type: none"> <li>• interest collected by del-credere agent is exempted under interest on loans/advances/deposits.</li> </ul> <u>If del-credere agent is raising invoice in its name</u> <ul style="list-style-type: none"> <li>• interest collected by del-credere agent is taxable under interest on account of delay in receipt of consideration.</li> </ul>
Whether owning a controlling interest in form of shares by holding company in subsidiary company is supply of service?	Activity of holding shares of subsidiary company by holding company cannot be treated as supply of service and cannot be taxed under GST <sup>A</sup>

## SEGMENT - 3

# LIABILITY TO PAY GST

Section	9(3)	9(4)	9(5)
When applicable?	Notified goods or Services supplied	Inward supplies by a notified RP from an URP	Supply of notified services through ECO
What are notified?	List of Services - Applicable for exams (13/2017) List of Goods - Applicable for exams (04/2017)	Purchases by a promoter or builder	H = Housekeeping Services (Eg: <b>Urban company</b> ) A = Accommodation Services (Eg: <b>Goibibo</b> ) T = Transportation of passengers service (Eg: <b>Ola, Uber</b> ) E = Eating food from restaurant (Eg: <b>Swiggy, Zomato</b> )
Who will pay GST?	Recipient	Recipient	ECO
Supplier	RP/URP	URP	H & A = URP T & E = RP/URP

For passionate learners...

SEC. 9(3) – NOTIFIED SERVICES UNDER NOTIFICATION NO. 13/2017 – SIRR CG GOT SALADS

	Service	Exemptions	Conditions for RCM	Non applicability of RCM
S	Security Lending as per SEBI by lender of securities to borrower of securities	N.A	N.A	N.A
I	Import of Services	<p>Import of other than OIDAR by NTR  <b>[OIDAR = Services whose delivery is mediated by information technology over internet]</b> <sup>A</sup>                      [NTR = Unregd. individual for personal purpose, Trust importing for charitable activities and Govt for non-business purpose]</p> <ul style="list-style-type: none"> <li>➤ OIDAR services includes online gaming</li> <li>➤ OIDAR services excludes online money gaming</li> <li>➤ Therefore, the provisions of OIDAR services is not applicable to online money gaming</li> </ul>	N.A	Import of OIDAR Services by NTR [NTR = Any unregd. Person or Regd. Person only for deducting TDS]
R	Renting of motor vehicles	<ol style="list-style-type: none"> <li>1. Hiring of MV &gt; 12 passengers to State transport undertaking</li> <li>2. Hiring of Electric MV &gt; 12 passengers to local authority</li> <li>3. Hiring of MV that can carry goods to a GTA</li> <li>4. Hiring of MV to a person providing transportation services to educational</li> </ol>	<ol style="list-style-type: none"> <li>1) Supplier should be other than body corporate; and</li> <li>2) Recipient should be body corporate; and</li> <li>3) Rate of GST should be 5%</li> </ol>	If any one condition is not satisfied

	Service	Exemptions	Conditions for RCM	Non applicability of RCM
		institution providing education upto 12 <sup>th</sup> standard or equivalent		
R	Renting of residential property	<ol style="list-style-type: none"> <li>1. Renting to unregistered person</li> <li>2. Renting to registered individual for family stay</li> </ol>	Recipient should be registered	N.A
C	Copyright services (i.e., Temporary transfer of IPR)			
	- Original literary	N.A	N.A	If author opts to pay GST under FCM (Lock-in period: 1 year from the date of exercising option)
	- Dramatic Works	N.A	N.A	N.A
	- Musical Works	N.A	N.A	N.A
	- Artistic Works	N.A	N.A	N.A
G	Goods Transport Agency Services	<ol style="list-style-type: none"> <li>1. Notified goods - Agricultural produce, food grains (incl. flours and pulses, milk and salt), Organic Manure, News papers and magazines, relief materials for natural or man-made disasters, defense and military equipment.</li> </ol>	N.A	If GTA opts to pay GST under FCM (Lock-in period: Financial Year) Option to be exercised between

	Service	Exemptions	Conditions for RCM	Non applicability of RCM
		2. Recipient is Individual, HUF or AJP, who are unregistered and not having a factory 3. Recipient is registered only to deduct TDS under Sec. 51		1 <sup>st</sup> Jan to 31 <sup>st</sup> March of preceding FY <sup>A</sup>
G	Government Services to business entities incl. services of parliament (or) state legislature (or) Court (or) Tribunal  Note: In case of court (or) tribunal, it is services other than legal fees i.e., renting etc.,  Note: Cost petroleum is recovery of expenses by lease holder, which is also exempted.	<u>Specific Exemptions:</u> 1. Right to Information (RTI) Act charges 2. Inter departmental services 3. Right to use telecom spectrum allocated before 1/4/16 (Both one-time charges and annual royalty) 4. Right to use natural resources allocated before 1/4/16 (Only one-time charges) 5. Right to use natural resources to individual farmer (Assigned any time) – Both one-time charges and annual royalty 6. Merchant Overtime Charges under Customs 7. Safety certificate charges 8. Consideration for tolerating an act 9. Share of <u>profit petroleum</u> [Revenue from operations (-) Cost petroleum (-) Royalty] for assigning right to extract petroleum crude or natural gas (Govt. receives share in profit on extraction in addition to royalty) 10. Registration charges under any law	Not applicable	1. In case of renting of immovable property to an unregistered business entity 2. In case of supply of goods or services by Indian Railways <sup>A</sup> 3. Department of Post 4. Transportation of goods or passengers 5. Airport or Port services

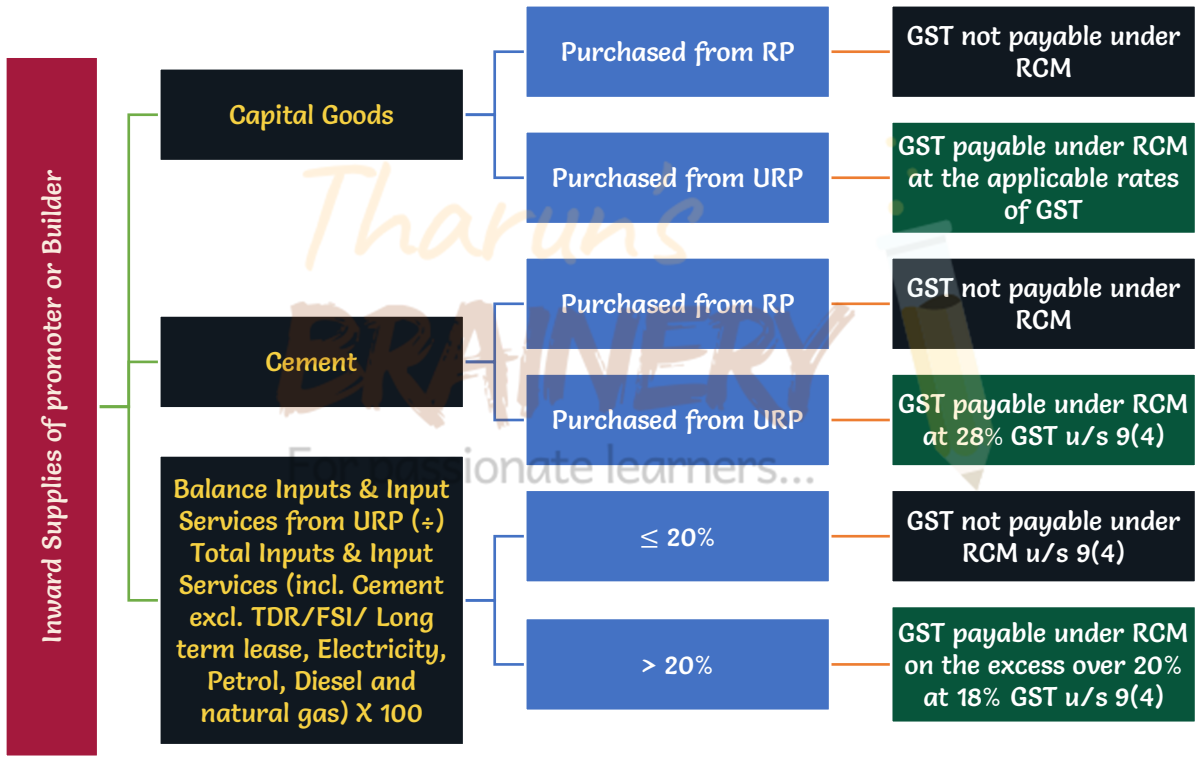
	Service	Exemptions	Conditions for RCM	Non applicability of RCM
		11. Fee for birth/death certificate, Driving license, Visa (or) Passport 12. Guarantee commission for guaranteeing loans taken by PSU's 13. Excess Royalty Collection contractor to the extent of variable royalty 14. Fee for granting national permit to goods carriage to operate throughout India/Contiguous states <u>General Exemptions:</u> 1. To a business entity whose ATO during PY does not exceed threshold limit (Not applicable for renting of immovable property) (or) 2. Value of supply $\leq$ ₹5,000 per invoice (In case of continuous supply of services, $\leq$ ₹5,000 for a Financial Year)		
O	Overseeing Committee services to RBI	N.A	N.A	N.A
T	Transferable development rights (TDR)/ Floor Space Index (FSI)/ Long term lease of land by	Proportionate exemption to residential units booked before completion certificate or first occupation, whichever is earlier.	N.A	N.A

	Service	Exemptions	Conditions for RCM	Non applicability of RCM
	land owner to builder/promoter			
S	Sponsorship services	Sponsorship of a recognized sporting event	Recipient should be body corporate or firm	Recipient is other than body corporate or firm
A	Agents Services			
	Insurance agent to insurance company	Services of business facilitator or business correspondent in rural area	N.A	N.A
	Recovery agent to Bank/NBFC	N.A	N.A	N.A
	Direct selling agent to Bank/NBFC	N.A	Supplier should be other than body corporate (or) Firm	If supplier is body corporate (or) Firm
	Business facilitator to banking company	Services by business facilitator in rural area	N.A	N.A
	Agent of business correspondent to business correspondent	Services by agent of business correspondent in rural area	N.A	N.A
L	Legal services i.e., Advocate services by individual advocate or firm	1. Services to a person other than business entity 2. Services to CG/SG/LA/Govt authority/Govt entity	N.A	N.A



	Service	Exemptions	Conditions for RCM	Non applicability of RCM
	of advocates to business entity	<p>3. Services to another individual advocate or firm of advocates (Not applicable in case of services by senior advocate)</p> <p>4. Services to a business entity whose ATO during PY <math>\leq</math> threshold limit</p>		
A	Arbitrator Services to a business entity	<p>1. Services to a person other than business entity</p> <p>2. Services to CG/SG/LA/Govt authority/Govt entity</p> <p>3. Services to a business entity whose ATO during PY <math>\leq</math> threshold limit</p>	N.A	N.A
D	Directors Services to a company or body corporate	If director is employee of a company or body corporate, where the TDS is deducted u/s 192 of IT Act, 1961, then it is not a supply. However, if TDS is deducted u/s 194J, it constitutes supply.	Not Applicable	Director providing services in personal or private capacity
S	Security Agency Services to a registered person	N.A	<p>1) Supplier should be other than body corporate, and</p> <p>2) Recipient should be registered but not opting for composition scheme or not registered only to deduct TDS</p>	If any condition not satisfied

SEC. 9(4) – PURCHASES FROM AN UNREGISTERED PERSON



**SEC. 9(5) – LIABILITY TO PAY GST ON E- COMMERCE OPERATOR (ECO) IN CASE OF NOTIFIED SERVICES:**

	Notified Service	Supplier	Non applicability of Sec.9(5) i.e., Supplier shall pay GST
H	Housekeeping Service (Eg: Urban Clap, Quikr Services)	URP	If the supplier is registered
A	Accommodation Service (Eg: Goibibo, Make my Trip)	URP	If the supplier is registered
T	Transportation of passengers by any type of motor vehicle (Eg: OLA, UBER, REDBUS, RAPIDO), other than OMNI BUS (Capacity > 6 passengers) by a company. <b>A</b>	RP/URP	If transportation is through OMNIBUS by a company
E	Eating food from restaurant (Eg: Swiggy, Zomato) <b>Note: Supply of food by a restaurant in a hotel having declared tariff of &gt; ₹7,500 per unit per day or equivalent, not covered under Sec. 9(5)</b>	RP/URP	If the restaurant is in the specified premises i.e., in a hotel having declared tariff > ₹7,500 per day

**IMPORTANT POINTS:**

1. When ECO is liable to pay GST on above services, they are not required to deduct TCS [Tax Collected at Source under Sec. 52].

Note: Sec.9(5) & Sec. 52 are mutually exclusive

2. Only in case of notified services [Sec. 9(5)], ECO is liable to pay GST. In other cases, Supplier shall pay GST, & ECO shall pay GST on commission.
3. Every ECO who is liable to pay GST (or) who is liable to deduct TCS is compulsorily required to get registered.
4. Also, every supplier of goods (Taxable/Exempted) through ECO is compulsorily required to get registered under GST irrespective of their ATO. However, if such supplier is making only Intra-State supply of goods then they should register as and when ATO > Threshold Limit for registration.
5. Supplier of notified services [Sec. 9(5)] (Or) Supplier of other than notified services [Sec. 9(5)] through ECO is required to get registered only when their ATO > Threshold Limit for Registration.

# SEGMENT - 4

## EXEMPTIONS IN GST

### I. AGRICULTURE RELATED SERVICES:

1. Any service in relation to agriculture or agricultural produce is **EXEMPTED**  
“**AGRICULTURE**” means cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.  
“**AGRICULTURAL PRODUCE**” means any produce out of agriculture, on which either no further 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 **Note: Paddy is an agricultural produce but rice is not an agricultural produce.**
2. In case of rice, only loading, unloading, packing, storage or warehousing is **EXEMPTED**.
3. Artificial insemination of livestock is **EXEMPTED**
4. Services by way of storage/warehousing of cereals, pulses
5. Warehousing of minor forest produce is **EXEMPTED**

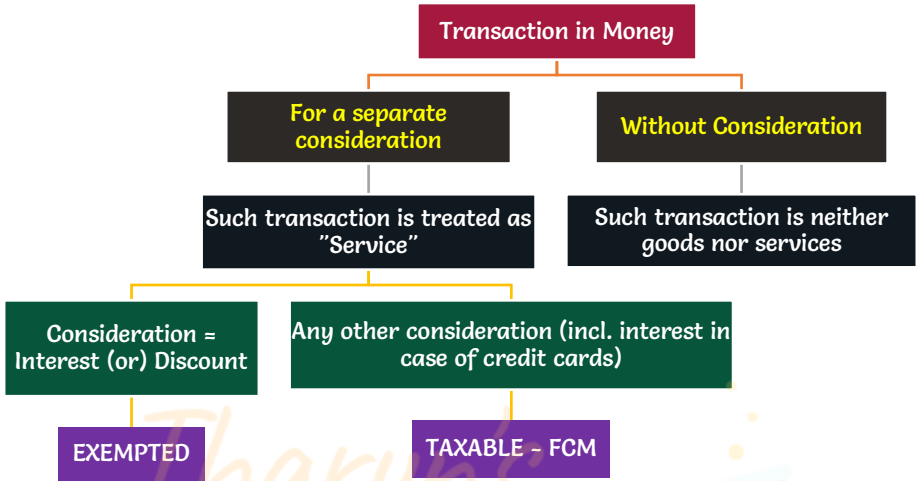
**Note:** – Warehousing of fruits, Vegetables & other agricultural produce is covered in point 1 above.

### II. INSURANCE SERVICES – FOLLOWING ARE EXEMPTED:

- (a) Services of life insurance business provided by way of annuity under National Pension System (NPS)
- (b) Group life insurance service by Army, Navy, Airforce, coast guard & **Central Armed Forces**
- (c) Services of general insurance business provided under government schemes (Targeted to – Agriculture and farmers; BPL (Below Poverty Line); Women [Niramaya Health insurance is also exempted])
- (d) Life Insurance under various government scheme (Scheme ends with words Yojana) and Micro life insurance having maximum sum assured as ₹2,00,000
- (e) Insurance services provided to government
- (f) Reinsurance of any exempted insurance service is also exempted
- (g) Services provided by Business Facilitator/Business Correspondent to insurance company in rural area.

III. BANKING AND OTHER FINANCIAL SERVICES:

1.



2. Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY)

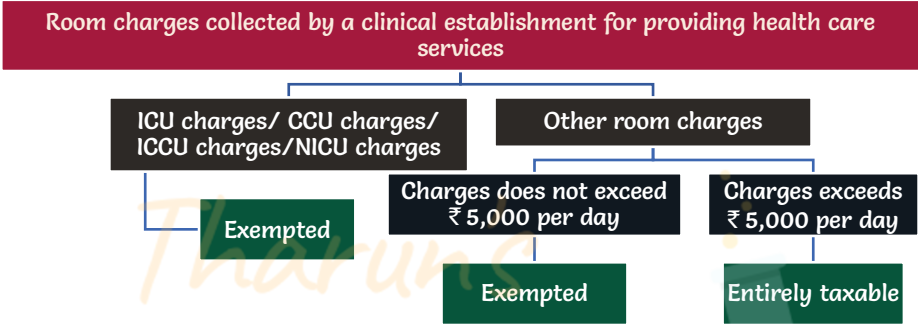
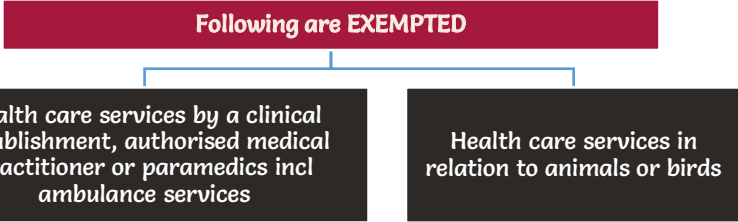
3. FOREX Transactions (incl. Money changing)

Supplier	Recipient	GST
Bank	Bank	EXEMPTED
Forex dealer	Forex dealer	EXEMPTED
Bank	Forex dealer	EXEMPTED
Forex dealer	Bank	EXEMPTED
Bank (or) Forex dealer	Customer	TAXABLE - FCM

4. Services by an acquiring bank, to any person in relation to settlement of an amount upto ₹2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card service **i.e., GST on processing charges for a transaction upto ₹ 2000 is exempted.**

5. Services by an intermediary\* of financial services located in a multi services SEZ with IFSC status to a customer located outside India for international financial services in currencies other than INR **\*Such intermediary can receive consideration in INR or Foreign Currency for their services. Their services shall not fall under export of services as POS is location of supplier u/s 13 of IGST Act.**

**IV. HEALTH CARE SERVICES:**



**HEALTH CARE:** Pre-treatment (Diagnosis); Treatment; Post-treatment (Care) for any disease, illness, injury, pregnancy in any recognized system of medicine incl. transportation in ambulance but does not include cosmetic, plastic surgery and hair transplantation, other than for restoring body parts affected due to congenital defects, developmental abnormalities, injury or trauma

**CLINICAL ESTABLISHMENT:** Hospitals, Nursing home, clinic or any other place where health care service is provided

**AUTHORISED MEDICAL PRACTITIONER:** Having a minimum MBBS degree and registered with Indian Medical Council

**PARAMEDICS:** Nurse, Lab technician, Physio therapist

Renting of rooms to inpatients in hospital and food supplied to inpatients, is part of health care service and is exempted – **CBIC Circular**

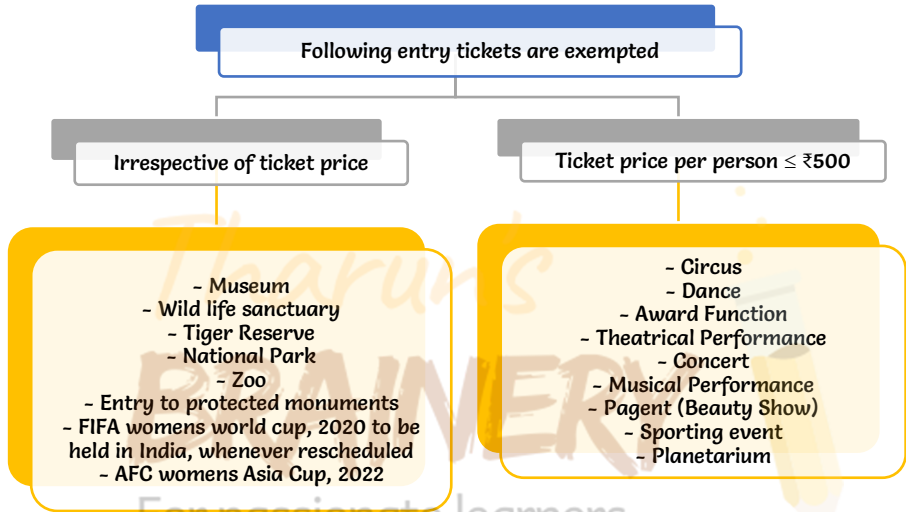
Services provided by consulting doctors to hospitals is also exempted – **CBIC Circular**

Services provided by way of Assisted Reproductive Technology (ART)/In Vitro Fertilization (IVF) to treat infertility is covered under health care services and is its exempted – **CBIC Circular**

- **Services provided by rehabilitation professionals** recognized under the Rehabilitation Council of India Act, 1992 by way of rehabilitation, therapy or counselling at medical establishments, educational institutions, rehabilitation centres established by Central/State Government/ Union Territory or an entity registered under section 12AA (or) 12AB of the Income Tax Act, 1961.

**Note:** Services provided by rehabilitation professionals in private rehabilitation center is taxable.

**V. ENTRY TICKETS:**

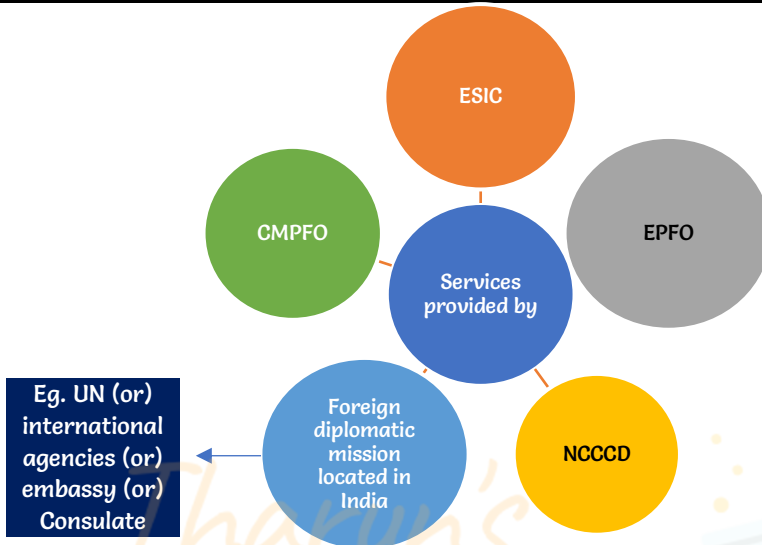


**VI. PENSION SERVICES:**

Contribution under **Atal Pension Yojana** or any state government operated pension fund is **EXEMPTED**

*Notes*

**VII. SERVICES BY SPECIFIED ORGANIZATIONS:**



**ESIC – Employees State Insurance Corporation**

**EPFO – Employees Provident Fund Organization**

**NCCCD – National Centre for Cold Chain Development**

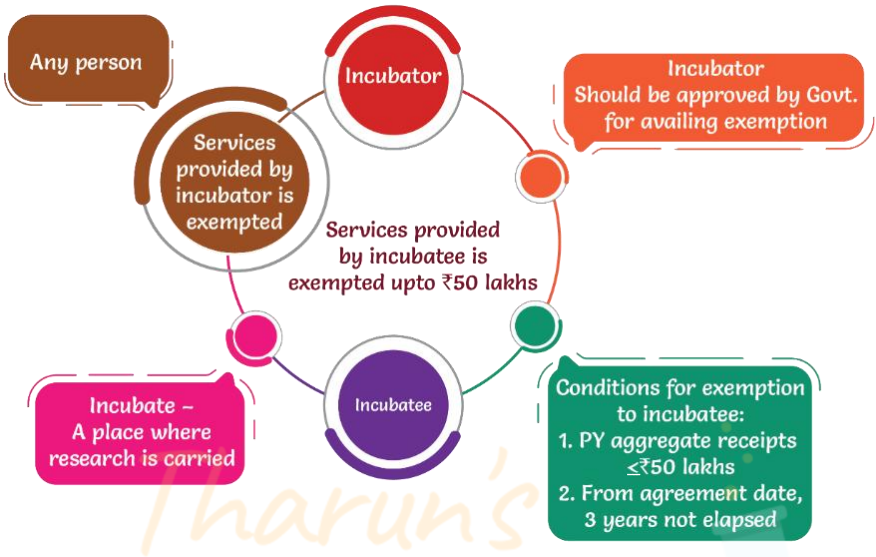
**CMPFO – Coal Mines Provident Fund Organization**

**VIII. CHARITABLE AND RELIGIOUS SERVICES:**

1. Services by an entity registered under sec. 12AA (or) 12AB of Income Tax Act 1961 by way of specified charitable activities – 1) Public health; 2) Advancement of religion; spirituality; yoga; 3) educational programs to orphans, physically or mentally traumatized persons, prisoners and persons over 65 years residing in rural area; 4) environmental preservation.
2. Services by an old age home run by CG/SG/Charitable trusts under Sec. 12AA (or) 12AB – to its residents (aged 60 years or more); against consideration upto ₹25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance
3. Services by any person by way of conduct of religious ceremony (Eg: purohit)
4. Services by specified organizations for religious pilgrimage – Kailash mansarovar, Haj



**IX. INCUBATOR & INCUBATEE SERVICES:**

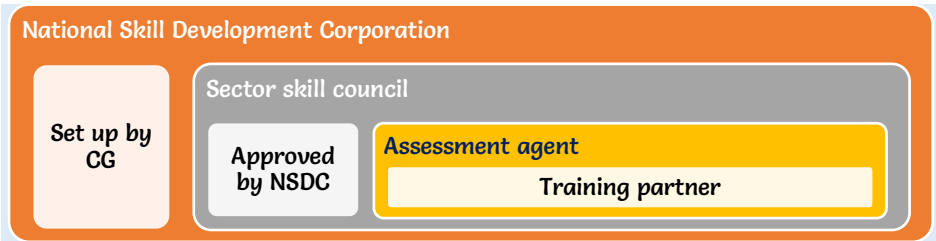


**ILLUSTRATION**

A Ltd.	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year
Gross Receipts of incubatee	₹60 lakhs	₹40 lakhs	₹70 lakhs
(-) Exemption	(₹50 lakhs)	(0)	(₹50 lakhs)
		PY > ₹50 lakhs	PY ≤ ₹50 lakhs
Taxable Value	₹10 lakhs	₹40 lakhs	₹20 lakhs

**X. EDUCATION SERVICES - EXEMPTED:**

- Services provided by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee. "Central and State Educational Boards" are treated as Educational Institution for the limited purpose of providing services by way of conduct of examination to the students. Therefore, National Board of Examination (NBE) or National Testing Agency is an 'Educational Institution' in so far as it provides services by way of conduct of entrance examination, to the students is EXEMPTED.
- Amount paid to training providers under Deen Dayal Upadhyaya Grameena Kousalya Yojana for providing training in relation to vocational education courses certified by the National Council for Vocational Training (NCVT)
- Any service provided by,



In relation to Any notified programme, course or scheme by the above.

**4. Services provided by an educational institution to Student, Faculty & Staff**



**CBIC Circular:** Application fee for entrance (or) fee charged for issuing eligibility certificate (or) fee collected for issuing migration certificate to the ex-students is exempted.

**5. Services provided to educational institution**

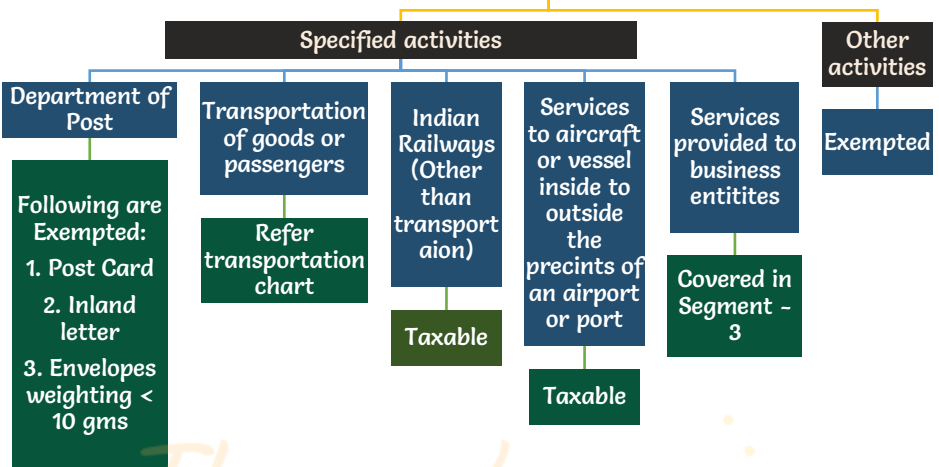
Service	Exempted to
Transportation of students, faculty and staff	Category 1
Catering	Category 1
Security (within premises)	Category 1
Housekeeping (within premises)	Category 1
Admission to or Conduct of examination	All 3 categories
Online periodicals and journals	Category 2

**CBIC Circular:** Exemption of GST is provided to Services supplied to an educational institution including anganwadi (which provide pre-school education also), by way of serving of food including mid- day meals under any midday meals scheme, sponsored by Government irrespective of the funding of such supplies from government grants or corporate donations

**6. Services by assessment bodies under Skill development Initiative scheme**



XI. Services provided by Govt - CG/SG/UT/LA



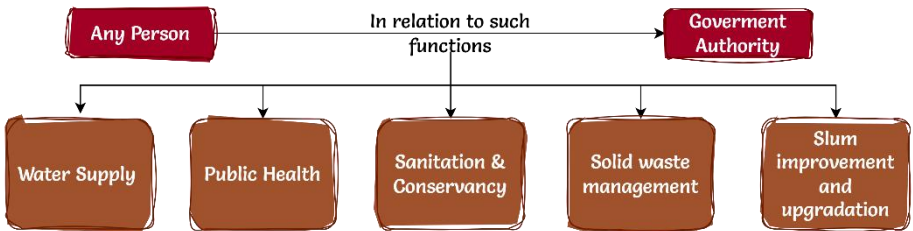
**SERVICES PROVIDED TO GOVERNMENT:**

1. Services provided by any person to Government (CG/SG/UT/LA)/Govt. Authority/Govt. Entity<sup>5</sup>, W.r.to functions entrusted under Article 243G or 243W of the constitution – Pure services are Exempted (or) Composite supply of goods or services, where value of goods ≤ 25% of total value is also exempted.

**Note:** Government includes Public Works Department. A

**CBIC Circular:** Composite supply of service by way of milling of wheat into wheat flour, along with fortification, by any person to a State Government for distribution of such wheat flour under Public Distribution System is not eligible for exemption, as value of goods involved is > 25%

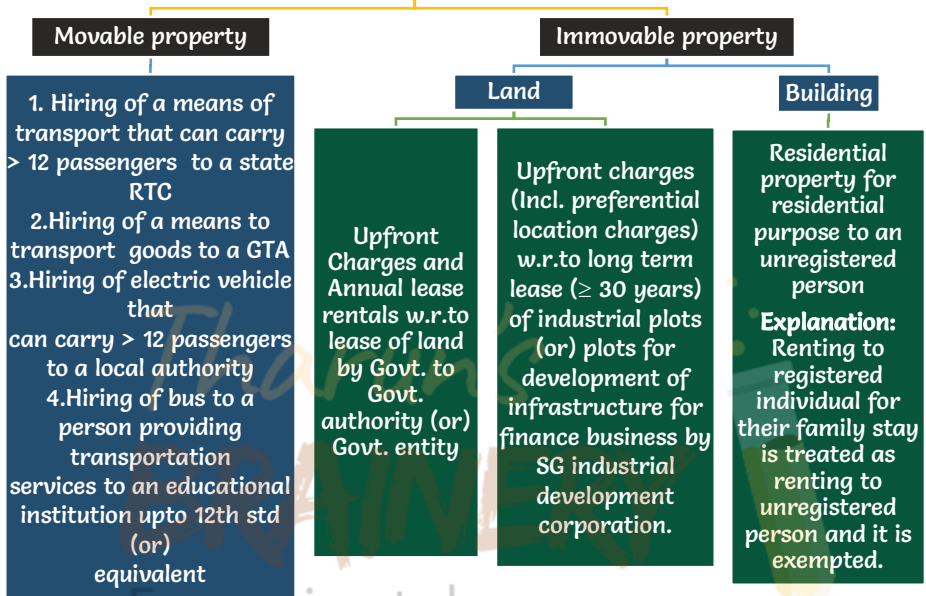
2. A



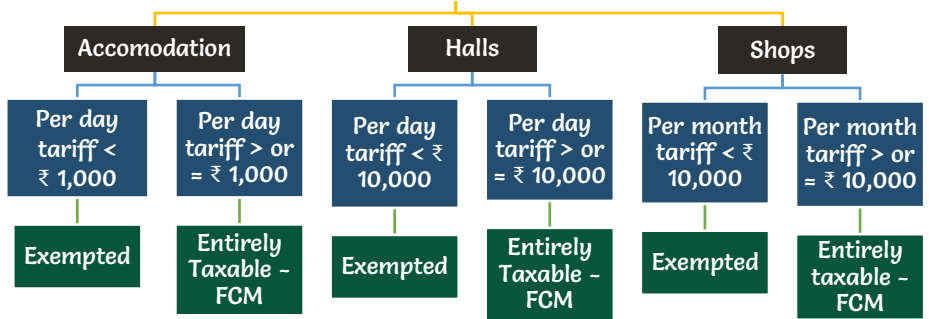
<sup>5</sup>W.e.f 1/1/22, exemption not available, if such services are provided to Government authority (or) Government entity (i.e., exemption available only if the services are provided to Government)

- 3. Any training program for which  $\geq 75\%$  of total expenditure is borne by CG/SG/UT
- 4. Services provided by any institutions/ NGOs under the central scheme of "Scholarships for students with Disabilities" where total expenditure is borne by the Government.

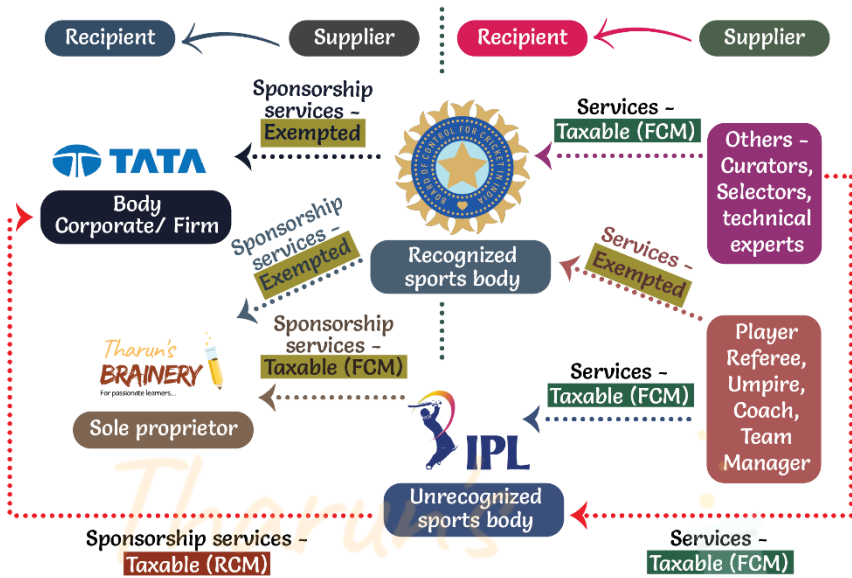
**XII. Renting [Incl. leasing, licensing etc.,] - following are exempted**



**XIII. Renting of the precincts of religious place meant for general public registered as a trust under income tax**



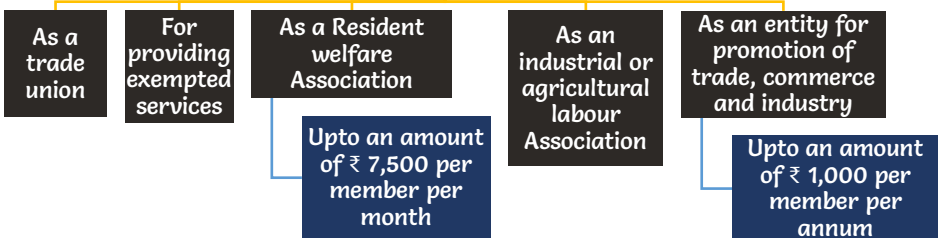
**XIV. SPORTS SERVICES:**

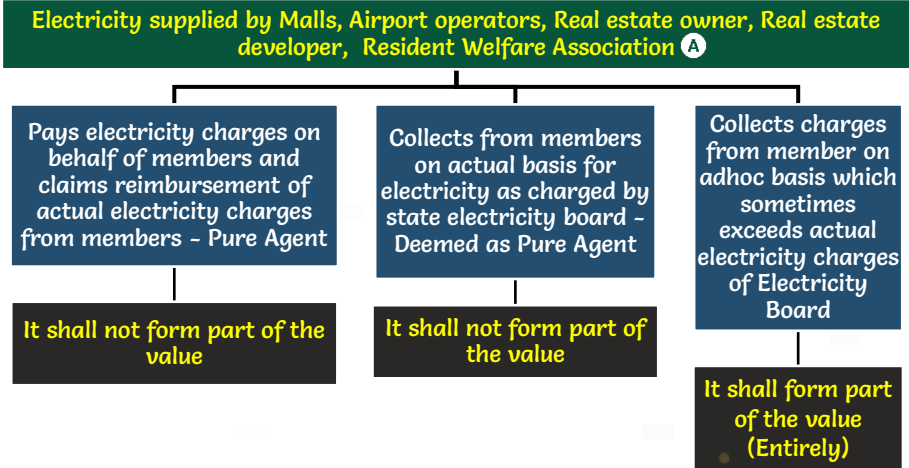


**Recognized Sports Body** = National Sports Federation, Inter-university sports board, Paralympic committee, Indian Olympic association, Central civil services cultural and sports board and Panchayat Sports board.

**Note:** Service provided by one recognized sports body to another recognized sports body is exempted.

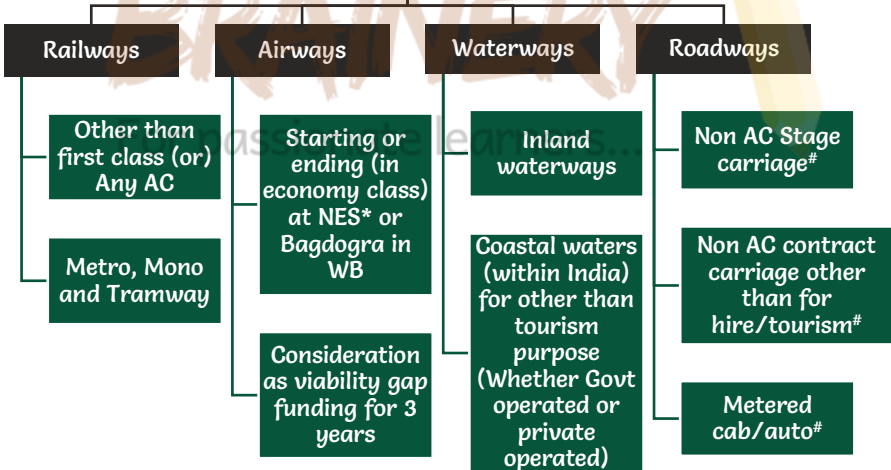
**XV. Services by an unincorporated body or non profit entity to its members - Following are EXEMPTED**





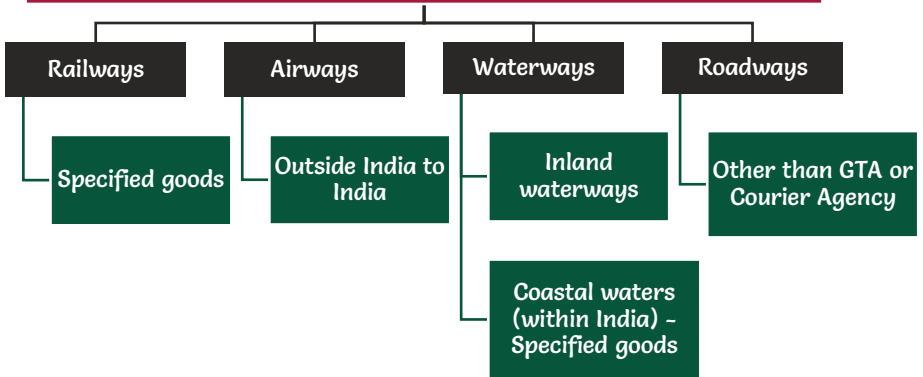
**Note:** In case of Resident Welfare Association (RWA) collects an amount exceeding ₹7,500 per month per member, then entire amount is TAXABLE

**XVI. Transportation of passengers - Following are EXEMPTED**



**#W.e.f 1/1/22, exemption not available if the services are provided through ECO**  
 \*North Eastern States (MMTN ASAM) – Manipur, Mizoram, Tripura, Nagaland, Assam, Sikkim, Arunachal Pradesh and Meghalaya.

**VII. Transportation of goods - Following are EXEMPTED**



**Note:** Transportation of goods by waterways from outside India to India is TAXABLE. Also, w.e.f 01/10/22, Transportation of goods by airways (or) waterways from India to outside India is TAXABLE.

**VIII. GTA SERVICES – FOLLOWING ARE EXEMPTED:**

1. Specified goods
2. Recipient is CG/SG/UT/LA registered only to deduct TDS u/s 51
3. Recipient is Individual/HUF/AJP, all are unregistered and not having factory

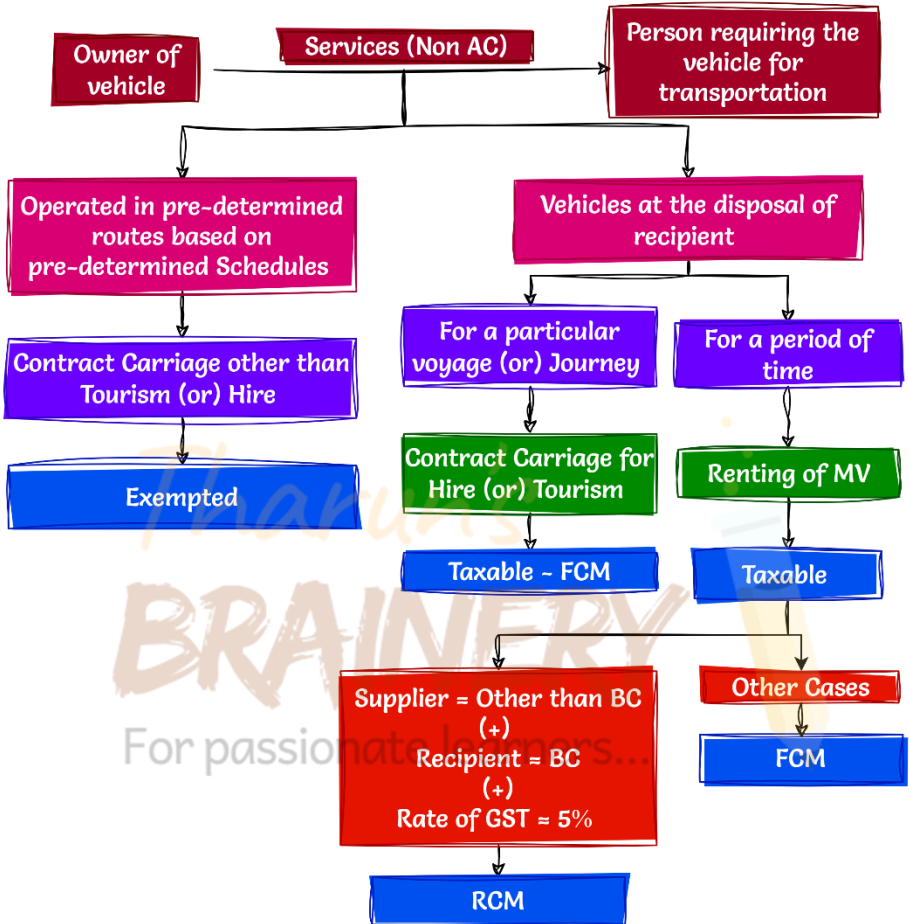
**Note:** GTA is a person engaged in Transportation of goods by road and issues consignment note by whatever name called.

**Specified goods** – 1) Agricultural produce; 2) Food grains (incl. pulses, Flours, milk and salt); 3) Organic Manure; 4) News-papers and magazines; 5) Defence or military equipment; 6) Relief materials for natural or manmade disasters

**Note:** In any other case for GTA, either FCM (GST @ 12%/GST@5% - without ITC) or RCM (GST @ 5%) they can select as an option during a Financial Year. **Such option should be selected between 1st Jan & 31st March of previous year & option once selected remains till the subsequent selection is made.** (A)

Notes

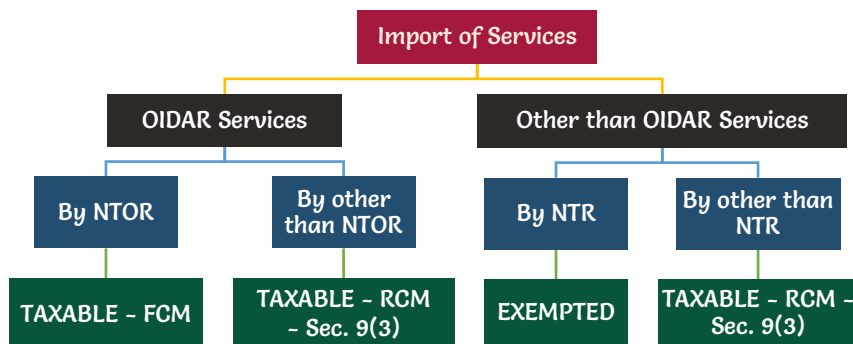
**CBIC Circular:**



*Notes*



**XIX. IMPORT OF SERVICES:**



- ⇒ **OIDAR = “Online Information and Database Access or Retrieval Services”** means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply impossible to ensure in the absence of information technology and includes electronic services such as,—
  - ⇒ advertising on the internet (Eg: Instagram, Youtube).
  - ⇒ providing cloud services (Eg: Quick Books, SAP HANA).
  - ⇒ provision of e-books, movie, music, software and other intangibles through telecommunication networks or internet (Eg: Kindle, Spotify).
  - ⇒ providing data or information, retrievable or otherwise, to any person in electronic form through a computer network (Eg: Udemy, Canva).
  - ⇒ online supplies of digital content (movies, television shows, music and the like) (Eg: Netflix, Amazon prime);
  - ⇒ digital data storage (Eg: iCloud, Google drive); and
  - ⇒ online gaming (Eg: Mine craft, GTA Vice city), excluding the online money gaming (Eg: 1xbet, Parimatch) as defined in clause (80B) of section 2 of the Central Goods and Services Tax Act, 2017;
- ⇒ **NTR = Non-Taxable Recipient – Individual (URP) importing services for personal purpose, Charitable trust under Sec. 12AA (or) 12AB of Income Tax Act, 1961 (RP/URP) importing services for charitable activities and Government (RP/URP) importing services for other than business or commerce.**
- ⇒ **NTOR = Any unregistered person receiving online information and database access, or retrieval services located in the taxable territory including registered person, who is registered only to deduct TDS under Sec. 51.**

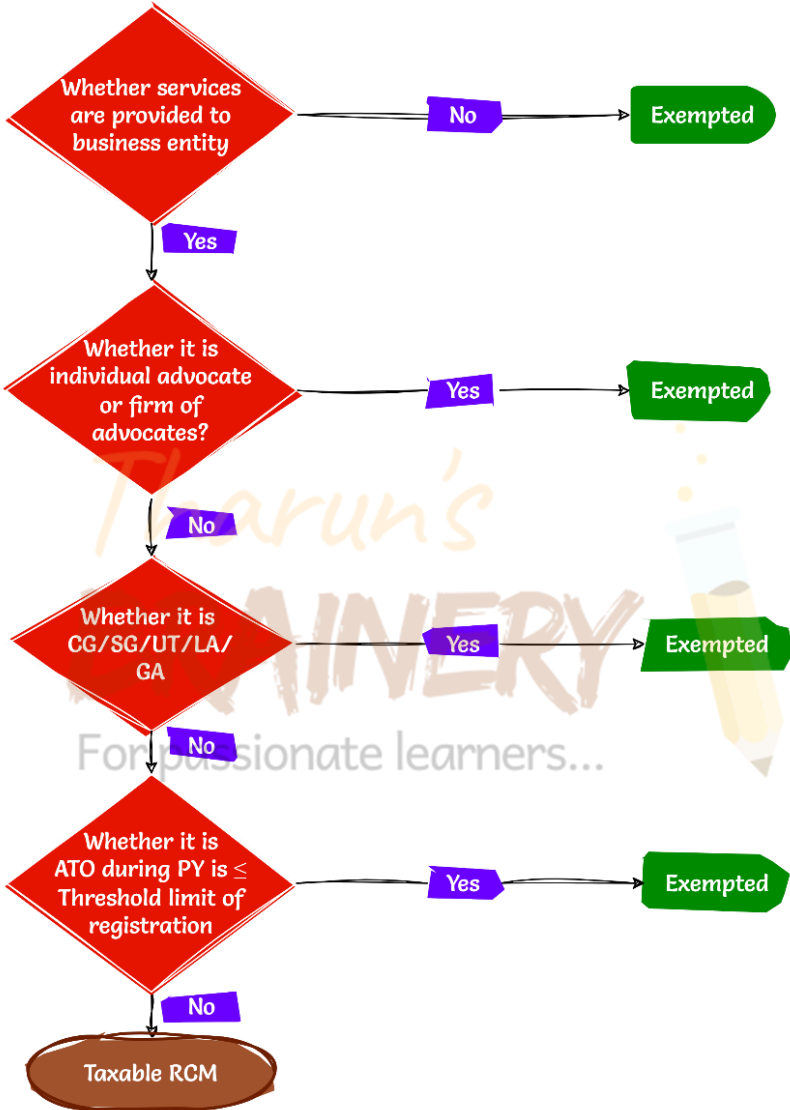
- ⇒ When GST is payable under RCM, threshold limit exemption of (20 lakhs/10 lakhs) is not applicable and the person liable to pay GST i.e., Recipient has to compulsorily get registered u/s 24.
- ⇒ Also, the supplier – OIDAR service provider located outside India and making supplies to NTOR in India, is compulsorily required to get registered u/s 24.
- ⇒ The IGST paid is available as Credit to the recipient of service, if such recipient is engaged in making any taxable supplies.

**XX. CONSTRUCTION SERVICES:**

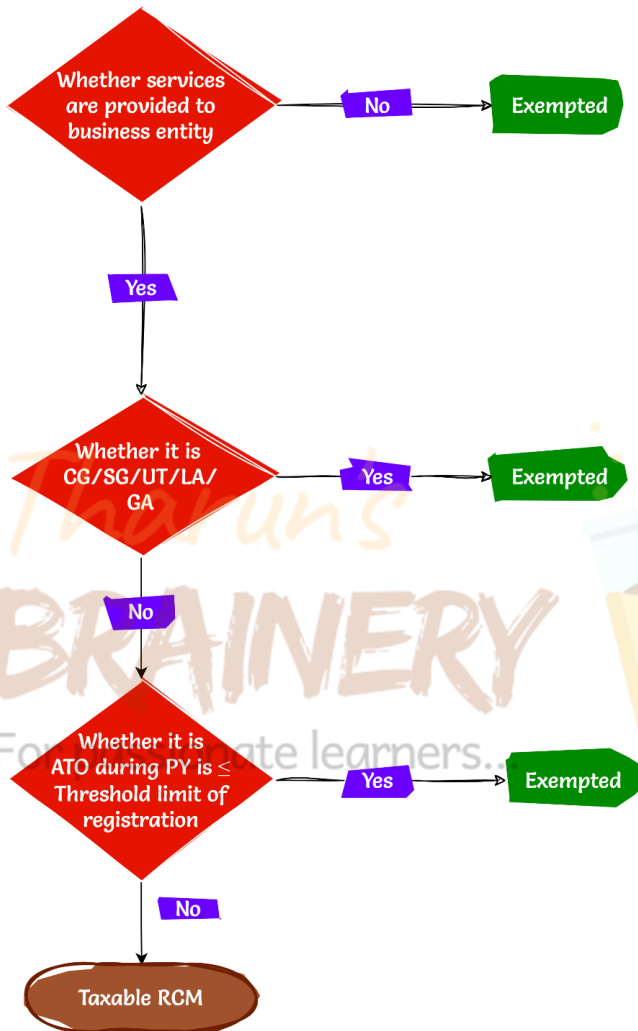
1. Construction of an individual house (irrespective of floor area or cost) not as a part of complex is EXEMPTED [Individual House – A house occupied only by one family] – Pure labour contract & not works contract
2. Construction, repair, alteration, renovation etc., of following projects is EXEMPTED – Pure labour contract & not works contract
  - Housing for all Mission
  - Pradhan Mantri Awas Yojana (PMAY)
3. 1/3rd of the Gross value of flat is exempted towards Land (or) Undivided Share of Land, when Gross value includes value of land.
4. **Transfer of Development Rights** – Floor Space Index (or) Transferable Development Rights by land owner to promoter/builder is EXEMPTED (+) Long term lease of land (30 years or more) by land owner to promoter/builder is EXEMPTED, **provided the land is used for construction of residential flats and such flats are booked before the completion certificate.**

**Exemption w.r.to inward supply of FSI/TDR/Long term lease** (in such case liability to pay GST is on promoter/builder under RCM) = **Value of inward supply X 18% X (Floor area of residential flats booked before completion certificate or first occupation, whichever is earlier) ÷ (Total Floor area of all the flats in the project)**

XXI. Individual advocate (other than Senior Advocate) or Firm of Advocates:



XXII. Senior Advocate (or) Arbitrator Services:



**Note:**

- Services provided by Senior advocate to Individual advocate or firm of advocates is not exempted. In such case, the ultimate litigant/applicant/petitioner shall be deemed to be recipient.
- An advocate (Individual or Firm) and an arbitrator is not required to get registered as they are exclusively engaged in supplies covered under RCM [Sec. 23 overrides Sec. 24]

**XXIII. EXEMPTIONS UNDER IGST ACT:**

1. **Both Supplier of service and Recipient of service located outside India – The said service is exempted.**
2. **Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India** [Tour operator services is intermediary services and the place of supply is the location of supplier. Therefore, it cannot be regarded as export of services]
3. **Services provided by a tour operator to a foreign tourist in relation to a tour conducted partly in India and partly outside India; exemption is w.r.to that part conducted outside India computed as follows:**
  - = a) Total consideration  $\times \frac{\text{No of days outside India}}{\text{Total number of days}}$  (or)
  - b) Total Consideration  $\times 50\%$ , whichever is lower [Time spent in a day  $\geq 12$  Hrs, considered as full day and Time spent in a day  $< 12$  hrs, considered as half day]
4. **Services provided by an intermediary when location of both supplier and recipient of goods is outside the taxable territory** [Agent in India connecting supplier and recipient of goods outside India for a commission, is exempted]

**XXIV. MISCELLANEOUS EXEMPTED SERVICES:**

1. Transfer of a going concern, as a whole or an independent part thereof
2. Supply of services associated with transit cargo to Nepal and Bhutan (Both to and from covered in exemption as per CBIC Circular, if the cargo container returns empty).
3. Services by way of collecting or providing news by an independent journalist, press trust of India or United news of India
4. Services of public libraries by way of lending books, publications or any other knowledge enhancing content or material.
5. Services by an organizer to any person in respect of business exhibition held outside India
6. Services by way of public conveniences such as provision of facilities of bathroom, washroom, lavatories, urinal or toilet.
7. Service by way of access to a road or a bridge on payment of toll charges (Other than payment by way of annuity).

**Note:** Overloading charges at toll plazas is also exempted. Higher toll charges for not having functional fastag is also exempted.

8. Services by a performance artist in Folk or classical art forms of music or dance or theatre, where amount charged is upto ₹1,50,000 for a performance excluding services provided by such artist as a brand ambassador.
9. Services by way of training or coaching in recreational activities relating to arts or culture [by an individual] or sports [by a charitable trust]
10. Satellite Launch services supplied by any person

Notes

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BRAINERY

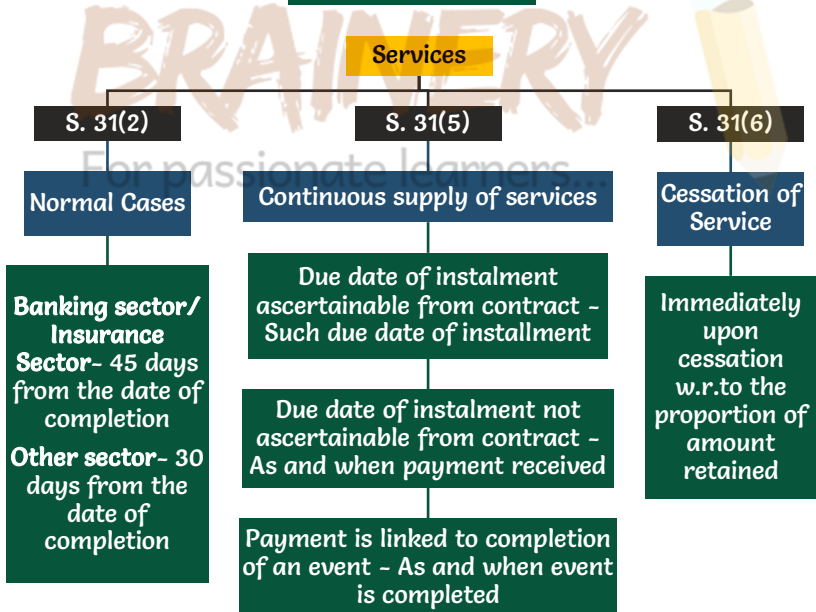
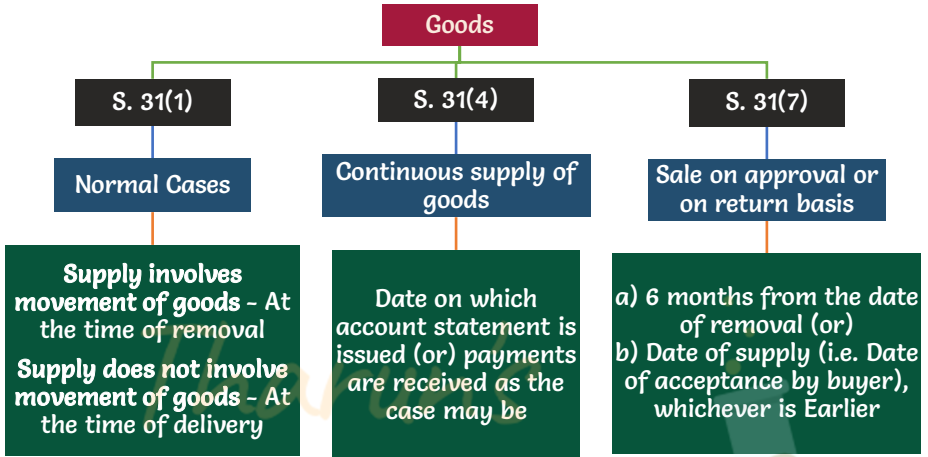
For passionate learners...



# SEGMENT - S

## TIME OF SUPPLY (TOS)

Due date of invoice [Sec. 31]



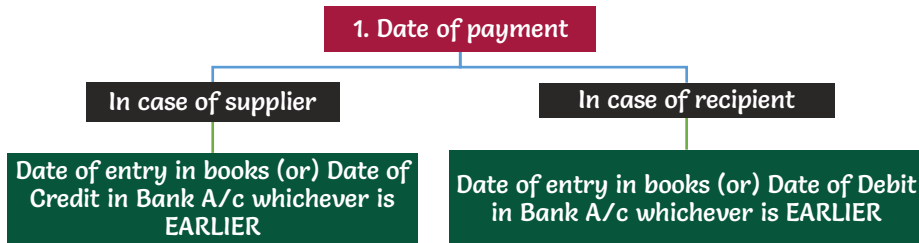
**Continuous supply of services** = A service which takes more than 3 months to complete and involves periodical payment obligations.

**TOS IN CASE OF GOODS & SERVICES:**

GOODS		SERVICES	
Section	TOS	TOS	Section
12(1)	Liability to pay GST is determined on the basis of TOS		13(1)
12(2)	<p><b>TOS in case of FCM</b>                      In case of a person opting for <u>Composition Scheme and specified Actionable Claims</u>, TOS is ADOI (or) DDOI (or) DOP, whichever is EARLIER                      Note: GST payable on advances in case of goods covered under FCM</p> <p><b>Other Cases</b>                      ADOI (or) DDOI, whichever is EARLIER                      Note: GST not payable on advances in case of goods covered under FCM</p>	<p><b>TOS in case of FCM</b>                      ADOI within DDOI, then ADOI (or) DOP, whichever is EARLIER                      ADOI not within DDOI, then DOC (or) DOP, whichever is EARLIER                      Note: GST payable on advances in case of services covered under FCM</p>	13(2)
12(3)	<p><b>TOS in case of RCM</b>                      a) Date on which goods are received                      b) Date of which payment is made to supplier                      c) 31<sup>st</sup> day from the DOI                      Note: GST payable on advances in case of goods covered under RCM</p>	<p><b>TOS in case of RCM</b>                      a) Date of which payment is made to supplier                      b) 61<sup>st</sup> day from the DOI                      Note: GST payable on advances in case of services covered under RCM</p>	13(3)
12(4)	<p><b>In case of Vouchers</b>                      Identifiable Voucher → At the time of issuance of voucher                      Non-Identifiable Voucher → At the time of redemption of voucher</p>		13(4)
12(5)	<p><b>In case TOS is not ascertainable as per any sub section</b>                      [Applicable in case of evasion of GST by a taxable person]                      Periodical return has been filed → Due date of filing such return                      Periodical return not filed → Date of payment of GST</p>		13(5)
12(6)	<p><b>In case of addition to value in the form of interest, late fee etc., for delay in payment of consideration</b>                      As and when such additional consideration is received. (GST payable on RECEIPT basis)</p>		13(6)



## ADDITIONAL POINTS:



2. In case of **goods** covered under FCM, **on advances GST is not payable** and GST is payable only upon invoice, as the TOS is Due Date of Invoice (or) Actual Date of Invoice, whichever is EARLIER. But in case of **services** under FCM, **GST is payable on advances**.
3. Upto ₹1,000 received in excess of the invoice, in case of services covered under FCM, TOS can be (i) Date of Invoice (or) (ii) determined as per Sec. 13(2) – **Supplier has option to choose**
4. In case of supply of services between **associated enterprises** [Sec. 92A of Income Tax Act], where supplier is outside India and recipient is in India, TOS shall be date of entry in the books of recipient or date of payment to supplier, whichever is EARLIER
5. **When goods are taken outside India for exhibition, it is not a supply. But when the same is not brought back within 6 months it is deemed to be supply in terms of Sec. 31(7)**

**Issue:** What is the TOS in case of construction of Hybrid Annuity Model (HAM) projects to NHAI? **A**

**Clarification:** - or passionate learners...

- HAM Contract is a single contract where the supplier is responsible for both construction of highway and its operations & Maintenance over a period.
- It is a continuous supply of services and due date is determined as per Sec. 31(5) and TOS as per Sec. 13(2).
- Installments payable by NHAI include interest component, M25 which is part of value as per Sec. 15(2)(d).

# SEGMENT - 6

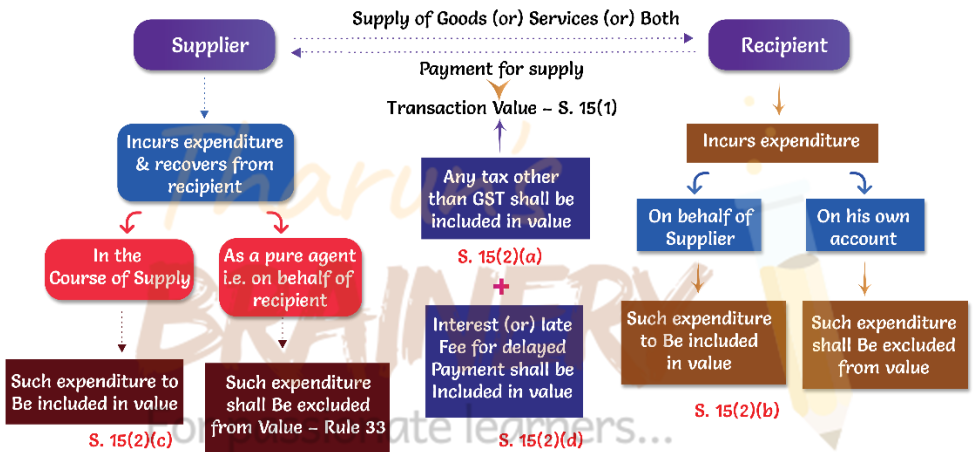
## VALUE OF SUPPLY

### MEANING – SEC. 15(1)

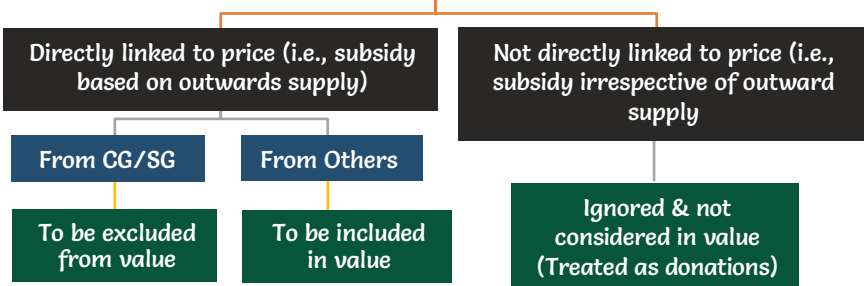
Assessable Value = Transaction Value determined in terms of Sec. 15, if the following conditions are satisfied

1. Price must be the sole consideration for sale
2. Supplier and Recipient are not related

### INCLUSIONS – SEC. 15(2)



### Subsidy received by supplier - Sec. 15(2)(e)



Note: If question is silent, consider the given price as after reducing the subsidy amount given in question. i.e., Original price – Subsidy = Given Price

**EXCLUSIONS FROM VALUE OF SUPPLY – SEC. 15(3) OF CGST ACT, 2017:**

Discount given	Example	Treatment
Before or at the time of supply	Trade Discount	Allowed as deduction
After supply but terms are agreed before supply	Cash Discount	Allowed as deduction - Credit note shall be issued - Recipient should reverse proportionate ITC
After supply and terms are not agreed before supply	End of season sale discount	Not allowed as deduction [GST payable on value before discount]

**Issue: Whether GST is applicable on an additional / penal interest on the overdue loan?**

**Clarification:** There are two transaction options involving EMI that are prevalent in the trade. In view of the provisions of law discussed above, these two options, along with the GST applicability are as follows-

Option (i) Hire purchase transaction	Option (ii) Hire purchase financing
Supplier collects the consideration in instalments, where such instalment covers price of the goods plus interest towards time value of money This interest is included in value and even penal interest for delay in payment of instalment is also included in value	Supplier finances the product and collects principal and interest as EMI or instalments and interest involved in such financing transactions are exempted As interest is exempted, penal interest is also exempted

**Treatment of inclusions/exclusions in given price to arrive at Value:**

An Amount (As per Provision)	In the given price	Treatment
To be Included	Already Included	Ignore
To be Excluded	Already Excluded	Ignore
To be Included	Not Included	Add
To be Excluded	Not Excluded	Deduct

**Circular No: 186/18/2022 Dt: 27/12/2022**

**Issue:** Whether No claim bonus given by insurance company to insured can be claimed as deduction while computing Value of Supply?

**Clarification:** It shall be claimed as deduction from the value if the same is shown in invoice as per Sec. 15(3).

**Circular No: 190/02/2023 Dt: 13/01/2023**

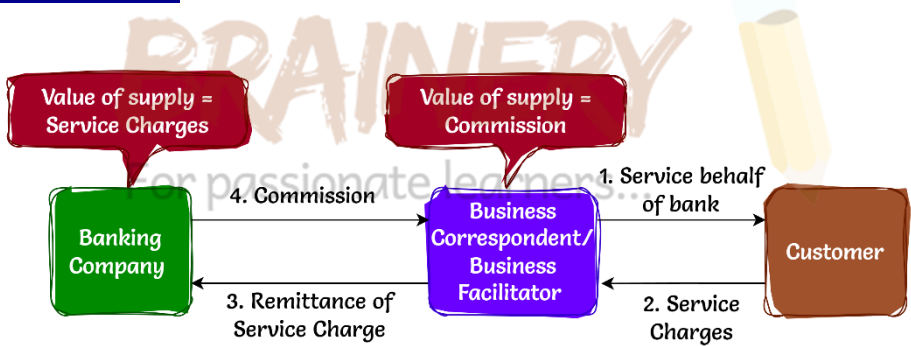
**Issue:** Whether incentive paid by ministry of electronics and information technology to acquiring bank under the incentive scheme of RUPAY debit card and low value BHIM – UPI transactions?

**Clarification:** It is considered in the nature of subsidy by central government

∴ Not included in the value.

**TCS Not to be included in Value:** U/s 15(2) of CGST Act any taxes, cess, duties shall be included in the value of supply but TCS is not includable in the value as it is interim levy but not having character of tax – Circular No. 76/50/2018

**Value to be adopted for computing GST on services of Business Facilitator (BF) or a Business Correspondent (BC) to Banking Company - Circular No. 86/05/2019 GST dated 01.01.2019.**



**Note:** In case of BC, GST payable under FCM on the commission and in case of BF, GST payable under RCM by Banking company on commission

# SEGMENT - 7

## INPUT TAX CREDIT (ITC)

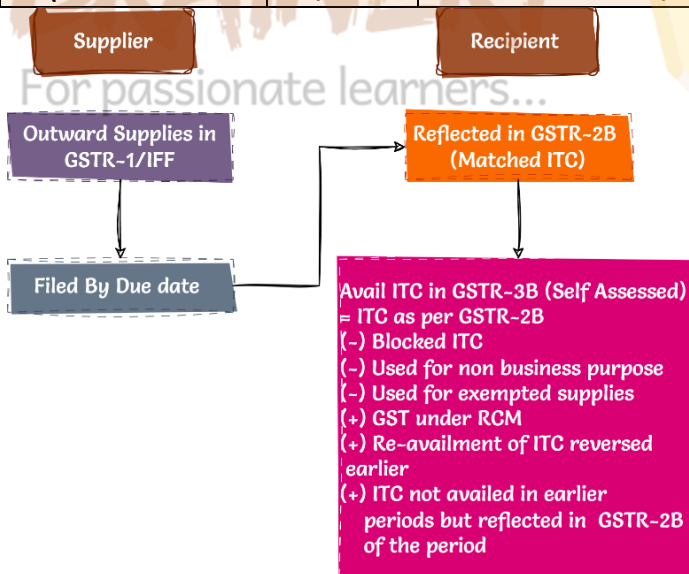
**GSTR – 1:** Details of outward supplies to be furnished by every registered person – Invoice wise.

**GSTR – 2A:** Based on GSTR – 1 (or) Invoice Furnishing Facility, furnished by every supplier, recipient can generate a statement of inward supplies in GSTR-2A auto populated from GSTR -1 filed by suppliers.

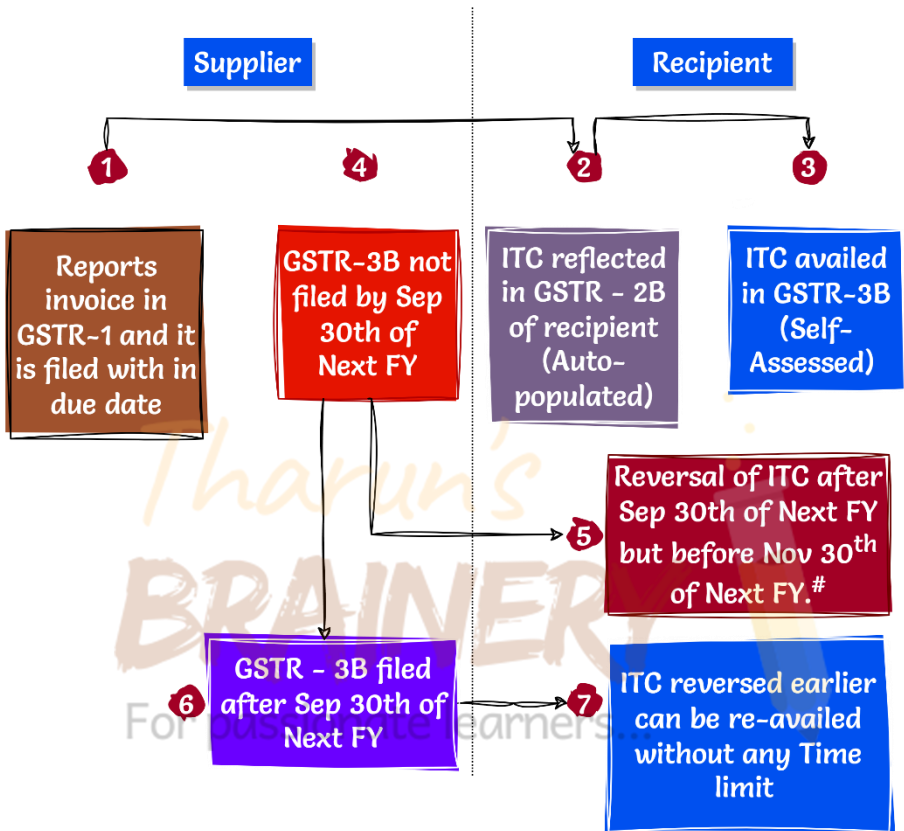
**GSTR – 2B:** GSTR-2B is a static month-wise auto-drafted statement for regular taxpayers introduced on the GST portal. It is like 2A but remains static.

**GSTR-3B:** Consolidated details of outward supplies, inward supplies, GST payable and GST paid shall be reported by every registered person

S.No	Particulars	GSTR-2A	GSTR-2B
1.	Type	Dynamic	Static
2.	TDS/TCS details	Reflected	Not reflected
3.	Details of invoices if GSTR-1 filed after due date	Reflected	Not reflected (However, it is reflected in subsequent month GSTR-2B)
4.	Purpose	Reference	For availment of ITC



**REVERSAL OF ITC IF SUPPLIER NOT FILED GSTR-3B (SEC 41 READ WITH RULE 37A)**



# If not reversed by Nov 30th of next FY, interest @ 18% shall be payable from the date of utilization till the actual date of reversal /payment.

**MANNER OF UTILIZATION OF CREDIT [SEC. 49(5) OF CGST ACT, 2017]:**

**Principle – 1:**

1. There is no restriction w.r.to IGST i.e., IGST Credit can be used for payment of any GST liability and any GST Credit can be used for payment of IGST liability
2. Amongst other taxes, respective credit can be used for payment of respective liability and Cross utilisation not allowed

Principle – 2:				
Priority	IGST Credit	CGST Credit	SGST Credit	UTGST Credit
1	IGST payable	CGST payable	SGST Payable	UTGST Payable
2	CGST Payable (or) SGST (or) UTGST payable – Rule 88A	IGST payable	IGST Payable	IGST Payable

**Principle – 3:**  
Before utilizing CGST and SGST Credit; Credit of IGST should be completely exhausted. Order of utilization of IGST credit, as specified in Principle 1

**Principle – 4:**  
For payment of IGST liability, Credits should be utilised in following order:  
1.IGST Credit  
2.CGST Credit  
3.SGST Credit (or) UTGST Credit

**Notes:**

1. IGST Credit after utilizing for payment of IGST liability can be used for payment of CGST & SGST/UTGST liability in any proportion (So, multiple answers possible in the exam). My view is that depending upon the CGST and SGST liability, it should be apportioned.
2. GST Compensation Cess can be availed as ITC and utilized only for payment of GST Compensation Cess on outward supplies.

**CONDITIONS FOR AVAILMENT OF ITC [SEC. 16]:**

1. Only registered person can avail ITC.
2. Inward supplies on which ITC to be availed should be used or intended to be used in the course or furtherance of business.
3. Recipient should be in possession of tax paid document – Tax invoice (or) Debit Note (or) ISD invoice (or) Bill of entry.
4. Recipient should have actually received goods or services.
5. Supplier should have furnished the details of invoices in GSTR – 1
6. **Supplier should have paid tax w.r.to such supply within Sep 30th of Next FY (Rule 37A).**
7. Recipient should have filed the returns (i.e., GSTR – 3B).
8. GST paid on inward supply should be reflected in GSTR-2B under “ITC available” and should not be restricted. (As per Sec. 38, in few cases ITC shall be restricted in GSTR-2B)

**Input tax** means the Central Tax (CGST), State Tax (SGST) or Union Territory Tax (UTGST) charged on supply of goods or services or both made to a registered person. It also **includes** tax paid on reverse charge basis and IGST charged on import of goods. It **doesn't include tax** paid under composition levy.

**Contents of Invoice for Availing ITC:** If the invoice does not contain all the specified particulars but contains the following details, ITC can be availed by such person

1. **Description of goods or services,**
2. **Total value of supply of goods or services or both,**
3. **The amount of tax charged,**
4. **GSTIN of the supplier and recipient and**
5. **Place of supply** in case of inter-State supply.

### **INWARD SUPPLIES MEANS**

1. Capital Goods-Goods which are capitalized in the books
2. Inputs-Goods others than Capital Goods
3. Input Services- Any Services Received

### **DEEMED DELIVERY – EXPLANATION TO SEC. 16(2):**

When goods are delivered to any person (or) services are provided to any person, on the instructions of the recipient, the date on which such person has received goods (or) services, it is deemed that recipient has received the goods (or) services.

**Note:** In case of Bill to Ship to transactions, billing address can avail ITC

### **GOODS RECEIVED IN LOTS OR INSTALLMENTS –1ST PROVISO TO SEC. 16(2):**

ITC shall be availed only on receipt of last lot or instalment of goods.

### **REVERSAL OF ITC FOR NON-PAYMENT OF CONSIDERATION TO SUPPLIER – 2ND PROVISO TO SEC.16(2) READ WITH RULE 37:**

If recipient has not made payment (Value + Tax) to supplier within 180 days from the date of invoice, then so much of the ITC **proportionate to the amount not paid to the supplier** availed by recipient shall be reversed along with interest @ 18% p.a FROM the first date after the date of utilization of ITC TILL the date of reversal. (However, interest not payable, if availed ITC is not utilized).

**Note:** Above proviso **not applicable** to

- Supplies covered under RCM u/s 9(3)
- Supply without consideration u/s 7(1)(c)
- Payment to third party on behalf of supplier u/s 15(2)(b)

ITC can be re-availed as and when payment is made to supplier after 180 days, but interest paid cannot be availed as ITC (There is no time limit for re-avilment).



**ITC NOT AVAILABLE IN CASE OF DEPRECIATION COMPUTED ON GST [SEC. 16(3)]:**

If depreciation u/s 32 of IT Act, 1961 is computed on full invoice value including GST, then ITC cannot be availed.

**Eg:** Purchase of capital goods = ₹10,00,000 (GST on the same is ₹1,20,000). If depreciation is computed on ₹11,20,000 then ITC w.r.to ₹1,20,000 not available.

**TIME LIMIT FOR AVAILMENT OF ITC [SEC. 16(4)]:**

With respect to invoice of a FY, by 30<sup>th</sup> November of next FY (or) Date of filing Annual Return, whichever is EARLIER **[Note: Time limit not applicable in case of re-availment of ITC reversed earlier]**

In case of debit note, availment of ITC depends on the debit note date but not the date of invoice related to such debit note

In Case RCM, where recipient issues invoices to supplier, the date on which recipient issues invoice, is relevant for determining time limit for availing ITC **(A)**

**APPORTIONMENT OF CREDIT [SEC. 17(1), 17(2) AND 17(3)]:**

- ⊖ Inward supplies used exclusively in taxable outward supplies or business purpose → ITC available
- ⊖ Inward supplies used exclusively in exempted or non-business purpose → ITC not available
- ⊖ Inward supplies used for both taxable and exempted outward supplies → Proportionate ITC available
- ⊖ Inward supplies used for both business purpose and non-business purpose → Proportionate ITC available

**Note:** Zero Rated Supplies will be covered under taxable supplies for the purpose of availment of ITC

**Section 17(3) MEANING OF EXEMPT SUPPLIES (This definition is only for the purpose of non-availment/ reversal of ITC):**

1. Supplies notified as exempt (Other than int. on loans or sale of duty credit scripts – Discussed below)<sup>#</sup>.
2. Nil rated supplies.
3. Non-taxable supplies.
4. Supplies covered under RCM (i.e., Supplier of RCM supplies cannot take any ITC but recipient can take ITC).
5. Sale of land (In such case, the value shall be deemed to be Stamp duty value).
6. Sale of building, where entire consideration is received after obtaining completion certificate or first occupation, whichever is earlier. (Value shall be stamp duty value).

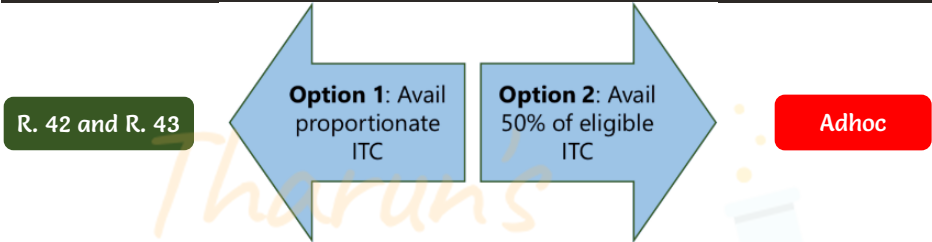
7. Sale of securities (In such case, the value shall be deemed to be 1% of the sale value of such security).

8. Supply of warehoused goods to any person before clearance for home consumption (Includes sale of goods by a duty-free shop in International Airport)

A .

# Services by way of accepting deposits, extending loans or advances, in so far as the consideration is represented by way of interest or discount except in case of banking company or Financial Institution or NBFC.

Special provision for availment of ITC by Banking company & FI (incl. NBFC) – Sec. 17(4)

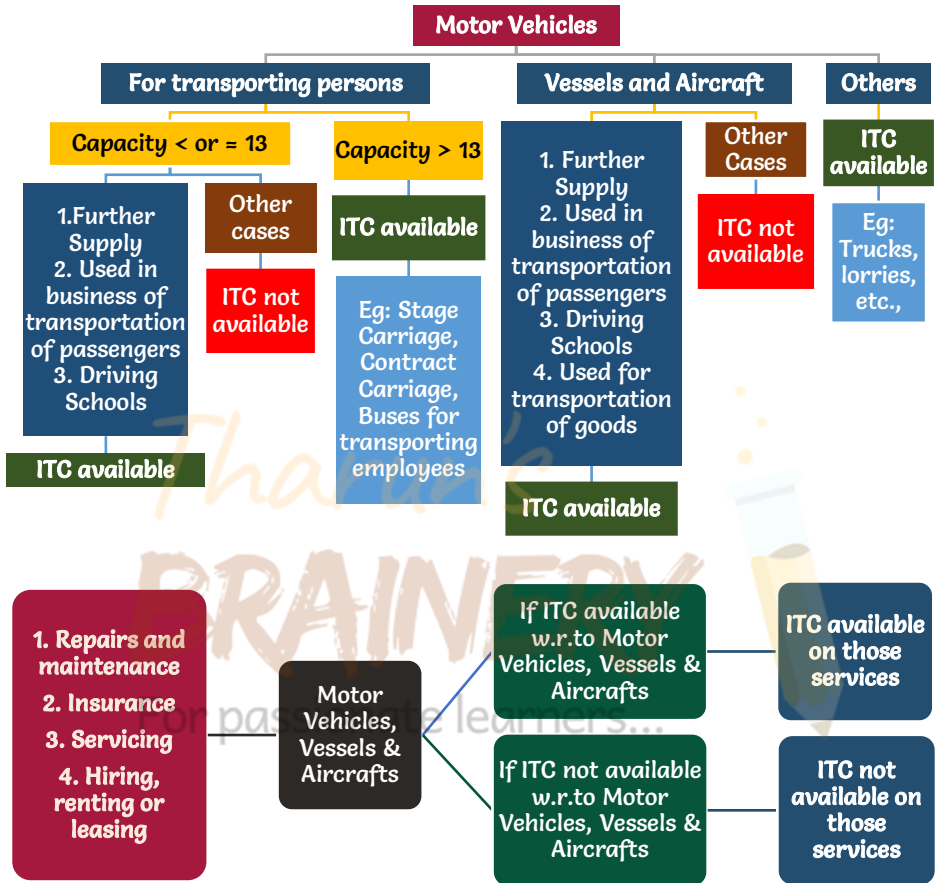


- ⇒ In case of Option 2, Exclusively used for non-business purpose and Blocked Credits u/s 17(5), ITC should not be availed. 50% computed on remaining ITC (Incl. used for exempted supplies and used for taxable supplies)
- ⇒ In case of Option 2, Restriction of 50% shall not apply to the tax paid on supplies made to another registration within the same entity (i.e., No need to reverse 50% w.r.to inward supplies from a distinct person)
- ⇒ Option once exercised cannot be withdrawn during remaining part of the year.

Notes

**BLOCKED CREDITS [Sec. 17(5) of CGST ACT, 2017]:**

**I. Motor Vehicles related:**

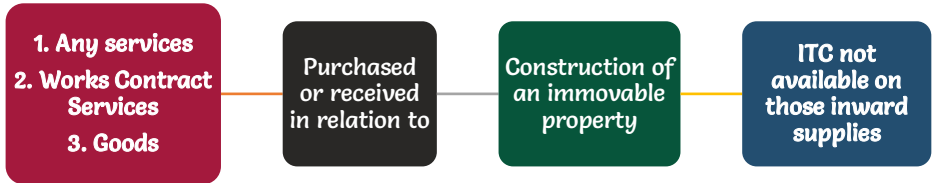


**Key points:**

1. While determining the capacity, driver should be included i.e., 13 (incl. driver)
2. Further supply incl. purchase and sale of motor vehicles (or) Motor Vehicles used in the business of renting (or) Hiring (or) Leasing.
3. Repairs, Insurance and Servicing of motor vehicles received by a General insurance company is always eligible for ITC.

4. Hiring (or) Renting (or) Leasing of motor vehicles as a statutory obligation by employer to employee is also eligible for ITC. (Statutory obligation can be under any law).
5. Ambulance and Caravan are not motor vehicles for transportation of persons.

**II. Construction related:**



Works Contract involves transfer of property in goods as well as provision of services for a single consideration

**EXCEPTIONS:**


1. The above discussion is not applicable to supplier i.e. If a works contractor receives construction service for construction of an immovable property then ITC can be availed on construction services
2. Construction of plant and machinery even though immovable (P&M excludes telecommunication towers and pipelines laid outside factory)
3. If Construction expenditure is charged to P&L, then also ITC can be availed on above inward supplies

**Issue:** A

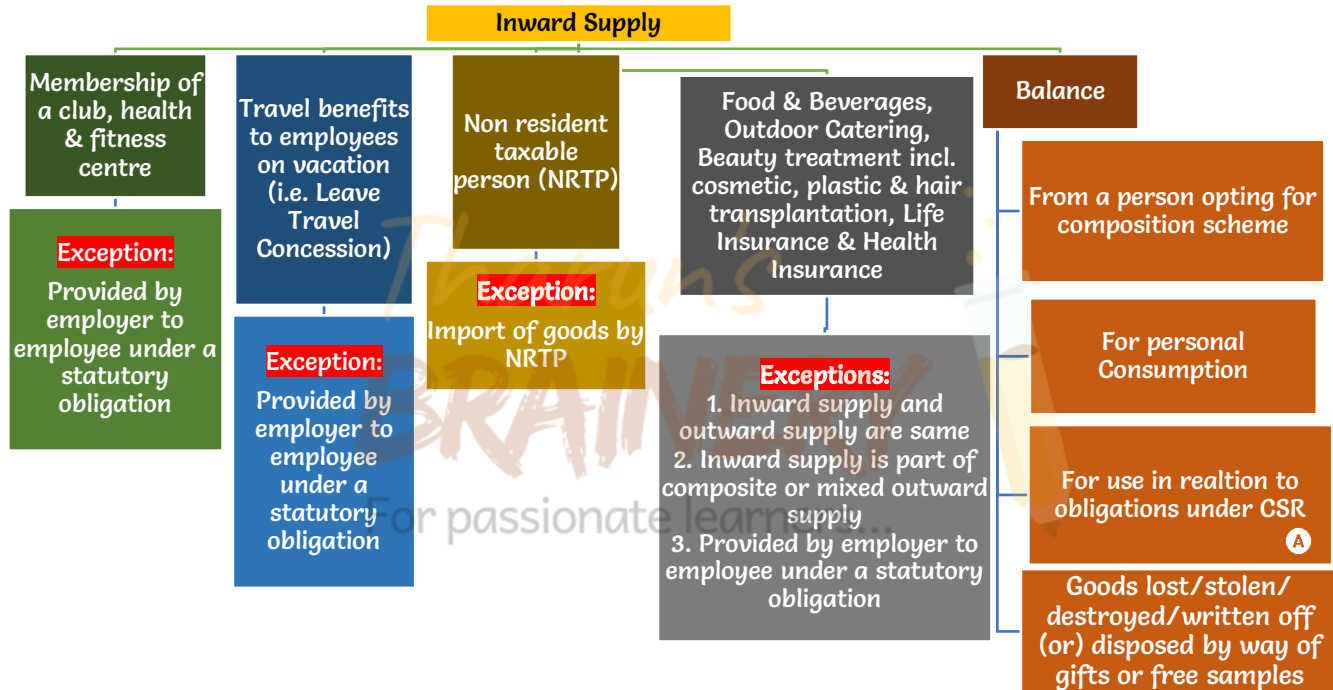
Whether ITC available on ducts and manholes used in network of optical fibre cables

**Clarification:**

Ducts and manholes which are integral part of optical fibre cables (OFC's), qualify as "plant and Machinery" and can avail ITC on the same, even though used by telecom companies, as only telecommunication towers are excluded from the meaning of P&M. Even they do not fall under pipelines laid outside factory.



III. Other blocked Credits:



Notes:

- If gifts (or) free samples treated as supply u/s 7(1)(c), then ITC not required to be reversed on inward supplies.
- If GST is paid under sec. 74 (or) 129 (or) 130 or any other recovery proceedings, such GST is not matched ITC & it cannot be availed.

**ITC IN SPECIAL CIRCUMSTANCES [Sec. 18 of CGST ACT, 2017]:**

**Sec. 18(1) – AVAILMENT OF ITC ON CLOSING STOCK**

Sec	18(1)(a)	18(1)(b)	18(1)(c)	18(1)(d)
<b>Situation</b>	Liable to get registered and applied within 30 days	Voluntarily got registered	Regd. person migrated from composition scheme to normal scheme	Regd. Person's exempted supplies become taxable
<b>Closing Stock</b>	⇒ Inputs in stock ⇒ Inputs contained in WIP in stock ⇒ Inputs contained in FG in stock Note: Matching not required		⇒ Inputs in stock ⇒ Inputs contained in WIP in stock ⇒ Inputs contained in FG in stock ⇒ Capital goods Note: Matching required	
<b>On which date</b>	Immediately preceding the date on which liable to get registered	Immediately preceding the date of registration	Immediately before the date of migration	Immediately before the date of such conversion

**SEC. 18(2) – TIME LIMIT**

**THE ABOVE CLOSING STOCK (Incl. Capital Goods) SHOULD HAVE BEEN PURCHASED WITHIN 1 YEAR**

Note:

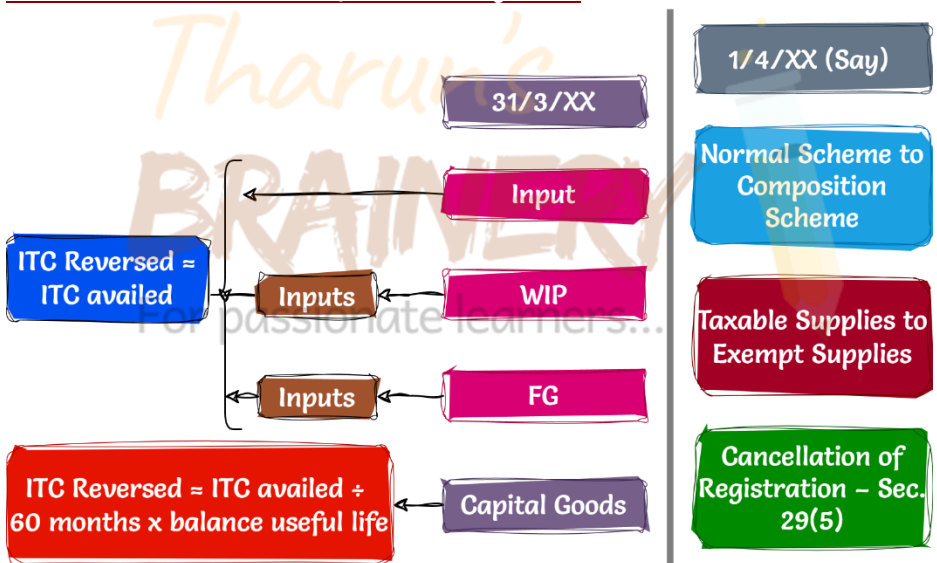
- ITC w.r.to GST paid on inputs can be availed as ITC.
- In case of Capital goods ITC shall be GST paid (-) 5% X No. of quarters from the date of purchase till the date of migration/conversion.
- An electronic declaration in **FORM GST ITC 01** shall be made by the registered person Within 30 days or such extended time by commissioner, from the date of eligibility of availment of ITC under Sec. 18(1).
- This declaration shall be certified by a practicing CA/CMA **if the claim of ITC > ₹2,00,000**

**SEC. 18(3) – TRANSFER OF ITC:**

- Where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business **with the specific provisions for transfer of liabilities**, the said registered person shall be allowed to transfer the ITC which remains unutilised in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business.

- Transferor furnishes details of such transaction on sale of business in form **FORM GST ITC-02** electronically in common portal with request to transfer unutilised tax credit in electronic credit ledger of transferee.
- **A certificate of CA/CMA is to be furnished and the transfer details to be accepted by the transferee.**
- **In case of demerger, credit shall be transferred to the new entities in the ratio of net assets [Whether ITC availed or not on such assets], post demerger**
- Transfer or change in the ownership of business will include transfer or change in the ownership of business due to death of the sole proprietor.
- Transferor and Transferee should be in same state [Restriction as per GST Portal]
- **When a single registration gets converted into multiple Os within the state, then also ITC against the single registration can be distributed to multiple registrations by filing **FORM GST ITC 02A** (Assets ratio as on the date of new registrations should be considered for this purpose).**

**Sec. 18(4) & 29(5) – Reversal of ITC on Closing Stock:**



**Additional Points:**

- Inputs and capital goods can be purchased any time, on which ITC is availed. If ITC not availed on such inputs and capital goods, then reversal shall not arise.
- If capital goods are purchased before 5 years and on which ITC is availed, then reversal shall not arise.
- If invoice pertaining to such inputs not available, then market value as on 31/3/XX can be considered and practicing CA/CMA certificate required in such case.
- Details of reversal needs to be reported in FORM GST ITC – 03.

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- **If there is balance in ITC after reversal, it shall be lapsed.**
- **If there is any shortfall for reversal, then such shortfall shall be payable using cash ledger.**
- **Computation to be made separately for CGST, SGST/UTGST and IGST**

**GST PAYABLE UNDER SEC. 18(6):**

When capital goods are supplied on which ITC is availed, GST payable shall be HIGHEST of the following:

- a) ITC availed (-) 5% for every quarter (or) part thereof FROM the date of invoice TILL the date of supply
- b) GST payable on the value of capital goods determined under Sec. 15

**Note:** This section not applicable in case of refractory bricks, moulds & dies, jigs and fixtures, supplied as scrap. In such case, GST payable on normal sale value.

**Circular on replacement of parts during warranty: A**

- Whether a part (or) entire product is replaced during warranty, ITC can be availed on goods purchased for warranty, irrespective of whether any consideration is charged (or) not w.r. To such warranty repairs.
- It is not a supply when no consideration is charged towards such a replacement and Sec. 7(1)(c) is not required to be invoked. If any consideration is charged towards such a replacement, it is treated as supply u/s 7(1)(a).
- If a distributor replaces a part during warranty, which is purchased from third party, then the cost of the same is charged to manufacturer and GST payable on the same by the distributor (Distributor can avail ITC on that part purchased).
- However, when the distributor raises a request for that part from manufacturer and replaces such part received during warranty, there is no GST liability on manufacturer or distributor (Manufacturer can avail ITC on that part purchased).
- Where distributor uses his stock for replacement, manufacturer replenishes the stock, on which manufacturer can avail ITC.
- Amount paid for extended warranty taxable at the same rate applicable to goods, if the warranty is taken from the same supplier at the time of purchase of goods.
- If amount for extended warranty paid to another supplier, it is treated as separate supply.
- If amount paid for extended warranty after purchase of goods, then it is treated as a different supply, whether purchased from same supplier (or) different supplier.



# SEGMENT - 18

## COMPOSITION SCHEME [CS]

Particulars	CS under Sec. 10(1)	CS under Sec. 10(2A)
<b>1. When applicable?</b>	ATO during PY $\leq$ ₹ 1.5 Crores (₹ 75 lakhs in case of 8 special category states <sup>#</sup> )	ATO during PY $\leq$ ₹ 50 lakhs
<b>2. To whom it is applicable?</b>	Manufacturer, Trader & Supply of food service provider (However they can provide any services upto 10% of turnover during PY (or) ₹ 5,00,000, whichever is higher)	Manufacturer, Trader & Any Service Provider
<b>3. Benefit of reduced rates</b>	1% (0.5% CGST & 0.5% SGST) on Total Turnover in case of Manufacturer 5% (2.5% CGST & 2.5% SGST) on Total Turnover in case of supply of food service provider 1% (0.5% CGST & 0.5% SGST) on Taxable Turnover in case of Trader (or) Service provider upto limit allowed.	6% (3% CGST & 3% SGST) on Total Turnover
<b>4. CY limit for reduced rates</b>	₹ 1.5 Crores/ ₹ 75 lakhs	₹ 50 lakhs
<b>5. Difference in Conditions</b>	Manufacturer of notified goods* cannot opt but a trader of notified goods can opt <b>[S NINE RCM]</b>	Manufacturer of notified goods* and supplier of notified services cannot opt <b>[NINE RCM]</b>
<p>*Notified goods – Pan Masala, tobacco and tobacco products, Ice cream, edible ice Aerated Waters, bricks and roofing tiles. Notified services – Not yet notified</p>		

**#MMTNUSAM = Manipur, Mizoram, Tripura, Nagaland, Uttarakhand, Sikkim, Arunachal Pradesh, Meghalaya.**

**What is the meaning of aggregate turnover for determining the eligibility for composition scheme?**

Aggregate turnover will be computed on the basis of turnover on an all India basis and will include value of all taxable supplies, exempt supplies and exports made by all persons with same PAN, but would exclude inward supplies under reverse charge as well as GST group (i.e., CGST/SGST/UTGST/IGST/Comp.cess)

Interest income will not be considered for calculating aggregate turnover as well as turnover in a state or UT (Applicable only for Composition scheme but not for registration)

**PERSON OPTING FOR COMPOSITION SCHEME CAN PROVIDE SERVICES UPTO 10% OF TURNOVER:**

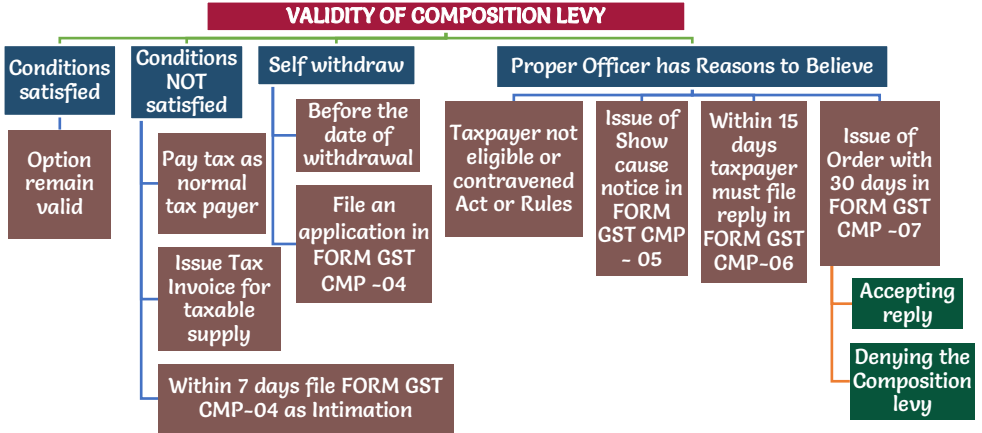
- A person who opts to pay tax under Sec. 10(1) may supply services (other than supply of food, of value not exceeding 10% of turnover in a State or Union territory in the preceding Financial Year or ₹ 5,00,000, whichever is higher).
- While computing this value of services, for determining the limit of 10% of turnover during PY (or) ₹ 5,00,000 whichever is HIGHER, exempted services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.
- The tax rate applicable for these services is 1% of taxable turnover (i.e., 0.5% CGST & 0.5 % SGST on taxable turnover)

**OTHER PROCEDURAL PROVISIONS:**

- ⇒ Already registered – Apply in CMP-02 before commencement of Financial Year
- ⇒ Not already registered – Apply in GST REG-01 and select composition scheme (Any time during a Financial Year)
- ⇒ Display “Composition Taxable Person” in every notice (or) signboard displayed at principal place of business and every additional place of business
- ⇒ File quarterly return along with payment of tax in CMP-08 by 18<sup>th</sup> of the month following every quarter. (GST under Composition Scheme is also payable along with CMP-08)
- ⇒ GST payable on Value as per Bill of supply during current quarter (+) Advances received during the current quarter pertaining to next quarter (-) Advances received during previous quarter pertaining to current quarter.
- ⇒ File annual return in GSTR – 4 by 30<sup>th</sup> April of succeeding Financial Year

COMPOSITION SCHEME U/S 10(1) NOT APPLICABLE:

- S** Service providers (Whether taxable or exempted) other than (a) restaurant service providers; (b) Services upto a limit allowed
- N** Non Resident Taxable Person
- I** Interstate supplier of goods (or) services (Whether taxable or exempted)
- N** Non Taxable Supplies
- E** Supplier of goods ~~(or)~~ services through **E Commerce Operator** <sup>A</sup>
- R** RCM u/s 9(4) non paid stock held as on the date of opting for composition scheme
- C** Casual Taxable Person
- M** Manufacturer of certain notified goods - Icecream, Edible ice, Pan masala, Tobacco & Tobacco products, Aerated Waters, Bricks & roofing tiles



Statement in FORM GST ITC - 01 within 30 days of Intimation/Application/Order furnish details of stock of Inputs, Inputs Contained in semi-finished or finished goods, Capital goods.

**OVERVIEW OF FORMS INVOLVED:**

FORM	PURPOSE	DUE DATE
GST CMP - 02	Intimation of willingness to opt for scheme by a registered person	Prior to commencement of Financial Year
GST ITC- 03	Details of inputs lying in stock, inputs in WIP and FG lying in stock and capital goods. - To be filed by a person filing FORM GST CMP-02 (For reversal of ITC on closing stock)	Within 60 days from the commencement of relevant Financial Year
GST CMP- 04	Intimation of Withdrawal from Scheme	Within 7 days of occurrence of event
GST ITC - 01	Details of inputs lying in stock, inputs in WIP and FG lying in stock and capital goods - For availment of ITC on closing stock on account of conversion from composition scheme to normal scheme	Within 30 days of the date of conversion
GST CMP - 05	Show Cause Notice on contravention of rules or Act	On Contravention of Act (or) Rules
GST CMP - 06	Reply to Show Cause Notice	Within 15 days of receipt of notice
GST CMP- 07	Issue of Order	Within 30 days of receipt of reply

GST CMP-08	Return to be filed by a person opting for composition scheme	Within 18 days from the end of the quarter
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Denial of composition scheme on account of non-fulfilment of conditions specified therein - Prospective (or) Retrospective?

In case of denial of option to pay tax under composition levy by the tax authorities, the effective date of such denial shall be from a date, including any retrospective date, as may be determined by tax authorities. However, such effective date shall not be prior to the date of contravention of the provisions of the CGST Act/ CGST Rules.

**When is it advisable to opt for Sec. 10(2A)?**

A registered person whose aggregate turnover in the preceding Financial Year does not exceed ₹ 50 lakh and:

- a) who is exclusively engaged in supplying services other than restaurant services,
- b) who is engaged in supply of services [other than restaurant services] along with supply of goods and/ or restaurant services of value exceeding ₹ 5 lakh in current FY.

**MEANING OF VARIOUS TURNOVER:**

	ATO for determining eligibility for CS	Turnover for determining 10% limit of services	Turnover for payment of GST under CS
Period for which it is determined	PY	PY	CY
Basis	All India	State/UT wise	State/UT wise
Taxable supplies	Included	Included	Included
Exempt supplies	Included	Included	Included
Interest on loans etc.,	Excluded	Excluded	Excluded
Non-taxable supplies	Included	Included	Not Applicable*
Export of goods or services	Included	Included	Not Applicable *
Interstate supply	Included	Included	Not Applicable*
Inward supplies under RCM	Excluded	Excluded	Excluded
Taxes i.e., GST Group	Excluded	Excluded	Excluded
Pre-Registration Turnover	Included	Included	Excluded

\*Not Applicable = These supplies cannot be made during the Current Year and if made, the person is disqualified from composition scheme

# SEGMENT - 9

## INVOICE, DEBIT AND CREDIT NOTES

### VARIOUS DOCUMENTS INVOLVED IN GST:

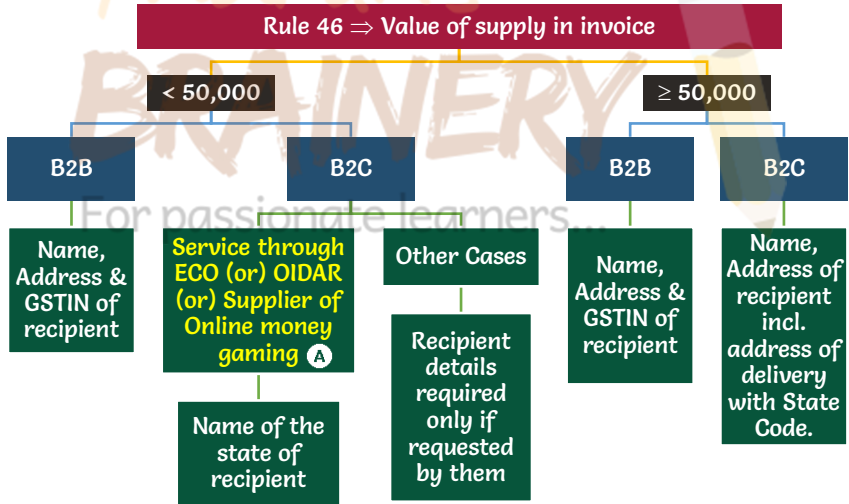
1	Tax invoice	Situating of issuance? a) Taxable goods b) Taxable services	Who will issue?		Time of issue  Refer Segment – 6 (Time of Supply)
			If supplier is registered	Supplier will issue	
			If supplier is unregistered	<b>Recipient</b> will issue in case of RCM	
2	Bill of supply	A registered person a) Supplying exempted goods or services (Or) b) Paying tax under the composition scheme	Supplier		Specified [Same as due date of invoice]
3	Invoice cum bill of supply	A Registered person is supplying taxable as well as exempted Goods / Services or both to an unregistered person	Supplier		Specified [Same as due date of invoice]
<p>In case of low value supplies (i.e., Value of Supply &lt; ₹ 200), tax invoice as well as bill of supply not required if the recipient is unregistered, recipient is not in need of invoice and a consolidated invoice needs to be raised by the end of the day.</p> <p><b>Note: in case of multiplex theatres, an invoice (E Ticket deemed as invoice) to be issued even if the value of supply is &lt; ₹ 200</b></p>					
4	Debit Note [Sec. 34]	a) The Taxable value charged less (tax invoice < actual taxable value) b) Tax charged less (tax invoice < tax payable)	Supplier		Not Specified [Usually on receipt basis]
5	Credit Note	a) Taxable value charged in excess (tax invoice > actual taxable value) (or)	Supplier		Before 30 <sup>th</sup> Nov end of next FY (or) date of filing annual
			<b>Note: Credit note cannot be issued in case of bad debts</b>		

	[Sec. 34] 6	b)Tax charged in excess (tax invoice > tax payable) c)Sale return d)Where goods or services or both supplied are deficient		return, whichever is earlier
6	Revised tax invoice	Every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue revised tax invoices in respect of taxable supplies effected during the period starting from the effective date of registration till the date of the issuance of the certificate of registration	Supplier <b>Note:</b> Revised tax invoice cannot be issued if application for registration not made within 30 days from the date on which liability to register arises <b>Effective Date of Registration:</b> <u>If applied within 30 days from the date when liable</u> → Date on which such person is liable to register <u>If not applied within 30 days</u> → Date on which registration is granted	Within 1 month from the date of certificate of registration
7	Receipt Voucher	Whenever advance is received by the supplier from the recipient	Supplier <b>Note:</b> It is required only if payment is received before issuance of invoice	Not specified (Immediately upon advance)
8	Payment Voucher	A registered person who is liable to pay tax under section 9(3) and 9(4) shall issue a payment voucher at the time of making payment to the supplier	Recipient	Not specified (Immediately upon payment)

<sup>6</sup> One or more Credit note/Debit Notes can be issued for multiple invoices- Notification No.74/2018 Dated 31.12.2018.

9	Refund voucher	Refund of advance received and invoice is not yet generated	Supplier <b>Note:</b> If amount is refunded after issuance of tax invoice, then a credit note shall be issued by supplier to recipient	Not specified (Immediately upon refund)
10	Delivery Challan	a) Supply of liquid gas where the quantity at the time of removal is not known. b) Transportation of goods for job work, c) Transportation of goods for reasons other than by way of supply.	Supplier	Not specified (As and when goods are moved)

**Whether details of recipient to be mentioned in Invoice?**



*Notes*



**INVOICE IN SPECIAL CASES (RULE 54) –**

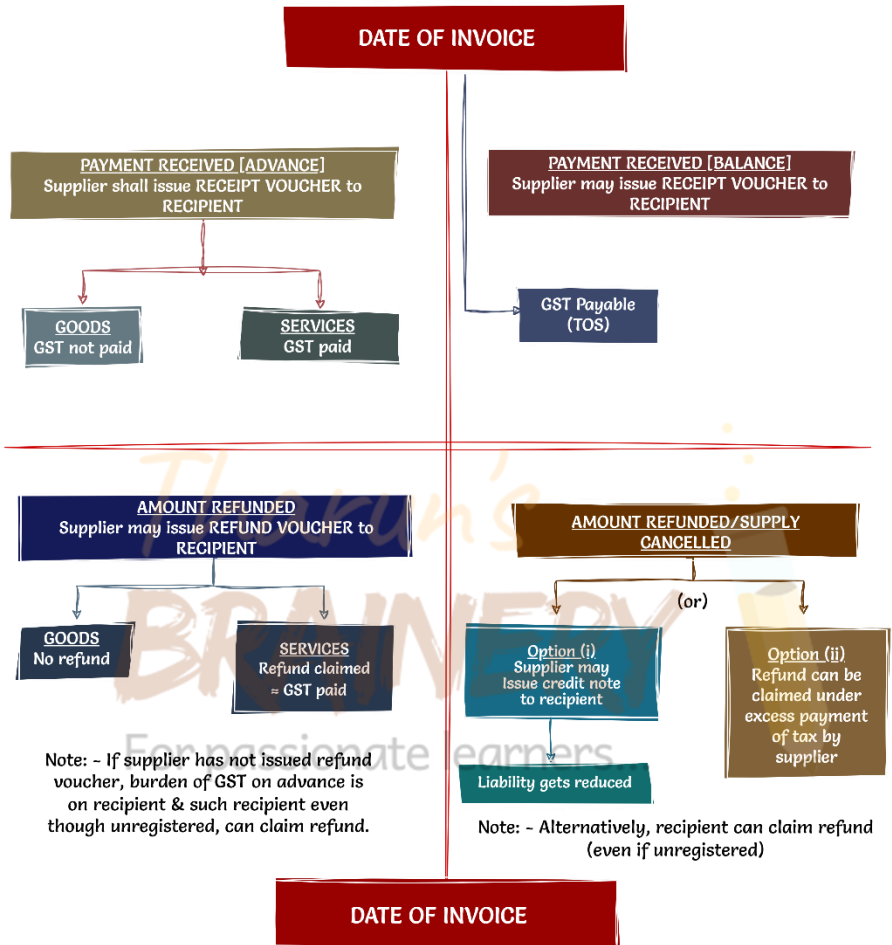
	SUPPLIER =			
	Insurer	Banking co. & FI (incl. NBFC)	Telecom Operator	All others
<b>Normal transactions</b>	Within 45 days from the date of supply of service		Within 30 days from the date of supply of service	Within 30 days from the date of supply of service
<b>Transactions between distinct persons</b>	At or before entry in suppliers books Before expiry of quarter during which supply is made			

**GST IMPLICATIONS ON DEBIT NOTE AND CREDIT NOTE: [SEC. 34]**

	When?	Who?	Time limit	Consequence to supplier	Consequence to recipient
Debit Note	Recipient has to pay an amount beyond invoice price	Supplier to Recipient	N.A	<b>INCREASE</b> in Output tax liability	<b>INCREASE</b> in ITC
		Invoice Value ↑		Reported in GSTR -1 and in GSTR - 3B	Reported in GSTR-3B under availment of ITC
Credit Note	Recipient has to pay an amount less than the invoice price	Supplier to Recipient	30 <sup>th</sup> Nov of next FY or date of filing annual return whichever is EARLIER	<b>DECREASE</b> in Output tax liability	<b>REVERSAL</b> of ITC (or) <b>INCREASE</b> in Output tax liability
		Invoice Value ↓		Reported in GSTR -1 and in GSTR - 3B	Reported in GSTR-3B under Reversal of ITC

Notes

**RECEIPT VOUCHER VS. REFUND VOUCHER:**



- \* An unregistered person is not supposed to collect GST from recipient [Sec.32]
- \* GST component should be shown separately in invoice [Sec. 33]

**HSN CODE IN INVOICE:**

Usually HSN code is for goods & it is 8 digits. However, if

ATO during PY ≤ ₹5 Crores – For B2B = 4 digits to be mentioned

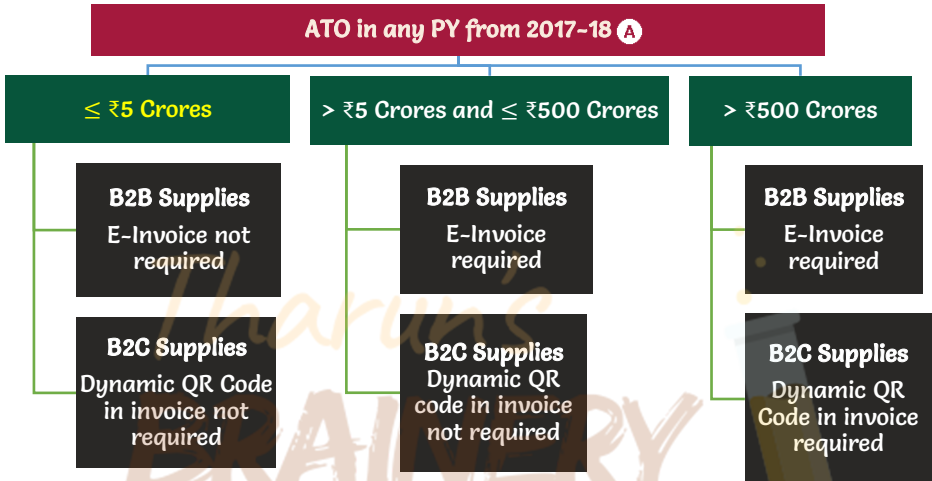
ATO during PY > ₹5 Crores – For B2B & B2C = 6 digits to be mentioned

**Note:** For services, it is service accounting code (SAC) & it is 6 digits.

**E – INVOICE:**

Obtaining the following, from Invoice Registration Portal (IRP) w.r.to a normal tax invoice by uploading the JSON in such IRP is known as E-Invoice.

1. Invoice Reference Number (IRN)
2. Quick Reference (QR) Code
3. Digital Signature



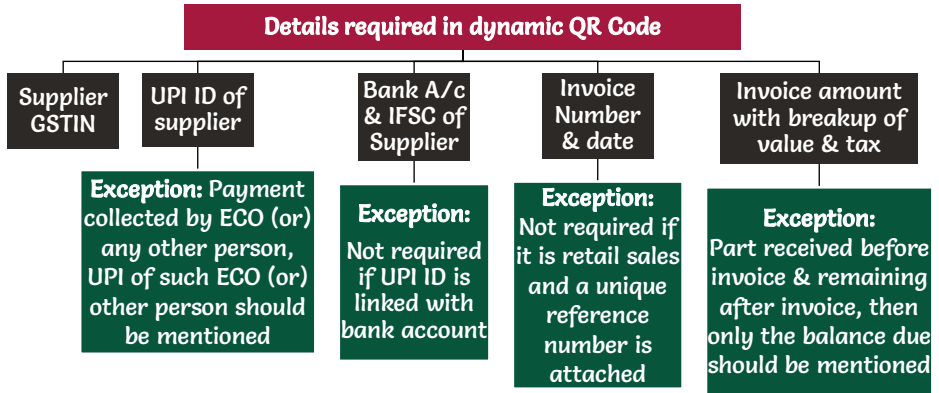
- Invoice should be in prescribed form (GST INV 01)
- It is optional for a tax payer whose ATO during any PY ≤ ₹5 Crores
- E-invoice gets auto populated in GSTR-1 and E Way Bill
- Physical copy of invoice not required, in case where E invoice is applicable.
- QR Code can be produced before the proper officer for verification, when required
- **Types of transactions for which E-Invoice is required:**
  - ⇒ B2B transactions (Outward Supplies, whether covered under FCM (or) RCM)
  - ⇒ Zero rated supplies
  - ⇒ Credit notes and Debit notes (B2B)

**Circular No: 198/10/2023 Dt: 17/07/2023**

**Issue:** Whether E-Invoice is applicable in case of supplies to Government departments or agencies where they are registered only for deducting TDS under Sec. 51?

**Clarification:** It is clarified that such government departments or agencies even though registered only for deducting TDS, they are registered persons and supplies to them requires E-Invoice.

**DYNAMIC QR CODE:**



**Exception to mentioning dynamic QR Code in Invoice:**

- If payment is received before (or) at the time of generating invoice & cross reference of such payment received (In case of cash receipt, the date on which cash is received) is mentioned in invoice.
- LOS = India, LOR = Outside India, POS = India and payment in convertible Forex, it is not an export of service and dynamic QR code not required

Irrespective of the ATO, E-Invoice not required in case of following suppliers <b>[BIGGEST]</b>	Irrespective of the ATO, QR Code not required in case of following suppliers <b>[BIG TOE]</b>
B = Banking Company/Financial Institution/NBFC	B = Banking Company/Financial Institution/NBFC
I = Insurance Company	I = Insurance Company
G = Goods Transport Agency	G = Goods Transport Agency
G = Government Department & Local Authority	T = Transportation of passengers (Any mode)
E = Exhibition of film in Multiplex Cinema Theatre	O = OIDAR supplier located outside India & making supply to NTOR in India. [QR code not required]
S = SEZ Unit (But SEZ developer is required to issue an E-invoice) [QR code applicable]	E = Exhibition of film in Multiplex Cinema Theatre
T = Transportation of passengers (Any mode)	

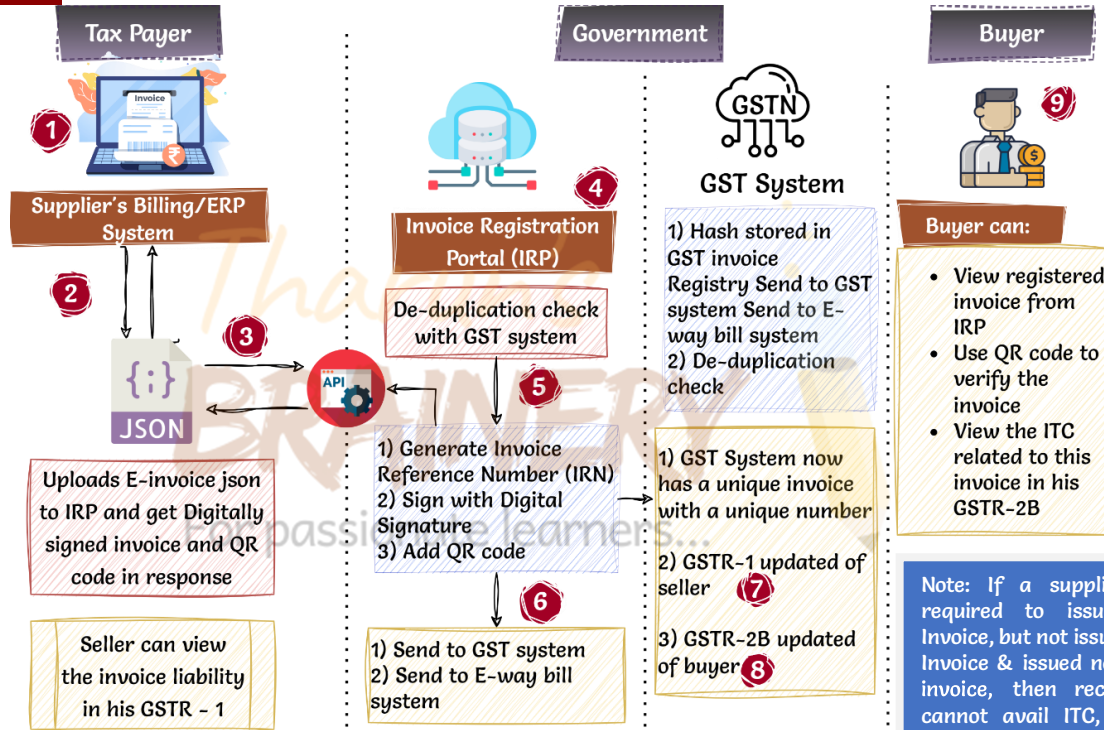
**Circular No: 186/18/2022 Dt: 27/12/2022**

**Issue:** Whether Exemption for mandatory generation of E-Invoices is available for entity as whole or only in respect of certain supplies made by said entity?

**Clarification:** It is clarified that this exemption is available for entity as a whole.

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E - INVOICE PROCESS:



Tax payer with ATO  $\geq ₹ 100$  crores shall report invoices including debit and credit notes within 30 days from the date of invoices. <sup>A</sup>

# SEGMENT - 10 REGISTRATION

Legality	Section 22	Persons liable for registration
	Section 23	Persons not liable for registration
	Section 24	Compulsory registration in certain cases
Procedural	Section 25	Procedure for registration.
	Section 26	Deemed registration
	Section 27	Special provisions relating to casual taxable person and non-resident taxable person
Special cases	Section 28	Amendment of registration
	Section 29	Cancellation or suspension of registration
	Section 30	Revocation of cancellation of registration

### THRESHOLD LIMITS:

1. For 4 North Eastern States (MMTN) - Manipur, Mizoram, Tripura & Nagaland - ₹ 10 lakhs limit for both goods and Services
2. For (USTAMP) - Uttarakhand, Sikkim, Telangana, Arunachal Pradesh, Meghalaya & Pondicherry - ₹ 20 lakhs limit for both goods and services
3. For all other 21 states - ₹ 20 lakhs limit for services and ₹ 40 lakhs limit for goods

### Important Points:

- ⇒ ATO computed on all India basis and not state wise.
- ⇒ The limit of ₹ 40 lakhs is applicable only in case of exclusive supply of goods.
- ⇒ If a person is engaged in exclusive supply of services (or) supply of both goods and services, the limit of ₹ 20 lakhs/10 lakhs should be considered.
- ⇒ If supplies are made from multiple states and if taxable supplies are made from special category states, only then ₹ 10 lakhs limit is applicable
- ⇒ If supplies are made from multiple states and in those states if USTAMP is also one of the states then threshold limit is ₹ 20 lakhs.
- ⇒ The limit of ₹ 40 lakhs is not applicable in the following cases:
  1. Persons who voluntarily got registered
  2. Persons who are compulsorily required to get registered under Sec. 24
  3. Persons making supply of ice cream, edible ice, Pan Masala, Tobacco and tobacco products, Bricks & Roofing tiles

### LIABLE FOR REGISTRATION [SEC. 22(1)]

As and when ATO during a Financial Year > Threshold limit as discussed above

**EXEMPTION FROM REGISTRATION [SEC. 23]**

- ⇒ Exclusively engaged in making exempt supplies (incl. Non-taxable supplies)
- ⇒ Agriculturist to the extent out of cultivation of land
- ⇒ Exclusively engaged in RCM supplies

Note: If a person is making both exempted and taxable supplies, then the above exemption not available.

⇒ Person making supply of goods through E-Commerce who is required to collect TCS u/s 52 and having ATO of PY and Current FY below the threshold limit, Subject to the following conditions

- I. He shall not make interstate supply of goods
- II. He shall not make supply of goods through E-Commerce more than one state/UT.
- III. Declare PAN, Address, State/UT on the portal for validation.
- IV. No supplies shall be made through ECO unless person has been granted enrolment number on successful validation.
- V. Enrolment number cease to be valid from the date of registration if granted registration u/s 25.

**COMPULSORY REGISTRATION\* [SEC. 22]:**

- ⇒ Registered under earlier indirect tax regime – Sec. 22(2)
- ⇒ Transfer of business (Normal) – Sec. 22(3)
- ⇒ Transfer pursuant to a scheme of amalgamation, merger or demerger etc., – Sec. 22(4)

NOTE: They can make application for cancellation of registration, if their aggregate turnover falls below threshold limit.

**COMPULSORY REGISTRATION\* [SEC. 24]:**

I	Interstate supplier of taxable goods (other than Handicrafts)
C	Casual Taxable Person (Other than Handicrafts)
R	Recipient under RCM – Sec. 9(3)
E	<ul style="list-style-type: none"> <li>• ECO liable to pay GST u/s 9(5) – HATE (Housekeeping, Accommodation, Transportation of passengers &amp; Eating food from restaurant)</li> <li>• ECO liable to deduct TCS u/s 52</li> </ul>
A	Agent making supply of goods or services on behalf of supplier
T	TDS Deductor u/s 51
I	Input Service Distributor
O	OIDAR Supplier located outside India and making supplies to NTOR (NTOR = Any URP or Person registered only for deducting TDS) & Online money gaming supplier located outside India making supplies to any person located in India <sup>A</sup>
N	Non-Resident Taxable Person (N RTP)
S	Supplier of goods through ECO (other than those who are making only intra state supplies) <sup>A</sup>

\*Irrespective of threshold limit, a person is liable to get registered

Note:

1. Sec. 23 Overrides Sec. 22(2), Sec. 22(3), Sec. 22(4) and Sec. 24
2. Sec. 24 Overrides Sec. 22(1)

**PROCEDURE FOR REGISTRATION [SEC. 25]:**

Form	Purpose
REG-01	Application for registration
REG-02	Acknowledgement
REG-03	Notice for discrepancies
REG-04	Reply to Notice
REG-05	Rejection of application
REG-06	Certificate of registration

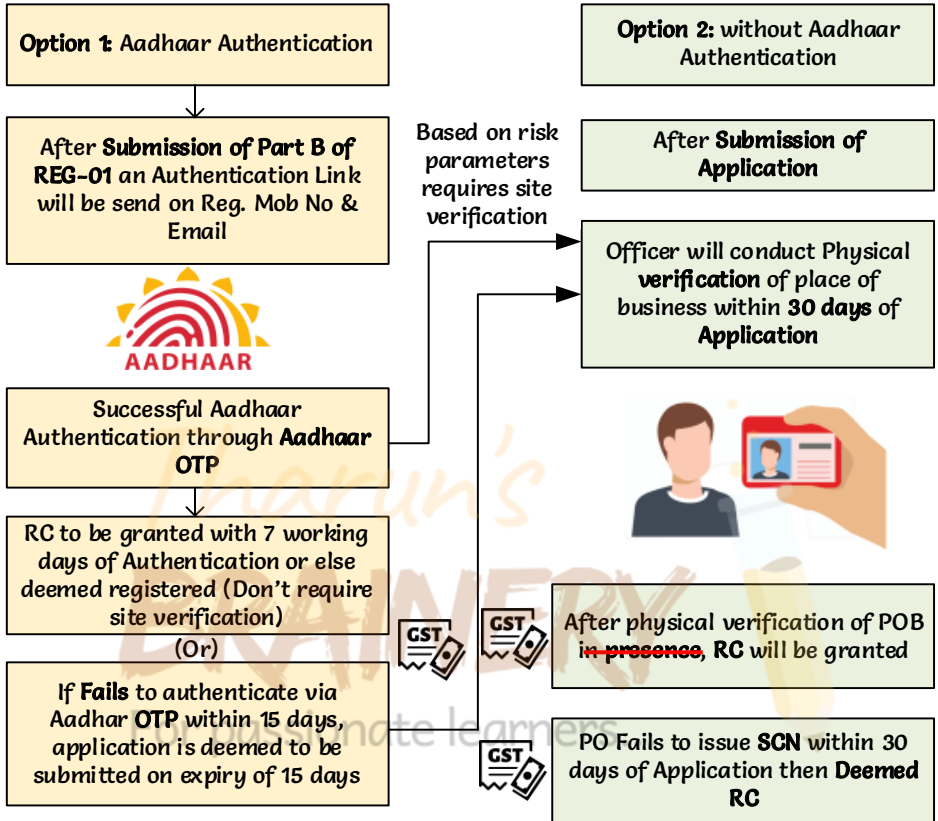
- ▶ Application for registration to be submitted within 30 days from the date when liable for registration.
- ▶ REG-01 to REG-02 = Immediate
- ▶ REG-01 to REG-03 = 7 Working days
- ▶ REG-01 to REG-06 = 7 Working days
- ▶ REG-03 to REG-04 = 7 Working days
- ▶ REG-04 to REG-05/06 = 7 Working days
- ▶ Bank details can be furnished within 30 days from the date of registration (or) date of filing GSTR – 1/IFF, whichever is earlier. (Not applicable to those who is required to deduct TDS u/s 51 or collect TCS u/s 52 <sup>(A)</sup>)

**TIME LIMIT FOR UPLOADING DETAILS OF PHYSICAL VERIFICATION: <sup>(A)</sup>**

- I. Where the proper officer is satisfied that the physical verification of the place of business of a person is required AFTER the grant of registration: he may get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in prescribed form on the common portal within a period of 15 working days following the date of such verification.
- II. Where the physical verification of the place of business of a person is required BEFORE the grant of registration the proper officer shall get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in prescribed form on the common portal at least 5 working days prior to the completion of the time period specified in the said proviso.



**AADHAAR AUTHENTICATION:**



**Note:** If SCN (REG 03), Received within specified period then applicant need to file clarification, after Filing Clarification Officer should grant RC within 7 Working days or else Deemed RC.

**Aadhaar authentication is mandatory and can be completed within 15 days from submission of part-B of GST REG 01. [Biometric Aadhar authentication where the applicant should visit facilitation centre, is applicable in Gujarat, Puducherry and Andhra Pradesh]**

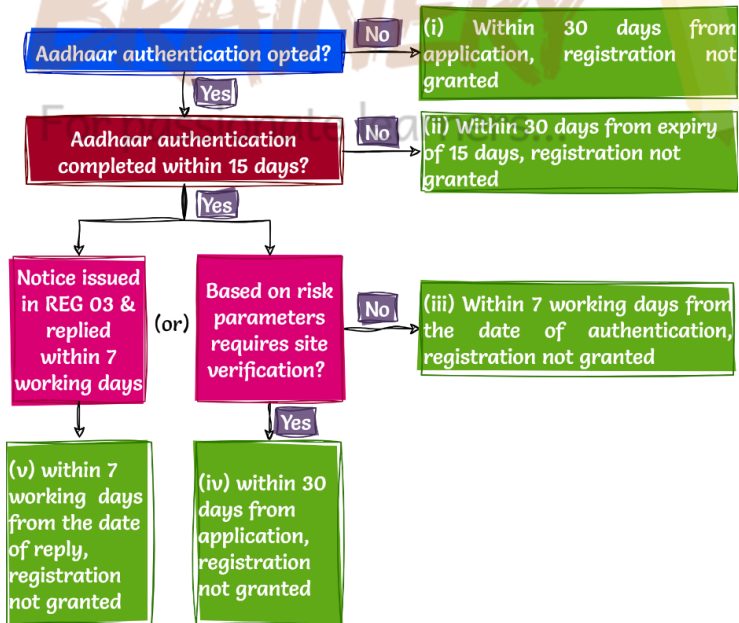
- ▶ Date of authentication (or) 15 days from submission of Part - B of REG-01, whichever is EARLIER shall be **DEEMED TO BE THE DATE OF SUBMISSION OF APPLICATION.**
- ▶ **Physical verification shall be conducted within 30 days of submission of application (i.e., 15 days from Part -B of REG-01), if Authentication is not done.**

**Applicability of Aadhaar Authentication:**

S.No	Person	Applicable	Not applicable
1	Individual/Sole Proprietor	Citizen of India	Not a citizen of India
2	HUF	Karta	Co-parceners (i.e., other members of HUF)
3	Firm/LLP	Authorised or Managing partner	Other partners
4	Company/Body Corporate/Other entity	Authorised Signatory	Members other than authorised Signatory
5	Government		CG/SG department
6			Local Authority
7			Statutory Body
8			Public Sector Undertaking (PSU)
9	Others		UIN (Unique Identification Number) Holder

Note: The above persons are not required to undergo Aadhaar authentication even though they have already registered. But other than above, if they have already registered, should undergo authentication.

**DEEMED REGISTRATION:**



**Note:** Risk based biometric Aadhaar authentication of registration applicants – For pilot project in Gujarat, is now extended to Puducherry and Andhra Pradesh. 

**TIME LIMIT FOR MAKING APPLICATION FOR REGISTRATION:**

		Situation	Liabe for registration	Time Limit
1	Sec. 24	CTP & NRTP	Starting of business	Atleast 5 days Before starting of business
		Others	Starting of business	Within 30 days
2	Registered under earlier law		01/07/17	
3	Transfer of business	Amalgamation/ demerger by order of HC/ Tribunal	Date of certificate of incorporation issued by ROC to transferee	
		Other Cases	Date of transfer	
4	Any other person		Date on which ATO > Threshold limit	

**DEEMED REGISTRATION [SEC. 26]:**

If a person is registered under CGST Act, such person is deemed to be registered under SGST Act & UTGST Act. (Same is applicable in case of cancellation)

**SPECIAL PROVISIONS RELATING TO CTP & NRTP [SEC. 27]:**

REGISTRATION VALIDITY = MAX. 90 DAYS + 90 DAYS

- ▶ On sufficient cause being shown by the said taxable person, PO may extend the said period of 90 days by a further period not exceeding 90 days

**ADVANCE TAX TO BE PAID AT THE TIME OF REGISTRATION + EXTRA AMOUNT FOR EXTENSION PERIOD:**

- ▶ At the time of submission of application for registration, make an advance deposit of tax for an amount equal to the estimated tax liability (Net Liability i.e., after adjustment of estimated ITC) for the period for which registration is sought.
- ▶ Where any extension is sought, an additional amount of tax equal to estimated tax liability of such extended period shall be deposited.
- ▶ Advance tax shall be credited to electronic cash ledger, which shall be adjusted against final liability determined.

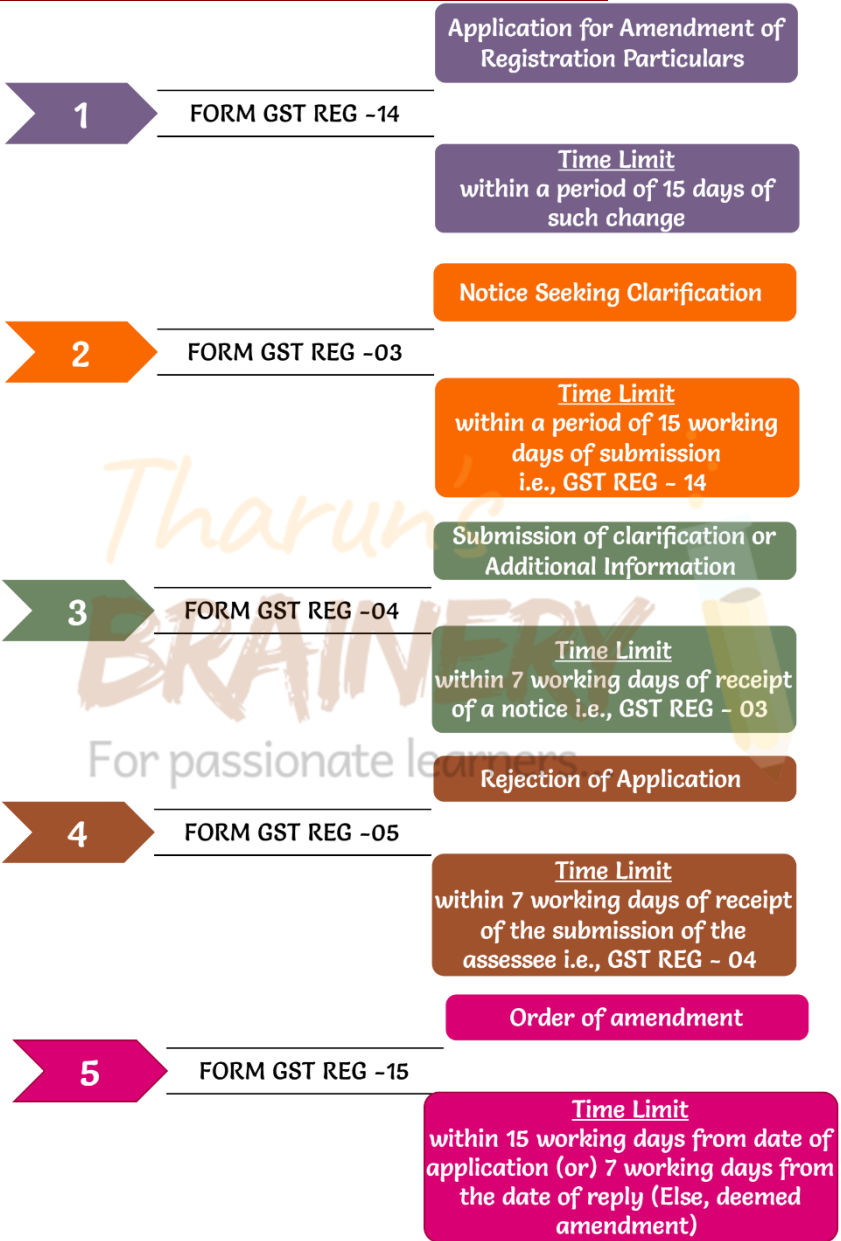
**DISTINGUISHING POINTS:**

Casual Taxable Person (CTP)	Non-Resident Taxable Person (NRTP)
A person who occasionally undertakes transactions involving supply of goods or services or both, in the course or furtherance of business, whether as principal, agent or in any other capacity, in a state/UT, where he has no fixed place of business	Any person who occasionally undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any manner, but who has no fixed place of business or residence in India
Undertakes transactions in the course or furtherance of business	No such requirement
Has a PAN	Does not have a PAN. He can take registration with Passport
Application Form – GST REG- 01	Application Form – GST REG-09
Files return in Form – GSTR-1, GSTR-3B	Files return in Form – GSTR-5

**AMENDMENT IN REGISTRATION [SEC. 28]:**

Amendment in	Registration certificate shall stand amended upon	Effective date of amendment
Non-core fields	Submission of the application for amendment on the common portal (Deemed Approval)	Any particular of the application for registration shall not stand amended with effect from a date earlier than the date of submission of the application except with the order of the commissioner
Core fields: 1. Name of business 2. Address of principal and additional place of business 3. Top management details (i.e., Partners, Karta, Managing committee, Board of trustees, CEO etc)	Approval of PO required. Such amendment shall take effect from the date of occurrence of event warranting such amendment	Retrospective amendment in registration is possible only with the order of commissioner

**PROCEDURE FOR AMENDMENT IN REGISTRATION [RULE 19]:**



**CANCELLATION OF REGISTRATION [SEC. 29]:**

Application by registered person (or) suo-moto cancellation by officer [FORM GST REG-16]:

1. Transfer or discontinuance of business
2. Change in constitution of business
3. Taxable person no longer liable to be registered

Note: Aadhaar Authentication mandatory for registered persons filing application for cancellation of registration

**Suo-moto cancellation by officer [SCN in FORM GST REG-17]:**

1. Contravention of provisions of Act or Rules
2. Person opting for composition scheme not filed annual return (GSTR-4) of a FY within 3 months from due date
3. Registered person (other than above) has not filed returns for 6 consecutive months (or) 2 consecutive quarters.
4. Registration obtained by Fraud
5. Obtained Voluntary Registration and not commenced business within 6 months

Note: Even, TCS/TDS deductor can make application for cancellation of registration.

**MEANING OF "CONTRAVENTION OF PROVISIONS" LEADING TO CANCELLATION OF REGISTRATION [RULE 21]:**

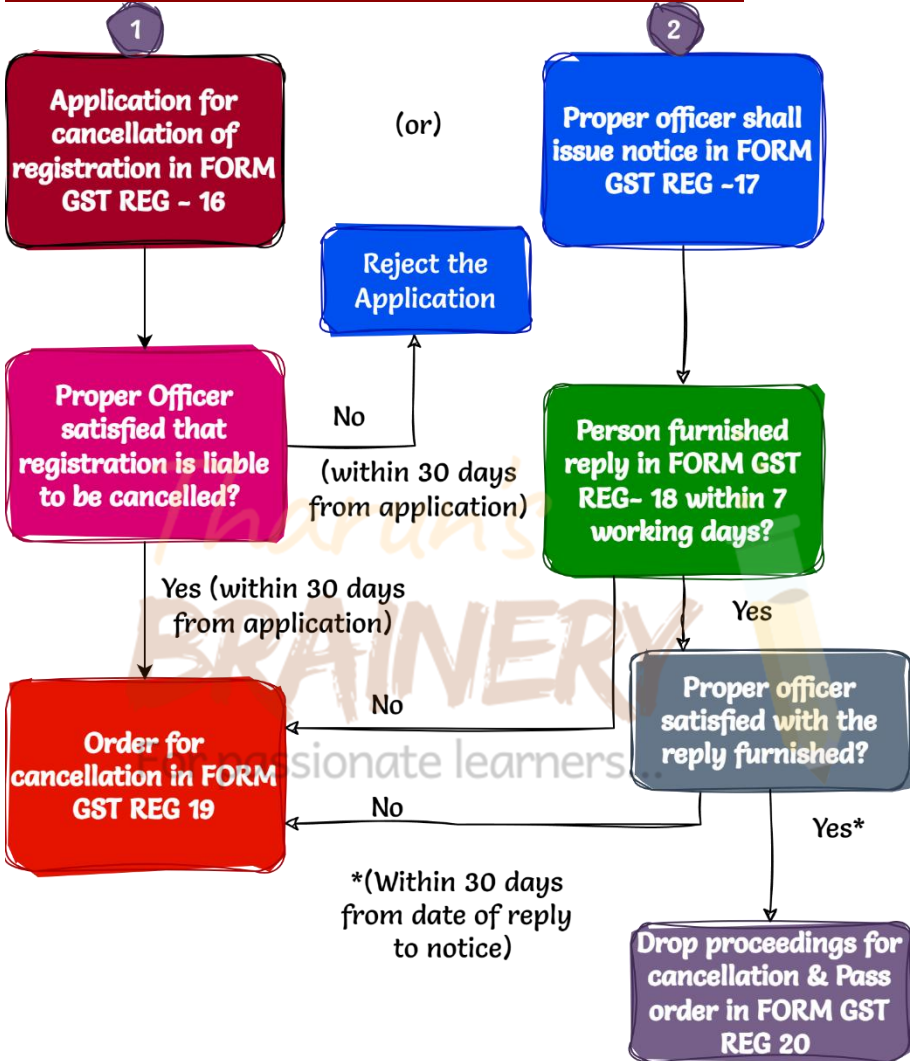
- a) Does not conduct any business from declared place of business [Wrong address]
- b) Issues invoice or bill of supply in violation of provisions or rules [Wrong Invoice]
- c) Violates the provisions of Anti-profiteering
- d) Do not furnish bank details within specified time
- e) Avails ITC in contravention of Sec. 16 (i.e., conditions for availment) [Wrong ITC]
- f) Liability in GSTR - 1 > Liability in GSTR - 3B for one or more tax periods; ITC in GSTR-3B > ITC in GSTR-2B for one (or) more tax quarters.
- g) Does not pay 1% of gross liability through ECL, when monthly turnover > ₹50 lakhs (Rule 86B)

**SUSPENSION OF REGISTRATION:**

Once a registered person has applied for cancellation of registration or the proper officer seeks to cancel his registration, the proper officer may suspend his registration during the pendency of the proceedings relating to cancellation of registration filed by such registered person

Note: Suspension of registration can be without affording reasonable opportunity of being heard.

**PROCEDURE FOR CANCELLATION OF REGISTRATION [RULE 20 & 22]:**



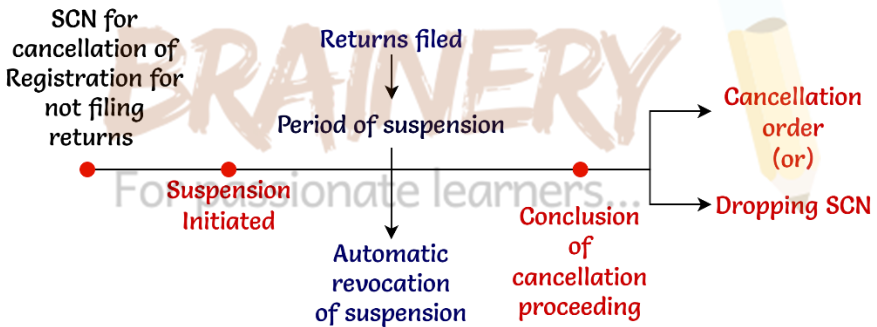
\* Time limit not prescribed in rules but as per CBIC direction it should be completed within 30 days from the show cause notice date.

Situation	Period of Suspension
Where registered person has applied for cancellation of registration	the registration shall be deemed to be suspended from: (a) the date of submission of the application, or (b) the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation.
Where cancellation of the registration has been initiated by the Department	with effect from a date to be determined by him, pending the completion of the proceedings for cancellation of registration.

A registered person, whose registration has been suspended as above:

- shall not make any taxable supply (i.e., can make taxable supplies but cannot issue tax invoice) during the period of suspension and
- shall not be required to furnish any return under section 39 (i.e., GSTR – 3B)

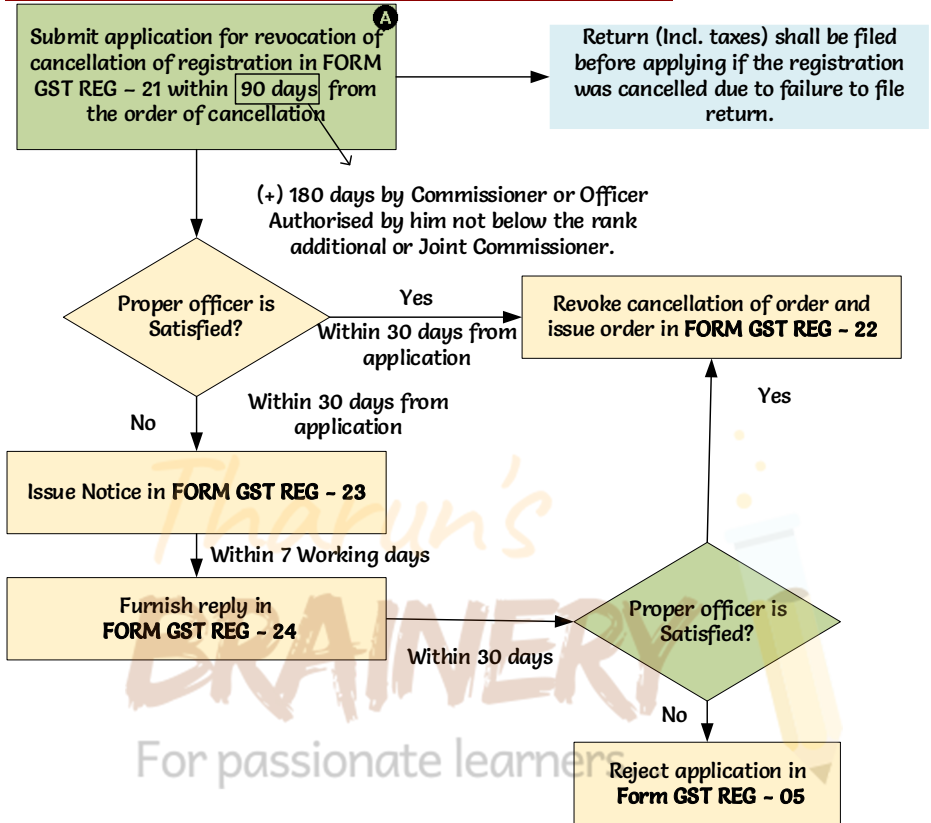
The suspension of registration shall be deemed to be revoked upon completion of the cancellation proceedings by the proper officer.



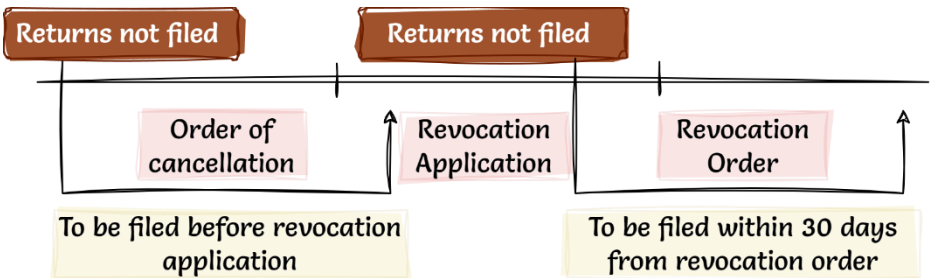
Notes



**REVOCAION OF CANCELLATION OF REGISTRATION [SEC. 30]:**

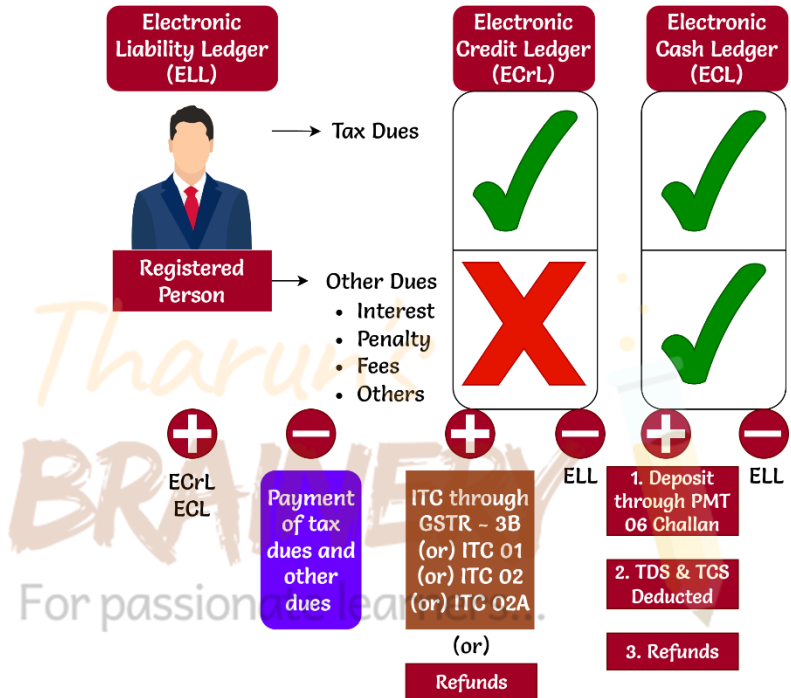


**Note: Aadhaar Authentication mandatory for registered persons, filing application for revocation of cancellation of registration**



# SEGMENT - 11 PAYMENT PROCESS

## AN OVERVIEW [SEC. 49]:



- ▶ Electronic Liability Ledger (GST PMT 01); Electronic Credit Ledger (GST PMT 02) and Electronic Cash Ledger (GST PMT 05)
- ▶ Balance in Electronic credit ledger or electronic cash ledger after payment of interest, penalty, fee or any other amount may be refunded.

### SPECIAL POINTS W.R.TO ELECTRONIC CASH LEDGER (ECL):

- Modes of deposit through GST PMT 06 challan – Internet banking, debit Card, Credit Card, NEFT/RTGS, Cash deposit over the counter [Upto ₹ 10,000 per tax period permitted], UPI and IMPS.
- When payment is debited in bank in bank account but not credited in ECL, then communication to payment gateway shall be made through GST PMT 07
- For transfer of balances between major heads and minor heads in ECL, FORM GST PMT 09 is notified.

- Balance available in Electronic cash ledger can be transferred between distinct persons – FORM PMT 09. [However, transferor should not have any unpaid liability in Electronic Liability Ledger]
- Balance available in Electronic cash ledger can be transferred between distinct persons – FORM PMT 09. [However, transferor should not have any unpaid liability in Electronic Liability Ledger]
- Balance available in Electronic cash ledger can be transferred between distinct persons – FORM PMT 09. [However, transferor should not have any unpaid liability in Electronic Liability Ledger]
- Refund from electronic credit ledger is possible only in 2 cases–Inverted tax structure [Tax rate on output < Tax rate on inputs]; zero rated supplies
- REFUND TO THE ORIGINAL SOURCES LEDGER: where registered person has claimed refund of any amount paid as Tax wrongly paid or paid in excess for which debit has been made from the ECRL Then the said amount, if found admissible, proportionate amount debited from ECRL, shall be re-credited to ECRL by an order made in FORM GST PMT 03
- When a registered person claims erroneous refund of ITC, upon payment of such refund along with interest & penalty, proper officer shall pass an order in FORM GST PMT 03A for recredit to ECRL.
- Balance in Electronic Credit Ledger can be used only for payment of tax but cannot be used for payment of interest, penalty, fee and others.
- Also, balance in ECRL can be used only for payment of GST under FCM but not payment of GST under RCM.
- Balance available in ECRL may be restricted for utilization by proper officer.

#### **RESTRICTION ON UTILIZATION OF AMOUNT AVAILABLE IN ELECTRONIC CREDIT LEDGER [RULE 86A]:**

GST officer has power to disallow the setoff of provisional credit against GST payable, for a maximum period of 1 year, if he is of the opinion that –

- ⇒ ITC availed against an invoice issued by a supplier, who is not in existence (or) not doing business from the place where supplier has obtained registration.
- ⇒ ITC availed by a recipient who is not in existence (or) not doing business from the place where recipient has obtained registration.
- ⇒ ITC availed without receipt of goods
- ⇒ ITC availed against an invoice, for which supplier has not paid tax to Government.
- ⇒ Invoice or Debit note against which ITC availed is not in existence.

**Note:** Upon expiry of 1 year from the date of restriction, the registered person shall be able to debit input tax credit so disallowed, subject to any other action that may be taken against such person.

**RESTRICTION ON UTILIZATION OF AMOUNT AVAILABLE IN ELECTRONIC CREDIT LEDGER [RULE 86B]:**

Turnover in a month > ₹50 lakhs

Pay 1% of Gross liability through ECL

Even if there is balance in ECRL to pay liability

Turnover = Total supplies (-) Exempt Supplies (-) Zero rated supplies

Turnover excl. taxes

Exempted incl. non taxable

Not applicable to:

Govt. Dept.

PSU

Local Authority

Statutory Body

The above Rule is not applicable also in the following cases:

- Such person (or) proprietor (or) Karta (or) M.D (or) any of its 2 partners deposited income tax of > ₹1 lakh in each of the last 2 years
- Received a refund of unutilized ITC > ₹1 lakh in preceding FY
- Paid > 1% of the total output tax liabilities through cash ledger calculated cumulatively upto the month in the current Financial Year.

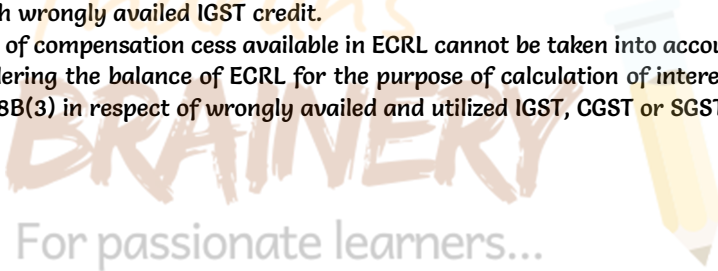
**SECTION 50 – INTEREST ON DELAYED PAYMENT OF TAX**

Situation – 1	Situation – 2	Situation – 3
Delay in filing GSTR-3B [Sec. 50(1)]	Invoice not reported in GSTR-1 & GSTR-3B of a month but paid in another month [Sec. 50 (1)]	ITC wrongly availed and wrongly utilised [Sec. 50(3)]
Interest @ 18% FROM the first date after due date TILL the actual date of payment	Interest @ 18% FROM the first date after due date TILL the actual date of payment	Interest @ 18% FROM the first date after utilisation of ITC TILL the date of reversal
Computed on amount paid through Electronic Cash Ledger (i.e., net liability)	Computed on amount paid through Electronic Cash Ledger & Electronic Credit Ledger (i.e., Gross Liability)	Computed on ITC utilised i.e., the extent to which balance in ITC falls below availed ITC

<p>Date of payment = Actual date of filing GSTR-3B</p>	<p>Date of payment = Actual date of filing GSTR-3B (or) if payment through DRC-03, date of filing such form</p>	<p>Date of utilisation = Actual date of GSTR-3B (or) due date of GSTR-3B, whichever is earlier w.r.to the months in which balance in ITC falls below wrongly availed ITC Date of reversal = Actual date if GSTR-3B</p>
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**CLARIFICATION ON CHARGING OF INTEREST UNDER SECTION 50(3) IN CASES OF WRONG AVAILMENT OF IGST CREDIT AND REVERSAL THEREOF – CBIC CIRCULAR <sup>A</sup>**

- ❖ In the cases where IGST credit has been wrongly availed and subsequently reversed on a certain date, there will not be any interest liability under section 50(3) if, during the time period starting from such availment and up to such reversal, the balance of ITC in the ECRL, under the heads of IGST, CGST and SGST taken together, has never fallen below the amount of such wrongly availed ITC, even if available balance of IGST credit in ECRL individually falls below the amount of such wrongly availed IGST credit.
- ❖ Credit of compensation cess available in ECRL cannot be taken into account while considering the balance of ECRL for the purpose of calculation of interest under rule 88B(3) in respect of wrongly availed and utilized IGST, CGST or SGST credit.



# SEGMENT - 12

## RETURNS UNDER GST

### QRMP SCHEME:

GSTR-1 on a quarterly basis by 13th of the month following every quarter and GSTR-3B on a quarterly basis by 22nd or 24th of the month following every quarter.

Monthly payment of tax through PMT 06 using Fixed Sum Method (FSM) or Self Assessment Method (SAM) by 25th of next month for 2 months in a quarter.

ATO ≤ ₹ 5 Crores in PY

B2B invoices may be furnished (optional) on a monthly basis through Invoice Furnishing Facility (IFF), which is reflected in GSTR-2A/2B of recipient

QRMP scheme is GSTIN wise & distinct person have the option to avail the scheme for one or more GSTIN.

<b>Timeframe to opt in</b>	<b>FY: 2021-22</b>		<b>Timeline for opt-in</b>		
	A	B	April – June (Q1)		
	1	2	1 <sup>st</sup> Feb 2021 to 30 <sup>th</sup> April 2021		
			July – Sept (Q2)		
			1 <sup>st</sup> May 2021 to 31 <sup>st</sup> July 2021		
		Oct – Dec (Q3)		1 <sup>st</sup> August 2021 to 31 <sup>st</sup> Oct 2021	
		Jan – March (Q4)		1 <sup>st</sup> Nov 2021 to 31 <sup>st</sup> Jan 2022	
<b>Condition to opt in</b>	Last return must be furnished on date of exercising the option.				
<b>GSTR-1 or availing IFF facility?</b>	<ul style="list-style-type: none"> <li>The scheme provides the IFF facility for first two months to furnish the detail of outward supply till the 13<sup>th</sup> of the succeeding month (This facility is optional)</li> <li>Details furnished using IFF facility need not require to re-furnish in GSTR-1. Therefore, only invoices of last month of the quarter is require to furnish in GSTR-1.</li> <li><b>Exception:</b> The said details of outward supplies shall not exceed the value of ₹ 50 lakhs in each month.</li> <li>On non-opting of this facility, detail of outward supply to be made in GSTR-1 quarterly.</li> </ul>				
<b>Payment method (at</b>	<b>*Fixed sum method:-</b> Quarterly filer of GSTR-3B of previous Qtr:- 35% of tax liability in cash paid in preceding Qtr.				

<b>the option of tax payer)</b>	Monthly filer of GSTR-3B of previous Qtr:- 100% of tax liability in cash paid in last month of preceding Qtr.
	<b>*Self-assessment method:</b> - No payment in cash be made if sufficient balance available in Electronic cash/credit ledger for first two month of the quarter after ascertaining all the taxes on the outward & inward supplies.
<b>Any change in manner of filing the GSTR-3B</b>	No, the manner of declaring the tax on outward & inward supplies are same. But the tax paid in first two month would now be offset along with the third month liability.
<b>Compulsory opt out</b>	When aggregate turnover exceed ₹5 crore in any quarter in current FY shall opt to furnish the monthly returns from the succeeding quarter.
<b>Levy of late fees</b>	Late fees would be applicable for delay in furnishing GSTR - 1 or GSTR-3B.
	No late fee is applicable for delay in payment of tax in first two months of the quarter.

**INTEREST ON ACCOUNT OF SHORT PAYMENT (OR) NON-PAYMENT UNDER QRMP SCHEME: -**

	FSM	SAM
TAX W.R.TO 1 <sup>st</sup> month (or) 2 <sup>nd</sup> month of the quarter not paid by 25 <sup>th</sup> of next month	Interest @18% p.a. from 26 <sup>th</sup> of next month till the date of payment	Interest @ 18% p.a. from 26 <sup>th</sup> of next month till the date of payment
Diff. tax (Actual tax - Tax paid) w.r.t 1 <sup>st</sup> month (or) 2 <sup>nd</sup> month of the quarter.	N.A	Interest @ 18% p.a. from 26 <sup>th</sup> of next month till the date of payment
GSTR- 3B for the Quarter, filed late	Interest @ 18% p.a. from 23 <sup>rd</sup> /25 <sup>th</sup> the month following quarter till date of filing GSTR-3B on the net liability mentioned in GSTR-3B	Interest @ 18% p.a. 23 <sup>rd</sup> /25 <sup>th</sup> of the month following quarter till the date of filing GSTR-3B on the net liability mentioned in GSTR-3B.

**TIME LIMITS FOR VARIOUS RETURNS:**

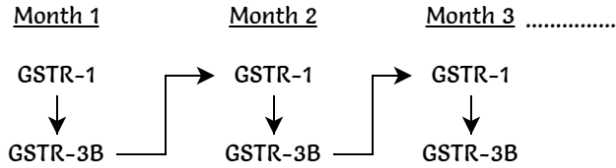
Form	Description	Frequency
GSTR-1	Details of outward supplies (Other than QRMP Scheme)	11 <sup>th</sup> of the month following every month
	Details of outward supplies (QRMP Scheme)	13 <sup>th</sup> of the month following every quarter
IFF	In case of QRMP Scheme, for first 2 months in a quarter	13 <sup>th</sup> of the month following every month

GSTR-3B	Summary of outward supplies along with input tax credit (Notified States – Gujarat, Madhya Pradesh, Chhattisgarh, Maharashtra, Telangana, Andhra Pradesh, Karnataka, Tamil Nadu and Kerala, Andaman, Puducherry, Goa, Daman, Diu, Dadra and Nagar Haveli)	If QRMP not opted:	
		20 <sup>th</sup> of the month following every month <b>If QRMP opted:</b> 22 <sup>nd</sup> of the month following every month – Notified States 24 <sup>th</sup> of the month following every month – Other states	
CMP-08	Statement-cum-challan to make tax payment by a composition scheme tax payer	18 <sup>th</sup> of the month following every quarter.	
GSTR-4	Annual Return for a taxpayer registered under the composition scheme	30 <sup>th</sup> April of succeeding Financial Year.	
GSTR-5	Return for a NRTP	13 <sup>th</sup> of month, following every month (or) 7 days from expiry of registration, whichever is earlier	
GSTR-5A	Return to be filed by OIDAR supplier located outside India	20 <sup>th</sup> of the month, following every month	
GSTR-6	Return for an input service distributor	13 <sup>th</sup> of the month, following every month	
GSTR-7	TDS details	10 <sup>th</sup> of the next month.	
GSTR-8	TCS details	10 <sup>th</sup> of the next month.	
GSTR-9/9B	Annual return (Normal/E-Commerce operator)	31 <sup>st</sup> December of next financial Year, if ATO during PY > ₹ 2 Cr.	
GSTR-9C	Reconciliation statement – Self certified	31 <sup>st</sup> December of next financial year, if ATO during PY > ₹5 cr.	
GSTR-10	Final return to be filed by a taxpayer whose GST registration is cancelled.	Within three months of the date of cancellation or date of cancellation order, whichever is later.	
GSTR-11	Details of inward supplies to be furnished by a person having UIN	At the time of filing refund claim	



**Special Points on returns:**

1. Sequential filing of returns:



2. Govt. on the recommendations of GST council may allow a person to file GSTR-1, even if GSTR-1 is not filed for prior periods.
3. In the following cases, even though supplier declared the details of outward supplies in GSTR-1, ITC can be restricted in GSTR-2B as per Sec. 38
  - Supplier is a newly registered business
  - Supplier has filed GSTR-1 but not GSTR-3B
  - Supplier's liability in GSTR-1 > liability in GSTR-3B
  - Supplier's ITC in GSTR-3B > ITC in GSTR-2B
  - Supplier has received demand notices and defaulted in payment of taxes and such default continues.
  - Supplier defaulted in payment of 1% of gross liability through ECL in terms of Rule 86B.
4. In the following cases, a person is restricted from filing GSTR-1/IFF (i.e., Debarred or blocked to file GSTR-1):
  - a. GSTR-3B not filed for preceding month (Normal Scheme)
  - b. GSTR-3B not filed for preceding (QRMP Scheme)
  - c. Not furnished bank details within the time limit under Rule 10A
  - d. Intimation under Rule 88C (Liability in GSTR-1 > Liability in GSTR-3B) but neither reply to such intimation nor differential amount along with interest is paid.
  - e. Intimation under Rule 88D (ITC in GSTR-3B > ITC in GSTR-2B) but neither reply to such intimation nor differential amount along with interest is paid.

5. Communication of discrepancies & recovery mechanism [Rule 88C & Rule 88D]

Criteria	88C	88D (A)
Trigger Point	Difference in Outward Supply – Liability declared in form GSTR 1 exceeds the tax payable in form GSTR 3B by such amount and such percentage	Difference In ITC claimed – Credit availed in form GSTR 3B exceeds the credit as per auto generated statement in Form GSTR 2B
Communication by Department	Part A- GST DRC – 01B	Part A - GST DRC - 01C
Communication by	Upload on the Portal + E-Mail	Upload on the Portal + E-Mail

Response Time	7 Days	7 Days
Response to be filed in	Part B -GST DRC -01B	Part B - GST DRC - 01C
Options available	1. Pay the Difference 2. Explain the difference 3. Partial payment and explain the balance	1. Pay the Difference 2. Explain the difference 3. Partial payment and explain the balance
If no response / unsatisfactory response	Recovery of Tax under Section 79 + liability posted in Electronic liability ledger	SCN under Section 73/74
Impact on Filing of Returns / Access to GST Portal	1. Not allowed in file returns in Form GSTR 1 2. Rule 59 - Once GSTR 1 not filed. GSTR 3B filing gets blocked 3. Rule 138E - If GSTR 1 not filed for two consecutive tax periods, E-Way Bill facility gets blocked 4. Rule 21A - Suspension of registration	1. Not allowed in file returns in Form GSTR 1 2. Rule 59 - Once GSTR 1 not filed. GSTR 3B filing gets blocked 3. Rule 138E - If GSTR 1 not filed for two consecutive tax periods, E-Way Bill facility gets blocked 4. Rule 21A - Suspension of registration

<b>Persons not required to file GSTR – 1/3B (T<sup>2</sup>ONIC):</b>	<b>Annual return is not required to be filed by (CAG TONIC):</b>
T = TDS Deductor T = TCS Deductor O = OIDAR supplier located outside India and making supplies to non-taxable recipient in India N = Non Resident Taxable Person (NRTP) I = Input Service Distributor (ISD) C = Composition scheme tax payer	CAG = RP whose books are subject to audit by CAG T = TDS Deductor O = OIDAR supplier located outside India and making supplies to non taxable recipient in India N = Non-Resident Taxable Person (NRTP) I = Input Service Distributor (ISD) C = Casual Taxable Person (CTP)

**LATE FEE FOR DELAY IN FILING RETURN [SEC. 47]:**

Type of return	Situation	Late Fee (under CGST Act)	Subject to maximum (under CGST Act)
GSTR – 1, GSTR – 3B	Nil Return	₹10 for every day	₹250
	ATO during PY ≤ ₹1.5 Crores:	₹25 for every day	₹1,000

[w.e.f. Month or quarter ending June, 2021 onwards]	ATO during PY > ₹1.5 Crores but ≤ ₹5 Crores	₹25 for every day	₹2,500
	ATO during PY > ₹5 Crores	₹25 for every day	₹5,000
GSTR – 5, GSTR – 5A, GSTR – 6	Nil return	₹10 for every day	₹5,000
	Other than Nil return	₹25 for every day	₹5,000
GSTR – 7		₹25 for every day	₹1,000
GSTR – 8		₹100 for every day	₹5,000
GSTR – 4 [W.e.f. FY: 2021-22 onwards]	Nil return	₹10 for every day	₹250
	Other than Nil return	₹25 for every day	₹1,000
GSTR – 9/GSTR – 9B/9C	ATO during PY ≤ ₹5 Crores:	₹25 for every day	0.02% of turnover in the state or UT.
	ATO during PY > ₹5 Crores but ≤ ₹20 Crores	₹50 for every Day	0.02% of turnover in the state or UT.
	ATO during PY > ₹20 Crores	₹100 for every day	0.25% of turnover in the state or UT.

Note: An equal amount of late fee is payable under SGST Act also. Late fee under IGST is not applicable, if late fee under CGST & SGST is paid.

**FILING NIL RETURNS THROUGH SMS:**

The following returns can be filed through SMS if all the entries in the return are Nil

- (i) GSTR – 1
- (ii) GSTR – 3B
- (iii) GST CMP 08

**FIRST RETURNS [SEC.40]**

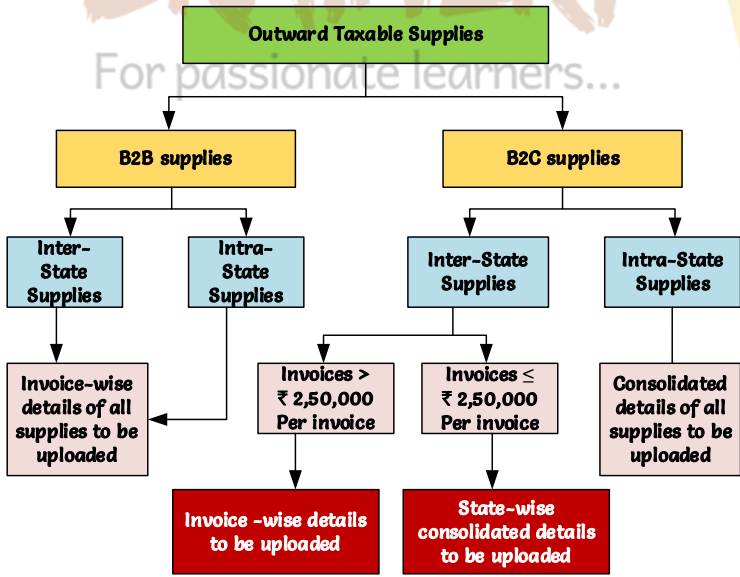
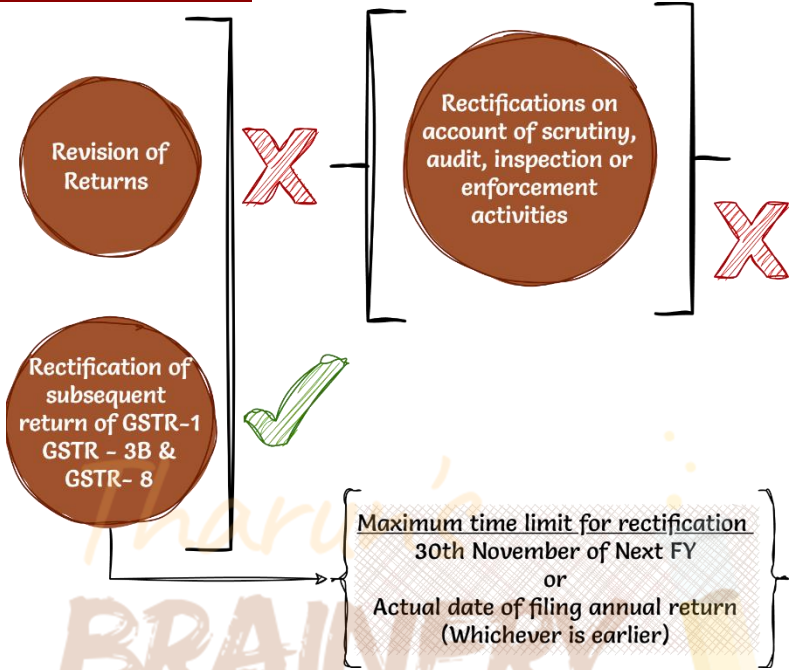
Every registered person who has made outward supplies in the period between the date on which he became liable to registration till the date on which registration has been granted shall declare the same in first return furnished by him after grant of registration.

**NOTICE TO RETURN DEFAULTERS [SEC. 46]**

A notice in GSTR – 3A shall be issued, if returns are not filed. After issuance of notice, returns should be filed within **15 days** from such notice date.

If returns not filed within 15 days after notice best judgement shall be initiated u/s 62.

**RECTIFICATION OF RETURNS:**



# SEGMENT - 13

## E-WAY BILL

- It is to be generated before movement of goods.
- It is not applicable in case of EXEMPTED goods.
- It is not applicable if the value of goods (incl. GST & excl. EXEMPT SUPPLIES) ≤ ₹50,000 (However, in case of job-work and handicrafts, it is required).
- It has 2 parts – Part A, comprises of GSTIN details of supplier an recipient, document number and reason for transportation and Part B, comprises of transport details.

### Validity of E – Way bill:

	Cargo	Validity period
1	Over Dimensional Cargo (ODC) or Multi-Modal Transportation (MMT) in which at least one leg involves transport by ship	1 day for every 20 kms or part thereof
2	In other cases (i.e., other than above)	1 day for every 200 kms or part thereof

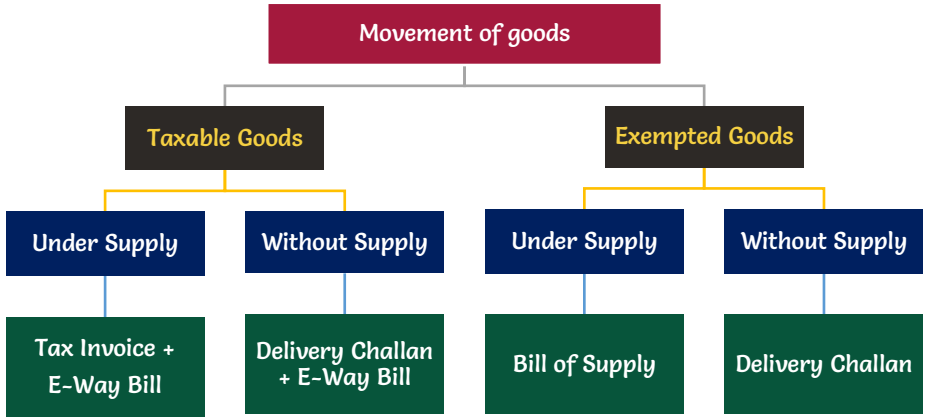
**Note:** The validity of E-way bill may be extended within 8 hours from the time of its expiry (Validity counted from midnight of the day when E Way bill is generated)

### FAQ'S ON E-WAY BILL:

S.No.	Question	Answer
1.	When E-Way bill is not required?	<ol style="list-style-type: none"> <li>1. Transportation by non-motorized vehicle.</li> <li>2. Goods transported from Customs port, Airport, air cargo complex or land customs station to Inland Container Depot (ICD) or Container Freight Station (CFS) for clearance by Customs.</li> <li>3. Goods transported under Customs supervision or under Customs seal.</li> <li>4. Transit cargo transported to or from Nepal or Bhutan.</li> <li>5. Movement of goods for Ministry of Defence.</li> <li>6. Empty Cargo containers are being transported.</li> <li>7. Consignor transporting goods to or from between place of business and a weighbridge for weightment at a distance of 20 kms, accompanied by a Delivery challan</li> <li>8. Goods being transported by rail where, the Consignor of goods is the Central Government, State Governments or a local authority.</li> </ol>

		<p>9. Goods specified as exempt from E-Way bill requirements in the respective State/Union territory GST Rules.</p> <p>10. Transport of certain specified goods</p> <ul style="list-style-type: none"> <li>• LPG for supply to household and non-domestic exempted category customers. (Other than dealer of cylinder).</li> <li>• Kerosene oil sold under Public Distribution System.</li> <li>• Postal baggage.</li> <li>• Natural or cultured pearls.</li> <li>• Jewellery, goldsmith and silversmith wares. <b>(Other than imitation jewellery)</b></li> <li>• Used personal and household effects.</li> </ul>
2.	Whether E Way bill is required if movement of goods is not for supply?	Yes (Irrespective of whether it involves supply or not)
3.	Whether ₹50,000 limit is for taxable goods or exempted goods	Taxable goods. If invoice has both taxable and exempt goods, we need to consider the invoice value of taxable goods
4.	While computing invoice value, whether GST to be included or excluded?	While determining the limit of ₹ 50,000 GST TO BE INCLUDED
5.	Who will generate E Way bill?	<ul style="list-style-type: none"> <li>• Registered Person – E-way bill must be generated when there is a movement of goods of more than ₹ 50,000 in value to or from a Registered Person.</li> <li>• Unregistered Persons – Unregistered persons are also required to generate e-Way Bill. However, where a supply is made by an unregistered person to a registered person, the receiver will have to ensure all the compliances are met as if they were the supplier.</li> </ul>
		<ul style="list-style-type: none"> <li>• Transporter – Transporters carrying goods by road, air, rail, etc. need to generate E-Way Bill if the supplier has not generated an E-Way Bill.</li> </ul>

6.	Whether transporter is required to generate if supplier has not generated because the invoice value $\leq$ ₹ 50,000?	<p>Transporters should generate the E-way bill (as Form EWB-01 or EWB-02) where all the consignments in the conveyance:</p> <ul style="list-style-type: none"> <li>▶ Individually (i.e., each invoice/delivery challan) is less than or equal to ₹ 50,000 BUT</li> <li>▶ In Aggregate (all documents put together) exceeds ₹ 50,000</li> </ul>
7.	Blocking of E-Way Bill	<ul style="list-style-type: none"> <li>⇒ E-Way bill cannot be generated, if return (GSTR - 1 or GSTR - 3B or GST CMP 08) is not filed for 2 consecutive tax periods.</li> <li>⇒ E-Way bill generation facility is blocked only w.r.to outward movement of goods by a registered person who has not filed returns as above.</li> <li>⇒ However, E-Way bill can be generated in respect of inward supplies of said registered person.</li> </ul>
8.	Other points	<ul style="list-style-type: none"> <li>⇒ In case of "Bill to Ship to" transactions, one E-way bill is sufficient and it can be generated either by consignor or by consignee.</li> <li>⇒ Multi Vehicle updation is possible in E-Way bill.</li> <li>⇒ Part B should be updated within 15 days from updation of Part A.</li> <li>⇒ E-Way Bill should be accepted by recipient within 72 hours from generation or delivery of goods, whichever is EARLIER.</li> <li>⇒ Part B may be updated by supplier, recipient or transporter.</li> </ul>





# SEGMENT - 14

## TDS VS. TCS

TDS & TCS UNDER GST [SEC. 51 & 52 OF CGST ACT]

**WHEN APPLICABLE?**

### TDS

[Sec.51 of CGST Act]

Supply to Notified recipient

Notified Recipients are

- a) Govt-CG/SG/UT/LA
- b) Govt Agency
- c) Public Sector Undertaking (PSU)
- d) Govt body where equity participation of Govt is > or equal to 51%

### TCS

[Sec.52 of CGST Act]

Supplies through E-Commerce Operator

Supplier should be different from E Commerce Operator and such ECO should not be a mere agent (i.e. Payment gateway or logistics operator)

**WHO IS LIABLE TO DEDUCT AND AT WHAT RATE?**

### TDS

[Sec.51 of CGST Act]

Notified Recipient @ 2%

#### Non Applicability

- 1. Supplier is unregistered
- 2. Supplies are Exempted or non taxable
- 3. Contract value does not exceed ₹ 2,50,000
- 4. Supplies between notified recipients
- 5. Recipient liable to pay GST under RCM
- 6. Location of recipient and Place of supply not in the same state

### TCS

[Sec.52 of CGST Act]

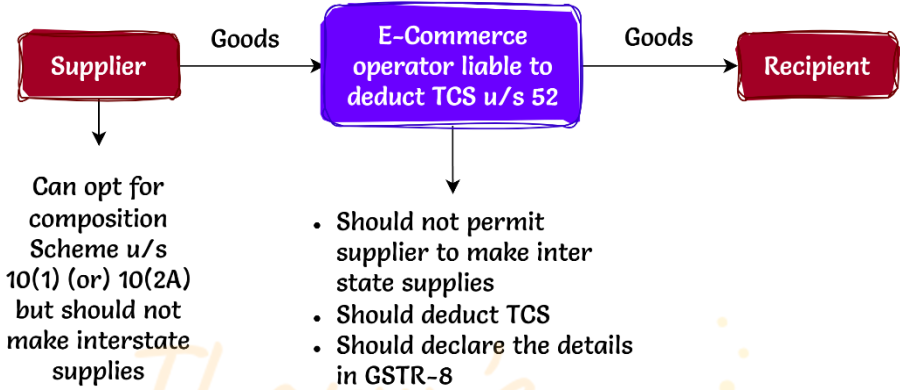
E Commerce Operator @ 1%

#### Non Applicability

- 1. Supplier is unregistered
- 2. Supplies are Exempted or non taxable
- 3. Notified Services u/s 9(5)
- 4. Payment is not collected by ECO

- TDS computed on amount remitted to supplier by recipient
- TDS not applicable, if it is intra-state supply and recipient in another state

**ADDITIONAL POINTS (SPECIAL PROCEDURES) A**



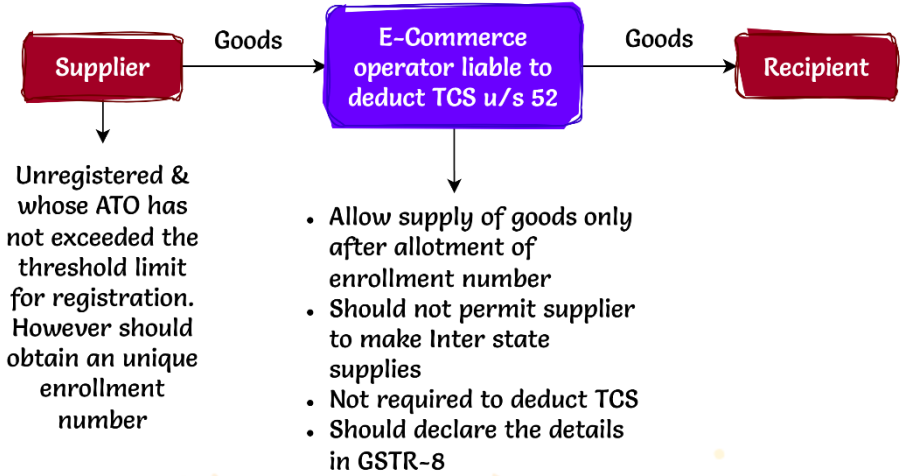
**DETAILS OF TCS FURNISHED BY ECO TO BE MADE AVAILABLE ELECTRONICALLY TO ONLY REGISTERED SUPPLIERS [RULE 67(2) AMENDED] A**

Unregistered suppliers of services and now unregistered suppliers of goods also are allowed to make supplies through ECOs till the time their turnover does not exceed the prescribed threshold limit. Rule 67 has been amended to clearly bring out that the details of TCS furnished by ECOs in Form GSTR-8 shall be made available only to the registered suppliers, as the supplies by unregistered persons do not attract TCS. Amended rule 67(2) provides as follows:

**The details of tax collected at source under section 52(1) furnished by the ECO shall be made available electronically to each of the registered suppliers on the common portal after filing of Form GSTR-8 for claiming the amount of tax collected in his electronic cash ledger after validation.**

**CLARIFICATION ON TCS LIABILITY IN CASE OF MULTIPLE ECOS IN ONE TRANSACTION – CBIC CIRCULAR A**

- ❖ Such ECO who finally releases the payment to supplier is liable to deduct TCS
- ❖ Each ECO involved is required to pay GST on the commission earned by them

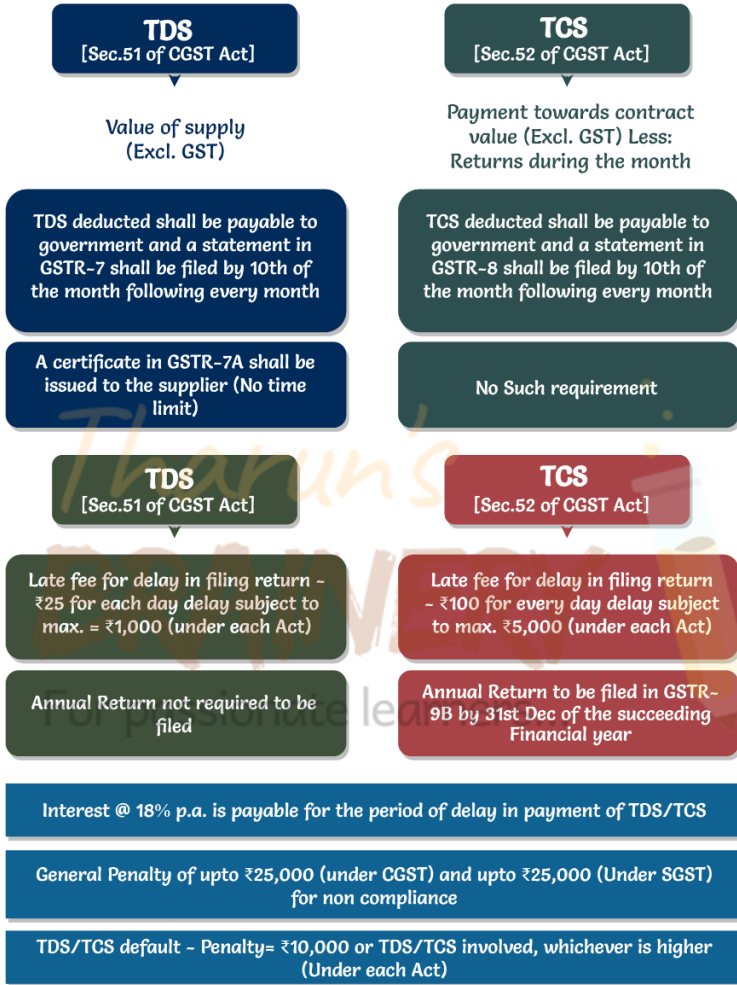


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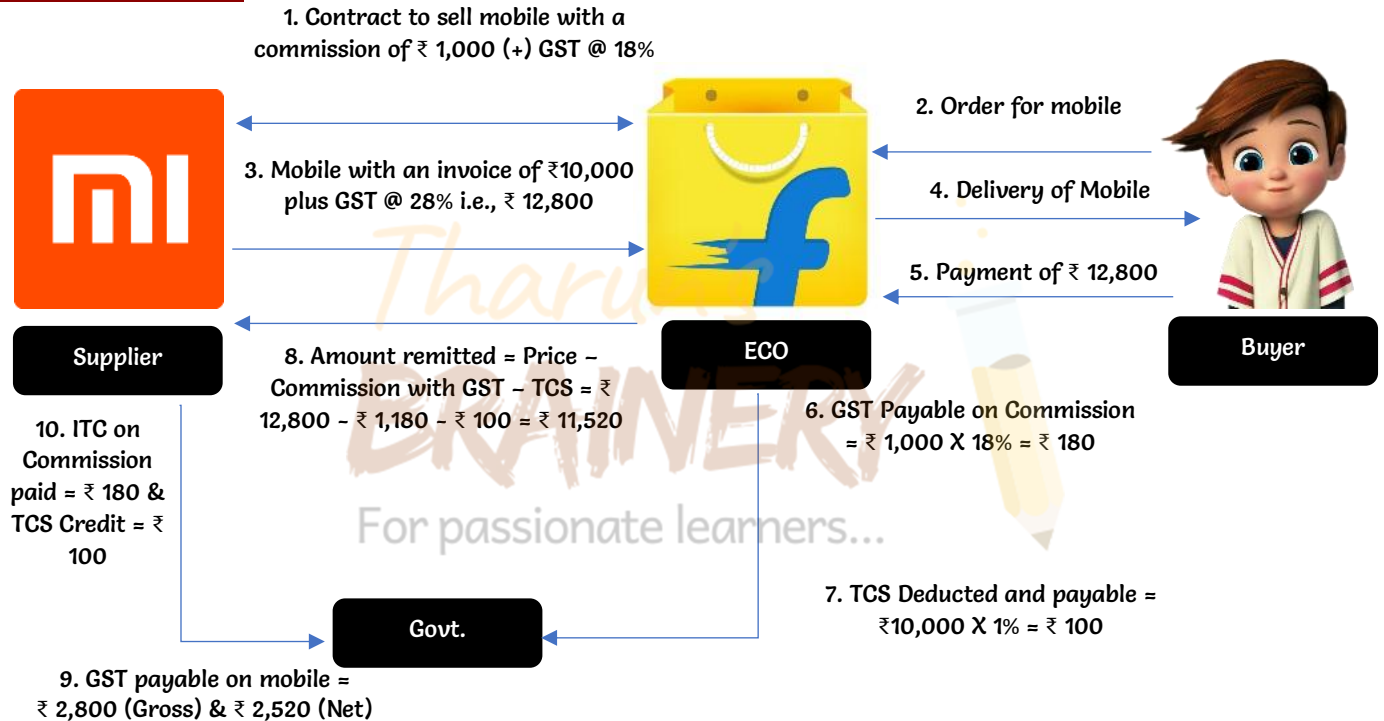
**COMPUTATION AND COMPLIANCE?**



**Note:** TDS/TCS deducted shall be reflected in GSTR – 2A of supplier, which is reflected in Electronic Cash Ledger and is used for payment of GST liability. It can also be used for payment of interest, penalty (or) late fee, payable

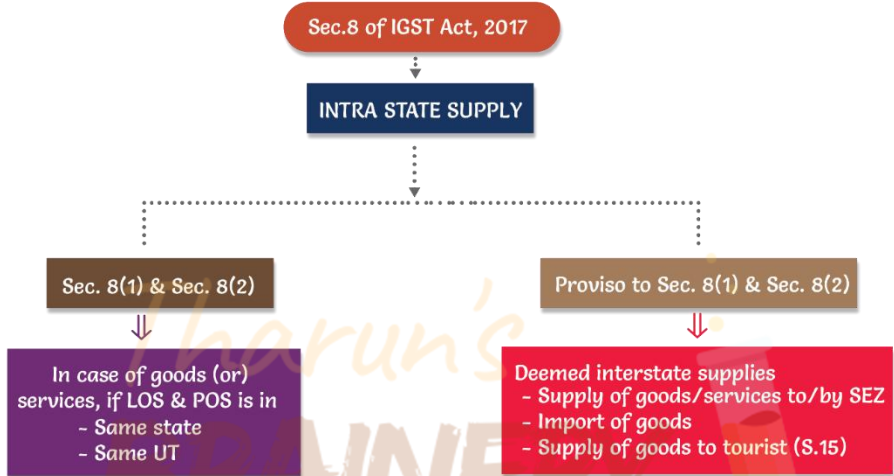
**Time limit for rectification of GSTR 8 (TCS Return):** 30<sup>th</sup> November of succeeding Financial Year (or) Date of filing annual return for the Financial Year **WHICHEVER IS EARLIER**

**ILLUSTRATION ON TCS:**

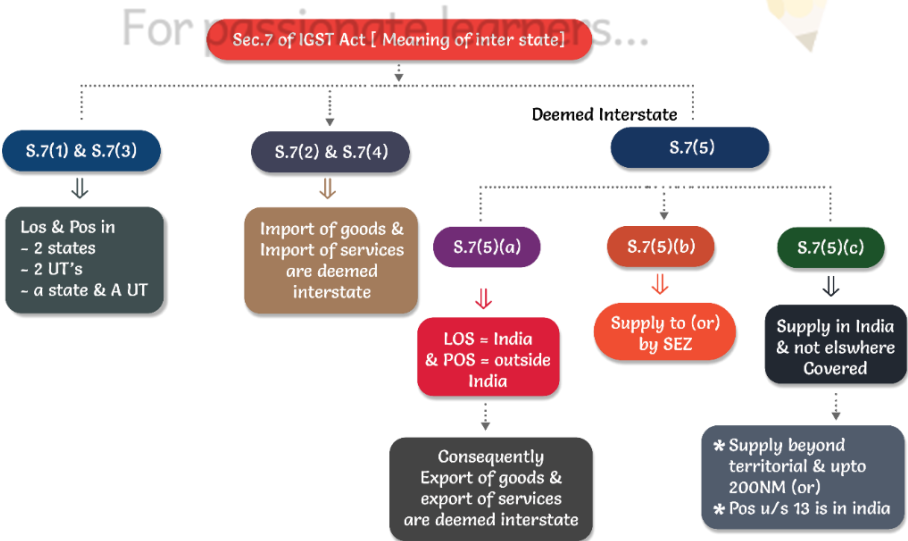


# SEGMENT - 15 PLACE OF SUPPLY

## INTRA-STATE SUPPLY [SEC. 8 OF IGST ACT]:



## INTER-STATE SUPPLY [SEC. 7 OF IGST ACT]:



**EXPORT OF GOODS VS. EXPORT OF SERVICES:**

Export of goods – Sec. 2(5) of IGST Act, 2017	Export of Services – Sec. 2(6) of IGST Act, 2017
<p>Taking goods out of India to a place outside India (Consideration in foreign exchange is not a condition. However, if foreign exchange not realized within the time prescribed under FEMA, refund claimed shall be recovered).</p>	<ul style="list-style-type: none"> <li>• LOS = India</li> <li>• LOR = Outside India</li> <li>• POS = Outside India</li> <li>• Consideration = convertible foreign exchange (It can be in Indian Rupees if permitted by RBI)</li> <li>• Supplier and recipient are not merely establishments of the same person</li> </ul> <p><b>Note:</b> Supply from a company incorporated in India to its establishments outside India, which are incorporated under the laws outside India, would qualify as 'export of services', subject to fulfilment of other conditions.</p>

In the following 2 cases, consideration can be received in INR as permitted by RBI:

1. Services to Nepal & Bhutan
2. Payment credited in Special rupee Vostro account maintained by bank outside India.

**DEEMED INTER-STATE SUPPLIES:**

**THE FOLLOWING SUPPLIES ARE DEEMED TO BE INTER-STATE SUPPLIES, IRRESPECTIVE OF LOCATION OF SUPPLIER AND PLACE OF SUPPLY:**

1. Supplies to SEZ (or) by SEZ
2. Import of goods (or) Services
3. Export of goods (or) services
4. Location of supplier in India and Place of Supply is outside India
5. Supply of goods to a tourist (At present, it is not effective)
6. Supply of goods or services, beyond territorial waters and upto Exclusive Economic Zone<sup>7</sup> (Supply in taxable territory not elsewhere specified)
7. LOS is India and POS is India as per Sec. 13 of IGST Act
8. Security Lending under SEBI
9. Trading in Priority Sector Lending Certificates (PSLC)
10. Advances received, which cannot be categorized into Intra (or) Inter.

**SUPPLIES IN TERRITORIAL WATERS (I.E., 12 NAUTICAL MILES FROM BASE LINE) – SEC. 9 OF IGST ACT, 2017:**

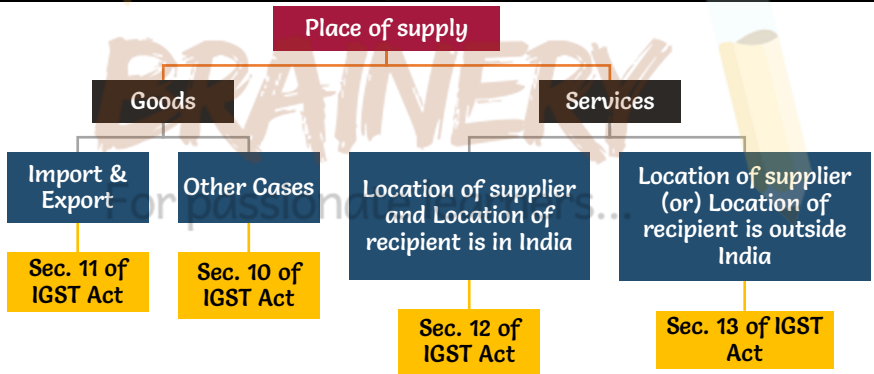
If location of supplier or place of supply is in territorial waters, then the nearest coastal state/UT shall be taken as the location of supplier or place of supply.

<sup>7</sup> 200 Nautical Miles from Base Line.

**For Example,** if a marine engineer registered in Tamil Nadu provides repair services to Mr. Musk located outside India, for his ship (not for business purpose) located in territorial waters of India, and the place of supply is the location where services are actually performed, i.e., location of the ship. But, as the ship is in territorial waters, place of supply shall be the nearest coastal state where the ship is located and if the nearest coastal state is Andhra Pradesh, then, the nature of supply is inter-state supply to the marine engineer. If the nearest coastal state is Tamil Nadu, then nature of supply is intra state supply to marine engineer.

**ZERO-RATED SUPPLIES<sup>8</sup> [SEC. 16 OF IGST]:**

Meaning	1. Export of goods or Services 2. Supply of goods or services to SEZ unit/Developer
Whether GST paid on inward supply?	Yes, and can be availed as ITC
Option (i)	Pay IGST on outward supply by utilizing ITC and get the refund of gross IGST
Option (ii)	Don't pay any GST on outward supply & supply it under bond/LUT but get refund of ITC w.r.to GST paid on inward supply i.e., Inputs & input services



If both LOS and LOR are outside India, POS cannot be determined for such service and it is EXEMPTED.

<sup>8</sup> Tax incidence is “0”



**POS IN CASE OF GOODS [SEC. 10 & SEC. 11 OF IGST ACT, 2017]:**

Sec.	Situation	POS
10(1)(a)	Supply involves movement of goods	<u>To registered person</u> → Ending point <u>To unregistered person</u> → Location of recipient in the records of supplier otherwise Location of supplier <sup>A</sup>
10(1)(b)	Bill to ship to Transaction	Billing address
10(1)(c)	Supply does not involve movement of goods	<u>To registered person</u> → Location of goods <u>To unregistered person</u> → Location of recipient in the records of supplier otherwise Location of supplier <sup>A</sup>
10(1)(d)	Goods assembled or installed at site	Location of such assembly
10(1)(e)	Supply on board a conveyance	Starting point of goods

**Note:** In case of conflict between Sec. 10(1)(a)/10(1)(b)/10(1)(c) over Sec. 10(1)(d)/Sec. 10(1)(e), then Sec. 10(1)(d)/10(1)(e), shall prevail. **[specific provision prevails over general provision].**

In case of services, if LOS is INDIA and POS is determined under Sec. 13 and if it is in INDIA, then it will never come under intra-state supply, but treated as DEEMED INTER STATE SUPPLY, as the reference for intrastate supply is only Sec. 12

**POS IN CASE OF SERVICES [SEC. 12 & SEC. 13 OF IGST ACT, 2017]:**

Nature of service	POS as per Sec. 12
Genera Provisions	B2B = LOR B2C = LOR in the records of supplier (If not available then LOS)
In relation to immovable property (IP) incl. accommodation	If IP in India – IP location If IP is outside India – LOR
Performance based services in relation to Individuals	Food & Beauty related – Performance location Training & Performance appraisal B2B = LOR B2C = performance location All other services – General provisions
Event related	Admission – Event location Organising: B2B = LOR B2C = Event location (If event

	outside India, then LOR)
Transportation of goods <sup>A</sup>	B2B = LOR B2C = Starting point of goods
Transportation of passengers	B2B = LOR B2C = Starting point of passenger
Services on board a conveyance	Starting point of conveyance
Telecommunication (incl. Broadband and DTH)	Fixed Line = Equipment location Mobile (Post-paid) = Billing Mobile (Prepaid) = Dealer address [Online recharge = General Provisions]
Advertisement services to Govt.	Each state where advertisement is provided

**SEC. 12 – B2B VS. B2C:**

1. Training and performance appraisal
2. Organizing an event
3. Transportation of goods or passengers

**IGST RULES**

Rule No	Rule Description	How to determine POS?	
		Type of Advertisement	Factor for value allocation
3	Manner of determination of proportion of value attributable to different States or Union territories, <b>in the case of supply of advertisement services</b> to the Central Government, a State Government, a statutory body or a local authority  <b>Note:</b> In any other case, it is amount payable (i.e., expenditure ratio)  *BARC - Broadcast Audience Research Council	1	On Trains Length of railway track in each state/UT, for that train
		2	On railway tickets No. of railway stations in each state/UT
		3	On TV Channels# Number of viewers (Published by BARC*) of such channel in each state/UT
		4	On internet# <b>DEEMED TO BE PROVIDED ALL OVER INDIA</b>

	<p><b>**TRAI - Telecom Regulatory Authority of India</b>  <b>#Figures of last week of a given quarter will be used for calculations for the succeeding quarter. If the data pertains to more than one state, ratio of population shall be used.</b></p>			<p>Number of internet subscribers in all states &amp; UT's</p>
		5	Through SMS#	<p>Number of telecom subscribers (Published by TRAI**) in each state/UT</p>
4	<p>Computation of value of services <b>where immovable property is located in more than one State</b> and where the location of supplier and recipient is in India</p>	<p><b>Type of services in relation to immovable property</b></p>	<p><b>Factor for proportionate value allocation</b></p>	
		<p>Accommodation and its ancillary services</p>	<p>Number of nights stayed in such property</p>	
		<p>Accommodation by a houseboat or vessel and its ancillary services</p>	<p>Time spent by the boat or vessel in each such State/ UT</p>	
		<p>All other services provided in relation to immovable property not covered above</p>	<p>Area of the immovable property lying in each State/ UT</p>	
5	<p>Computation of value of services <b>where event is organised in more than one State</b> and where the location of supplier and the recipient is in India</p>	<p>GAAP i.e., Expenditure ratio</p>		
6	<p>Computation of value of services <b>where leased circuit is installed in more than one State</b> and where the location of supplier and the recipient is in India</p>	<p>the supply of services shall be treated as made in each of the respective States or Union territories, <u>in proportion to the number of points lying in the State or Union territory.</u></p>		

**CLARIFICATIONS THROUGH CIRCULARS:**

1. In case of an exporter of services outsources a portion of the services contract to another person located outside India, what would be the tax treatment of the said portion of the contract at the hands of the exporter? There may be instances where the full consideration for the outsourced services is not received by the exporter in India. It is clarified that the supplier of services located in India would be liable to pay IGST on reverse charge basis on the import of services on that portion of services which has been provided by the supplier located outside India to the recipient of services located outside India. Furthermore, the said supplier of services located in India would be eligible for taking ITC of the IGST so paid. - **Circular No. 78/52/2018 GST dated 31.12.2018**
2. In case of Cargo handling services, the POS should be determined based on general provisions and not in terms of immovable property services.

**3. POS for supply of services w.r.to advertising sector**

Sale of Space/Sale of Rights to use the Space on hoarding / structure of vendor to client / advertising company for display of their advertisement

Vendor providing advertisement services on hoarding/ structure owned or taken on rent by him

Sec. 12(3)(a) - Location of immovable property  
**POS**

If IP in India - IP location  
If IP is outside India - LOR

Sec. 12(2) - General provisions  
**POS**

B2B = LOR  
B2C = LOR in the records of supplier (If not available then LOS)

**3. Issue: What is the place of supply in case of sale to unregistered person through E-Commerce platform?**

Usually, POS is the location of recipient in the records of supplier. In the absence of such details, POS is location of Supplier **(A)**

Billing and delivery address Match

POS = Address recorded on the invoice

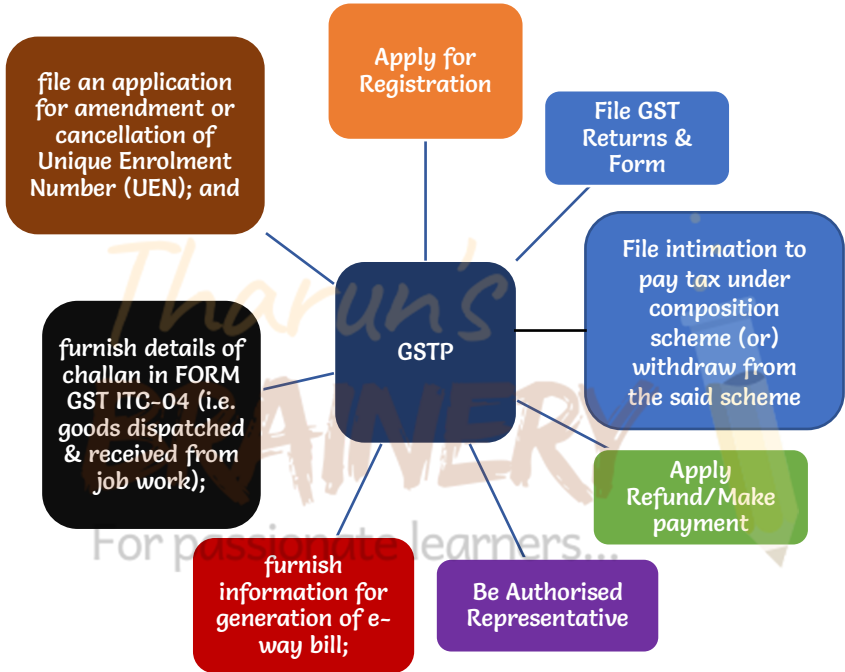
Billing and delivery address does not match

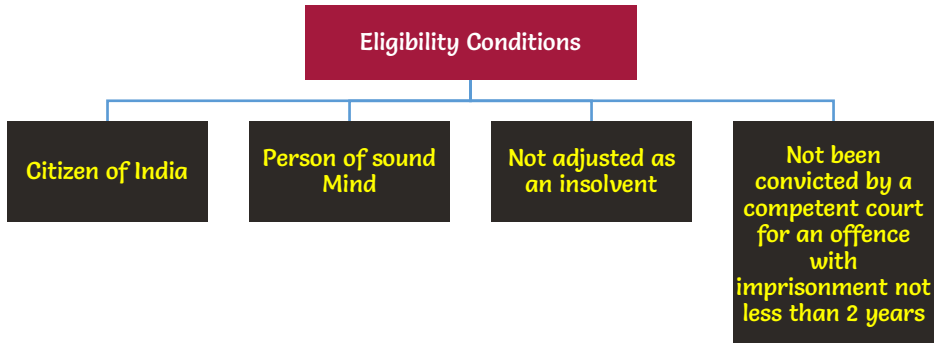
POS = Delivery address recorded on the invoice

“Name of State” on the invoice is sufficient to be considered as recording the address of the recipient.

# SEGMENT - 16 GST PRACTITIONER

## Role of Certified GST Practitioner Sec. 48:





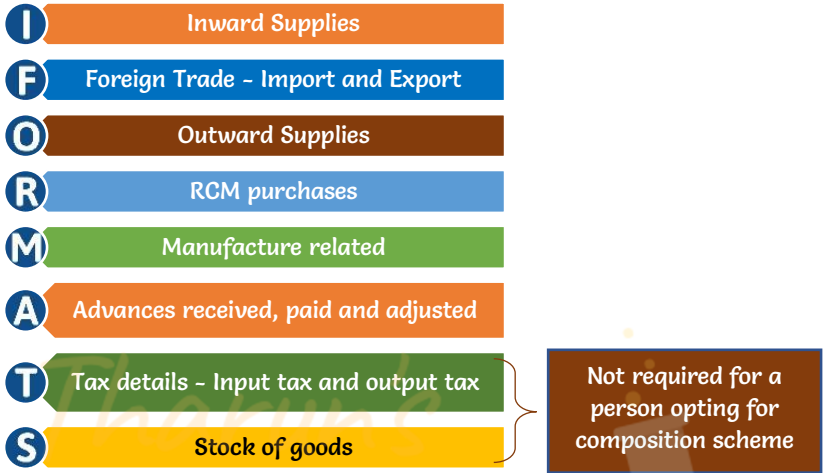
### Responsibility for correctness of particulars:

- 1) The responsibility for correctness of any particulars furnished in the return or other details filed by the GST practitioners shall continue to rest with the registered person on whose behalf such return and details are furnished.
- 2) Any statement furnished by the GST practitioner shall be made available to the registered person on the GST Common Portal.
- 3) For every statement furnished by the GST practitioner, a confirmation shall be sought from the registered person over email or SMS.
- 4) The registered person before confirming, should ensure that the facts mentioned in the return are true and correct.
- 5) However, failure to respond to request for confirmation shall be treated as deemed confirmation.

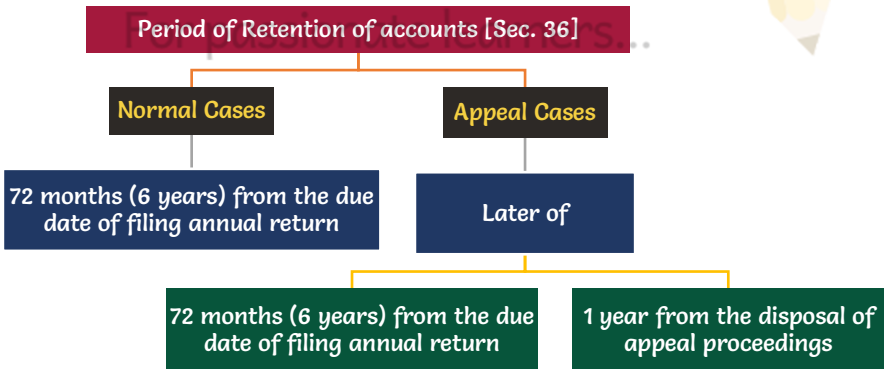
The GST practitioner shall prepare all statements with due diligence and affix his digital signature on the statements prepared by him or electronically verify using his credentials. If the GST practitioner is found guilty of misconduct, his enrolment will be liable to be cancelled. A show cause notice would be issued to him in the form GST PCT-3.

# SEGMENT - 17

## ACCOUNTS AND RECORDS



As per **Sec. 35**, the above records to be maintained by every registered person, in principal place of business and records pertaining to additional place of business in each additional place of business



**Note:** Every transporter (or) Warehouse keeper, even though not registered, should obtain Unique Enrollment Number (UEN) & maintain necessary records.

# APPENDIX

## SECTION REFERENCE IN CGST ACT

S.No	Section Reference	Pg. No
1	Short title, extent and commencement	11
2	Definitions	15 to 19
3	Officers under this Act	-
4	Appointment of officers	-
5	Powers of officers	-
6	Authorization of officers of state tax or union territory tax as proper officer in certain cases	-
7	Scope of supply	13 to 15
8	Tax liability on composite and mixed supplies	23
9	Levy and Collection	28
10	Composition levy	73
11	Power to grant exemption from tax	36 TO 54
12	Time of supply of goods	55
13	Time of supply of services	55
14	Change in rate of tax with respect to supply of goods or services	-
15	Value of taxable supply	58
16	Eligibility and conditions for taking input tax credit	63
17	Apportionment of credit and blocked credits	-
18	Availment of credit in special circumstances	70
19	ITC in respect of inputs and capital goods sent for job work	-
20	Manner of distribution of credit by input service distributor	-
21	Manner of recovery of credit distributed in excess	-
22	Persons liable for registration	86
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**BRAINERY**

For passionate learners...

