

**For CA/CMA/ CS INTER**

# **TAXATION INDIRECT TAXES G S T**



**2024-25**

**CA. Raj Kumar**

# GIST OF GST

By - CA Rajkumar



## Gate No. 1

Goods	Services	Neither Goods nor Services
<b>EVERY KIND OF MOVABLE</b> Properties [WHICH CAN BE MOVED AS SUCH without any dismantling from one place to another] eg.: Exercise Machine, Ceiling fan, small Storage tank etc.	<b>ANYTHING OTHER THAN GOODS</b> (i.e. AN ACTIVITY- either Active /Passive i.e. Do something or Not to do something. ie <b>NEGATIVE ACTIVITIES</b> )	<ul style="list-style-type: none"> <li>• Money,</li> <li>• Securities.</li> </ul>
<b>Including:</b> GROWING Crops & Grass, things attached to OR forming part OF THE Land (eg. Signage, Electricity Pole etc.)	<b>Including:</b> Transaction in money & Securities with Consideration.	Transaction in money & Securities Without Consideration.
<b>ACTIONABLE CLAIM will Also be treated as Goods</b>		

## Box 9

### Miscellaneous:

#### INVOICE: and E-way Bill

- TAX INVOICE issued BY TAXABLE PERSON
- Bill of Supply: By Person Availing Composition Scheme.

#### MANNER OF PAYMENT OF GST: -

- By using: E-CASH Ledger & E-Credit Ledger on GST Portal @ Specified Frequency by DUE DATE.

#### REGISTRATION:

- TIME LIMIT: 30 DAYS From: Crossing the limit of Rs. 20 Lakhs / 10 Lakh/40 Lakhs
- However the limit is Not Applicable - For INTER STATE supply of goods / Casual Taxable Person etc.

#### RETURN:

- Outward supply Return [GSTR 1]
- Annual return,
- Periodic Return, [GSTR 3B]
- etc.

#### INPUT TAX CREDIT:

- ITC Availment
- ITC Utilisation

#### RECORDS

#### REFUNDS

## Box 8

Charge	Time of Supply of Services	Time of Supply of Goods
Normal Charge Mechanism (NCM)	Invoice date OR Payment Date [Whichever is Earlier]	Invoice date OR Payment Date- [Whichever is Earlier]
Reverse Charge Mechanism (RCM)	Payment Date OR 61st Day from Invoice Date [Whichever is Earlier]	Payment Date OR 31st Day from Invoice Date OR Goods Receiving Date [Whichever is Earliest]

## Box 7

### NCM/RCM

Generally: SUPPLIER Liab to PAY GST to Govt.

In case of Supply of Specified Services / Goods : RCM will be applicable ie Recipient liab to PAY GST eg :

- Goods Transport Agency Service,
- Legal Services by advocate or firm of advocate,
- Sponsorship service,
- Govt. services
- Director's services,
- Insurance Agent's service,
- Etc.

## Box 6

### Computation of GST

Regular Scheme	Composition Scheme
Transaction Value = Assessable Value With Adjustments--	Alternate method to pay taxes for small Taxpayers.
<b>I-</b> [Include] Incidental Expenses eg Packing EXPENSES.	
<b>D-</b> [Exclude]: Cash/Bulk/year END DISCOUNT etc.	
<b>I-</b> [Include] interest, Penalty etc	
<b>O-</b> [Include] Obligation of Supplier paid by Recipient	
<b>T-</b> [Include] Taxes other than GST and Compensation Cess eg Excise Duty etc	
<b>S-</b> [Exclude] Government Subsidy	

## Gate No. 2

### PART #1 ; Meaning of Supply

All form of supply of Goods/SERVICE such as:

- Sale
- Exchange
- Transfer
- Barter
- License
- Renting
- Lease
- Disposal

Made or to be made IN THE COURSE or furtherance of Business for a consideration

Transactions between club and members with Consideration

Importation of services with Consideration (business/Personnel).

4 specified Activities will be treated as SUPPLY even if it is WITHOUT CONSIDERATION

**For Example:** Transactions in between Related party ie Transaction between family members etc.

**For Example :** Transaction in between principal and Agent.

### PART #2 ; Some Clarification: Supply of GOODS v/s Supply of SERVICE

Movable Property (Goods)		Supply of Goods
Sale of Goods		Supply of Goods
Hire Purchase TRANSACTIONS of Goods		Supply of SERVICE
Transfer of RIGHT / RIGHT to use Goods		Supply of Goods
Permanent transfer of Business Assets (Goods)		Supply of Goods
Immovable Property		Supply of Service
Renting / Leasing of Immovable Property		Supply of Service
Sale of Under Construction Property		Supply of Service
Sale of Complete / Constructed Property		No Supply

### PAR T #3 NO SUPPLY: [NEW MAGIC OF W/G LIQUOR WALE]

- (i) Non Taxable Territory to Non Taxable Territory
- (ii) Activity by employee to employer
- (iii) services by Court, Tribunals
- (iv) services by Govt. officials like president, prime minister, chief minister, minister, MP, MLC, MLA,
- (v) Mortuary services
- (vi) Actionable claims, other than lottery, betting, gambling.
- (vii) Liquor license
- (viii) Sale of Land. Completed Building

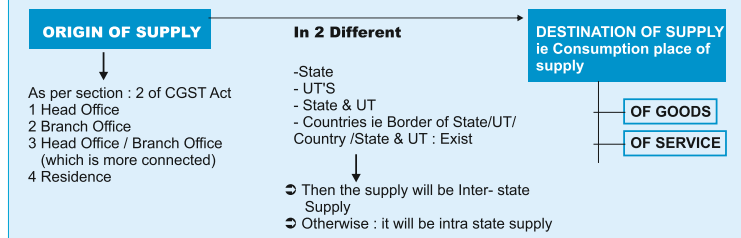
### PART #4 Bundled Supply

[A] Composite supply (NATURAL BUNDLE): shall be treated as a supply of PRINCIPAL SUPPLY;

[B] Mixed supply (Artificial bundled) – shall be treated as supply of that particular supply which attract HIGHEST tax rates.

## Gate No. 3

### NATURE OF SUPPLY: INTRA OR INTER



## Gate No. 4

**BY TAXABLE PERSON:** Any person, who is Registered or required to be Registered ie the Person liab to pay GST.

#### Step 1: No Registration

- # AN Agriculturist exclusively engaged in Agriculture (However corporate agriculturist are Taxable Person)
- # Person making EXCLUSIVE EXEMPTED SUPPLY.
- # Other Person as may be notified eg Supplier in case of RCM.

#### Step 2: Mandatory Registration

- # Inter- state supply of GOODS
- # Casual Taxable Person
- # Non Resident taxable person.

#### Step #3 Registration After Limit

#Aggregate Turnover Exceed the Applicable Limit of Rs 10/20/40 Lakh

## Gate No. 5

### Gate No. 5100% EXEMPTIONS

Exempted Services: Total 100 + Services are exempted

#Daan, Dharm, Shiksha, Swasthya, Khel, Sarkaar, Kisaan, Manoranjan,  
#Goods Transportation, Passenger Transportation, Renting of Immovable Property, Social Activity [G.P.R.S.]

**Goods: Total 150 Entries- [NOT IN SYLLABUS]:** National flag, Plastic Bangles, Live fish, fresh milk, potato, Grapes, Live bovine animals, Live sheep and goats etc.

AUTHOR

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*“Every effort has been made to avoid errors or omissions in this publication. In spite of this, error may creep in. Any mistake, error or discrepancy noted might be brought to our notice, which shall be taken care of in the next edition.”*

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## About CA RAJ KUMAR

CA Raj Kumar is a dynamic & qualified Chartered Accountant. As a brilliant student and a position holder at Graduation & Post Graduation level, during his **17 years of glorious teaching experience** in the field of Indirect Taxation he has taught **over 1,80,000 students**.

He is a favorite amongst CA Students for the astute & insightful academic inputs provided by him and for his pleasing & endearing personality and **lucid art of teaching**.

He firmly believes in **blending studies with fun** and this is quite evident in his classes wherein he goes beyond theoretical reading of the subject, makes students **solve practical problems**, gives them practical **real life examples** and pushes them to achieve their goals with full precision.

In the subject Indirect Tax Laws, his students have continued to score 10 times AIR #1 and All India Highest Marks for 11 times till now. He has also been entrusted by Government agencies to **show the ropes to IRS Officers** in training, which is a **testament to his caliber** as a subject matter expert.

He is famous for **concepts linkage** from the very beginning till the end which helps in understanding the topic, acing the exams and in post CA life as well. **His unique use of GST portal during the class** to link theory with Practical makes him stand apart from the crowd. His **classes are practical, conceptual and concise**. He is also the author of bestselling titles 'GST Compact Book'.

## Chapter : 1 - Introduction & Constitution

### What is Tax?:

A **compulsory extortion of money**, which is made under an Act or Law, to support the nation, is called as Tax.

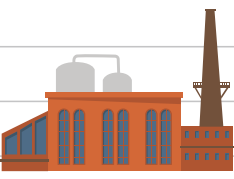

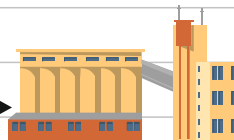
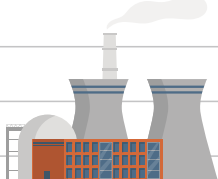
### Type of Tax:

Tax can be divided into **two parts**- First one is **Direct Tax** and another one is **Indirect Tax**. Where **incidence of tax borne by the person on whom it is levied**, is called as Direct Tax e.g. Income Tax, & Where the **incidence of tax borne by another person** i.e. End user, then it will be called as Indirect Tax, e.g. GST.

### Destination Principle:

According to this principle, **tax will be levied and collected by that State or Country, where goods or services are consumed.**

### Concept of Credit:

Manufacturer #1	Manufacturer #2	Manufacturer #3	Manufacturer #4
			
<b>Iron-----Wire</b>	<b>Wire---Compressor</b>	<b>Compressor--AC</b>	<b>AC--Car</b>
Value=100	Value=1,000	Value=10,000	Value=50,000
+ Tax= 18	+ Tax= 180	+ Tax=1,800	+ Tax= 9,000
<u>118</u>	<u>1,180</u>	<u>11,800</u>	<u>59,000</u>
↓	↓	↓	↓
Output tax= 18	Output tax= 180	Output tax= 1,800	Output tax= 9,000
- ITC= Nil	- ITC =18	- ITC=180	- ITC=1,800
<u>Tax to Govt = 18</u>	<u>Tax to Govt=162</u>	<u>Tax to Govt= 1,620</u>	<u>Tax to Govt=88,200</u>
<b>Total Tax To Govt. = 9,000</b>			
<b>Tax Borne By End User = 9,000</b>			

### Concept of GST Based On:

- (1) Value Added Tax
- (2) Continuous Chain of Credit
- (3) No Cascading (Tax on Tax)
- (4) Burden of Tax Borne by End User

### Features of Indirect Taxes:

**(I) Important Source of Revenue:** Indirect Taxes contributes more than 50% of total tax revenue.

**(II) Tax on Goods and Services.**

**(III) Shifting of Burden:** Tax paid by supplier is recovered from the recipient and ultimately total tax burden borne by the end user.

**(IV) No Perception of Direct Pinch:** Under Indirect Taxes, most of the time the tax payer paying the same without actually knowing that he is paying tax to Government.

**(V) Inflationary:** Indirect Taxes rate variations directly affect the prices of goods or services.

**(VI) Wider Tax Base:** It affects larger number of peoples as compared to Direct Taxes.

**(VII) Regressive in Nature:** The Indirect Taxes rates are same for rich and poor people.

**(VIII) Promotes Social Welfare:** Under Indirect Taxes, High tax rates imposed on demerit items like- Tobacco, etc. to demotivate these products.

Difference between Direct and Indirect Taxes:

BASIS	Indirect Taxes (e.g. GST)	Direct Taxes (e.g. Income Tax)
Burden of Tax	Borne by End User	Borne by the person on whom it is levied
Nature	Regressive	Progressive
Tax Base	Wider	Narrow
Annual Collection	More than 20 lakh crores	More than 18 lakh crores
EFFECT ON INFLATION	Directly affects inflation	Does not affect Inflation
EFFECT ON PERSON	It affects End User indirectly	It affects taxpayer directly.

Introduction of GST

Why GST?:

- (1) In old taxation system, there are **multiple taxes leading to multiple acts, multiple compliances and multiple tax events**. So, to overcome with these problems, GST has been introduced.
- (2) In old taxation system, there was the problem of **cascading (Tax on Tax) and double taxation** (where one thing liable to taxes twice first by treating it as goods and second by treating it as a service). So, to overcome with these problems, Govt. introduced GST.
- (3) In old taxation system, Taxpayer was treated as Manufacturer / Trader / Service provider. But under GST, Taxpayer is treated as **Supplier** and Buyer is treated as **Recipient**.

What is GST?:

- (1) GST is a tax **on Goods or Services**.
- (2) It is levied on **"Supply"** of Goods or Services.
- (3) Supply may be **Intra-State or Inter-State**.

Intra-State Supply:

Where origin and destination of supply fall **within the same state/UT**, then it will be called as Intra-State.

On Intra-State Supplies, **CGST + SGST/ UTGST** will be charged and payable to Central Government, and State Government in CGST Fund + SGST Fund/ UTGST Fund.

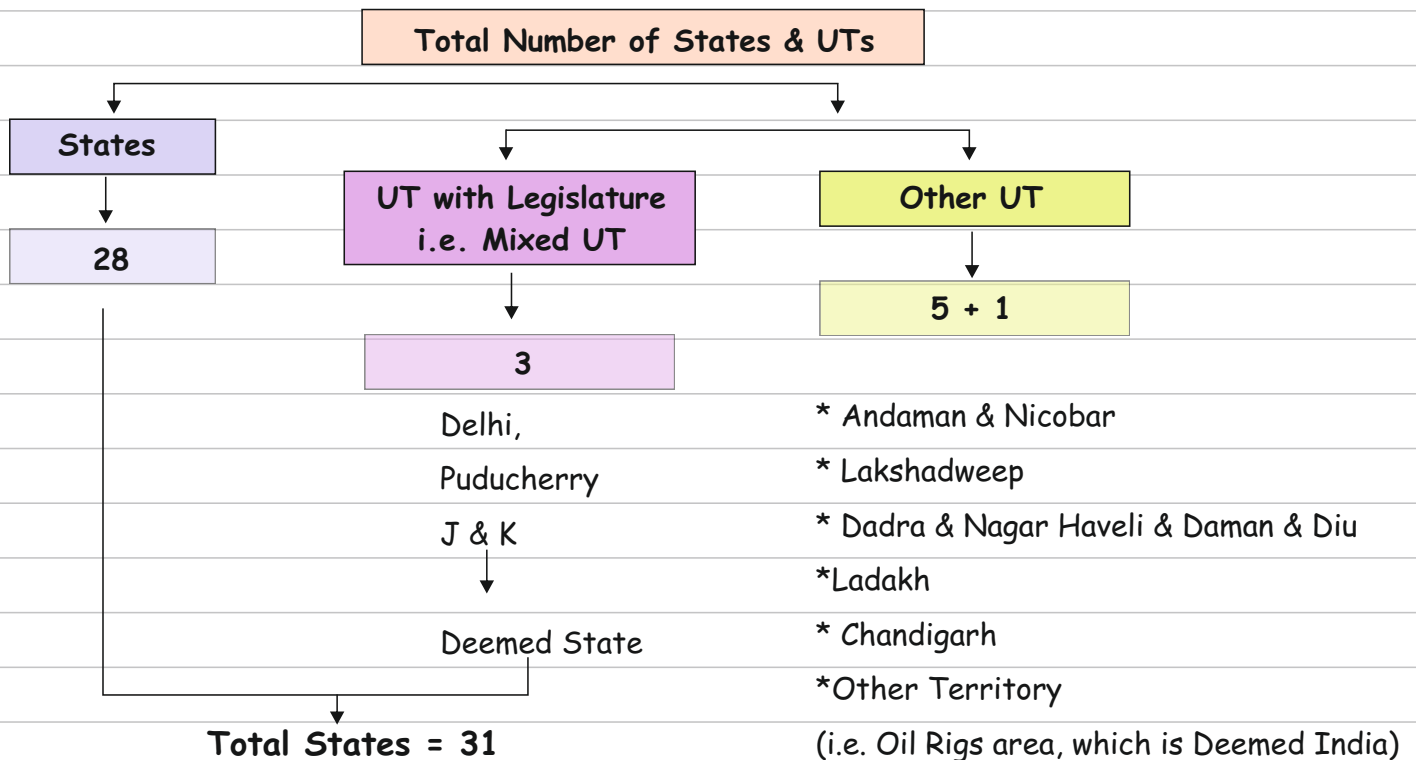
## Inter-State Supply:

Where origin and destination of supply falls in **2 different States/UTs/Countries, one in State and another in UT (i.e. a border exist in between)**, than the supply will be Inter-State Supply.

On inter-State supplies, **"IGST"** will be charged, which is a sum total of CGST + SGST / UTGST and payable to Central Government.

After that Central Government will **transfer 50% to CGST Fund and balance 50% to Destination SGST/ UTGST Fund.**

## Total Number of States & UTs:



## Utilisation of ITC:

ITC shall be utilised in the following sequence:

- (1) Credit of **IGST** will be utilised for:
  - (a) IGST
  - (b) CGST/S GST (Any Ratio/Any Sequence)
- (2) Credit of **CGST** will be utilised for:
  - (a) CGST
  - (b) IGST
- (3) Credit of **SGST** will be utilised for:
  - (a) SGST
  - (b) IGST
- (4) Credit of **UTGST** will be utilised for:
  - (a) UTGST
  - (b) IGST



## Which Taxes Subsumed Or Not To Be Subsumed In GST:

<u>Taxes Subsumed in GST</u>	<u>Taxes Not Subsumed in GST</u>
17 types of taxes have been subsumed in GST, which are as follows:	Taxes which have not been subsumed in GST are as follows:
<ul style="list-style-type: none"> <li>• Central Excise Duty</li> <li>• VAT</li> <li>• Central Sales Tax</li> <li>• Entry Tax / Octroi</li> <li>• Service Tax</li> <li>• Tax on Betting, Gambling, Lottery</li> <li>• Etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Import Duty (Customs Duty)</li> <li>• Export Duty (Customs Duty)</li> <li>• Electricity Duty</li> <li>• Road Tax &amp; Passenger Tax</li> <li>• Toll Tax</li> <li>• Etc.</li> </ul>

## Old Taxes & New Taxes Applicability:

* Alcoholic Liquor for Human Consumption:	[State Excise Duty & State VAT]
* 5 Petroleum Products:	[ Central Excise Duty & State VAT]
* Tobacco:	[Central Excise Duty & GST]
* Rest of the Goods and Services:	[ GST]

## Benefits of GST:

- (1) No multiple taxes, no multiple taxable events & No multiple compliances.
- (2) No Cascading.
- (3) No Double Taxation.
- (4) Uniformity and alignment in provisions of law.
- (5) Increment in Government Revenue.
- (6) Boost to "Make in India" initiative.
- (7) Beneficial for all, viz. Government, Industry & End User.

## Goods and Service Tax Network (GSTN):

- ⇒ GSTN is a Company, registered under section 8 of the Companies Act, 2013, i.e. **notfor profit company**.
- ⇒ Both the **Governments provide fund** to GSTN.
- ⇒ GSTN provides **GST Portal** for Government and Taxpayer.
- ⇒ Following facilities are offered by GSTN, viz registration, filing of returns, payment of GST.
- ⇒ Distribution of IGST, etc.

## Concept of GSP/ASP:

GSP= GST Suvidha Provider

ASP= Application Service Provider

- ⇒ Basically, there are some softwares, which helps **to communicate with GST portal** to the small taxpayers, to fulfil various legal compliances, like return filing etc.

- ⇒ It works on **pull and push mode**, that means raw data is pulled from computer system of taxpayer, and after organising that data, it push organised data to GST Portal.

### Constitution of India:

There are 4 Articles, which are relevant here:

- ◆ Article No 246A
- ◆ Article No 269A
- ◆ Article No 366
- ◆ Article No 279A

### Article No 246A: Power to make laws:

- ⇒ For Intra-State Supplies: **Central Government and every State Government** have the simulations/ shared power to make laws.
- ⇒ For Inter-State Supplies: **Central Government** has exclusive power to make laws, namely IGST Act 2017.
- ⇒ 5 Petroleum Products: Petroleum Crude., Diesel, Petrol, Natural Gas, Aviation Turbine Fuel(ATF) will be covered under the ambit of GST **from the date as recommended by the GST Council.**

### Article No 269A: Distribution of IGST:

- ⇒ IGST will be shared in the ratio of **50-50 between Central Government and State Government.** (In case of UT, at destination balance 50% shall be transferred to UTGST fund rather than SGST fund).
- ⇒ All **international transactions** will be called as **Inter-State** transactions.

### Article No 366: Definitions:

- ⇒ GST Means: Tax on goods or services **excluding Alcoholic Liquor for home consumption.**
- ⇒ Goods: Any kind of **movable** property.
- ⇒ Services: Anything **other than Goods.**

### Article No 279A: GST Council:

- ⇒ Any kind of **changes/amendments** in GST is possible on the recommendation of GST Council.
- ⇒ GST Council consists of-
  - ◆ Union Finance Minister-
  - ◆ Union Minister of State In charge
  - ◆ Finance Minister / Deputy CM
  - ◆ Other Ministers of the State,Which decide present and future of GST.
- ⇒ Process of Decision Making:
  - ◆ Representation of any changes before GST Council, in Industry / Department.
  - ◆ Voting in GST Council
  - ◆ On **75% or more (weighted) favourable voting**, GST Council sent the recommendation to Parliament.-
  - ◆ Parliament will issue an official notification for the same.

- ◆ Now, the changes will be effective.
- ◆ This change will be effective from the date as mentioned in the notification, and if no such date mentioned, effective date will be date of issue of notification.

⇒ **Calculation of 75% voting (Weighted):**

Suppose, on a proposal, Central Government is agree and 25 States out of 31 States are also agree then:

Central Government	+	State Government
$\left\{ \frac{1}{1} \times 100 \right\}$		$\left\{ \frac{25}{31} \times 100 \right\}$
= (100 % × 1/3)		= (80.65% × 2/3)
= 33.33%		= 53.77 %

= 87.1% i.e. Proposal Passed.

## Chapter : 2 - Definitions [Section 2]

### (1) Actionable Claims:

- Actionable claim is basically **a contingent asset**.
- Meaning thereby **any kind of Assets** may or may not be received.

Examples: - \* Specified Actionable Claims-

- Betting, Gambling, Lottery
- Online Money Gaming
- Casino, Horse Racing

\* Unsecured Debts

\* Pending Litigations in court.

#### Comment:

Actionable claims are **Goods** and only specified actionable claims are **liable** to GST. Otherwise actionable claims are **not liable** to GST.

### (2) Agent:

- Means a person, who **works on behalf of another** person.
- Agent can be called with any name like- factor, broker, commission agent, arhatia, Del-Credere Agent or any other agent.

### (3) Principal:

- A person, **on whose behalf agent works**.

### (4) Aggregate Turnover:

It means-

#### • All outward supplies:

- All outward supply will be the part of Aggregate Turnover. Either it is Intra State or Inter State, Export, fall under NCM or RCM, either exempted, non-taxable or taxable.
- It means if anything which is not an outward supply, will not be the part of aggregate turnover. Anything which is not a supply, say transfer to job worker: not includible.

#### • No Inward Supplies:

Inward supplies (either NCM or RCM) will be the part of aggregate turnover.

#### • Taxes:

- GST and Compensation Cess: Not Includible in value.
- Old taxes like Excise duty, VAT, CST: Includible.

- **Clubbing:** In calculation of Aggregate Turnover, all premises turnover under the same PAN in All over India will be clubbed.

### (5) Exempt Supply:

Exempt Supply consists of **3 types** of supplies-

- **100% Exempted Supply** i.e. Exempt by way of Exemption Notification

- **Nil rated supply**
- **Non- Taxable Supplies** eg. 5 petroleum products and alcoholic liquor for human consumption.

**Comment: (1) No corresponding ITC** is allowed, in case of **Exempted supplies**.

**Comment: (2) Zero Rated Supplies (Export) is not an exempted supplies** and corresponding ITC is allowed in case of Zero Rated Supplies.

(6) **Agriculturist:**

Means an **Individual or HUF** who-

- Actively engaged in cultivation of land **by own labour or by the labour of family**.
- Passively engaged in cultivation of land **by servant on wages or by hired labour** under the personal supervision of himself or of any family member.

(7) **Family:**

- **Unconditional: Spouse and Childrens** always be the part of the family.
- **Conditional: Parents, Grand Parents, Brother and sisters** be the part of family, if they are **wholly or mainly dependent** on the said person.

(8) **Authorised Bank:**

Means the bank or branch of the bank, **authorised by Government**, to collect tax or any other amount under the act.

(9) **Board:**

Means- Central Board of Excise and Customs (**CBIC**).

(10) **Business:**

(11) **Capital Goods:**

- Means the **Goods** which are used or intended to be used in the **business or furtherance** of Business,
- And the **value of which is capitalised in the book of recipient**.

(11A) **Inputs:**

- Means the **Goods**, which are used or intended to be used in the **business or furtherance**

of business,

- And which is **not covered under the definition of capital goods** i.e. revenue expenditure.

### (11B) Input Services:

- Means any **service** which are used or intended to be used in the **business or furtherance** of the business.

**Comment:** GST paid on capital goods, input and input service is **available as ITC to the recipient.**

### (12) Casual Taxable Person:

- Any person who **occasionally undertakes transactions** of supply of goods or services,
- In the **course or furtherance of business.**
- In a **State or UT, where he has no fixed place of business.**

**Comment:**

- Registration: 5 Days in Advance
- Estimated Net GST Payment: 5 Days in Advance
- Life of registration certificate: 90+90 Days

### (13) Non-Resident Taxable Person (NRTP):

- Any person, who occasionally undertakes transactions of supply of goods or services in the **course or furtherance of business** in India
- and he has **no fixed place of business or residence** in India.

**Comment:**

- Registration: 5 Days in Advance
- Estimated Net GST Payment: 5 Days in Advance
- Life of registration certificate: 90+90 Days

### (14) Common Portal:

- Common Portal is **owned by GSTN.**
- GSTN is a **company registered under section 8** of Companies Act 2013 i.e. **not for profit Company.**
- Both the Governments **provide fund** to GSTN.
- GSTN provides GST Portal to **Government and tax payer.**
- Following **facilities** are offered by GSTN, viz. Registration, Filing of returns, Payment of GST, Distribution of IGST, etc.

### (15) Consideration:

- **Something in return** either in monetary or non-monetary form.
- For supply of Goods or Services (Active/Passive).
- Will be called as Consideration.
- **Government subsidy** will **not** be the part of consideration, and
- **Security Deposit** will also **not** be the part of consideration. However, when security amount will be **adjusted against rent** etc., then it will become the part of consideration.

### (15A) Recipient:

- In case of paid supplies: The person who is **liable to pay consideration**, will be the Recipient.
- In case of Free Supplies: The person **to whom delivery of goods made or to whom service is rendered** will be the recipient.
- Recipient also **includes its agent**.

### (16) Debit Note/ Supplementary Invoice:

- Debit Note is a **document**, which is required to be issued in case where there is **under invoicing due to charging lower value of supplies or lower rate of tax** etc.
- Debit Note **enhance the value of main invoice**.
- It also **enhances the liability of supplier in E-liability register**, when supplier submit the debit note in upcoming GSTR-1.
- Debit Note **enhance the credit of recipient** on showing credit value in GSTR-2B.

### (16A) Credit Note:

- Credit note is a **document**, which is required to be issued in case where there is **over invoicing, due to charging higher value of supplies or higher rate of tax or under supply of goods or services or in case of sales return** of Goods or services.
- Credit note **fill that gap**.

### Comment:

- Credit note **issued by supplier is only relevant in GST**, if it is **issued by recipient, then treatment will be there in GST**.
- Credit note **decreases the value of main invoice**.
- It also **decreases the liability of supplier in E- liability register**, where **supplier submit the credit note** in upcoming GSTR-1.
- Credit Note **decreases the credit of recipient** on showing credit value in GSTR-2B.

### (17) E-Liability Register / E-Credit Ledger / E-Cash Ledger:

- Where a person get registration on GST Portal, 3 online ledgers are opened by portal for the registered person.
- E- liability register **shows the GST and other liability** of registered person which is updated on submission of GSTR-1.
- E-Cash Ledger shows the **ITC available to the registered person** and it is updated on deposit of cash amount by registered person.

### (18) India:

India Means-

- **Land Mass** of India
- **Territorial Water of India** (which is 12 nautical miles from the base line) including bottom and airspace.
- **Oil rigs** situated in Exclusive Economic Zone or Continental Shelf will be called as Deemed India.

**Comment:**

Deemed India area (Oil rigs) will be **covered under Other Territory**, which means Union Territory.

(19) **Inward Supply:**

- Any kind of Supply either free or paid,
- Which is **taken by the recipient**,
- By way of **purchases / acquisition** etc.
- Will be called as Inward Supply.

(20) **Input Tax:**

- **GST charged or payable on any inward supply.**
- Either under forward charge or reverse charge
- Will be called as Input Tax.
- Moreover, **IGST charged on Import of Goods** by Customs Department, will also be the Input Tax.
- However, **tax paid by composite dealer @ 1%, 5%, 6% will not be the Input Tax.**

(21) **Input Tax Credit:**

- **Credit of Input Tax** will be the Input Tax credit.

(22) **Outward Supply:**

- Supply of Goods or Services provided **by supplier**,
- By way of sale, transfer, barter, etc.
- Either with consideration or without consideration,
- Made during the course of business or furtherance of business.

(23) **Output Tax:**

Tax Chargeable on outward supplies under this Act, will be called as Output Tax.

**Comment:**

Tax payable by recipient on inward supplies under Reverse Charge, will be called as Input Tax for Recipient.

(24) **Job Work:**

Any treatment or process undertaken by any person (Job worker), on goods belonging to others will be called as Job work.

**Comment:**

- Transfer of goods to job worker will not be a supply. Moreover, when goods will be returned from job worker premises, it will also not be a supply.
- Goods supplied by owner of goods from the place of job worker, after job work, will be a supply in the hands of owner.
- Activities performed by job worker will be treated on supply of service, and liable to GST, in the hands of job worker [Except agriculture related].

(25) **Money:**

The Indian Legal Tender or foreign currency, cheque, promissory note, bill of exchange, draft, pay order,



traveller cheque, money order etc, i.e. Market Value and face value is equal.

**Comment:**

Outdated currency is not a money.

(26) **Taxable Supply:**

The supply, which fulfil the following 3 conditions-

- There must be Goods/ Services,
- There Must be a Supply, and
- It is leviable to GST.

(27) **Non-Taxable Supply:**

The supply, which fulfil the following 3 conditions-

- There must be Goods/ Services,
- There Must be a Supply, and
- It is not leviable to GST.

(28) **Taxable Territory:**

Means the territory, to which provisions of this act apply.

For example: For CGST Act = Whole India will be Taxable territory.

(29) **Non-Taxable Territory:**

Means the territory, which is outside the taxable territory.

For example: For CGST Act = Any place other than India, will be Non-taxable territory.

(30) **State:**

Already discussed in Introduction chapter.

(31) **Union Territory:**

Already discussed in Introduction chapter.

(32) **Other Territory:**

Means a place, which is not covered in the definition of State/UT.

For example: Oil rigs in Exclusive Economic Zone (EEZ).

(33) **Person:**

Person includes, the Individual, HUF. Company, Firm, LLP (Limited Liability Partnership), AOP or BOI (whether incorporated or not in India or outside India), Corporation (eg. Life Insurance Corporation), any Body Corporate incorporated outside India, Government Departments, Society, Trust, any other artificial person.

(34) **Principal Business Place:**

The place, which is specified in registration certificate as "Principal Business Place" (Eg. Head Office, Corporate Office).

(35) **Principal Supply:**

The supply which has "predominant element" in a Composite Supply, will be called as Principal Supply.

**Comment:**

Classification of composite supply goes to Principal Supply.

(36) **Quarter:**

A period of consecutive months, which is as follows will be called as a Quarter-

- January + February + March
- April + May + June
- July + August + September
- October + November + December.

(37) **Registered Person:**

- A person, who is registered under GST will be called as Registered person.
- However, a person who has "UIN" (Unique Identification Number) for claiming refund from Department on inward supplies, eg. Embassy, will not be called as Registered person.

(38) **Removal:**

Dispatch of goods by supplier or collection of goods by recipient, will be called as removal.

(39) **Return:**

Periodic return (eg. GSTR-3B), Annual return (GSTR-9, 9A), Final return (GSTR-10).

(40) **Reverse Charge Mechanism (RCM):**

Where recipient of goods or service liable to pay tax to Government directly, instead of supplier, will be called as RCM.

(40A) **Supplier:**

- The person, who is supplying goods or services will be called as Supplier, and
- An agent, who acts on behalf of supplier will also be called as Supplier.
- Moreover, organiser of specified actionable claim will be called as Supplier.

(41) **Tax Period:**

A period for which return is required to be filed, will be called as a Tax Period.

(42) **Turnover in a State:**

Turnover in the state, will be calculated in the same manner as of "Aggregate Turnover".

However, Origin Geographical Area will be a State.

For Example: Mr. A has a business place in UP & MP.

Sale from UP premise: UP to UP = 5 Lakhs

UP to HR = 6 Lakhs

Sale from MP premise: MP to MP = 7 Lakhs

MP to RJ = 8 Lakhs

(43) **Valid Return:**

Means a return (say GSTR- 3B) filed along with full repayment of tax as Self assessed by him.

(44) **Online Gaming:**

- Online Money Gaming, and

- Any other kind of game on Internet.

**Comment:**

Online Money Gaming is an Actionable Claim, and hence will be classified as "Goods". However, any other kinds of game on internet will be covered under "Services".

(45) **Online Money Gaming:**

An Online Game, where players pay or deposit money or Money's worth (eg. Crypto currency), in the expectation of winning, whether it is legal or not, will be called as Online Money Gaming.

(46) **Specified Actionable Claims:**

- Betting, Gambling, Lottery,
- Online Money Gaming,
- Casino, Horse Racing,

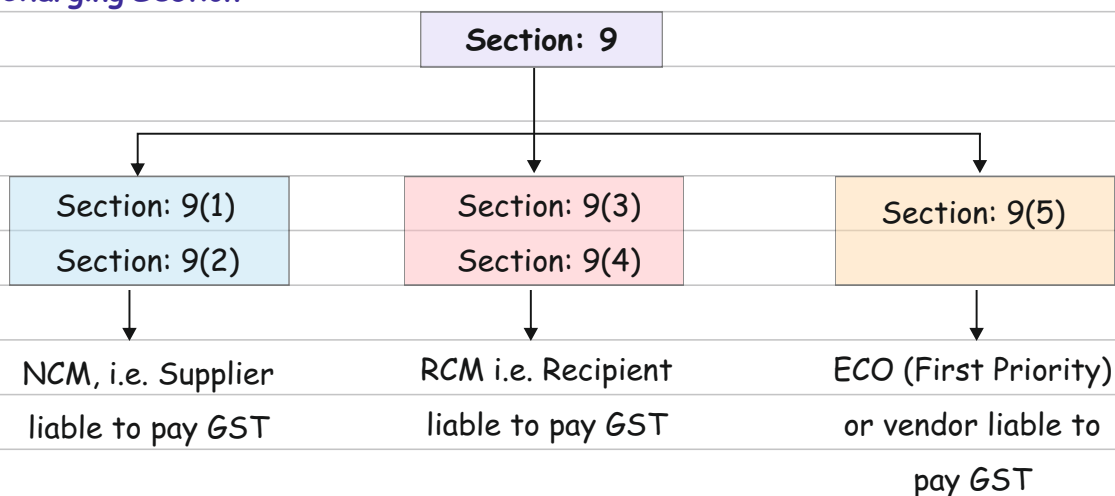
will be the Specified Actionable Claims.

## Chapter: 3 Chargiability of GST & Goods / Services

### Section:1 Short Title, Extent, Commencement

- **Name:** CGST Act, 2017
- **Applicable:** to whole of India
- **Effective:** from 1st July 2017.

### Section:9 Charging Section



### Section 9(1)(2):

There shall be levied a tax, namely CGST-

- On Intra State
- Supply of
- Goods/ Services (Other than Alcoholic liquor for human consumption)
- On the Assessable value
- At the rate of @20% maximum, and
- Shall be collected on the basis of time of supply
- From the supplier (taxable person).

Note: 5 Petroleum products will be the part of GST from the date notified by GST Council.

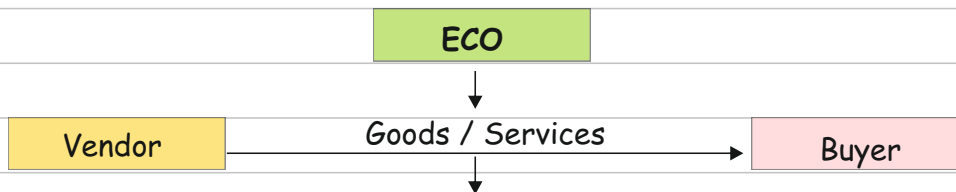
### Section 9(3):

- On Notified goods/services (as notified in N/N 13/2017),
- Government has the power to collect GST,
- From recipient.

### Section 9(4):

- Where unregistered person engaged in supply of Goods/services to a Registered person,
- And the supply is related to "Construction Sector", eg. Cement Concrete Mixer, Cement, Iron rod, Architect Service, etc.
- Then, Government has the power to collect tax from recipient under RCM.

**Section 9(5):** On following notified services, GST shall be collected from E-Commerce Operator, which is located in India. If not located in India, then he needs to setup a business place in India or to appoint an agent in India.



Particulars	4 Specified Services				
	(H)	(M)	(T1) Radio Taxi etc	(T2) Omnibus	(R)
<b>First Choice:</b> Tax paid by	ECO	ECO	ECO	ECO	ECO
(OR)					
<b>Second Choice:</b> Tax paid by	Vendor, if T/O in PFY exceeds the Threshold Limit	Vendor, if T/O in PFY exceeds the Threshold Limit	ECO	Vendor, if Vendor is a Company	Vendor, if restaurant is a part of Hotel + Hotel is big i.e. Room rent exceeds Rs. 7,500

**Comment:**

Rest of the services and any goods transacted through E-Commerce operator will be controlled by TCS Mechanism (will be discussed in detail in the chapter of TDS/TCS).

**Some Definitions:**

**Radio Taxi:** Having 2way radio communication, and enabled for tracking using GPS/GPRS.

**Motor Cab:** Maximum seat 7 (Including driver).

**Omni Bus:** Maximum seat 7 (Including driver).

**Maxi Cab:** Maximum seat 8 to 13 (Including driver).

**Motor Cycle:** 2 Wheeler (With or without side car).

**Charging Section:5 of IGST Act**

Provisions under this section are same as given under the charging section of CGST Act, subject to following differences-

Basis	Section 9 of CGST Act	Section 5 of IGST Act
Nature of Supply	Intra State	Inter State
Maximum Rate of GST	14%	28%
Special provision for import of goods		<b>IGST on Import of Goods-</b> The IGST on goods imported into India shall be- • Levied and collected in accordance with the

		provisions of section 3 of the Customs Tariff Act, 1975,
		<ul style="list-style-type: none"> <li>• On the value as determined under the said act,</li> <li>• At the point, when Basic Customs Duty levied on the said goods.</li> </ul>
		However, in case of supply of online money gaming as the goods from outside India to India, IGST shall be levied and collected under section 5 of IGST Act, 2017 i.e. levied and collected by GST Department

## GATE: # 1

### Goods and Services

Definition of Goods/Services is very important as GST is levied on Goods and/or services-

#### Goods:

- Every kind of moveable property will be called as Goods.
- Moreover, things attached to earth or any immovable structure will also be treated as goods e.g. Signage, Growing crops, trees, etc.
- Lastly, Actionable claims, i.e. contingent Assets like lottery/betting/gambling, unsecured debtors will also be treated as Goods.

#### Services:

- Anything other than Goods will be treated as Services.
- Service can be of two types- one is active (do something) and another is passive i.e. (not to do something e.g. non-competence contract).

#### Neither Goods nor Services:

- Money & Securities will neither be treated as Goods nor Services.
- However, Activities related to money or securities for a Consideration, will be treated as service e.g. Forex charges, Demand draft commission, Brokerage, etc.

## Chapter: 4 SUPPLY

There are two sections in this chapter read with schedules. Supply is the taxable event to levy GST i.e. It is the backbone for levying GST.

**Section 7: Defines:**

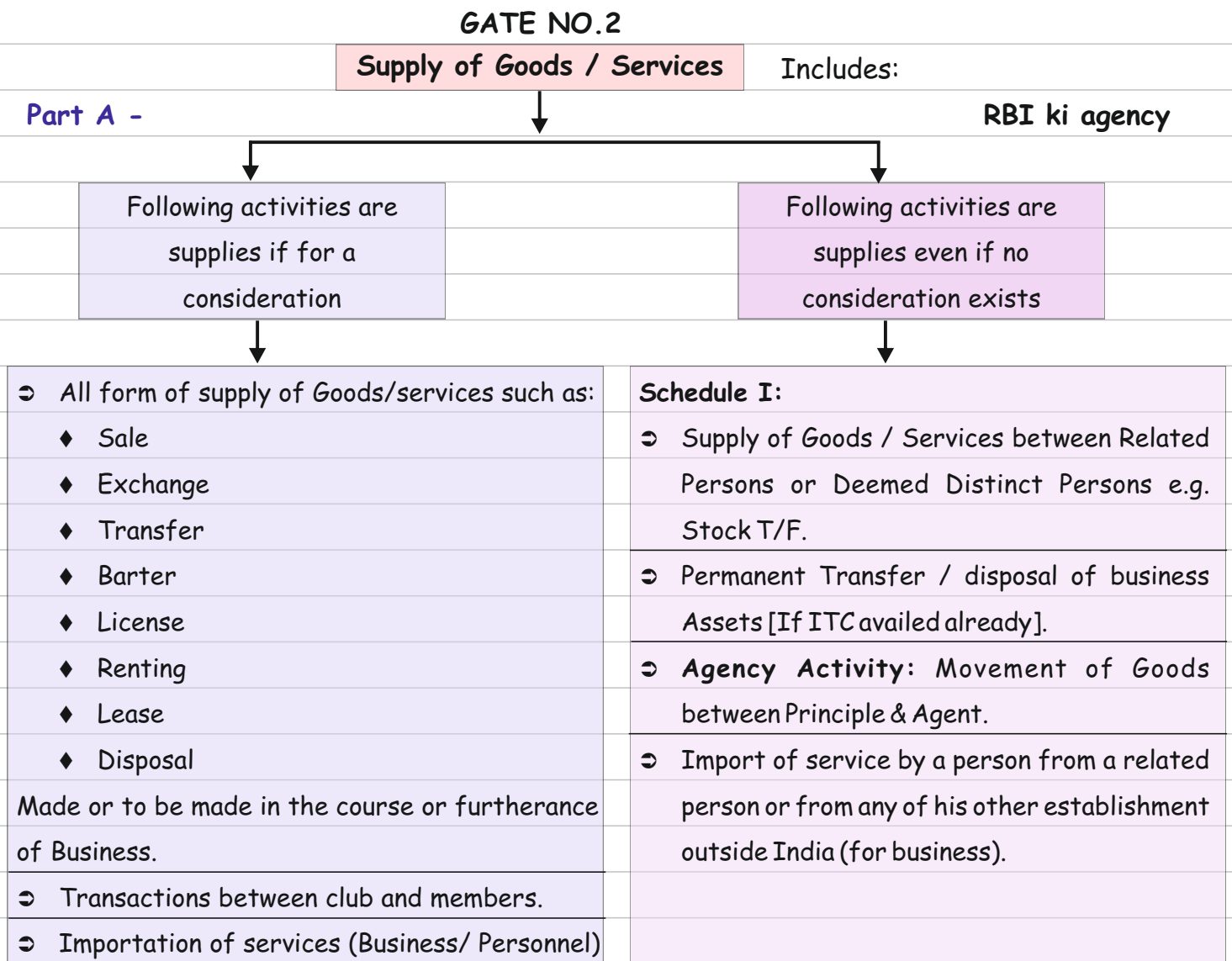
**Part A-** Meaning of Supply [Read with Schedule I]

**Part B-** After being Supply- It will be supply of goods or supply of services. Such distinguishment will be discussed as per schedule-II.

**Part C-** Some of the Activities/Transactions will never be treated as supply and consequently not liable to GST as per Schedule III.

**Section 8:**

**Part D-** It describes treatment of composite and mix supply treatment.



## Part: B - Some Clarifications: Supply of Goods v/s Supply of Services: Schedule II

<b>Movable Property (Goods)</b>	Sale i.e. Ownership T/F or HP Transaction	Supply of Goods
	T/F of Right / Right to use goods	Supply of Services
	Permanent Transfer of Business Assets (Goods)	Supply of Goods
	Closure of business (Business Assets)	Supply of Goods
<b>Immovable Property</b>	Renting / Leasing of Immovable Property	Supply of Services
	Sale of Under Construction Property	Supply of Services
	Sale of Complete / Constructed Property	No Supply
	Temporary Transfer	Supply of Services
	Permanent Transfer	Supply of Goods
	Customised	Supply of Services
	Readymade @ Temporary Transfer	Supply of Services
	Readymade @ Permanent Transfer	Supply of Goods
	Works Contract (Goods + Services), Catering (Goods + Services), Not to do something, Job work	Supply of service

### Part C: Schedule III

No Supply: [NEW MAGIC OF W/G Liquor Wale]-

(i) Activity by employee to employer, (ii) Services by Court, Tribunals, (iii) Services by Govt. Officials like president, prime minister, chief minister, minister, MP, MLC, MLA, Part time director of Govt. Body etc., (iv) Mortuary Services, (iv) Non Actionable Claims (vi) Sale of land, completed building, (vii) NTT to NTT, (viii) sale of custom warehoused goods, (ix) Liquor license, (x) Article 243 G/W related.

### Part D:

#### Section 8:

**Composite Supply** (Natural Bundle): shall be treated as a supply of Principal Supply;

**Mixed Supply** (Not a Natural Bundle): shall be treated as a supply of that particular supply, which attract Highest tax rates.

#### Section 7(1): Part-A

- ⇒ For being supply any transaction needs to satisfy A/B/C test i.e. there must be an Activity (e.g. Sale, Barter, Exchange, Renting, Leasing, disposal, licensing, transfer etc.) during the Business or Related to Business for a Consideration which can be in monetary or non-monetary Form.
- ⇒ The activities or transactions, by a person, other than an individual, [w.e.f.01/07/2017]-
  - To its members or vice-versa,
  - For a consideration
  - Shall be treated as a supply.



### Explanation: -

- The person and its members
  - Shall be deemed to be two separate persons and
  - The supply of activities shall be deemed
  - To take place from one such person to another.
- **Import of Service** If it is for consideration and used for business purpose will also be called as supply. Moreover, if such import of service is used for personal purpose even then it will be called as supply however later on it will be exempted by N/N: 9/2017.

### Schedule I:

Four specified Activity will also be treated as supply even if these are without consideration i.e. FREE OF COST (F.O.C.)-

- (i) **Permanent Transfer** of Business Assets only where ITC has been availed in respect thereof, meaning thereby where ITC has not been availed with respect to that Asset then there will be no supply.
- (ii) **Transaction between Related persons** (e.g. Brother, Sister, Spouse, Employees etc. & in between Deemed distinct persons i.e. Multiple Registration under same PAN, Head office and branch office relationship, branch to branch relationship): Related party transactions will be called as supply even if it is free of COST.  
However, gift to employee upto ₹ 50,000 in a financial year shall not be treated as supply.
- (iii) **Supply between principal & Agent** i.e. PRINCIPAL to AGENT or Agent to Principal will be called as supply even there is no consideration. [Note: Here invoicing must be in between principal and agent however invoice is made directly to Customer then that situation will not be covered here.]
- (iv) **Import of Service** from outside India, from a related person, by a PERSON in India for Business purpose will be treated as supply even it is without consideration.

NOW Need to discuss - Whether the given supply is a "Supply of Goods" or Supply of Service:

### SCHEDULE II:

#### 1) Goods Related :

Where upon a transaction "Ownership of Goods" is transferred [e.g. Sale] or ownership will be transferred at future date [e.g. Hire Purchase Transaction] then it will be called as supply of goods.

#### 2) Land & Building:

Renting/Leasing etc. of Land & Building i.e. immovable property will be called as supply of service. However, sale of Land & constructed Building will not be treated as supply.

Moreover, sale of under construction property will be treated as supply of service.

#### 3) Job Work:

Any Treatment or process done by Job worker by using Goods & service will be called on service i.e. job work service.

#### 4) Transfer of Business Assets:

(I) Permanent Transfer of Business Assets, it shall be treated as supply of goods.

- (ii) Temporary transfer of Business Assets for non-business purpose then it will be called as supply of service.
- (iii) Sale or Succession of Running Business is a supply of service however it is exempted from GST.
- (iv) On closure of Business then the Business assets shall be deemed to be supplied as goods to himself.

### 5- Following shall be treated as supply of services:

- Temporary transfer of Intellectual property right.
- Customised software.
- Negative activities/any kind of Deal cancellation.
- Leasing of assets.

6- Composite supply as works contract shall be called as service i.e. works contract service.

7- Supply of food/drink (Soft Drink) for human consumption shall be treated as supply of service.

### No Supply: Section 7(2): [NEW MAGIC of W/G Liquor wale]

- (a) (i) Activities undertaken by CG/SG/LA as specified under Article number 243 G/W of constitution of India (e.g. Land Consolidation, Sanitary, Public Health etc.) shall not be treated as supply hence no GST shall be levied.
- (ii) Service By SG By way of Granting Alcoholic Liquor license shall not be treated as supply.
- (b) Activities/transaction as specified in Schedule - III which are as follows-
  - (i) Supply of Goods from NTT [Non-Taxable Territory] to another NTT without entering into India shall not be called as supply.
  - (ii) Service by employee (including whole time Director) to employer in the course of Employment shall not be called as supply.
  - (iii) Supply of "Custom Bonded Warehoused" goods to any person before clearance for home consumption from custom Department, Moreover, supply of goods by way of transferring of "ownership Documents" of Goods after the goods have been dispatched from origin port [outside India] But Before clearance for Home Consumption.
  - (iv) Mortuary services including transportation of deceased person shall not be called as supply.
  - (v) Actionable claim other than **specified actionable claims** shall not be treated as supply.
  - (vi) Government People:
    - ⇒ Functions performed by MP/MLA/MLC member of municipalities, shall not be called as supply.
    - ⇒ Duties performed by the person having constitutional post (e.g. Prime Minister, Chief Minister etc.) shall not be treated as supply.
    - ⇒ Duties performed by the Part time director of a Government body (e.g. Human Right Commission) shall not be called as supply.
  - (vii) Sale of Land, constructed property will not be treated as supply.
  - (viii) Services by ANY court, Tribunal ESTABLISHED Under any law shall not be treated as supply.

### Section 8: Classification of Composite & Mixed Supplies-

- a) **Under composite supplies:** classification will be based as principal supply i.e. whole bundle will be called/classified by the name of principle supply and according GST Rate of principle supply will be applicable.
- b) **Under Mixed supplies:** In mixed bundle, principal supply is not identifiable. Hence classification will be based on the supply which has highest Rate of GST i.e. the whole bundle will be called/classified with the name of such supply.

### Various Clarification

#### Question 1:

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?

#### Answer:

In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the copyright owner while the paper used for printing belongs to the printer, **supply of printing is the principal supply** and therefore such supplies would constitute supply of service.

In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, etc. printed with design, logo etc. supplied by the recipient but made using paper, Box, Card belonging to the printer, here principal supply will be supply of goods, therefore such supplies would constitute supply of goods.

**Question 2:** What will be status of GST on inter-state movement of various modes of conveyance, carrying goods or passengers or for repairs and maintenance, between distinct persons?

#### Answer:

Removal of motor vehicle is as a stock transfer [Balance sheet to balance sheet Transfer] then it shall be treated as a supply of goods.

Where removal /movement of motor vehicle is just because of any other reason [where there is no balance sheet to balance sheet transfer] e.g. as a conveyance etc. then it shall never be called as supply.

#### Question 3:

LAB (Linear Alkyl Benzene) manufacturers have stated that they receive superior Kerosene oil (SKO) from, a refinery, say, Indian Oil Corporation (IOC). They extract n-Paraffin (C9-C13 hydrocarbons) from SKO and return back the remaining of SKO to the refinery. In this context, the issue has arisen as to whether in this transaction GST would be levied on SKO sent by IOC for extracting n-paraffin or only on the n-paraffin quantity extracted by the LAB manufactures. Further, doubt have also been raised as to whether the return of remaining Kerosene by LAB manufactures would separately attract GST in such transaction.

#### Answer:

LAB manufacturers generally receive superior kerosene oil [SKO] from a refinery through a dedicated pipeline; on an average about 15 to 17% of the total quantity of SKO received from refinery is retained and

balance quantity ranging from 83%-85% is returned back to refinery. The retained SKO is towards extraction of Normal Paraffin, which is used in the manufacturing of LAB. In this transaction consideration is paid by LAB manufactures only on the quantity of retained SKO (n-paraffin).

In this transaction GST will be payable by the refinery on the value of net quantity of superior kerosene oil (SKO) retained for the manufacture of Linear Alkyl Benzene (LAB).

Accordingly, it is here by clarified that, in aforesaid case, GST will be payable by the refinery only on the net quantity of superior kerosene oil (SKO) retained for the manufacture of Linear Alkyl Benzene (LAB). Though, refinery would be liable to pay GST on such returned quantity of SKO, when the same is supplied by it to any other person.

### **Question 4:**

Whether retreading of tyres is a supply of goods or services?

### **Answer:**

In retreading of tyres, which is a composite supply [rubber and Retreading], the principal supply is the process of retreading which is a supply of service. Supply of re-treaded tyres, where the old tyres belong to the supplier of re-treaded tyres, is a supply of goods.

### **Question 5:**

Is GST leviable on the fee/amount charged in the following situations/cases:

- (1) A customer pays fees while registering complaints to Consumer Disputes Redressal Commission office and its subordinate offices. These fees are credited into State Customer Welfare Fund's bank account.
- (2) Consumer Disputes Redressal Commission office and its subordinate offices charge penalty in cash when it is required.

### **Answer:**

Services by any court or Tribunal established under any law for the time being in force is neither a supply of goods nor services.

Consumer Disputes Redressal Commissions (National/State/District) may not be tribunals literally. However, they are clothed with the characteristics of a tribunal on account of many reasons. Hence not a supply.

### **Question 6:**

What will be the status of GST on the service of display of name or placing of name plates of the donor in the premises of charitable organisation receiving donation or gifts from individual donors.

### **Answer:**

Some examples of cases where there would be no taxable supply are as follows:

- (a) "Good wishes from Mr. Rajesh" printed underneath a digital blackboard donated by Mr. Rajesh to a charitable Yoga institution.
- (b) "Donated by Smt. Malati Devi in the memory of her father" written on the door or floor of a room or any part of a temple complex which was constructed from such donation.

In each of these examples, it may be noticed that there is no reference or mention of any business activity of the donor which otherwise would have got advertised (i.e. it does not lead any commercial gain) hence no GST will be there.

### Question 7:

Whether the activity of holding shares by a holding company of the subsidiary company will be treated as a supply of service or not and whether the same will attract GST or not.

### Answer:

Purchase or sale of shares or securities, in itself is neither a supply of goods nor a supply of services. For a transaction/activity to be treated as supply of services, there must be a supply. It cannot be said that a service is being provided by the holding company to the subsidiary company

### Question 8:

Whether **supply of food or beverages in cinema hall is taxable as restaurant service** or classified with Exhibition of cinematography service?

### Answer:

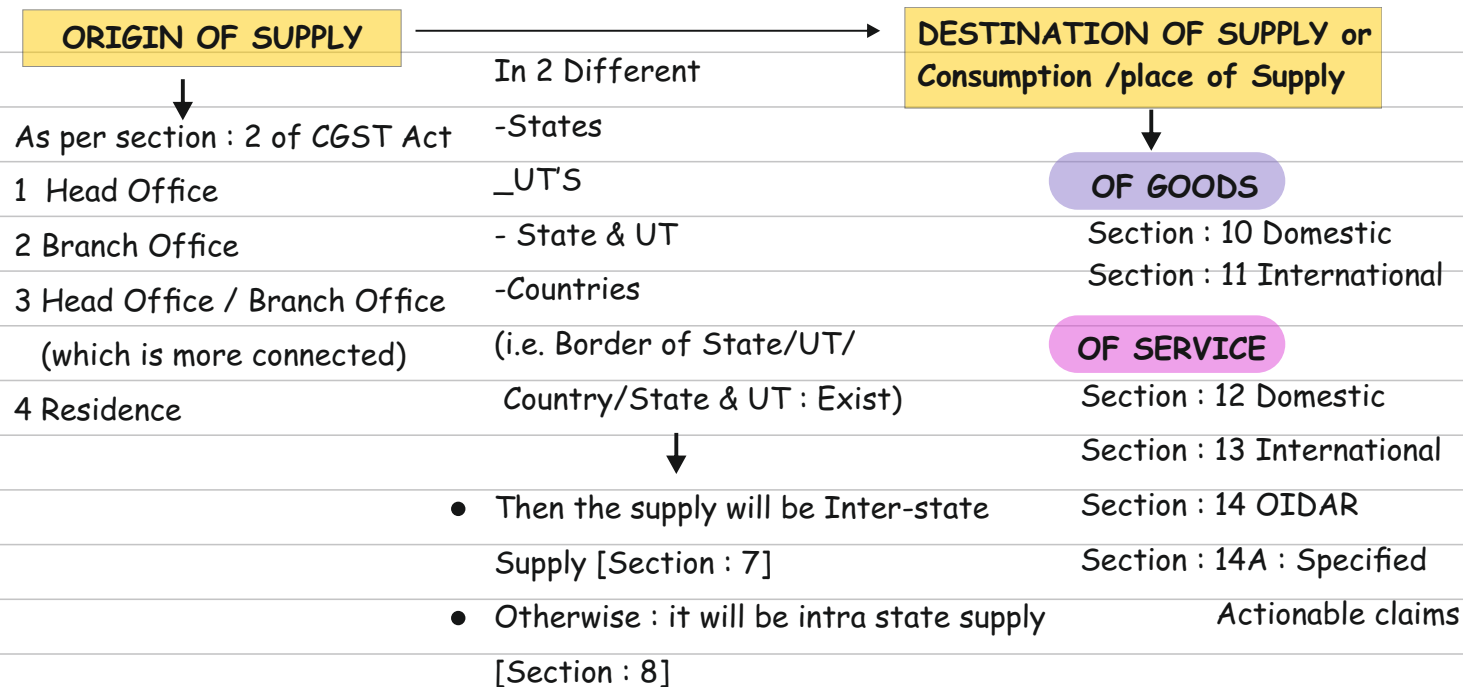
Supply of food or beverages in a cinema hall is taxable as 'restaurant service' where it is Supplied independent of the cinema exhibition service.

However, where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema.

## Chapter: 5 Place of Supply

Nature of Supply: Whether INTER or INTRA-

### NATURE OF SUPPLY: INTRA OR INTER



SPECIAL: where UNIT/Developer of SEZ involved in a transaction then the transaction will always be Inter- state supply

SPECIAL: If goods sold to a tourist - who will claim refund at Indian airport shall be treated as Inter State Supply

→ TWI'S Origin/Destination shall be Interpreted as per Nearest Coastal State /UT [Section : 9]

### Section 7 of IGST Act, 2017: Inter-State Supply

#### Provision of Goods:

- (1) Supply of goods, where the location of the supplier and the place of supply are in-
- (a) two different States;
  - (b) two different Union territories; or
  - (c) a State and a Union territory,
- shall be treated as an Inter-state supply of goods.

#### Import of Goods:

- (2) Import of Goods shall be treated as Inter-state supply of goods.

#### Provision of Services:

- (3) Where the location of the supplier and the place of supply are in-
- (a) two different States;
  - (b) two different Union territories; or
  - (c) a State and a Union territory,

shall be treated as an Inter-State supply of services.

### Import of Services:

- (4) Import of services shall be treated as an Inter-state supply of services.

### Export of Goods/Services:

- (5) Supply of goods or services or both-
- (a) when the supplier is located in India and the place of supply is outside India: or
  - (b) To or BY a Special Economic Zone developer or a Special Economic Zone unit;
- shall be treated as Inter-state supply.

### Section 8 of IGST Act, 2017: Intra-State Supply

#### Provision of Goods:

- (1) Where the location of the supplier and the place of supply of goods are in the same State or same Union territory shall be treated as intra-State supply.
- However, the following supply of goods shall not be treated as intra-State supply, namely:
- (i) Supply of goods to or by a Special Economic Zone developer or a Special Economic Zone unit;
  - (ii) Supplies made to a tourist who will claim refund at international Airport.

#### Provision of Services:

- (2) Supply of services where the location of the supplier and the place of supply of services are in the same State or same Union territory shall be treated as intra-State supply:
- However, the intra-State supply of services shall not include supply of services to or by a Special Economic Zone developer or a Special Economic Zone unit.

### Section 9 of IGST Act, 2017: Supplies in Territorial Waters

Where the location of the supplier is in the territorial waters, [ORIGIN]	Then the location of such supplier; shall be deemed to be in the nearest coastal State or Union territory.
Where the place of supply is in the territorial waters, [DESTINATION]	Then the place of Supply shall be deemed to be in the Nearest coastal State or Union territory.

### Section: 10(1): Domestic Transaction of Goods

- (a) **Where Movement of Goods Involved** : Place of supply of the goods will be consumption place/ Delivery Place
- (b) **Bill to Ship to Model** : Place of supply of the goods will be the Location of buyer/ the person who place order
- (c) **Where No Movement of Goods Involved**: Place of supply of the goods will be location of goods. [eg. Sale and Lease Back cases]
- (ca) **Where the supply of goods is made to an un-registered person, [B to C]**: The place of supply shall, be the:  
Address [State] of the Recipient as given in the invoice and

Where no such address [state] is given in the Invoice, then location of the supplier will be the place of supply.

**(d) In Case of Assembly/Installation:** Place of supply of the goods will be the Assembly or Installation place.

**(e) On Board supply of Goods :** Place of supply of the goods will be the place where goods are taken on board.

### Section: 11: Import / Export of Goods

**A) In case of Import of Goods :** Place of supply of the goods will be the location of importer.

**B) In case of Export of Goods :** Place of supply of the goods will be outside India.

### Place of Supply of Services

Basis	Section 12
<b>Applicability</b>	(1) When both the parties located in India (State to State ie Tax to UP or HR) (here need to decide in between states)
<b>Residuary provision</b> Eg. practicing Chartered Accountant Services	(2) POS= Where there is a B-to-B supplies or address of recipient available in records of supplier by any way then: Place of Supply will be the Location of Recipient. Otherwise, it will be location of supplier.
<b>Immovable property linked services. E.g.</b> Construction, Architect service, interior decoration, Renting of property service, accommo- dation in hotel / Cruise/ House Boat service etc.	(3) POS = Where immovable property (boat/ vessel) located or intended to be located. ⇒ Where it is outside India then POS will be at recipient's Location. ⇒ Where immovable property is more than one state, then POS shall be taken proportionately.
<b>Performance based service</b>	(4) Individual Related services ⇒ Restaurant and catering ⇒ Personal Grooming, beauty treatment, ⇒ Cosmetic and plastic surgery ⇒ Fitness, health care POS= Performance Place of Service



	(5) Services in relation to Training and Performance appraisal: (eg GST Training Classes) B to B = Location of Recipient. B to C = Actual place of performance								
<b>Event linked services</b>	(6) Event admission services: [FRONT end SERVICES]: POS will be = Location of Event (7) Event Linked Services: [BACK-END Services] POS will be the: B to C = Location of event (However, where the event is located outside India then POS will be location of Recipient) B to B = Location of Recipient. # Where the event is held at more than one state, then POS shall be taken proportionately.								
<b>Transportation of Goods ki Services</b>	(8) B to C = POS will be the Loading Place B to B = POS will be the Location of Recipient.								
<b>Transportation of Passenger</b>	(9) B to B = Location of Recipient. B to C = Boarding Place (if not identified because of journey at future date then Residuary provision shall apply)								
<b>On- Board Services</b>	(10) POS will be the = First Departure point of conveyance								
<b>Telecommunication Services</b>	(11) POS: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Where any fixed device is involved</td> <td>POS will be the Location of Fixed device.</td> </tr> <tr> <td>[Where any portable device is involved and there is a post-paid connection]</td> <td>POS will be the Billing address.</td> </tr> <tr> <td>Prepaid Connection and manual Recharge</td> <td>POS will be the address of selling agent / Recharge Place,</td> </tr> <tr> <td>Prepaid Connection and online Recharge</td> <td>POS will be the location of Recipient.</td> </tr> </table>	Where any fixed device is involved	POS will be the Location of Fixed device.	[Where any portable device is involved and there is a post-paid connection]	POS will be the Billing address.	Prepaid Connection and manual Recharge	POS will be the address of selling agent / Recharge Place,	Prepaid Connection and online Recharge	POS will be the location of Recipient.
Where any fixed device is involved	POS will be the Location of Fixed device.								
[Where any portable device is involved and there is a post-paid connection]	POS will be the Billing address.								
Prepaid Connection and manual Recharge	POS will be the address of selling agent / Recharge Place,								
Prepaid Connection and online Recharge	POS will be the location of Recipient.								
<b>Specified Services</b>	(12) Services of Banking company - Other Financial Services - Stock Broker Services POS: where Location of recipient known, then it will be Location of Recipient. Otherwise: Location of supplier.								

<b>Insurance service</b>	(13) Place of Supply will be the- B to C = location of recipient B to B = Location of Recipient.	
<b>Advertisement service to Government</b>	(14) <b>POS: Proportionate in respective state and UT as following:</b>	
	<b>ADVERTISEMENT IN</b>	<b>ALLOCATION ON THE BASIS OF ....</b>
	NEWSPAPER	NUMBER OF READERS
	PAMPHLETS	NUMBER OF PAMPHLET DISTRIBUTED
	HOARDINGS	NUMBER OF HOARDING PLACED
	TRAIN	TRACK LENGTH
	RAILWAY TICKETS	NUMBER OF RAILWAY STATIONS
	GAS BILL	NUMBER OF CONSUMERS
	RADIO	NUMBER OF LISTENERS
	TELEVISION	NUMBER OF VIEWERS
	INTERNET	NUMBER OF SUBSCRIBER
		IN THE CASE OF ADVERTISEMENTS OVER INTERNET THE SERVICE SHALL BE DEEMED TO HAVE BEEN PROVIDED ALL OVER INDIA AND, THE AMOUNT ATTRIBUTABLE TO THE VALUE OF ADVERTISEMENT SERVICE DISSEMINATED IN A STATE OR UNION TERRITORY SHALL BE CALCULATED ON THE BASIS OF THE INTERNET SUBSCRIBERS IN SUCH STATE OR UNION TERRITORY.
	CINEMA HALL	NUMBER OF SCREENS

### Clarifications

#### Place of Supply in case of Advertisement Service

**In case of sale of space or sale of Right to use space:** It is an immovable property related Services hence place of supply will be the location of Immovable property under section 12(3) of IGST Act.

#### In case of sub contract of Advertisement Services:

Place of supply shall be determined under section 12(2) of IGST Act i.e. Location of Recipient [if known] or Location of Supplier.

#### Place of Supply in case of Co- Location Services / Data Centre Services:

**In case of packaged service [infra + I.T. + Hosting + Data Security + Upkeep of Server + Etc ]:**

Place of supply shall be determined under section 12(2) i.e. Location of Recipient [if Known] or Location of Supplier.

**In case of service of JUST giving Space of Server Room** with Basic Infra e.g. Light etc without Component: place of supply shall be determined under section 12(3) i.e. location of Property.

Section 14 A: Special provision for specified actionable claims supplied by a person located outside taxable territory to a person in India.

Supplier Liable to pay: where the **supplier** not located in the taxable territory, shall, be liable to pay IGST on such supply.

Single Registration: The supplier shall obtain a single registration for all over India.

However, where any Agent of supplier located in India is available then such Agent shall get registered and pay the IGST on behalf of the supplier:

Moreover, if such supplier does not have a physical presence or does not have an Agent in India then he shall appoint a person in India for the purpose of paying IGST.

(3) In case of failure to comply with above provisions by the supplier or his Agent, then Application of such Supplier shall be liable to be blocked.

## Chapter: 6 TAXABLE PERSON

### Background:

Where supply of Goods/Service made by a Taxable person whether Intra or Inter Shall be leviable to GST i.e. where such supply made by "Non-Taxable Person" then no GST will be levied.

Now the question is this who is Taxable Person. Taxable Person has been defined U/s= 2 as the person

- "Who is Registered (i.e. who has taken voluntarily Registration) or
- Required to be registered as per Law.

Now question is this when a person required to get registered himself. The solution is given under section 22,23,24 as to when a person Require Registration & when he does not need to get Register himself.

### SECTION 23: NO REGISTRATION

Following persons are not required to get Registration i.e. such person will be called as Non-Taxable persons-

- (1) AN agriculturist (Individual/HUF),
- (2) Person Engaged only in Exempted supplies  
(Exempted supply = NIL Rated, 100% Exempted, Non-Taxable).
- (3) The Government may, by notification, specify the category of persons, who will be exempted from obtaining registration under this Act. (e.g. where a supplier supplies only RCM supplies then such supplier need not to get any Registration Under GST).

### SECTION 24: MANDATORY REGISTRATION

S. No.	Mandatory Registration	Limit Based Registration
1	Person engaged in Inter- state Taxable supplies of goods shall require mandatory registration.	However, following will Require Limit based Registration- <ul style="list-style-type: none"> <li>• Inter-State suppliers of handicraft goods</li> <li>• Inter-state supplier of services</li> </ul>
2	Casual taxable person shall require mandatory registration @ 5 days in advance.	However, inter State supply by Casual taxable person shall require Limit based Registration
3	Non-Resident Taxable Person shall require mandatory registration @ 5 days in advance.	-
4	The recipient who is required to pay GST under RCM require mandatory registration.	-
5	Government Departments shall require mandatory registration as TDS Deductor.	-
6	E- Commerce Operator on whom TCS requirement is applicable shall require mandatory registration.	-

7	Supplier of online money gaming from outside India to India shall require mandatory registration.	-
8	Agent as specified in Schedule I shall require mandatory Registration	-

**9 E-Commerce Model:**

Four specified services through E-commerce Operator

Hotel Accommodation	At first priority tax paid by ECO and ECO shall require mandatory registration.	Where Vendor has turnover in PFY more than threshold Limit then vendor liable to pay GST and shall require Limit based Registration.
Misc. Utilities	At first priority tax paid by ECO and ECO shall require mandatory registration.	Where Vendor has turnover in PFY more than threshold Limit then vendor liable to pay GST and shall require Limit based Registration.
Transportation of Passenger by Radio taxi etc.	At first priority tax paid by ECO and ECO shall require mandatory registration.	-
Transportation of Passenger by Omni bus	At first priority tax paid by ECO and ECO shall require mandatory registration.	Where vendor is a company then the vendor liable to pay GST and shall require Limit based Registration.
Restaurant service	At first priority tax paid by ECO and ECO shall require mandatory registration.	Where Restaurant is the part of Hotel and Room rent of such hotel is more than 7,500 then the vendor liable to pay GST and shall require Limit based Registration.

Other Services through E-commerce Operator

	ECO shall require mandatory registration.	vendor liable to pay GST and the Vendor shall require Limit based Registration.
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Supply of Goods through E-Commerce Operator

	ECO shall require mandatory registration.	In General: Vendor liable to pay GST and the Vendor shall require Mandatory Registration. But A relaxation is available to Micro Level Goods Vendors.
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			# Micro level businessmen means: Turnover of the person in PFY and CFY is limited to threshold limit.
			<b>Relaxation:</b>
			# He is required limit-based registration and only after that liable to pay GST but for the time being he is required to obtain Enrollment number on the basis of PAN etc. And make supply only after getting enrollment number and such enrollment number shall expire on getting Registration.
			# Such enrolled person shall not make inter-state supply and can continue business only in one state and from one location.
10	Other notified persons shall require mandatory registration.		-

## SECTION: 22 Limit Based Registration

Where the person having aggregate turnover only up to threshold limit or below the limit then the Person not required to get registration.

But when the person crosses the threshold limit of 10 Lakh/20 Lakh/40 Lakh then he is required to get registration "In All Those States" From where he is making "Taxable Supplies".

### What is the APPLICABLE LIMIT:

- 1) Where the person making "Taxable Supplies" from "ANY" of the 4 Specified states then the applicable limit of the person will be ₹ 10 LAKH for all states.  
[4 specified States = MANIPUR, MIZORAM, NAGALAND, TRIPURA].
- 2) Where the person making supplies from any of the 6 specified states then the applicable limit will be ₹ 20 Lakh for all the states.  
[6 specified States = Arunachal Pradesh, Uttarakhand, Meghalaya, Sikkim, Telangana, Puducherry].
- 3) Where the person making supplies from other states /Union territories, and
  - Exclusively Engaged in supply of goods then the limit will be ₹ 40 Lakh for all the states.
  - However, limit of ₹ 40 lakh will not be applicable—
  - Where the supplier is making supplies of TIP [Tobacco, Ice-Cream, Pan masala, Bricks, blocks, earthen or roofing tiles (not wall tiles), then the limit will be ₹20 lakh.
  - Where the Person exclusively engaged in Supplies of Service then the applicable limit will be ₹ 20 Lakhs.

- Where the person engaged in Supplies of Goods as well as services then the applicable limit will be ₹ 20 Lakhs.

Moreover, if the person supplies goods and earned Interest (Exempted supply of Service) then such Exempted supply of service shall be ignored and the applicable limit will be ₹ 40 Lakhs.

### **Some Other Notes:**

(A) Where a going concern transferred or succeeded or change in PAN due to any Reason, then such transferee or successor or new entity shall be liable to be registered with effect from the date of such transfer/Succession.

(B) Where there is transfer of business due to amalgamation or demerger of 2 or more persons, then the transferee shall be liable to be registered with effect from the date of Incorporation of New Entity.

(C) In case of Transfer of goods from principal to agent the turnover shall be clubbed in the hands of Agent.

### **(D) Effective date of Registration:**

In case of Limit based registration and Mandatory registration: Effective date of Registration will be the date on which the person crossed the threshold limit or require mandatory registration as the case may be.

In case of voluntarily registration: Effective date of registration will be the date on which Registration certificate has been granted.

(E) In case of Job Work: after completion of Job work goods are supplied by principal in open market then such supply shall be taken in computing aggregate turnover of Principal.

## Chapter: 7 Exemption

### CHARITABLE & RELIGIOUS

Service	Supplier and Recipient	Status
<b>Charitable Trust:</b>	by a	will be
Service By way of following charitable activities	Recognised	exempted
(a) Activity by way of Public-health by way of care & counselling of terminally ill persons, HIV Infected persons, and person addicted to Drugs or Alcohol.	charitable trust	
(b) Activity of advancement of Religion, spiritually or Yoga.		
(c) Activity of advancement of Educational-programs or skill development for Abandoned children, person residing in rural AREAS having age over 65 years.		
(d) Activities of preservation of Environment Including watershed, forest & wide life		
<b>Renting of Religious Place &amp; Conduct of Religious Ceremony:</b>	by a Recognized	will be
(a) Service of conduct of religious ceremony and	Trust	exempted
(b) Service of Renting of Religious place, where- <ul style="list-style-type: none"> <li>• Room Rent limited to ₹ 999 per day,</li> <li>• Hall Rent limited to ₹ 9999 per day,</li> <li>• shop rent limited to be ₹ 9999 per month</li> </ul>		
<b>Religious Journey:</b>	By Kumaon Mandal	will be
A Service in respect of Kailash Mansarover Yatra (CHINA) and Haj Yatra	Vikas Nigam Limited and HAJ Committee	exempted

### EDUCATION

Service	Supplier and Recipient	Status
<b>NEWS:</b>	By an "Independent Journalist",	will be exempted.(However, if
Service by way of providing news	Press Trust of India (PTI) or United News of India (UNI)	Journalist is employee, then it will not be a supply.)
<b>LIABRARY:</b>	By Public Libraries	will be exempted. (However,
Service of "Lending of Books etc.		suchService by Private Libraries will also be Exempted)



EDUCATIONAL INSTITUTE:		
<b>Any service</b>	By Educational Institute (School/College/Institution), to student [Present /Ex/Future]to Faculty and to staff.  Note: Degree course must be recognized by Indian law.	will be exempted
<b>TCS Services:</b> T.C.S. Services (Transportation facilities for student faculties & Staff, catering Including Mid-day meal, security & House - keeping)	By Government, Corporates to Schools / Anganwadi only	will be exempted
<b>Exam Related Services</b> Service Related to or conduct of Entrance / Final Examination	To educational institute (School/College/Institution)	will be exempted
<b>Online Educational Periodicals" Service of supply of "Online Educational Periodicals"</b>	To colleges	will be exempted
Comments: 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 including any entrance examination, to the students. Hence such services will be exempted.		
<b>CORPORATE-CUM- INSTITUTE:</b> Any service	By "NSDC" (National Skill Development Corporation), SSC (Sector Skill Council), AA (Assessment Agency), Training partner (e.g. Ambuja Cement Foundation, Hindustan Soft Education etc.)	will be Exempted
Service under skill development initiative [SDI]	-	will be Exempted
Service under Deen Dayal Upadhyay Gramin Kaushal Yojana	-	will be Exempted

HEALTH CARE		
Service	Supplier and Recipient	Status
<b>Veterinary Clinic:</b> Service of Health care (Diagnostic / Treatment / Care) of Birds / Animals	By Veterinary Clinic	will be exempted.
<b>Health Care of Human Beings:</b> <b>Health care service:</b> means (Diagnostic / Treatment / Care + Food for patient + Hair transplant for CURE + Cosmetic & Plastic Surgery for CURE + Ambulance service), Abnormality /disease/ ailment of infertility, treated by IVF is also included in Health care service.	By Hospital, Nursing Home, Sanatorium, clinic, pathology Lab (Indoor & outdoor) Physiotherapist, Dietitians etc.	will be exempted.
<b>Comment:</b> Any health care service which is not recognised under Indian medical world will be taxable.	However, ambulance services given by anyone.	
<b>ICUs Etc:</b> Services of providing ICU /CCU/ ICCU/NICU @ Any value	By a Clinical Establishment etc.	Will be exempted
<b>Room Services:</b> Services of providing rooms (other than ICU /CCU/ ICCU /NICU) having room charges Upto 5,000 per day	By a Clinical Establishment, to a person receiving health care services	Will be exempted
<b>Rehabilitation Centre:</b> Rehabilitation Therapy or counselling etc, provided at Medical Establishment, Educational Institutes, Rehabilitation Centre established by CG/SG/UT or Recognised TRUST.	By Recognised Rehabilitation professionals	Will be exempted
<b>Public Convenience:</b> Public convenience services (Provision of facilities of bathroom, washroom, urinal, toilets etc.)	By anyone	Will be exempted

SPORTS		
Service	Supplier and Recipient	Status
<b>FIFA:</b> Service Related to any Event under FIFA: U-17 World-Cup, 2017.	By or To FIFA and its subsidiaries	Will be exempted
<b>FIFA (Women's):</b> Service Related to any event under FIFA U- 17 women's World-Cup 2020	By or To FIFA and its subsidiaries	Will be exempted

<b>Asian Football Confederation (AFC)</b>	By and to AFC and its subsidiaries	Will be exempted
Services directly or indirectly related to any of the events under (AFC) Women's Asia Cup 2022.		
<b>SPONSORSHIP:</b>	By Recognised Body	Will be exempted
Service by way of sponsorship of sporting events, organised by Recognised body.		
<b>INDIVIDUAL SERVICE:</b>	By Individuals as a Player, referee, umpire, coach or team manager	Will be exempted
Service for participation in a sporting event, organised By a Recognised Sport Body (e.g. BCCI).		
<b>Service</b>	By one Recognised Sports Body to another Recognised Sports Body	Will be exempted

**GOVERNMENT SERVICES**

Service	Supplier and Recipient	Status
<b>Article 243G/W:</b>	By Governmental Authority [Note: If it is by CG/SG/LA then not a supply]	Will be exempted
Service specified under Article 243 G/W (e.g. Land Consolidation, Urban Town Planning, Public Health etc.)		
<b>Pure Service/Composite Service</b> (having service portion at least 75%)	By any person To CG/SG/LA	Will be exempted
<b>Comment:</b> Sanitation and conservancy services supplied to Army and other CG/SG departments, which is not covered in 243G/W will be taxable.		
<b>SPECIFIC Services:</b>	To a Governmental Authority	Will be exempted
Services by way of water supply, public health, sanitation conservancy, solid waste management, & slum improvement and upgradation		
<b>GOVERNMENT SERVICE (Except PVT):</b>	By CG / SG / UT/ LA, To Non-Business Entity	Will be exempted
Any Service (However, followings will always be taxable to maintain parity in between Government departments and private players---		
P= Service by Department of Post & Indian Railways [But basic services of post office by way of inland letter card, post card, book post, ordinarily book post and envelop weigh		

less than 10 gram will be exempted] V= Service by Government in Relation to Aircraft/ Vessel (in or outside the port or Airport)		
T= Service by Government by way of transportation of Goods/Passenger.		
<b>GARIB BUSINESS ENTITY:</b> Any Service [Except P.V.T.]	By CG/SG/UT/LA, to a Business Entity having Aggregate turnover in PFY only upto threshold limit	Will be exempted
<b>GOVERNMENT TO GOVERNMENT:</b> Any Service [Except P.V.T.] will be exempted	By CG/SG/UT/LA, to another CG/SG/UT/LA.	Will be exempted
<b>SMALL VALUE GOVERNMENT SERVICE:</b> Any Service [Except P.V.T.] (Having value of service upto ₹ 5000). [For continuous supply of service (service having life > 3 month & having periodic payment schedule) limit of ₹ 5000 will be checked per financial year basis]	By CG/SG/UT	Will be exempted
<b>GOVERNMENT GRANT:</b> Any Service (consideration received in Form of Grant)	By Govt. Entity To CG/SG/UT/LA	Will be exempted
<b>LONG TERM LEASE:</b> Service of Granting Long Term Lease (30 years or more) of Industrial plots or plot for Development of Infrastructure for Financial Business	By State Government Industrial Development Corporation or by other Entity having 20% or more ownership of Government.	Will be exempted
<b>SPECTRUM:</b> Service By way allotting spectrum prior to 01.04.2016	By CG/SG/UT/LA to Business Entity,	Will be exempted
<b>GOVT. TESTING ETC.:</b> Service provided by way of "Registration Under any Law", Testing, Calibration, Safety check or Certification Relating to Safety of workers/ consumers/ public at large Including	By CG/SG/UT/LA,	Will be exempted

Fire License,	by CG/SG/UT/LA	Will be
<b>NON-PERFORMANCE:</b>		exempted
Service of Non-Performance (Cancellation) of Government Contract, consideration in the form of fines/ liquidated damages payable		
<b>AGRICULTURE:</b>	By CG/SG/UT/LA to Individual Farmer.	Will be exempted
Service by way of "assignment of right" to use Natural Resources, for cultivation of Plant/Rearing of animals For Food, fibre, raw material etc. (Except Horse)		
<b>COAL MINE:</b>	By CG/SG/UT/LA	Will be exempted
Service By way of "assignment of Right" to use natural Resources, Prior to 01.04.2016.		
<b>Merchant Overtime Fee (MOT):</b>	By Government Department	Will be exempted
Service By way of "Deputing" Officers after Office hour or on holidays, for Inspection of container stuffing etc. in Relation to Import-Export Cargo, on Payment of Merchant Overtime Fee		
<b>RTI:</b>		Will be exempted
Service By way of RTI	By a State Government	Will be exempted
<b>ERCC:</b>	To Excess Royalty Collection Contractor (ERCC)	
Services by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders		
<b>GUARANTEE BY GOVT.:</b>	By CG/SG/UT To Government Under-taking or PSU's	Will be exempted
Service by way of guarantying the Loans to banks or financial institutions		

**AGRICULTURE**

Service	Supplier and Recipient	Status
<b>Electricity:</b>	By "Electricity Distribution Utility (e.g. Electricity Exchange) To the farmer or Agriculturist	Will be exempted
Service by way of construction, erection, commissioning or Installation of Infrastructure, for Extending Electricity distribution Network, up-to the tube-well for Agriculture use		

<b>RICE:</b>		Will be
Service by way of loading, unloading, packing, storage /warehousing of Rice		exempted
<b>MINOR FOREST PRODUCE:</b>		Will be
Service by Way of warehousing of minor Forest Produce		exempted
<b>WAREHOUSING:</b>		Will be
Service of warehousing/storage of Cereals, pulses, fruits, & Vegetables [Note: Storage/warehousing of cotton in ginned & or baled form will be Taxable]		exempted
<b>ELECTRICITY:</b>	By transmission utilities	Will be
Transmission to Distribution of Electricity	(eg. Power Grid, Electricity Exchange, Electricity Co.)	exempted
<b>AGRICULTURE RELATED:</b>		Will be
Services relating to 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 or agricultural produce by way of-		exempted
(a) Agricultural operations directly related to production of any agricultural produce;		
(b) Supply of farm labour;		
(c) Processes carried out at an agricultural farm, which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;		
(d) Renting/leasing of Agro-machinery /vacant land with/ without a structure incidental to its use;		
(e) Loading, unloading, packing, storage /warehousing of agricultural produce;		
(f) Agricultural extension services;		
(g) Services by any Agricultural Produce Marketing Committee/ Board or services provided by a commission agent for sale / purchase of agricultural produce.		
<b>JOB WORK:</b>		Will be
Carrying out "An Intermediate Production Process" as Job Work, in Relation to Cultivation of plant & rearing of animals		exempted

(Except horse), & agriculture produce		
Comment: Milling of paddy into rice (on job work basis) will be Taxable and value will be the processing charges (not on the entire value of rice).		
<b>INSEMINATION:</b> Service of Artificial Insemination of Live Stock (except horse)		Will be exempted
<b>FRUITS &amp; VEGETABLES:</b> Services by way of pre-conditioning, precooling, ripening, waxing, retail packing, labelling of fruits and vegetables, which do not change or alter its essential characteristics		Will be exempted
<b>NCCCD:</b> Service by way of "Cold Chain Knowledge" Distribution	By "National Centre for cold chain development	Will be exempted
<b>TRANSPORTATION OF PASSENGERS</b>		
<b>Service</b>	<b>Supplier and Recipient</b>	<b>Status</b>
<b>Transportation of Passengers via-</b>		Will be
<b>Jal:</b> INLAND WATER-WAYS OTHER WATER- WAYS (for Public Transport only however for tourism it will be taxable)		exempted
<b>Thal:</b> By Road- Contract Carriage- Non-AC (Public Transport only) [However, AC Vehicle/ Special Bus/Tourist Vehicle = Taxable] By Road- Stage Carriage- Non-AC By Road- School Bus By Road- Metered cab Run by S.G By Road- Rickshaw [However, Radio Taxi etc. will be taxable By RAIL- Indian Rail - Other than first class or AC By Rail- Others = Metro, Mono, Tram		
<b>Vayu:</b> NER (North East Region, In economy class), RCS (Regional connectivity scheme) - GAP FUNDING by Government		
Comment:		
1) No exemption shall be allowed ie it will always be taxable if the services supplied through an ECO, & notified under Section 9(5) of the CGST ACT.		

2- Hiring of vehicles by firms for transportation of their employees ('charter or hire') will be taxable.

3- Private ferries (used as means of transport from one island to another in Andaman and Nicobar Islands) =

If tickets purchased for transportation from one point to another = Exempt (owned by anyone)

If tickets purchased for transportation (predominantly for tourism-transportation, sightseeing, food and beverages, music, accommodation) = Taxable.

<b>Embassy:</b>	By Foreign Diplomatic	Will be
Any Service (e.g. Visa Fees)	Mission i.e. Embassy	exempted
<b>DRIVING LICENSE/PASSPORT etc.:</b>	By CG/SG/UT/LA	Will be
Service By way of issuance of Passport, VISA On Arrival, Driving License, Birth Certificate, Death Certificate.		exempted
<b>TOUR OPERATOR SERVICES:</b>	By a tour operator to	Will be
Tour operator service, performed partly in India & partly outside India, (to the extent of the value of the tour operator service, performed outside India)	a foreign tourist	exempted

**Comment:**

**Value of the tour operator service performed outside India,**

Proportionate value Related to tour performed outside India.

50% of the total consideration charged for the entire tour,

Whichever is lower will be exempted.

\* Day Rounding Off: 12 hours or exceeding 12 hours shall be considered as one full day and less than 12 hours shall be taken as half a day.

### ENTERTAINMENT / ENTRY FEES

Service	Supplier and Recipient	Status
<b>ZOO &amp; PROTECTED MONUMENTS:</b>		Will be
Admission/Entry fees of a Museum, National Park, Wild Life Sanctuary, Tiger Reserve, ZOO and Protected Monuments		exempted
<b>ART, CULTURE, SPORTS</b>	by an	Will be
Service of training/Coaching in Re-creational Activities relating to arts or culture	individual,	exempted
Service of training/Coaching in Sports	by Recognised	Will be
	Charitable Trust	exempted
<b>ENTERTAINMENT</b>		Will be
Services by way of right to admission to- [consideration upto ₹ 500 per person]		exempted



(a) circus, dance, or theatrical performance (drama or ballet):		
(b) award function, concert, pageant, musical performance or any sporting event (other than a recognised sporting event):		
(c) Recognised sporting event;		
(d) Planetarium,		
<b><u>FIFA (MEN/WOMEN)</u></b>		Will be
Entry Fee (Ticket to FIFA Event U-17 World Cup 2017)		exempted
<b><u>AFC</u></b>		Will be
Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022		exempted
<b><u>FOLK / CLERICAL ART</u></b>	By Folk/Classical Artist	Will be
Service by Way of Folk/Clerical Performance, in Relation of "music"/Dance/Theatre, [consideration charged upto ₹1,50,000/-		exempted
[If artist provides service as Brand Ambassador, then it will be taxable]		

**RENTING, ACCOMODATION @ IMMOVABLE**

Service	Supplier and Recipient	Status
<b><u>CONSTRUCTION (PMAY):</u></b>		Will be
Services by way of Pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, etc under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.		exempted
<b><u>CONSTRUCTION (KOTHI):</u></b>		Will be
Service by way of Pure Labour contracts (i.e. only service component) of Construction, commission, Erection, Installation of original work (New work) of a SINGLE Residential UNIT		exempted
[Note: Above service in relation to multi-unit / Multi stories building will be taxable].		
<b><u>LONG TERM ACCOMODATION:</u></b>	on B to C basis	Will be
Service By way of renting of Residential Property which is intended for long term use, for Residence purpose	[However, if rented on B-to-B basis then it	exempted

<p><b>Comment:</b></p> <ul style="list-style-type: none"> <li>- Where Recipient is a registered person,</li> <li>- being proprietor of a proprietorship concern and</li> <li>- rents the residential dwelling in his personal capacity</li> <li>- for use as his own residence</li> </ul> <p>Then the transaction will be B to C basis hence Exempted.</p>		
<p><b>TDR/FSI:</b></p> <p>Service by way of TDR (transfer of development rights) or FSI (Floor Space Index), for construction of residential apartments, in a project, intended for sale, wholly or partly, [except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.]</p>	<p>By a promoter, to a buyer</p>	<p>Will be exempted</p>
<p><b>Long Term Lease:</b></p> <p>Service by way of granting of long-term lease (30yrs or more) (Consideration- Premium, salami, cost, price, development charges or by any other name payable), for construction of residential apartments, in a project, intended for sale, wholly or partly, [except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.]</p>	<p>By a promoter, to a buyer</p>	<p>Will be exempted</p>
<p><b>Comment:</b></p> <ul style="list-style-type: none"> <li>• Location charges/Preferential location charges (PLC) paid upfront in addition to the lease premium for long term lease of land constitute part of upfront amount charged for long term lease = Exempt.</li> <li>• Sale of land = neither a supply of goods nor a supply of services (Schedule III) = No GST.</li> <li>• Sale of developed land (after levelling, laying down of drainage lines etc.) = sale of land = (Schedule III) = No GST.</li> <li>• Any service provided for development of land = Taxable.</li> </ul>		

TRANSPORTATION OF GOODS		
Service	Supplier and Recipient	Status
<p><b>Transportation of Goods via-</b></p> <p><b>Jal:</b> INLAND WATER-WAYS only</p> <p><b>Thal:</b> By Road- (Other than GTA &amp; Courier) [However, transportation of goods by Rail will be taxable.]</p> <p><b>Vayu:</b> By aircraft / vessel in relation to Import Cargo</p> <p><b>Comment:</b> By aircraft / vessel in relation to Export Cargo will be taxable.</p>		Will be exempted
<p><b>Satellite Launching:</b></p> <p>Satellite launch services</p>	By Any one	Will be exempted
<p><b>National Permit:</b></p> <p>Services of granting National Permit to a goods carriage to operate through-out India / contiguous States</p>		Will be exempted
<p><b>Transportation of specified Goods:</b></p> <p>Transportation of specified goods by Rail / Vessel / GTA [Specified goods=Milk/Salt/Flour/Pulses/Rice/Agriculture Produce/ News Paper/ Magazines/ Relief Material/ Defence Material]</p>		Will be exempted
<p><b>GTA Service to Recipient (unregistered):</b></p> <p>Service by way of transportation of goods</p>	By GTA, On b to C basis i.e. To unregistered person (including CTP of handicraft who is unregistered)	Will be exempted
<p><b>GTA Service to Govt.:</b></p> <p>Service by way of transportation of goods in a goods carriage</p>	By GTA, To a Dept./ Establishment of the CG/ SG/ UT, or to LA, or to Governmental Authority	Will be exempted
<p><b>Nepal / Bhutan:</b></p> <p>Supply of service associated with Transit Cargo to and From NEPAL and Bhutan eg Service of transportation, insurance of transit cargo.)</p>	By Indian Supplier	Will be exempted

**SOCIAL WELFARE**

Service	Supplier and Recipient	Status
<b>Old Age Home:</b> Service By Running Old Age home, where consideration is upto ₹ 25000 for All facilities, per month per member.	By CG/SG/ Recognised TRUST, to its Residents (60 years or more age)	Will be exempted
<b>Fair Price Shop: (Commission)</b> Service By way of Sale of food grains, Kerosene etc. to public and Received commission from Government	By Fair Price shops (Rashan Ki Sarkari Dukan) to CG/SG/UT	Will be exempted
<b>NPO's:</b> Service by way of reimbursement of charges or share of contribution - a) As a trade union; or b) For the provision of carrying out any activity (Exempt from GST); or c) Upto an amount of ₹ 7,500 per month per member for sourcing of goods/services from a third person for the common use of its members in a housing society or a residential complex.	By an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members	Will be exempted
<b>NPO: (2)</b> Services engaged in— i) Activities relating to the welfare of industrial / agricultural labour/ farmers; or ii) Promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, against consideration in the form of membership fee upto an amount of one thousand rupees (₹ 1000/-) per member per year.	By an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members	Will be exempted

**BANKING**

Service	Supplier and Recipient	Status
<b>Interest / forex:</b> Interest on Loan/Advance/Deposits Discount [interest in advance] on Bill Discounting [Note: Interest involve in credit card service=Taxable.] Commission on - Sale - purchase of foreign currency amongst Bank & Authorised dealers & Vice-Versa		Will be exempted

<b>JAN DHAN YOJANA</b> Service Under "PM Jan Dhan Yojana"	By Banking company to Account holder of "Basic Saving Bank Deposit"	Will be exempted
<b>CARD PROCESSING (Bank Charges)</b> Service By way of Card Transaction Processing where transaction Amount is upto ₹ 2000, [CARD = Credit Card, Debit Card & Other Cards]	By Bank,	Will be exempted
<b>Agency Service:</b> Any Services with respect to accounts in its rural area branch;	By Business facilitator/ correspondent to a banking company	Will be exempted
<b>Any intermediary Services</b> with respect to services mentioned above	By Any person as an intermediary to a business facilitator/ correspondent [ie Agent ka Agent]	Will be exempted
Any Services in a <b>rural area.</b>	By Business facilitator/ correspondent to an insurance company	Will be exempted
<b>IFS</b> (Intermediary of financial services) Services, in currencies other than Indian rupees (INR)]	By an intermediary of financial services (Located in a multi services SEZ with International Financial Services Centre (IFSC) status) to a customer (located outside India for international financial services)	Will be exempted

**INSURANCE**

Service	Supplier and Recipient	Status
<b>Annuity:</b> Services of life insurance business provided by way of annuity under the National Pension System		Will be exempted
<b>Group Insurance:</b> Services of life insurance business provided under the Group Insurance Schemes of the CG.	By the Army, Naval & Air Force, Central Armed Police Forces Group Insurance	Will be exempted

	Funds, To members of the Army, Navy and Air Force, Coast Guard, Central Armed force.	
<b>Government Bodies Services:</b> Service provided [ESIC=Employee State Insurance Corporation/ EPFO= Employee Provident Fund Organisation/ CM-PFO= Coal Mines Provident Fund Organisation/ NPS=National Pension Scheme]	By following Government bodies- ESIC/ EPFO/CM- PFO/ NPS	Will be exempted
<b>General Insurance:</b> General Insurance Service under following specified Insurance scheme [Specified Schemes= HUT Insurance Scheme/Jan Arogya Bima Policy/ P.M. Suraksha Bima Yojana/Nirmaya Health Insurance Scheme/ Bangla SHASYA Bima Yojana]	To people covered under "Below poverty line" (BPL) or marginally upto BPL Category	Will be exempted
<b>Life Insurance:</b> Life Insurance Service (under specified Insurance Scheme) Specified Insurance Scheme: Jan Shree Bima Yojana/Aam Aadmi Bima Yojana/Life Micro Insurance product" (where Maximum cover is upto ₹ 200000) / Varishtha Pension Bima Yojana /PM Jan Dhan Yojana / PM Vaya Vandan Yojana	To person fall under BPL Category or marginally upto BPL Category etc.	Will be exempted
<b>Premium paid by Government:</b> Service By way of Insurance, where total premium is paid by CG/SG/UT.	By insurance company To Government	Will be exempted
<b>Re-Insurance:</b> Service By way of Re-Insurance of Insurance Service specified under above 3 rows (General Insurance / Life Insurance / Premium paid to Govt.)	-	Will be exempted
<b>Atal Pension:</b> Service under "ATAL Pension Yojana"	-	Will be exempted

<b>State Pension Scheme:</b> Service under "State Pension Yojana"	-	Will be exempted
<b>BUSINESS RELATED</b>		
<b>Service</b>	<b>Supplier and Recipient</b>	<b>Status</b>
<b>Transfer of Going Concern:</b> Service way of transfer of going concern		Will be exempted
<b>Hiring of Motor Vehicle:</b> Service of Hiring of Motor Vehicle having capacity of 13 or more	to State transport Undertaking	Will be exempted
Service of hiring of "E-Vehicle having capacity of 13 or more	To Local Authority	Will be exempted
Service of hiring of "Goods Transport Vehicle"	To Goods Transport Agency	Will be exempted
Service of Hiring of Motor Vehicle	To a person who is providing transportation service by way of Transportation of Student, Faculty, Staff to an Educational Institute i.e. school, college, Institution	Will be exempted
<b>Toll:</b> Service By way of "Access to a Road or a Bridge on Payment of Toll Charges		Will be exempted
<b>Comment:</b> Higher toll charges (Additional fee) from vehicles not having Fastag or in case of overload will be the part of toll charges and hence exempted from GST.		
<b>Incubatee:</b> Service by way of providing space /capital/ coaching/ Networking etc.	By startups from Incubator (R&D Centres e.g. Amity Noida, ITI Kharagpur, NDRI Karnal) Having Turnover in P.F.Y: Limited to ₹ 50 lakhs	will be exempted upto 50 lakh in CFY and this exemption will continue only upto 3 years
<b>Incubator:</b> Any Service	By an Incubator	will be exempted

<b>Legal Service:</b>	By Arbitral Tribunal/Advocates	Will be exempted
Legal Service i.e. Any Service provided in Relation to Advice/Consultancy/Assistance and Includes Representation service	[Individual (Junior/Senior), Firm of Advocate]	
<b>Comment:</b> However legal services by Senior advocate to senior / junior advocate or to firm of advocates will be taxable.	- To A Non-Business Entity or - To Government Department or - To a Business Entity having turnover in PFY limited to ₹ 10 lakh/20 lakh/40 Lakh	
<b>Business Exhibition:</b>	By an organiser (e.g. footwear association of INDIA). To any person (e.g. Footwear Manufacturer,	Will be exempted
Service, in Respect of a Business Exhibition held outside INDIA.		

### Additional Exemption Under IGST Act, 2017: N/N:9/2017 (IGST)

Service	Supplier and Recipient	Status
<b>Import of Service:</b>	To --	Will be exempted
Import of service, where Location of supplier is outside India., & location of Recipient is in INDIA, [Specified Person =	<ul style="list-style-type: none"> <li>⇒ Government (CG/SG/UT/LA/ Governmental Authority)</li> <li>⇒ Individual (Using Service for Personal use)</li> <li>⇒ Recognized Charitable Trust</li> <li>⇒ Embassy (Use for official/ personal purpose)</li> <li>⇒ United Nations/International organization (For Official use)</li> <li>⇒ Special Economic Zone Developer/Unit)</li> </ul>	
<b>Where supplier of service Located in India &amp; Recipient Belongs to outside INDIA.</b>	By Indian Tour Operator, To a foreign Tourist,	Will be exempted
Service provided, in Relation to a Tour Conducted wholly outside INDIA		



<b>Any Service</b>	By Branch Office/Head Office To any head office/Branch office of that person Located outside India	Will be exempted
<b>Any Service</b>	By an Indian Intermediary where Location of supplier & Recipient of Goods is outside India.	Will be exempted

## Chapter: 8 Valuation

### Section 15- Value of Taxable Supplies

<b>Price actually paid or payable for supply of Goods /Services</b>	<b>XXX</b>				
<b>Adjustments-</b>					
<b>Incidental expenses</b> e.g. packing, loading etc.	Includible				
<b>Discount</b>	Excludible				
*Pre supply /At the time of supply @ Inbuilt in Invoice					
*Post Supply discount (Provided agreement in advance for the same and recipient reduce corresponding ITC, on the basis of credit Note)					
Note: No claim Bonus (NCB) is also a discount.					
<b>Interest on</b>					
*Delayed consideration and on credit card(Jab Mila, Jitna Mila usko inclusive of GST maante hue GST Bharna hoga, if not received in actual, then no GST)	Includible				
*Loan /advances/deposits	Excludible				
<b>Obligation /Liability of supplier paid by Recipient</b> to III party on behalf of supplier	Includible				
<b>Other taxes</b> e.g. Excise duty, VAT, custom duty i.e. any other old taxes (However TCS is not a tax, Moreover TDS deducted by Recipient so no question at the end of supplier)	Includible				
* <b>Subsidy</b> Unit linked *Given by Government * Given to supplier	Excludible				
*Otherwise, subsidy	Includible				
<b>Example:</b> Given value: ₹10,000      Subsidy ₹ 1,000					
Given value is after considering subsidy/ Net of subsidy	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Given by Government</td> <td style="width: 70%;">AV= 10,000</td> </tr> <tr> <td>Given by Non Government</td> <td>AV=11,000</td> </tr> </table>	Given by Government	AV= 10,000	Given by Non Government	AV=11,000
Given by Government	AV= 10,000				
Given by Non Government	AV=11,000				
Given value is before considering subsidy/ Net of subsidy	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Given by Government</td> <td style="width: 70%;">AV=9,000</td> </tr> <tr> <td>Given by Non Government</td> <td>AV=10,000</td> </tr> </table>	Given by Government	AV=9,000	Given by Non Government	AV=10,000
Given by Government	AV=9,000				
Given by Non Government	AV=10,000				
Note: Incentives received by the banks to compensate bank charges will be called as subsidy.					

### Question-1

Applicability of GST on incentive paid by MeitY (Ministry of Electronics and Information Technology) to acquiring banks under Incentive scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions.

### Answer-

It is hereby clarified that incentives paid by MeitY to acquiring banks under the Incentive scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions are in the nature of subsidy and thus not taxable.

### Question-2

Whether No Claim Bonus provided by the insurance company to the insured can be considered as an admissible discount for the purpose of determination of value of supply of insurance service provided by the insurance company to the insured?

### Answer-

It is, therefore, clarified that No Claim Bonus (NCB) is a permissible deduction under section 15 for the purpose of calculation of value of supply of the insurance services provided by the insurance company to the insured. Accordingly, GST shall be leviable on actual insurance premium amount, after deduction of No Claim Bonus mentioned on the invoice.

**Note (1)** Where Transaction value is not available/Reliable - then go for valuation Rules.

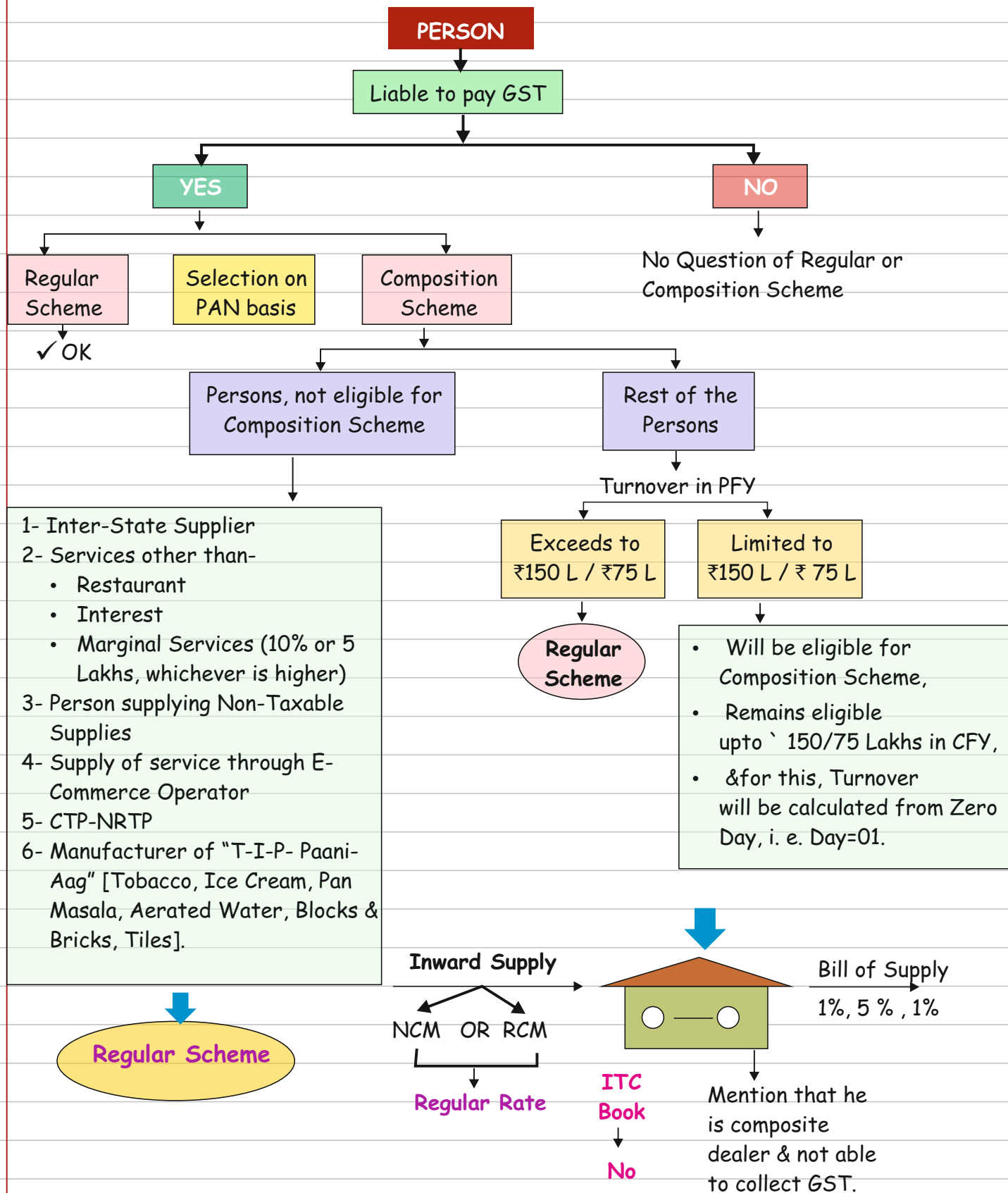
**Note (2)** For notified supplies - Assessable value = Tariff value:

- ⇒ Government has power to fix value of Goods/Service for GST/Cess calculation Purpose.
- ⇒ Where such value is fixed with Respect to some goods/service than valuation of such goods/service will be Based on such value.

**Note (3)** The Government, notifies the following supplies as assessable value will be tariff value and here tariff value will be Entry fees of the followings-

- (I) Supply of online money gaming;
- (ii) Supply of online gaming, other than online money gaming; and
- (iii) Supply of actionable claims in casinos.

### Composition Scheme



- Payment: Quarterly by 18 th
- Statement: CMP 08 (Quarterly) by 18 th
- Return: GSTR 04 (Annually) by 30 th April of Next FY
- Books of Accounts: Lesser record maintenance.
- ITC can not be availed

### Analysis Of Concept of Composition Scheme

**What is composition scheme:** It is an alternate method to pay tax. It is an optional scheme. If a person is liable to pay tax (crossed normal threshold limit), then he can choose this option. It is PAN based scheme applicable for all registrations/ taxable persons registered under same PAN.

**6 categories of persons are not eligible for the scheme:**

- (1) Person making inter-state supply of goods/Services.
- (2) Supplier of any service OTHER than-
  - (a) Restaurant services
  - (b) Limited value services along with main business. [Maximum value: 10% of turnover in state/UT or ₹ 5,00,000 whichever is higher] i.e. if value of these services exceed the maximum limit then the person not eligible for the scheme.

**Note:** Interest received on extending deposit loan and advances shall be ignored completely.

- (3) Supplier of Non-taxable goods/Services.
- (4) The person who **supplies Services** through E commerce operator.
- (5) Manufacturer of specified goods. [Pan masala, tobacco, ice cream, Aerated Water, bricks, earthen /roofing tiles (not wall tiles)]
- (6) Casual taxable person and Non-Resident Taxable person NR. (Banjaare).

**If a person not fall in above Six categories, then proceeds-**

Person will be eligible for composition scheme in CFY, if-

**In PFY-** Aggregate turnover (all outward supplies i.e. taxable, exempted etc) does not exceed to - ₹ 75 Lakh/150 lakh, And he shall remain eligible upto ₹150lakh/ ₹75lakh in CFY.

**In CFY-** After aggregate turnover of ₹ 150 lakh/ ₹75 lakhs, the scheme will be Lapsed & the person required to pay tax as per regular scheme.

**Notes:**

- (1) ₹ 75 lakh limit applicable on 8 states: Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Uttarakhand.
- (2) ₹ 150 lakh limit applicable on: Jammu-Kashmir, Himachal Pradesh, Assam and rest of the states &UT.
- (3) Interest received on extending deposit/loan/advances shall be fully ignored.
- (4) Turnover (for limit) will be calculated from Zero day (day 1).
- (5) **Tax Rates (Under Composition Scheme):**
  - Manufacturer = 0.5% + 0.5% of Total turnover (in a state/UT)
  - Supplier of food/drinks = 2.5% + 2.5 % of Total turnover (in a state/UT)
  - Other suppliers (i.e. trader) = 0.5% + 0.5% of Taxable turnover (in a state/UT)
- (6) If any inward supply taken Under RCM, then composite rates of GST will not be applicable but it will be paid as per normal rate of tax.
- (7) Composition dealer shall issue BILL OF supply instead of invoice.

- (8) He cannot charge GST from the customer and composite tax will not be input tax for buyer and accordingly, buyer will not be eligible for ITC.
- (9) Quarterly return and payments by 18<sup>th</sup> of next month and minimum books of accounts and show off as he is a composite dealer.
- (10) If PO has reasons to believe that a taxable person has paid tax under composition scheme even though not being eligible, such person shall, in addition to any tax that may be payable by him under regular scheme, be liable to a penalty.
- (11) He shall mention the words "composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him; and
- (12) He shall mention the words "composition taxable person" on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.

**COMPOSITION SCHEME**

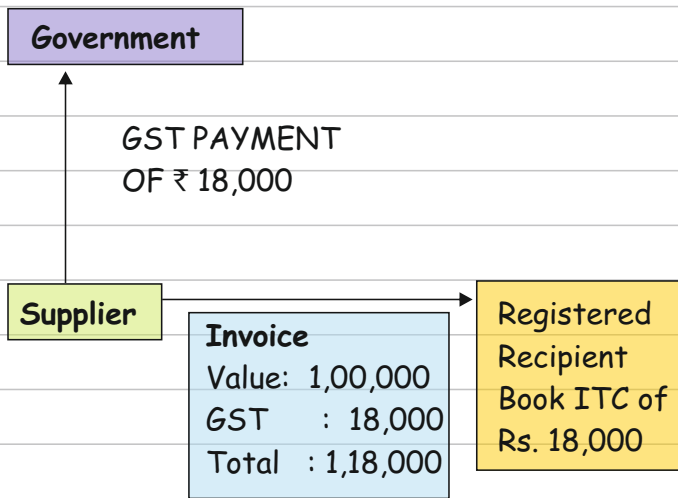
Service focused scheme has the same charismatic as of goods focused scheme subject to following differences-

**Differences between goods focused and Service focused scheme**

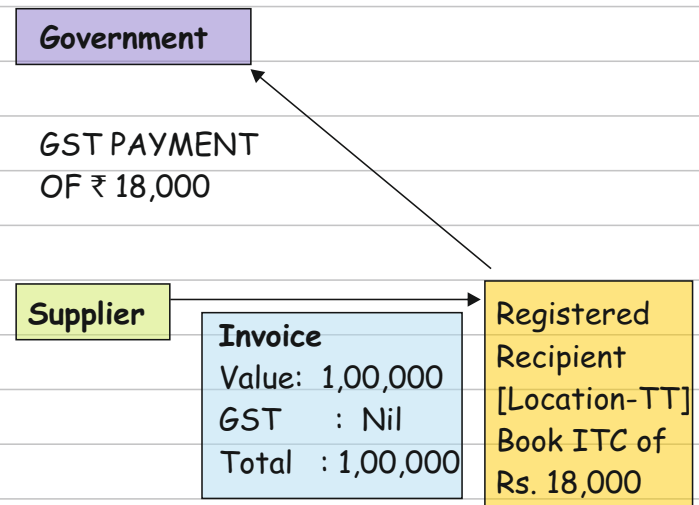
Basis	Goods focused composition scheme	Service focused composition scheme
<b>Available for</b>	Person engaged in the business of— *Exclusive Goods *Restaurant *Goods + Service (Interest) *Goods + Other limited Value	Person engaged in the business of— *Exclusive SERVICES - - *Goods + Other limited Value
	Services (10% or ₹5,00,000 : whichever is higher)	Services (Exceeding 10% or ₹ 5,00,000 : whichever is higher)
<b>Negative List</b>	Person engaged in the business as— *Inter- state supply of Goods /Services * CTP/NRTP *Through E commerce Operator *Manufacturer of Notified Goods *Non Taxable supplies of Goods /Services	Person engaged in the business as— *Inter- state supply of Goods /Services * CTP/NRTP *Through E commerce Operator *Manufacturer of Notified Goods *Non Taxable supplies of Goods /Services
<b>Composite Rate</b>	1%, 5%,1%	6%
<b>Turnover Limit in PFY/CFY</b>	₹150 Lakh/ ₹75 Lakh	₹50 Lakh/ ₹50 Lakh

## Chapter: 9 Reverse Charge Mechanism

### NCM/FCM CASES



### RCM CASES



BASIS	NCM/FCM	RCM
Net Revenue To Supplier	$[1,18,000 - 18,000 \text{ GST}] = 1,00,000$	1,00,000
Cost To Receptient	$[1,18,000 - 18,000 \text{ ITC}] = 1,00,000$	$[1,00,000 + \text{GST } 18,000 - \text{ITC } 18,000] = 1,00,000$
Revenue To Government	18,000	18,000

### Crux:

In Both the Cases Financial Position Remains Same, Then Why RCM—

- 1) Where Government Has No Control Over the Supplier (e.g. Import of Service).
- 2) Where Government Has No trust Over the supplier (e.g. Goods Transport Agency).
- 3) Where Supplier Belongs To Un-Organised Sector Eg. Insurance Agent Service.
- 4) Important Note: Where RCM is applicable double entry shall be made in the books of Recipient-
  - ⇒ Book ITC of GST in such inward supply under section 16.
  - ⇒ Pay the GST under reverse charge through E - Cash Ledger only.
- 5) For applicability of RCM recipient must be located in taxable territory.

### Section 9(3): N/No.13/2017-CGST: Specified Services under Reverse Charge

Sn	Supplier	Service	Recipient	Taxability	RCM [Recipient must be located in Taxable territory]	FCM
1	Goods Transport Agency (GTA) [means who is engaged in transportation of goods belonging to others by road and required to issue bill]	Service by way of transportation of goods belonging to others by road	Consignor or consignee who is liable to pay freight	# Goods wise exemption e.g. Transportation of Milk, salt, Flour, Pules, Rice, agriculture Produce, Newspaper & Magazines, Relief material, Defence material. # Service to Unregistered Person # Service to Unregistered CTP. # Service to Govt, Department which has TDS registration Only, will be exempted.	# Where recipient is a Factory, society, co-operative society, GST Registered Person, Body Corporate, Partnership Firm (Registered or Not), including Association of persons, Casual Taxable Person, then recipient liable to pay GST. Note: Rate of GST *5% and NO ITC to GTA	# Where GTA voluntarily Exercise the option to Pay GST under FCM, Then supplier liable to pay GST. Note: Rate of GST *5% and NO ITC to GTA eligible to book ITC



2	Individual Advocate (Senior or Junior), Firm of advocate	Legal Services provided in relation to advice, consultancy or assistance in any branch of law and representation al service.	Business Entity having turnover more than threshold limit in PFY	#Service provided to Greeb Business entity i.e. the entity having turnover limited to Threshold Limit in PFY. #Service provided to Government Departments will be exempted.	Recipient / Client Liable to pay GST under RCM.	-
3	Arbitral Tribunal	Service of Justice	Business Entity having turnover more than threshold limit in PFY	#Service provided to Garib Business entity i.e. the entity having turnover limited to Threshold Limit in PFY. #Service provided to Government Departments will be exempted.	Recipient / Applicant Liable to pay GST under RCM.	-
4	Organiser of an Event	Sponsorship services	Body-corporate or partnership firm	Sponsorship of Sports Events will be exempted	Recipient liable to pay GST under RCM.	-

5,	Non-	Renting of	B to C	Exempted	-	-
5A	Government	Residential	B to B	Taxable	Recipient	
5AA		Property			liable to pay	
					GST under	
					RCM.	
	Government	Renting of	B to C	Exempted	-	-
		Residential	B to B	Taxable	Recipient	
		Property			liable to pay	
					GST under	
					RCM.	
	Non	Renting of	B to C	Taxable	-	Supplier liable
	Government	Commercial				to pay GST
		Property				under FCM.
			B to B	Taxable	-	Supplier liable
						to pay GST
						under FCM.
	Government	Renting of	B to C	Taxable	-	Supplier
		Commercial				liable to pay
		Property				GST under
						FCM.
			B to B	Taxable	Recipient	-
					liable to pay	
					GST under	
					RCM.	
Note: Here Indian Railway will not be considered as Government,						
	Government	P.V.T. Services	Any Person	Post office	-	Supplier
				basic Services		liable to pay
				will be		GST under
				exempted.		FCM.
	Government	Other	Any Person	Services to	-	-
		Services		Non Business		
				Entity, Garib		
				Business		
				entity,		
				Government,		
				Driving		

					license, death/ Birth certificate etc. will be exempted	-	
					Rest of the services will be taxable e.g. Spectrum services	Recipient liable to pay GST under RCM.	-
5B	Any Person	Services of Transfer of development right [TDR] /Floor Space Index [FSI]	Promoter	# Where there is sale of Under construction property then property liable to GST and TDR/ FSI will be Exempted. #Where there is sale of construction property then property will not be liable to GST and TDR/ FSI will be taxable	Recipient/ Promoter liable to pay GST under RCM.	-	
5C	Any Person	Long term lease of land (30 years or more) for construction of a project	Promoter	Similar to above	Recipient/ Promoter liable to pay GST under RCM.	-	

6	Director	Services of Directorship	Company or a body corporate	# Directorship services given by Whole time director	Recipient/ Promoter liable to pay GST under RCM.	-
				#Directorship services given by Part time director of Government body Will not be a supply hence NO GST.		
7	Insurance Agent	Services of Insurance Agent	Insurance company	Service provided to Rural Area branch of insurance company will be exempted.	Recipient/ insurance company liable to pay GST on commission and incentives under RCM.	-
8	Recovery Agent	Services of Recovery Agent	Banking company, financial institution, non- banking financial institution (NBFC)	-	Recipient/ banking company, Financial institution, NBFC liable to pay GST on commission and incentives under RCM.	-
9	Music composer, photographer, artist, or the like	Copyright Services relating to original dramatic, musical or artistic	Music company, producer or the like.	-	Recipient/Music company, producer or the like liable to pay GST under RCM.	-

9A	Author	Copyright relating to original literary	Publisher	-	Recipient/ Publisher liable to pay GST on Royalty under RCM.	FCM will be APPLICABLE where--the author has taken registration under GST and filed a declaration, that he will pay GST.
10	Members of Overseeing Committee constituted by the Reserve Bank of India	Services of Overseeing Committee	Reserve Bank of India	-	Recipient/ RBI liable to pay GST under RCM.	-
11	Individual Direct Selling Agents	Services of Direct Selling Agents (DSAs)	Banking company, NBFC	-	Recipient/ banking company, NBFC liable to pay GST under RCM.	However, where DSA is other than individual then FCM will be applicable.
12	Business facilitator (BF)	Services of business facilitator (BF) [Nature of Service: Refer clients, pursue the client's Proposal and facilitate the bank to carry out transactions but cannot transacts on behalf of bank.]	A Banking company,	Where services given to Rural Area Branch of banking company then it will be exempted.	Recipient/ banking company liable to pay GST under RCM.	-

13	An agent of business correspondent (BC)	Services of Agent of business correspondent (BC)	Business correspondent, [BC: they are permitted to carry out transactions (Deposit / transactions) on behalf of the banks]	Where services given to Rural Area Branch, then it will be exempted.	Recipient/ Business Correspondent liable to pay GST under RCM.	-
14	Non-Company	Security services (services provided by way of supply of security personnel)	Registered person	Indoor security Services provided to School will be exempted.	Recipient/ Registered person liable to pay GST under RCM.	FCM will be applicable Where Supplier is- -Body corporate, - Government Department, Local authority; Governmental agencies, registered only as TDS deductor -Composite dealer u /s 10
15	Non-Company	Services provided by way of renting of any Passenger motor vehicle (jisme fuel ka amount alag senahi dena hota)	Company	-	Recipient/ company liable to pay GST under RCM. Note: Rate of GST*5% and NO ITC to Supplier except one input service	# in case of any other combination supplier liable to pay GST under FCM. Note: Rate of GST* 5% and NO ITC to Supplier except

					of Renting of motor vehicle.	one input service of Renting of motor vehicle. # More over where 12% Model is opted by supplier with Full ITC then FCM will be Applicable.
16	Lender	Lending of Securities	Borrower		Recipient/ borrower liable to pay GST under RCM.	-

Note: The wordings Central Government and State Governments, shall also include Parliament, State Legislatures, Courts and Tribunals.

**As per IGST LAW in addition to above following shall also be covered under: N/  
N: 10/2017- Integrated Tax**

Sn	Supplier	Service	Recipient	Taxability	RCM [Recipient must be located in Taxable territory]
1	Any person located outside India	Import of Any service	Any person located in India	# Where there is an import of service for free of cost -from related person -For business purpose then it will be supply, otherwise not a supply. # Moreover, Various import of services are exempted from GST such as-- Services taken by -individual for personal use, -Government -Trust Etc.	Recipient will be liable to pay GST under RCM.

Specified Supplies under Section 9(4)						
Sn	Supplier	Goods / Services related to Construction Sector	Recipient	Taxability	RCM [Recipient must be located in Taxable territory]	FCM
1	Unregistered person	Supply of Cement	Registered Person (Promoter)	-	Promoter liable to pay GST under RCM	--
2	Unregistered person	Supply of Capital Goods	Registered Person (Promoter)		Promoter liable to pay GST under RCM	
3	Unregistered person	Supply of Input Services, Other Inputs	Registered Person (Promoter)			
		- Upto 20% from unregistered		NO GST	---	---
		- In Excess of 20% from unregistered		Liable to GST	Promoter liable to pay GST under RCM	



**Chapter : 10 - Invoice**

Section 31	Who,when, how to issue invoice/ bill of supply, Revised Invoice etc
Section 32	only a registered person can collect in prescribed manner:
Section 33	Amount of Tax to be indicated in tax invoice and other documents:
Section 34	Debit and credit note

**Tax INVOICE/ Bill of supply/Receipt Voucher: For supply of goods or services**

**Section: 31 to 34 of CGST ACT, 2017 AND CGST RULES, 2017**

**Section 32: only a registered person can collect in prescribed manner:** A person who is not a registered taxable person shall not collect in respect of any supply of goods and/or services any amount by way of tax under the CGST/SGST Act and the registered taxable person shall collect tax in accordance with the provisions of this Act.

**Section 33: Amount of Tax to be indicated in tax invoice and other documents:** Where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which will form part of the price at which such supply is made.

<b>Who is required to issue / Bill off supply.</b>	<b>Tax invoice:</b>
	<b>Tax invoice is required to be issued by the following persons:</b>
	<ul style="list-style-type: none"> <li>• A Registered supplier paying tax under regular scheme shall issue TAX INVOICE.</li> <li>• A Registered Recipient (RCM): Recipient liable to pay GST under reverse charge need to issue an invoice.</li> </ul>
	<b>Bill of supply:</b>
	<ul style="list-style-type: none"> <li>• A Registered supplier making EXEMPTED supplies shall issue a BILL OF SUPPLY</li> <li>• A Registered taxable Person Paying Tax under COMPOSITION SCHEME shall issue a BILL OF SUPPLY.</li> </ul>
	<b>Note: Small value invoice /Bill of supply:</b> Where supply is made to an unregistered person having value below ` 200 and buyer is not willing to get invoice / Bill of supply- then the supplier need not to mandatorily to issue Invoice or Bill of supply but need to issue a consolidated invoice/bill of supply at the end of the day and will keep that document himself.
	<b>Receipt Voucher:</b> A registered Supplier shall, on receipt of advance payment with respect to any supply, issue a receipt voucher evidencing receipt of such payment.
	<b>NOTE:</b> No need of signature in case of computer generated documents (Invoice/ Bill of Supply/Challan etc.)

<b>When (Last date or due date)</b>	In case of supply of goods	
	(a) Where supply involve Removal of goods: Then the invoice shall be issued before or at the time of removal of goods and in case where supply does not involve Removal of goods: Then the invoice shall be issued before or at the time of delivery of goods.	
	(b) In case of continuous supply of goods:	
	Where periodic "statements of account" are given by supplier ie Payment linked to statement of accounts	Then invoice shall be issued on or before each such statements is issued.
	Where payment made "on Account basis"	Then invoice shall be issued on or before each payment is received.
	(c) <b><u>In case of sale on approval basis:</u></b> Invoice shall be issued on or before acceptance date or 6 Months from the date of removal (whichever is Earlier)	
	<b><u>In case of supply of Taxable Services:</u></b>	
	(a) <b>At the time of</b> provision of service, Before provision of service or after provision of service [within 30/ (45 days in case of Banking and Insurance)]	
	(b) <b><i>In case of continuous supply of service:</i></b>	
	Where the due date of payment is ascertainable from the contract,	The invoice shall be issued on or before the due date of payment
	Where the due date of payment is not ascertainable from the contract,	The invoice shall be issued before or at the time when the supplier of service receives the PAYMENT;
	Where the payment is linked to the completion of an event,	The invoice shall be issued on or before the date of completion of that event.
	(c) <b><u>Where the supply of services ceases</u></b> under a contract before the completion of the supply, the invoice shall be issued when the supply ceases and such invoice shall be issued to the extent of the supply affected before such cessation.	
	<b>NOTE:</b> Where recipient liable to pay GST under RCM then An invoice shall be issued <b>on the date of receipt of Goods /services</b>	
	<b>Invoice Cum Bill of Supply:</b> Where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single "invoice-cum-bill of supply" may be issued for all such supplies.	

How	<b><u>Manner of issuing: Supply of goods:</u></b> The invoice shall be prepared in triplicate, Supply of Services: The invoice shall be prepared in duplicate.	
Revised invoice	A registered taxable person may, within 1 month from the date of issuance of RC issue a revised invoice against the invoice already issued during the period: <ul style="list-style-type: none"> <li>Starting from the effective date of registration</li> <li>Till the date of issuance of RC to him. (So that buyer can avail the credit if he is eligible)</li> </ul>	
Basis	Debit Note/ Supplementary Invoice.	Credit Note
When to issue	Where one or more tax invoice has been issued <b>and the taxable value or tax charged in that tax invoice is found less then</b> the supplier shall issue to the recipient one or more debit notes.	<b>Where-</b> one or more tax invoice has been issued and the taxable value or tax charged in excess, or sale return or under supply then the supplier, may issue a <b>CREDIT NOTE.</b>
What to do after issue	Any registered person who issues a debit note shall declare the details of such debit note in the upcoming return and the tax liability shall be adjusted.	Supplier shall declare the details of such one or more credit notes <b>in the upcoming return</b> but max to max by 30 <sup>th</sup> November of next Financial Year or the date of filing of annual return, whichever is earlier, and the <b>tax liability shall be adjusted.</b>
Banking Company or a Financial Institution including NBFC/ insurer	<b><u>Exemption from Serial Number and ADDRESS:</u></b> Where the supplier of taxable service is an insurer or a banking company or a FI, NBFC the said supplier shall issue a tax invoice even if not having serial number and address of recipient.	
Goods Transport Agency Service	<b><u>BILTY/CONSIGNMENT NOTE:</u></b> the said supplier of service shall issue a tax invoice containing the gross weight, name, vehicle registration number details of goods transported, details of origin and destination, GSTIN of taxable person etc.	
Ticket = Invoice	In case of passenger transportation service: <b>TICKET= INVOICE: In case of cinema hall: TICKET= INVOICE:</b>	

### Concept of E-INVOICE [Relevant extract from Rule 48]

The invoice shall be prepared by such class of registered persons

- whose aggregate turnover in a financial year exceeds ₹5 crore
  - by including such particulars contained in **FORM GST INV-01**
  - after obtaining an Invoice Reference Number
  - by uploading information contained therein on the Common Goods and Services Tax Electronic Portal in such manner and subject to such conditions and restrictions as may be specified in the notification.
- However, Commissioner may, exempt a person or a class of registered persons from issuance of invoice for a specified period.

Notification @ E Invoicing :- Hereby notifies registered person,

- Whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ₹ 5 crore, as a class of registered person
- who shall prepare invoice and other prescribed documents, in terms of [Rule 48\(4\)](#)
- in respect of supply of goods or services or both
  - to a registered person [B to B supplies] or
  - for exports.
    - ⇒ other than a **Special Economic Zone unit** and the followings ....
    - ⇒ Insurance company, Banking company/NBFC/Financial Institution
    - ⇒ Goods transport agency
    - ⇒ Passenger Transporter
    - ⇒ Cinema halls
    - ⇒ OIDAR supplier
    - ⇒ A government department, a local authority

**Q. Whether the exemption from mandatory generation of e-invoices is available for the entity as whole, or whether the same is available only in respect of certain supplies made by the said entity?**

**Ans.** Certain entities/sectors have been exempted from mandatory generation of e-invoices. It is hereby clarified that the said exemption from generation of e-invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity.

**Illustration:** A Banking Company providing banking services, may also be involved in making supply of some goods, including bullion. The said banking company is exempted from mandatory issuance of e-invoice, for all supplies of goods and services and thus, will not be required to issue e-invoice with respect to any supply made by it.

**Q.** Whether carrying physical copy of invoice is compulsory during movement of goods in cases where suppliers have issued invoices in the manner prescribed under [rule 48 \(4\)](#) of the [CGST Rules, 2017](#) (i.e. in cases of e-invoice).

**Ans.** It is clarified that there is no need to carry the physical copy of tax invoice in cases where invoice has

been generated by the supplier in the manner prescribed under [Rule 48\(4\)](#) of the [CGST Rules](#) and production of the Quick Response (QR) code having an embedded Invoice Reference Number (IRN) electronically, for verification by the proper officer, would suffice.

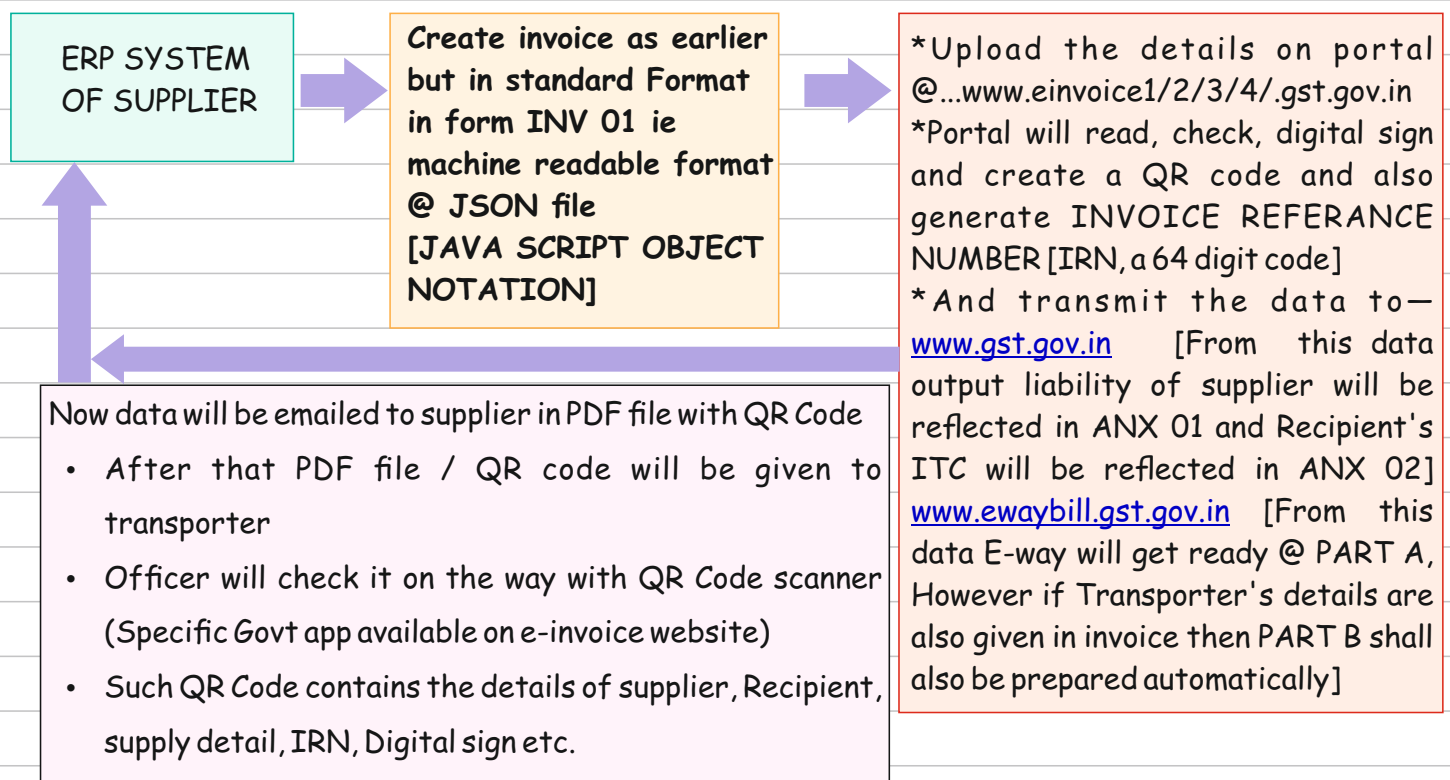
**Q. Whether e-invoicing is applicable for supplies made by a registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, to Government Departments or establishments/Government agencies/ local authorities/ PSUs which are registered solely as TDS Deductor?**

**Ans.** Registration of TDS Deductor is fall under section 24 of CGST Act, 2017 as Mandatory Registration. Therefore supplies to such persons will be called as B to B supplies. Accordingly, the registered person, whose turnover exceeds the threshold for generation of e-invoicing, is **required to issue e-invoices** for the supplies made to such Government Departments or establishments/ Government agencies/ local authorities/ PSUs, etc.

### Benefits of E- Invoice:

1. Curb tax evasion through check on fake ITC and Invoices
2. Automated Updation of GSTR = 1/2B and E way Bill.
3. Ease of compliance.
4. Enhance efficiency of tax administration.
5. Paperless work
6. Etc.

### How the concept of E- Invoice will work



### Concept of Dynamic QR Code [Relevant Extract From Rule 46]

**IN CASE OF NORMAL INVOICING ie Other than E-Invoicing** : Government may, by notification, on the recommendations of the Council, and subject to such conditions and restrictions as mentioned therein, **specify that the tax invoice shall have Quick Response (QR) code. [FOR PAYMENT PURPOSE].**

#### Dynamic QR Code: NOTIFICATION No. 71/2020:IN CASE OF NORMAL INVOICING

An invoice issued by a registered person, whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ₹500 crore,

- to an unregistered person (hereinafter referred to as B2C invoice),
- shall have Dynamic Quick Response (QR) code:
- [other than those referred to in
  - ⇒ Insurance company, Banking company/NBFC/Financial Institution
  - ⇒ Goods transport agency
  - ⇒ Passenger Transporter
  - ⇒ Cinema halls
  - ⇒ OIDAR supplier

QR Code through DIGITAL DISPLAY: Where such registered person makes a Dynamic Quick Response (QR) code available to the recipient through a digital display,

- Such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic Quick Response (QR) code,
- shall be deemed to be having Quick Response (QR) code.

## Chapter: 11 Time of Supply

**Background:**

**Section 12: Time of supply- in case of Goods**

**Section 13: Time of supply- in case of Services**

GST is payable on supply of goods or services. A supply consists of elements that can be separated in time, like purchase order/agreement, dispatch (of goods), delivery (of goods) or provision or performance of service, entry in the records, payment, and entry of the payment in the records or deposit in the bank.

So, at which of these points of time does GST become payable? Does it become payable?

when an agreement to supply goods or services is made, or

when the goods are shipped or the services are provided, or

when the invoice is issued or when payment is made?

What if the goods are shipped over a period of time?

What if the service is provided over a period of time?

Provisions relating to 'time of supply' provide answer to all such and other questions that arise on the timing of the liability to pay CGST and SGST/UTGST (intra-State supply) and IGST (inter-State supply) as time of supply fixes the point in time when the liability to pay tax arises.

The CGST Act provides separate provisions for time of supply for goods and services vide sections 12 and 13.

**Note: Meaning of "Date of Payment" for supplier: Date of bookish entry by supplier or Date of Actual credit in supplier's bank, whichever is earlier. Meaning of "Date of Payment" for Recipient: Date of bookish entry by Recipient or Date of Actual debit in recipient's bank, whichever is earlier.**

Basis	TOS @ SUPPLY OF SERVICE SECTION: 13	TOS @ SUPPLY OF GOODS SECTION: 12
<b>FCM CASES where Supplier Liable to pay GST</b>	Where invoice is issued with- in time then: Invoice date OR Payment date (Whichever is Earlier will be the time of supply)	Where invoice is issued within time then: <b>Invoice date OR</b> <del>Payment date (Earlier)</del> <b>However, for specified actionable claims which are Actionable claims (Goods), Invoice date OR Payment date (Whichever is Earlier will be the time of supply)</b>

	Where invoice is not issued with- in time then: Completion date OR Payment date (Whichever is Earlier will be the time of supply)	Where invoice is not issued with- in time then: <b>Last date of Issue of invoice OR <del>Payment date</del></b> <b>However, for specified actionable claims which are Actionable claims (Goods).</b> <b>Last date of Issue of invoice OR Payment date</b> (Whichever is Earlier will be the time of supply)
	RESCUE Provision: Bookish Entry Date in Recipient Books will be the time of supply.	---
	<u>Chiller Advance:</u> IF Amount Received in Excess of Bill Amount (MAX upto ₹1000): Such "Advance Payment" then supplier has 2 options. <b>Option 1:</b> Pay GST on Payment basis i.e. TOS will be advance payment revived <b>Option 2:</b> Do not pay GST on such advance on payment basis but pay when it will be adjusted in next invoice i.e. TOS will be next invoice date.	<u>Chiller Advance:</u> IF Amount Received in Excess of Bill Amount (MAX upto ₹1000): Such "Advance Payment" then supplier has 2 options. <b>Option 1:</b> Pay GST on Payment basis i.e. TOS will be advance payment revived <b>Option 2:</b> Do not pay GST on such advance on payment basis but pay when it will be adjusted in next invoice i.e. TOS will be next invoice date.
<b>RCM CASES where Recipient Liable to pay GST</b>	<b>General provision</b> Payment date OR 61th day from the date of invoice (Whichever is Earlier) will be the time of supply	<b>General provision</b> Payment date OR 31th day from the date of invoice OR Goods received Date (Whichever is Earlier) will be the time of supply <b>Rescue:</b> Bookish Entry Date in the Books of Recipient will be the time of supply.



	<p><b>In case of Associated Enterprises</b></p> <p>Payment Date OR</p> <p>Bookish Entry Date</p> <p>(Whichever is Earlier will be the time of supply)</p>	-----
Voucher/ Coupon Etc.	<p><b>Where there is a specific supply is given against voucher or coupon etc., then</b> TOS will be the date of issue of coupon or voucher.</p> <p><b>Where multiple supplies can be given against voucher or coupon etc., then</b> TOS will be the date of Redemption of coupon or voucher.</p>	----- Same -----
Residuary Provision Eg search and seizure matters	<p>TOS will be the date of -</p> <p>-</p> <p>Return Filing Due Date</p> <p>OR</p> <p>Date of payment of TAX</p> <p>(AS the Case May be)</p>	-----Same -----
Additional Amount like interest / Penalty	<p><b>TOS will be the date of</b></p> <p>--</p> <p>Actual Receipts of Interest, penalty etc.</p>	-----Same -----

**Chapter: 12 Registration**

Who is required to take registration? Section 22, 23, 24

[Already discussed in taxable Person chapter]

**When to take registration:**

Generally, registration is required to be obtained within 30days, from the date on which he becomes liable to registration.

**In special cases:**

**Casual Taxable Person and Non-Resident:**

**Application for RC:**

**(5 Days in advance)** The person shall apply for registration at least 5 DAYS PRIOR to commencement of business in and such person shall make taxable supplies only after issuance of RC.

**Period of RC:**

(90 +90 days) RC issued to such persons shall be valid for a period of 90 days + 90 days OR as mentioned in application for registration (whichever is earlier).

**Advance deposit of Tax:**

Such person MAY deposit advances estimated NET tax liability [Estimated Gross Output GST - Estimated ITC] at the time of application for registration on the basis of TRN. **However, if applied for extension then SHALL deposit advance tax on estimation basis for such extended period.** Such amount shall be credited in his E- cash Ledger account.

**Note:** Where an Exhibition is for more than 180 days then applying for normal registration considering consent letter of using premises as address proof for registration.

**Registration after Survey/ Investigation etc.:**

Where it is found during any survey, inspection, search, enquiry or any other proceeding that- Person required registration but fails to get register himself:

- then such officer may register the said person on **a temporary basis** and issue an order
  - and it will be effective from the date of order of Registration. [penalty etc. will also be there]
  - And such person shall within 90 Days [within 30 days of order of Appellate Authority if file appeal against grant of such temporary registration]
- from the date of grant of such registration shall file an application for registration in prescribed form and such RC will be effective **from the date of ORDER by officer.**

**Where and how many registrations are required:**

**Place of Registration:**

Every person who is liable to be registered shall apply for registration in **EVERY SUCH STATE/UT** from where he makes a taxable supply.

**What About TWI:**

Every person who makes a supply FROM the Territorial Waters of India shall obtain registration

in the nearest state or Union territory.

### Number of Registration:

#### One State/UT @ One registration:

In general, if the person making taxable supplies from one state/ UT then he is required to take one registration.

#### One State/UT @ Multiple registration:

**The person may obtain** a SEPARATE REGISTRATION for each Place of Business located within the state/UT.

#### Multiple State @ Single registration:

In case of unique identity number embassy/ UN etc./Specified actionable claim supplier located outside India is required to take only one registration which is valid for all over India.

### Amendment in RC:

#### Changes in Core fields:

#### **[Business Name Change, Address change, change in Directors/Partners etc.]**

Every RC/UIN holder shall inform the Proper Officer ANY changes in the information furnished at the time of application or thereafter.

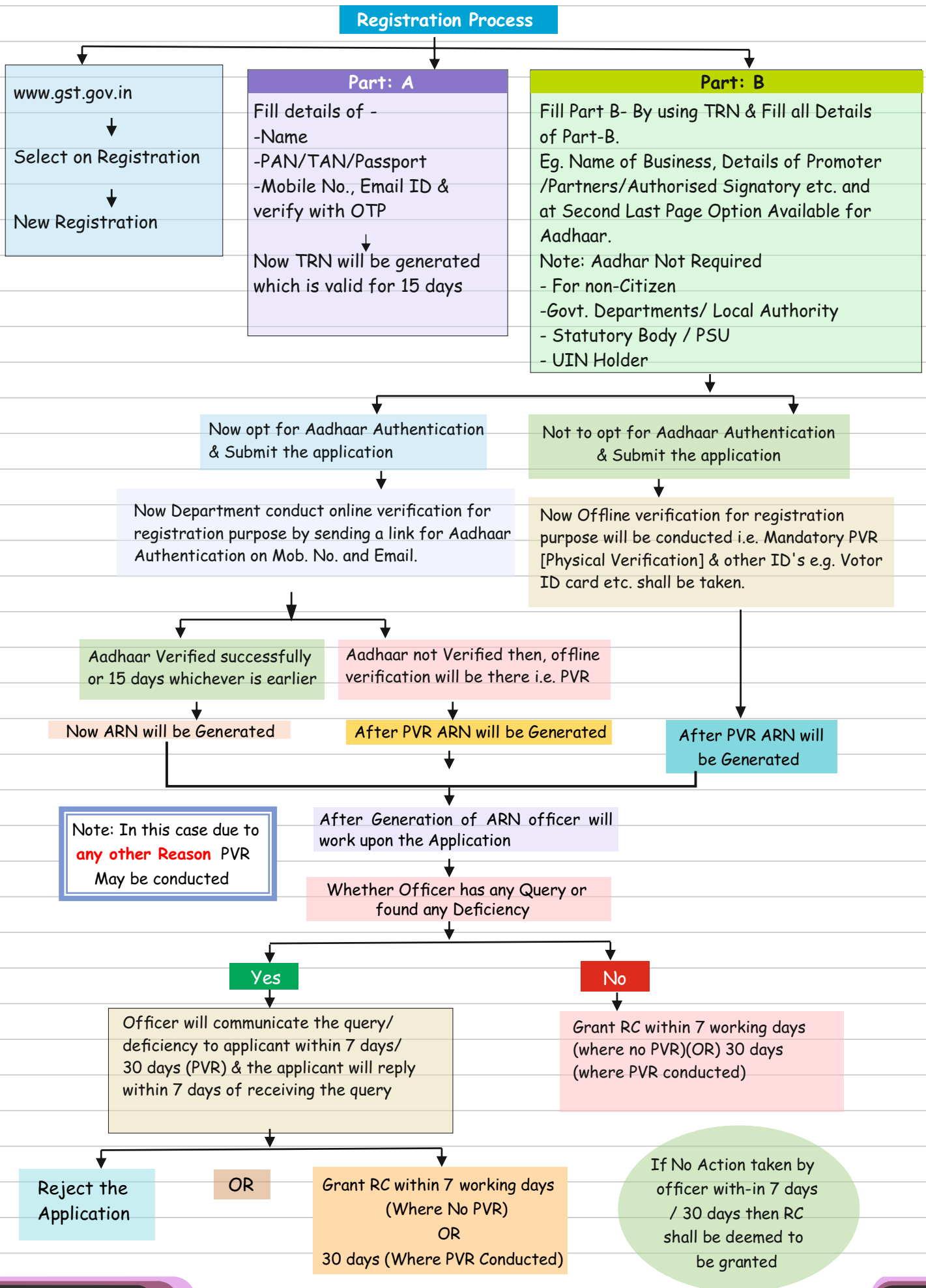
However, officer may approve within 15 working days or reject (after giving SCN and OPPORTUNITY OF BEING HEARD) such changes.

#### Changes in None core fields:

#### **[Change in Phone Number, E-mail id of authorised signatory]**

Every RC/UIN holder shall inform the Proper Officer ANY changes in the information furnished at the time of application or thereafter.

DIAGRAMATIC PRESENTATION OF REGISTRATION, CANCELLATION, AND REVOCATION PROCESS



## CANCELLATION OF REGISTRATION

### Reasons of Cancellation

#### On Application

1. PAN CHANGE  
Eg. Transfer of Business  
Eg. Amalgamation / Demerger/etc.  
Eg. Constitution change (eg. Firm to Company)
2. CLOSURE of Business
3. REGISTRATION-No Longer Required (eg. Now All Exempted Supplies.)
4. Taken voluntarily Registration- Now opt out
5. TDS Deductor /TCS collector -Now No longer Required to Deduct or collect

#### By officer

- 1- Registration Taken By means of Frauds
- 2- DOES NOT conduct Business from Declared Place of business
- 3- Have voluntarily Registration But unable to START Business in 6 Months
- 4- NOT to file Return for-
  - \* Composite Dealer: the FY & 3 months from due date expired
  - \* Regular Scheme: 6 Months [QRMP Scheme 2 Tax period]
- 5- Contravene the Provisions of ACT / Rules (Eg. Issue Bogus Invoice)
- 6- Wrongly Availed ITC
- 7- Show liability in GSTR-1 & NOT to show in GSTR -3B
- 8- Violate Provision of Rule: 86B (1% Concept)
- 9- ANAMOLY in ITC claimed & output GST liability
- 10- Non-Compliance of Rule = 10A
- 11- TDS deductor / TCS collector now, no longer required to deduct or collect.

#### Grounds of Divorce Received By Wife Only

**EFFECT OF SUSPENSION**  
 \*Shall not make any taxable supply (can do Business but can't collect GST.  
 \*Not to Furnish Return  
 \*No Refund shall be granted to him by Department.

If the proper officer has Reason to believe that the Person falls in above - He may suspend the Registration WEF the Date as he deemed FIT, Till the RC Cancellation proceedings Going on...

Application Given For cancellation Due to Above Reason then RC Shall be deemed to be suspended from the--

- \* Application submission date
- OR
- \* Desired Date of cancellation (whichever is later)

Till The RC cancellation Proceedings Gong On

Now the proper officer shall issue a Cancellation order to cancel RC WEF the date on which he deem fit (May Be Prospective / Retrospective)  
 By Notifying him to Pay Final Liability

#### Now Check

Business is Closed

#### PAY of Final Dues

- Now:**
- \*No Business
  - \*No Tax Collection
  - \*No Invoice to be raised
  - \*No Return

Business is continued by other Person

#### No Need to Pay Final Dues

- \*Now owner will take Fresh Registration
  - \*All Assets (Including Input/Capital Goods/ ITC) shall be Transferable to new ownership
  - \*All liabilities shall be transferred to new ownership
- New Owner will do the Business and liable to pay GST on Output supplies.

\*Now Officer shall issue a SCN [Shaw Cause Notice] with- in 7 Working days,  
 \*Reply made By the Person

Reply was Not Satisfactory then the officer will issue a cancellation order within 30 days to cancel RC- (Prospective /Retrospective) by Notifying him to Pay final Dues

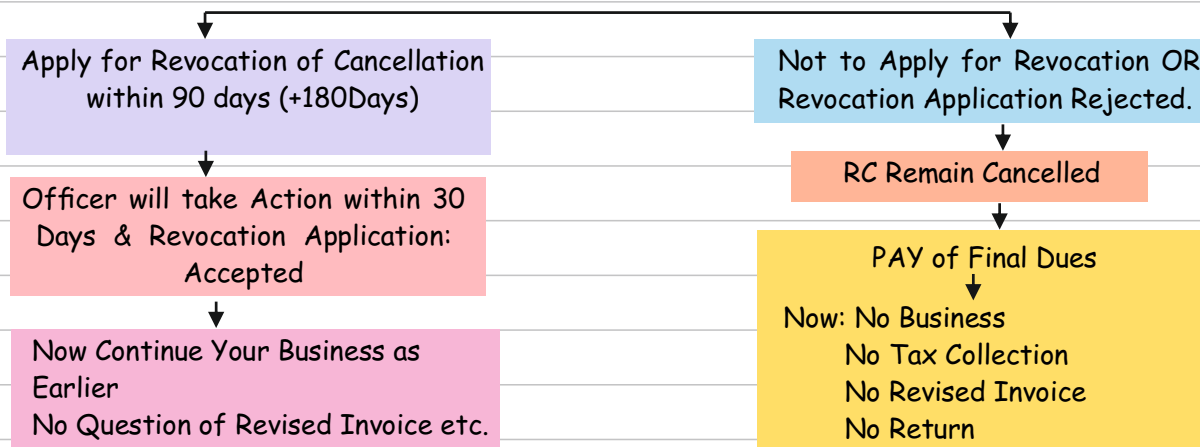
Reply was Satisfactory then officer shall Drop the proceedings & suspension order shall be withdrawn.

**Note:** Where Suspension order issued because of Non submission of Returns then the person instead of Replying of SCN-file All Pending Returns and make payment of all Dues Then the officer shall Drop the proceedings and suspension order shall be withdrawn.

\*Now the Person may issue Revised Invoice u/s=31 within onemonth of suspension Revoke order.  
 \* Return for Suspension Period file u/s=40 [& Pay GST to Govt.] i.e. suspension period is like PRE- RC period

Now Continue Your Business as Earlier

REVOCAATION / RESTORATION OF REGISTRATION



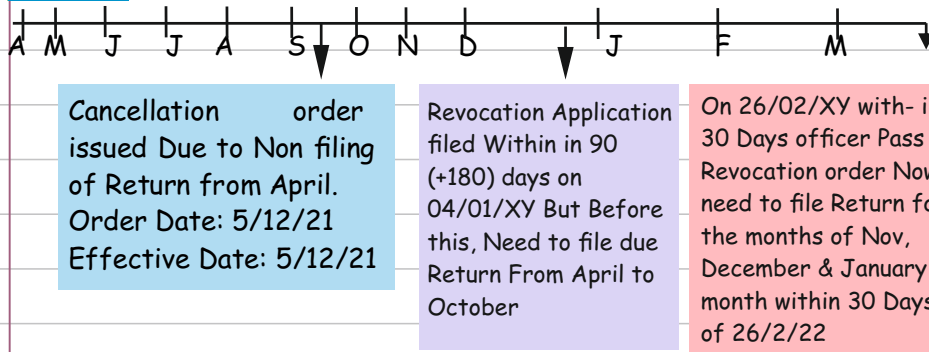
**Special Note:** Precondition to file Revocation Application, in case where cancellation was due to Non-filing of Return.No Return

**Case:1-**

Where cancellations effective prospectively-

- A- File All pending Returns Due UPTO cancellation order.
- B- Now file Revocation Application.
- C- Revocation Accepted.
- D- Now file Return Due from Cancellations order to revocation order

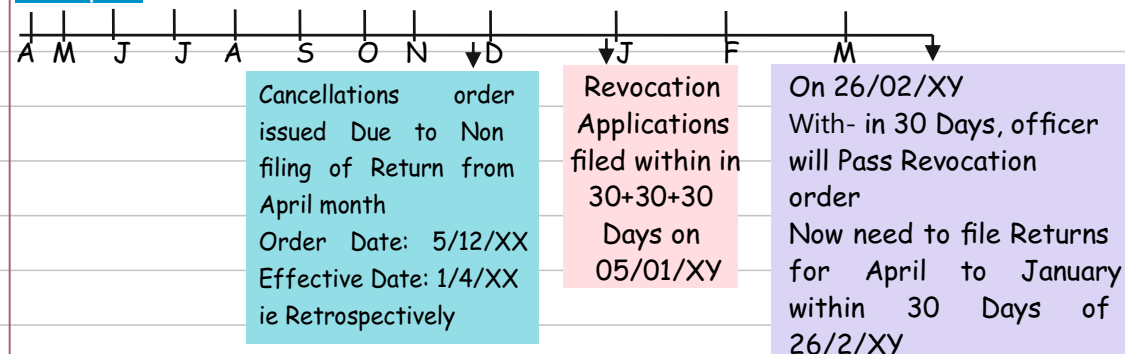
**Example**



**CASE: 2** Where Cancellation effective Retrospective (WEF:1/4/21)

- A. File All pending Returns Due UPTO ~~cancellation order~~
- B. Now file Revocation Applications
- C. Revocation Accepted
- D. Now file Return Due **from April Month to Revocation order.**

**Example**



**Calculation of Final Dues**

**FOR INPUTS:**  
Corresponding ITC on Input (in Any Form, as such, WIP, contained in final product)  
OR  
Output GST on such Goods (as it is Deemed Supply to himself  
[Whichever is Higher] xxx

**FOR CAPITAL GOODS**  
\* ITC Related to Capital Goods by taking 5% per quarter or Part thereof  
OR  
\* Output GST on Transaction value u/s 15  
[Whichever is Higher] xxx

### Miscellaneous:

#### **Biometric:**

Central Government, hereby specifies that **Biometric provision** shall as of now apply in the State of Gujarat and the State of Pudducherry & Andhra Pradesh.

#### **Physical verification of business premises in certain cases:**

[During physical Verification presence taxpayer not required]

#### **Physical verification Before Registration in case of:**

- Not to opt for Aadhaar Authentication
- opt for, but failed
- Suggested by Artificial Intelligence
- Suggested by officer
- and maximum Time to upload report by Officer: 5 days in advance of Granting Registration.

#### **Physical verification After Registration in case of:**

- Suggested by Artificial Intelligence
- Suggested by officer and
- Maximum Time to upload report by Officer: 15 days.

#### **Structure of RC:**

**GSTIN: 09AALCA8207B1ZU**

State wise PAN based GSTIN--

- **First two digits:** State code
- **Next 10 digit:** PAN
- **Next digit:** SN of Registration in same state on same PAN
- **Next digit:** blank for further use
- **Next digit:** Checksum digit (department use)

#### **RC Display:**

Display RC in a prominent location at his principal and additional place (s) of business and shall display the registration number on the name board exhibited at entry of his principal place of business and any other place of business.

#### **All Documents/notices @ electronically and digitally signed:**

Each document filed online shall be signed by person specified. All orders and notices under this chapter shall be issued electronically by proper officer.

All applications, including reply, if any, to the notices, returns including the details of outward and inward supplies, appeals or any other document required to be submitted under the provisions of these rules shall be so submitted electronically with digital signature certificate or through e-signature as or through e signature.

### Furnishing of Bank Details:

Furnishing bank account details within 30 days of grant of registration or before furnishing GSTR01 (Whichever is Earlier) otherwise shall be liable to be cancelled.

### Suspension and cancellation:

#### **Suspension of Registration**

Where-

- Anomaly in ITC and output Liability as per Rule 21 or
- Contravention of Rule 10A
- Then Notice to the person Within 30 days, why registration should not be cancelled.

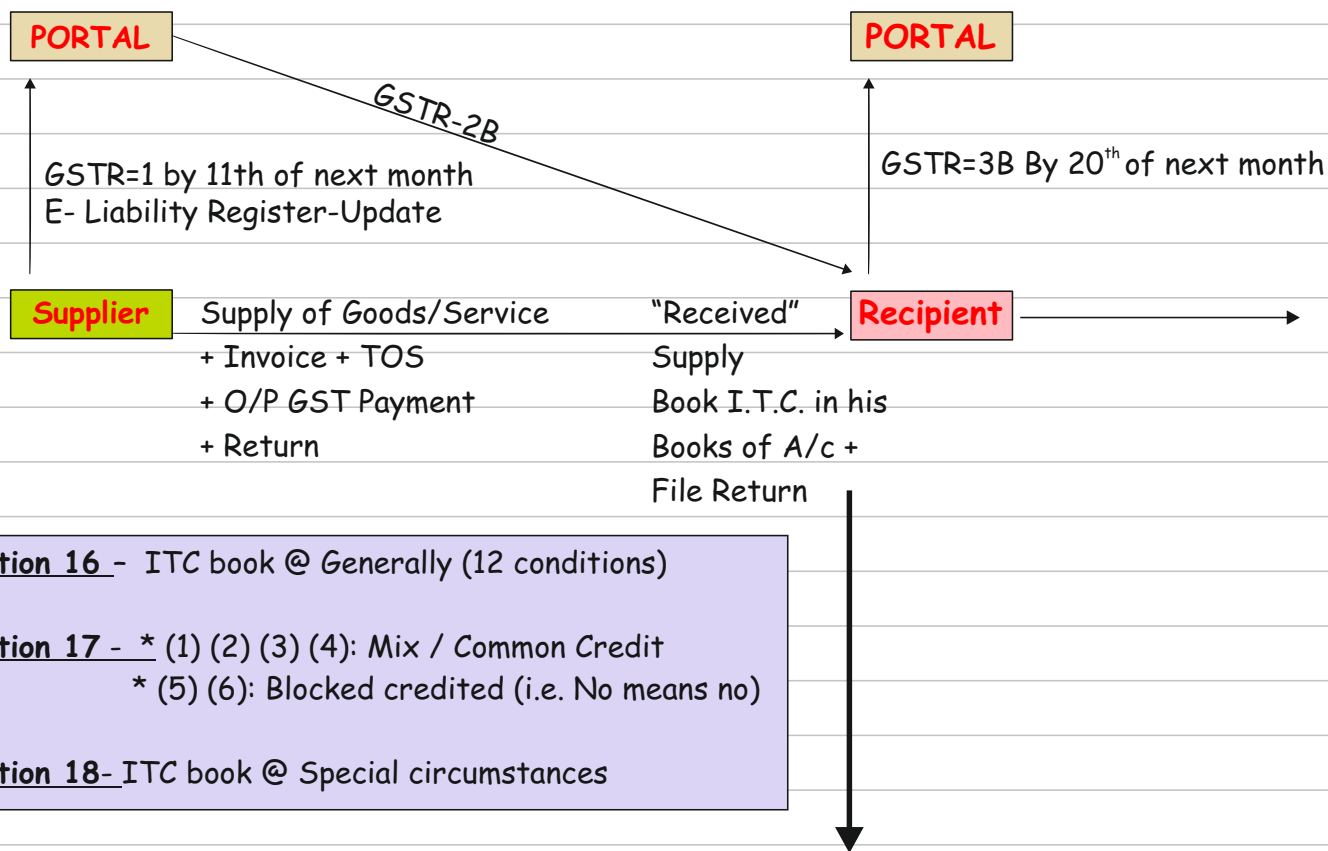
#### **Withdraw of suspension:-**

- Registration Suspended but not cancelled due to above reason then
- Suspension shall be revoked
- after filling of return or Compliance of Rule 10A.



## Chapter: 13 INPUT TAX CREDIT

### Analysis of Section 16: CONDITIONS FOR Claiming I.T.C.



**Section 16** - ITC book @ Generally (12 conditions)

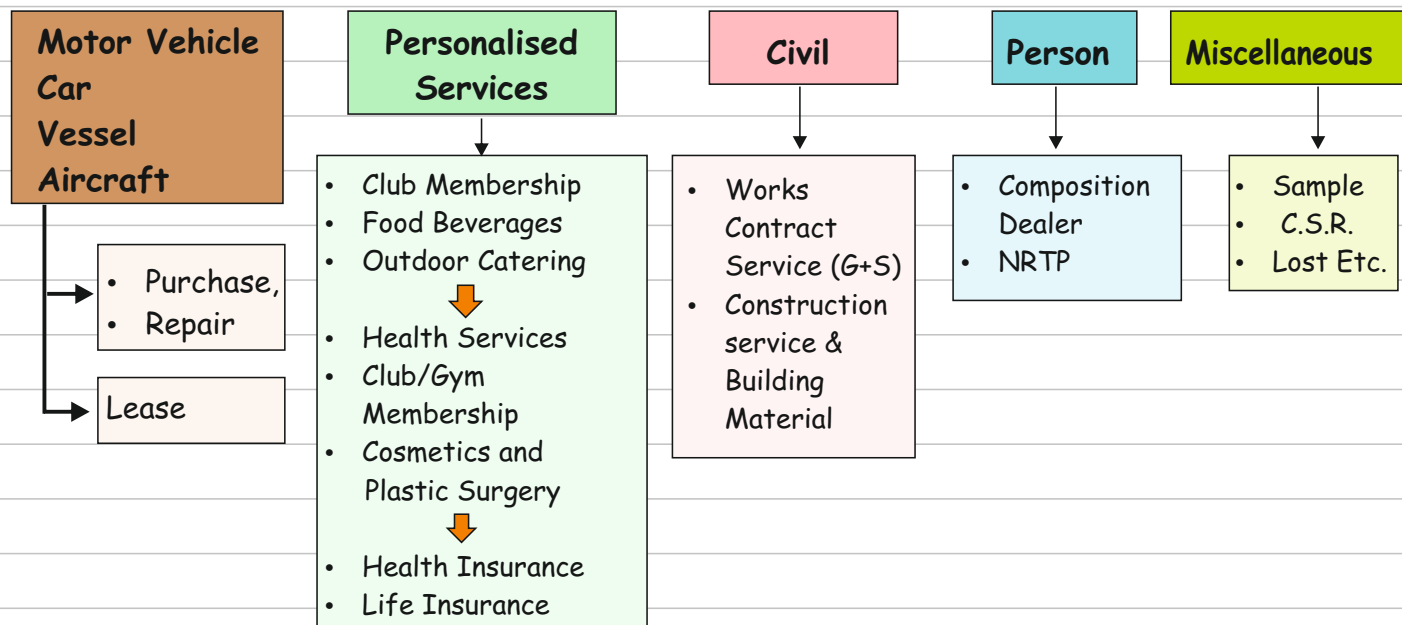
**Section 17** - \* (1) (2) (3) (4): Mix / Common Credit  
\* (5) (6): Blocked credited (i.e. No means no)

**Section 18**- ITC book @ Special circumstances

Sn	12 conditions to Book ITC
1	Recipient should have Invoice issued by Supplier/SELF, Invoice/Debit NOTE/ISD Invoice/Bill of ENTRY to claim ITC.
2	Goods/Service-Received by Recipient himself or Received by III Party on Behalf of Recipient. <b>Note 1:</b> If Goods Received in instalment /LOTs then ITC shall be allowed on receipt of last lot. <b>Note 2:</b> where Supplier fall under the provisions of Section 38 (Discussed in Filing of Return chapter) then NO ITC shall be allowed.
3	Recipient Need to file Valid GSTR 3B on time
4	Supplier Need to file Valid GSTR 3B on time. <b>Effect of Non-payment of tax by the supplier</b> a) Inward supply taken by recipient b) GSTR 1 filed by Recipient c) ITC amount reflected in GSTR 2B of Recipient d) ITC claimed by recipient e) Supplier did not pay GST by 30th September of next financial year

	f) Then Recipient need reverse or Pay Equal amount by 30th November
	g) If not paid by recipient by above date, then he is liable to pay the amount with Interest under section 50.
	h) Now if supplier pay the amount of GST
	i) Then Recipient will be eligible to Re-book ITC.
5	<b>Condition of 180 days for bill payment-</b> Inward supply taken by recipient
	a) Inward supply taken by recipient
	b) ITC booked by the recipient on the basis of INVOICE.
	c) Bill amount not paid by recipient within 180 days from bill date.
	d) Then recipient is required to reverse or pay the full or proportionate amount with interest.
	e) If later on recipient pay the full or proportionate bill amount.
	f) Now recipient is eligible to Re book ITC on bill payment basis.
	Note: 1 This condition is not applicable on RCM cases and free of cost supplies.
	Note: 2 Supplier's obligation paid by Recipient then the amount shall be counted in Bill amount payment to supplier.
6	INWARD Supply: USE/intended to be used for Business or Furtherance of business.
7	Recipient's output Supply should be non-exempted. What about common USE: make it Proportionate and restricted it to non-exempted and business purpose.
8	Keep in mind Last date to Book ITC - Last date: <b>30th November of NEXT financial Year OR Annual Return Actual filing date: whichever is Earlier</b> [But this condition is only for original Booking of ITC i.e. not for re-availment.
9	Recipient can take Either ITC or Depreciation Under Income-tax Act.
10	CAPITAL Goods must be Used for whole life, IF partly used then: Make it proportionate as per prescribed method.
11	No ITC shall be allowed of the TAX arise on Re-Assessment/ Fraud etc.
12	Received supply should not be a NEGATIVE listed supply as defined in Sec: 17(5).

## BACKGROUND OF BLOCKED CREDIT



**Thumb Rules -1** : Which is not fall @ above ITC shall be allowed, subject to other conditions.

**Thumb Rules -2**

Gud	Ganna
✓	✓
✗	✓
✗	✗

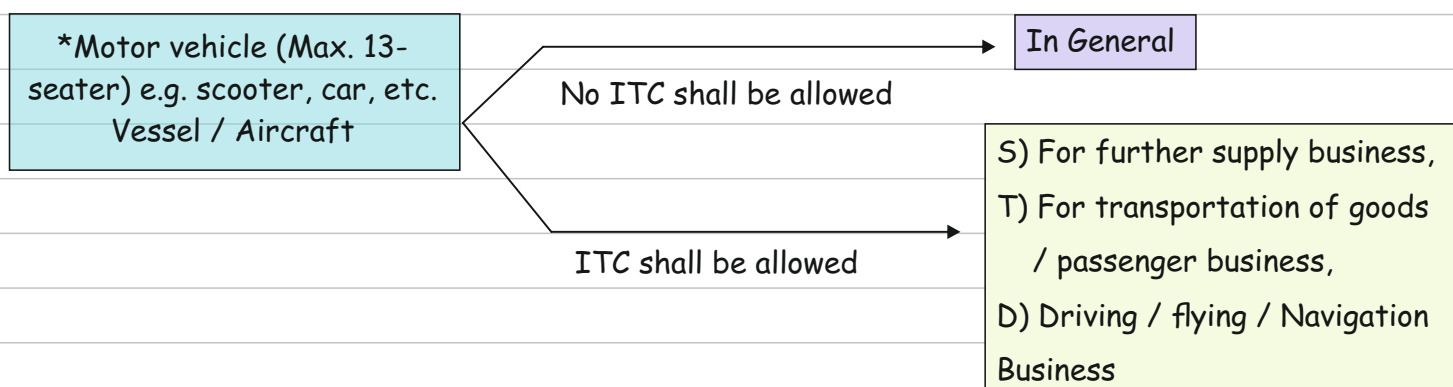
**Thumb Rules -3** : Tit for Tat (Jaise ko Vaisa)

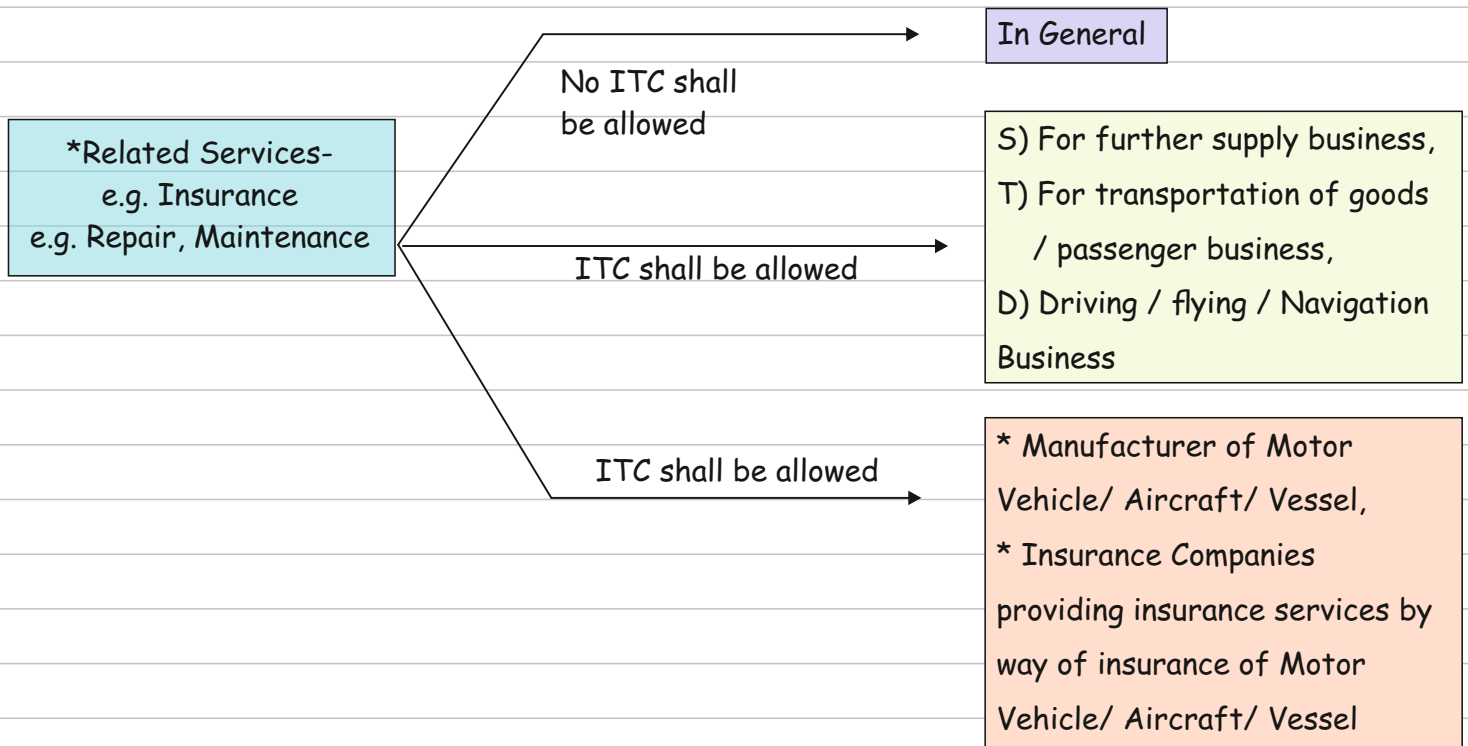
**Thumb Rules -4** : Legal Obligation

## SECTION 17(5): Blocked Credits

**A) ITC of GST paid on:**

- Purchase of Motor Vehicle/ Aircraft/ Vessel,
- Lease Rental of Motor Vehicle/ Aircraft/ Vessel
- Related Services (e.g. Repair, Insurance, etc.)

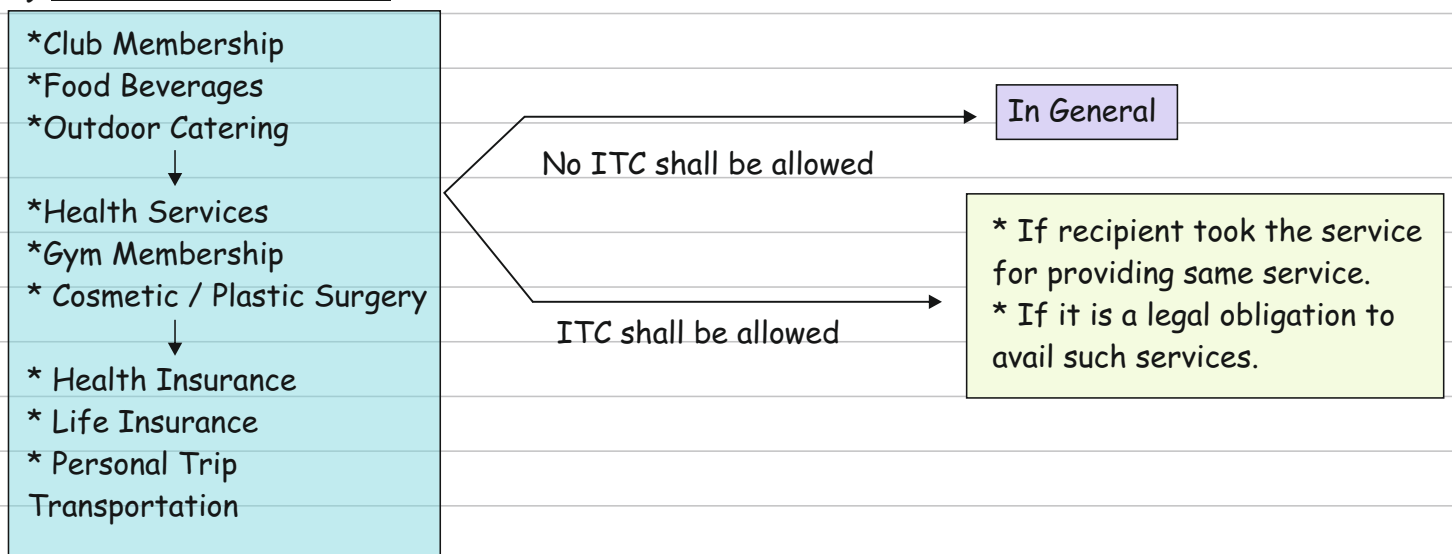




**Comment:**

What about Truck, Bus?? ITC not blocked u/s 17(5), so allowed, if all the other conditions u/s/ 16 are satisfied.

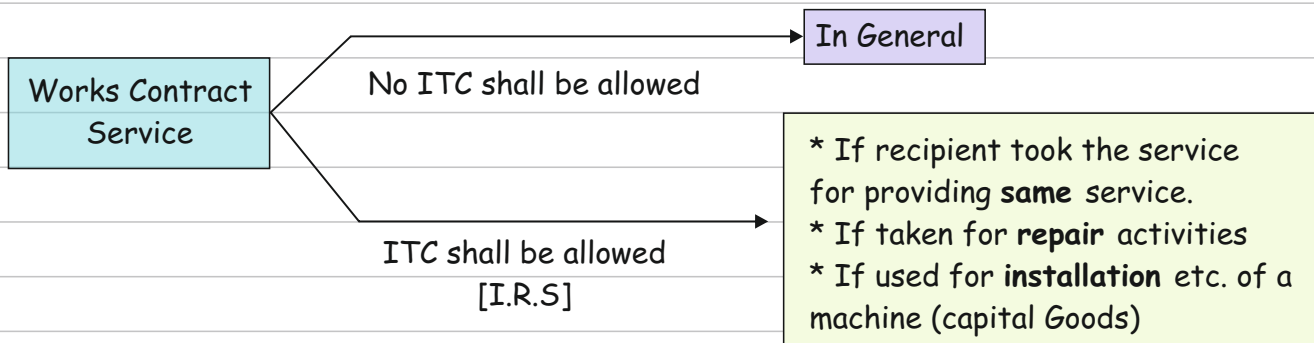
**B) Personalised Services:**



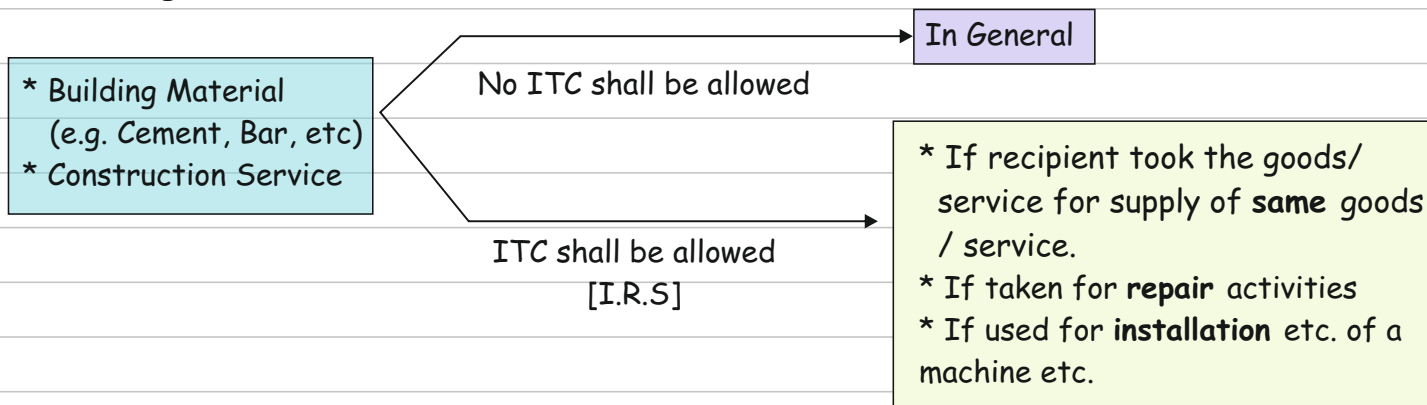
**C) Works Contract Service:**

- Goods and Services @ Single Value
- And**
- Resultant property is an Immovable Property

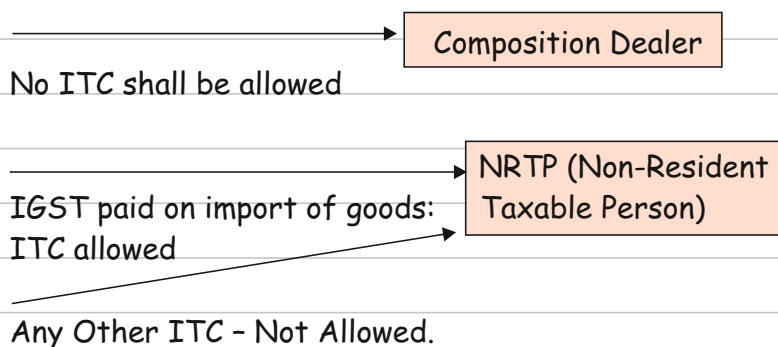
**Comment:** Telecommunication Tower, Pipeline laid outside the premises will also be called as immovable property.



**D) Building Material / Construction Service:**

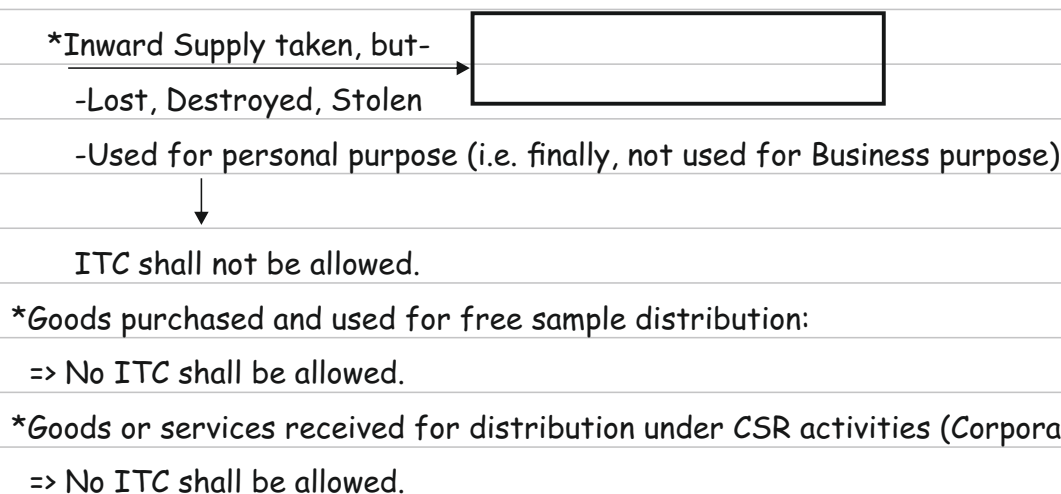


**E) Composition Dealers / NRTP / CTP:**



**Comment:** No such restriction for Casual Taxable Person (CTP).

**F) Free Sample Distribution / CSR Activities:**

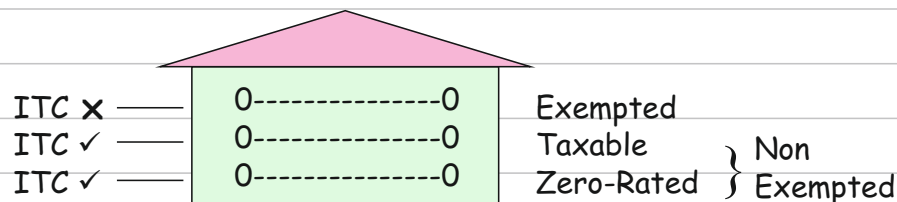


## SECTION: 17 (1) "Business & Non-Business"

- i) Where any inward supply is used for business purpose then input tax credit to recipient shall be allowed.
- ii) Where any inward supply is used for "non business" purpose then NO Input Tax Credit shall be allowed to Recipient.
- iii) Where inward supply is used commonly for business as well as non-business purpose then, proportionate Input Tax Credit shall be allowed.

## SECTION: 17(2) & (3) Exempted & Non-Exempted

- (i) Where any goods are used in NON-EXEMPTED Purpose
  - Taxable
  - Zero Rated (Export supplies)
 then input tax credit on such inward supply shall be allowed [Section: 16]
- (ii) Where any goods are used in exempted supplies then input tax credit as related inward supplies shall not be allowed [Section: 16]



- (iii) Where any inward supplies are used commonly for "Exempted as well as non- exempted Purpose, then input tax credit shall be allowed at proportionally".

### **Note:**

- The value of Exempt supply shall not include the value of negative listed supplies but following shall be added-
- The value of sale of land and completed building and
  - The value of sale of goods lying in custom warehouse.

## Section 18: Availability / Reversal of Credit in Special Circumstances

### ITC booking on STOCK HELD in special cases-

#### **1) BOOKING OF ITC ON "STOCK"**

##### **a) Pre-RC Period:**

- Where a person applied for Registration within 30 Days from the date on which he is required to take registration.
- Then he shall be entitled to Book the credit on stock of Input held (as Such, In WIP, Contained in Finished goods held in stock)
- On the date, just before the date on which he is required to take registration.

##### **(b) Voluntary Registration:**

- Where a person takes voluntary registration.
- Then the person shall be entitled to take ITC on stock of Input held (as Such, In WIP, Contained in Finished goods lying in stock)
- On the date, just before the date of Grant of Registration.

### **(c) Composition to Regular Scheme:**

- Where a person not remain Entitled to pay tax under composition scheme i.e. Shift from composition to Regular Scheme
- Then the Person shall be Entitled to Take ITC
- On the Inputs held in stock (as such, in WIP, Contained in Finished goods held in Stock)
- On the date, just before the date on which he shifts to Regular Scheme.

### **NOTE:**

In Such a case the person shall also be entitled to Book ITC Capital Goods held as on date.

Calculation of Eligible ITC will be made as per following Formula:

**Input tax Related to such capital goods: XXX**

**Less: 5% per Quarter or Part there of: XXX**

**(From the date of purchase till the date, just before the date of shifting to regular Scheme Eligible ITC)**

### **(d) Exempted to Taxable Supplies**

- Where an Exempt supply by a Registered Person Becomes Taxable supply.
- Then such Person Shall be entitled to Book ITC on Input held in Stock (as Such, In WIP, contained in Finished Goods held in stock)
- on the Date, just before the date on which such supply became Taxable.

### **NOTE:**

In Such a case the person shall also be entitled to Book ITC on Capital Goods held as on date.

Calculation of Eligible ITC will be made as per following Formula:

**Input tax Related to such capital goods: XXX**

**Less: 5% per Quarter or Part there of: XXX**

**(From the date of purchase till the date, just before the date of shifting to regular Scheme / ...Before the date of converting from exempted to taxable supplies)**

### **Last date to book ITC:**

(2) In all above cases the registered person can book the credit till 1 Year from the date of issue of tax invoice relating to such supply.

### **Transfer of ITC to NEW Entity/ownership:**

(3) 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 input tax credit
- which remains unutilised in his electronic credit ledger
- to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.

### Reversal of ITC/Payment of an amount:

(4) Where any registered person:

- who has availed of input tax credit opts to pay tax under section 10 (Composition scheme) or,
- where the goods or services or both supplied by him become wholly exempt, he shall pay an amount, by way of

- electronic credit ledger or
- electronic cash ledger,

equivalent to the credit of input tax in respect of

- inputs held in stock and
- inputs contained in semi-finished or finished goods held in stock and
- on capital goods,

reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption.

### NOTE:

In Such a case the person shall also be liable to reverse ITC on Capital Goods held as on date.

Calculation of reversible ITC will be made as per following Formula:

**Input tax Related to such capital goods: XXX**

**Less: monthly Proportion {For a month or part of the month}: XXX**

**(From the date of purchase till the date, just before the date of shifting to regular Scheme Eligible ITC)**

ITCLAPSE: Provided that after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.

### Calculation in prescribed manner:

Not Relevant.

### Supply of Capital goods:

(6) In case of **supply of capital goods or plant and machinery**, on which input tax credit has been taken, the registered person shall pay an amount equal to-

- the input tax credit taken on the said capital goods or plant and machinery reduced by 5% per quarter or part thereof or
- the tax on the transaction value of such capital goods or plant and machinery,

**[Whichever is higher].**



### Note:

Where **Refractory bricks, Moulds and dies, Jigs and fixtures** are supplied as **SCRAP**, the taxable person liable to pay tax on the transaction value of such goods **ONLY**.

### Circulars

#### Warranty Replacement:

- During Original Warranty period replacement of parts or supply of services without consideration not liable to GST and manufacturer will be eligible to claim ITC on those parts as he has already paid GST in form of warranty charges in each and every case.
- Extended Warranty at the time of supply becomes composite supply and will be classified with main supply i.e. car otherwise shall be treated as independent supply of services.

**Chapter: 14 Manner of Payment**

Background

On GST portal, we have 3 Ledgers

E- CASH LEDGER (LIKE PAYTM WALLET)	E- CREDIT LEDGER	E- LIABILITY REGISTER									
<p>We must have sufficient balance in e cash ledger on due date. If it is not, then add sufficient amount in it.</p>	<p>Amount will be updated through GSTR 3B</p>	<p>E- liability register has 2 parts-- Part i: self assessed liability as per return Part ii: re-assessed liability by department</p>									
<p>How to add...</p> <ol style="list-style-type: none"> <li>1. Create a challan on gst portal which will remain valid for 15 days. Portal will generate C-PIN (common portal identification number: 14 digit)</li> <li>2. Make payment of amount as given in challan @ online /offline. <i>Note: online = net banking, RTGS, NEFT, debit/credit card etc.</i> <i>Note: offline can be deposited in specified situations as amount is upto ₹ 10,000, by govt. Department eg post office, in case of search and seizure.</i></li> <li>3. As the payment credited to bank a challan identification number (CIN) will be generated, which will be a combination of cpin + 3/4 digit of bank branch code.</li> <li>4. CIN will be communicated to gst portal by bank and the amount will be reflected in e cash ledger.</li> </ol>		<p>First of all, we will discharge part I liability and out of this A. Previous period liability first then, B. Current period liability After that discharge part II liability.</p>									
		<p>Now file gstr 3b and use itc and e cash ledger to discharge liability Manner of using itc—</p> <table border="1" data-bbox="1101 1947 1539 2114"> <tr> <td>c</td> <td></td> <td>c</td> </tr> <tr> <td>i</td> <td></td> <td>i</td> </tr> <tr> <td>s</td> <td></td> <td>s</td> </tr> </table>	c		c	i		i	s		s
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### SECTION 49 +49A+49B: PAYMENT OF TAX INTEREST, PENALTY & OTHER AMOUNT

#### E-CASH LEDGER:

- (i) **Deposit** : Every deposit towards Tax, Interest, Penalty, Fee or Other Amount of a Person Whether Online or Offline Shall be credited to E-Cash Ledger. [Deposit by making challan i.e. C-PIN]
- (ii) **Utilisation**: The amount available in E-Cash Ledger will be used for making any payment towards Tax, Interest, Penalty, Etc. and on Utilisation of Such Amount, E-Cash Ledger will be debited by that amount. [ie While File GSTR = 3B]

#### E-LIABILITY REGISTER:

- (iii) **Add on**: All Liabilities of a Taxable Person Shall be recorded in E- Liability register By way of GSTR 1 and Demand raised by Officers.
- (iv) **Pay off**: Every Taxable Person shall discharge his tax dues and Other dues in the following Order
- (a) Self Assessed Dues- Related to Returns of Previous Period.
  - (b) Self Assessed Dues - Related to Returns of Current Period.
  - (c) Re-Assessed Dues on Determined by Offices.

#### E-CREDIT LEDGER:

- (v) **Add on**: Input-Tax Credit on Self Assessed in Return shall be credited to E- credit Ledger.
- (vi) **Utilization**: The amount available in E-Credit Ledger may be used for making payment of output Tax in Prescribed manners.
- (vii) Manner Prescribed for using ITC.
1. Credit of IGST..
    - ⇒ First to be utilised for the payment of IGST
    - ⇒ SECOND to be utilised for the payment of- CGST, SGST / UTGST (IN ANY ORDER ANY RATIO)
  2. Credit of CGST..
    - ⇒ First to be utilised for the payment of CGST
    - ⇒ Second to be utilised for the payment of IGST
  3. Credit of SGST ...
    - First to be utilised for the payment of SGST
    - Second to be utilised for the payment of IGST
  3. Credit of UTGST ...
    - First to be utilised for the payment of UTGST
    - Second to be utilised for the payment of IGST

(viii) Refund of balance

Any Balance in E-Cash Ledger or E-Credit Ledger, After payment of Tax, Interest, Penalty, Fee or Any other may be refunded.

(ix) PRESUMPTION OF PASSING ON TAX BURDEN:

Every Taxable Person who has paid the tax shall Unless the contrary proved by him Be deemed to have

passed the full incidence of Tax to the Recipient.

- (x) A registered person may transfer any amount of tax, interest, penalty, fee or any other amount
- available in the electronic cash ledger under this Act,
  - to the electronic cash ledger for....

(a) IGST, CGST, SGST, UTGST or cess; or

(b) IGST or CGST of a distinct person, if transferor has no unpaid Liability in E liability Register.

And such transfer shall be deemed to be a refund from transferor E cash Ledger.

## Section 50: Interest on delayed payment of tax

Interest for belated period @ 18% [max] for belated period	<p><b>Interest on Gross Liability:</b> (1) Every person who is liable to pay tax but fails to pay the tax or any part of tax by due date shall be liable to pay interest @ 18%PA after the due date till the date of payment.</p> <p><b>Interest on NET Liability: [W.E.F. 01/07/2017:]</b> The interest on tax payable in respect of</p> <ul style="list-style-type: none"> <li>• Supplies made during <b>a tax period</b> [Say jan Month] and</li> <li>• Whole Return for the said period [Jan] has not been filed by due date ie filed belatedly.</li> <li>• And by that date no show cause notice has been issued by department.</li> <li>• Then interest shall be levied on net liability ie cash liability.</li> </ul>
How to calculate interest	(2) The interest shall be calculated, from next day after due date.
Interest @ higher % [24% maximum]	<p>(3) Where the input tax credit has been wrongly availed <b>AND</b> utilised,</p> <ul style="list-style-type: none"> <li>- the registered person shall pay interest</li> <li>- on such input tax credit wrongly availed and utilised,</li> <li>- at the rate of 18% PA.</li> </ul>

## SECTION - 53 Transfer of Fund

Where

- **CGST credit is used for the payment of Output IGST,**

Then CG shall Transfer Equivalent amount from

- **CGST fund to IGST Fund.**

[NOTE: Similar provision also contained in SGST / IGST / UTGST Act]

## SECTION - 53A Transfer of Certain Amount

- Where any amount has been transferred from the electronic cash ledger under this Act
- to the electronic cash ledger under the SGST Act or the UTGST Act,
- the Government shall transfer
- to the SGST account or the UTGST account,
- an amount equal to the amount transferred from the electronic cash ledger.

## CGST Rules, 2017

<b>Rule 86B:</b> Restrictions on use of amount available in electronic credit ledger. -	Where, TAXABLE TURNOVER [other than exempted and Zero rated] of a registered person in a particular month is more than ₹ 50 lakh - then the person need to pay at-least 1% from E cash ledger even if has sufficient balance of credit to pay of all output GST.  However following persons will not be covered under the above provision. <ol style="list-style-type: none"> <li>1. Owner, director, karta etc. paid income tax of More than ₹ 1 lakh each in last 2 F.Y.</li> <li>2. Claim Refund of ITC of More than 1 lakh</li> <li>3. Government Department/ PSU/local Authority/Statutory Body.</li> <li>4. If paid excess in preceding period then no need to pay in cash in current period i.e. cumulative benefit shall be allowed.</li> <li>5. Registered person may request to officer for relaxation</li> </ol>
<b>Rule 88B</b> Manner of calculating interest on delayed payment of tax	<p style="color: red; margin: 0;"><b>In case,</b></p> <ul style="list-style-type: none"> <li>• Where interest is payable on the amount of ITC wrongly availed and utilised,</li> <li>• the interest shall be calculated from the date of utilisation of such wrongly availed ITC till the date of reversal of such credit or payment of tax.</li> <li>• at such rate as may be notified under section 50(3).</li> </ul> <p style="font-style: italic; margin: 0;">Explanation: For above purposes Good Credit [eligible credit] shall be deemed to be utilized first and after that bad credit [Ineligible Credit] shall be deemed to be utilized and accordingly interest shall be calculated.</p>
<b>Rule 88C.</b> Manner of dealing with difference in liability reported in statement of outward supplies and that reported in return	<p>(1) Where</p> <ul style="list-style-type: none"> <li>• the tax <b>payable as per GSTR:1 /IFF</b></li> <li>• <b>substantially exceeds the amount of tax payable as per GSTR:3B</b></li> </ul> <p>The said registered person</p> <ul style="list-style-type: none"> <li>• shall be <b>intimated of such difference</b> and directing him to-                         <ol style="list-style-type: none"> <li><b>(a) Pay the differential tax liability,</b> along with interest or</li> <li><b>(b) Explain the aforesaid difference</b> in tax payable</li> </ol>                         within a period of 7 days.                     </li> </ul> <p>(2) The registered person shall, upon receipt of the intimation, either,-</p> <p>Pay the amount of the differential tax liability, fully or partially, along with interest or</p>

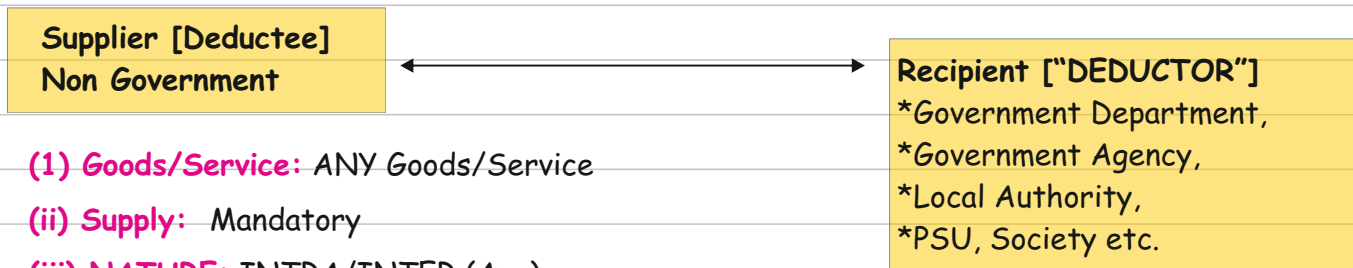
	<p>Furnish a reply.</p> <p>(3) Where</p> <ul style="list-style-type: none"> <li>• any amount <b>remains unpaid</b> and</li> <li>• <b>No explanation is furnished</b> by the registered person in default or</li> <li>• Explanation furnished by such person is not found to be acceptable by the proper officer,</li> </ul> <p>the said amount shall be recoverable in accordance with the provisions of section 79. [Recovery Proceedings].</p>
<p>Rule 88D. Difference in GSTR 2B and in 3B</p>	<p>(1) Where</p> <ul style="list-style-type: none"> <li>• The amount of ITC availed in <b>FORM GSTR-3B</b></li> <li>• <b>Substantially exceeds the ITC</b> available in FORM GSTR-2B             <ul style="list-style-type: none"> <li>- The said registered person shall be intimated of such difference and</li> <li>- And directing him to—                 <ul style="list-style-type: none"> <li>(a) Pay an amount along with <b>interest</b> or</li> <li>(b) <b>Explain the reasons</b> for the aforesaid difference within a period of 7 days.</li> </ul> </li> </ul> </li> </ul> <p>(2) The registered person shall upon receipt of the intimation, either, <b>Pay the amount</b> fully or partially, along with interest or <b>furnish a reply,</b></p> <p>(3) Where any amount</p> <ul style="list-style-type: none"> <li>- <b>remains to be paid</b> and</li> <li>- where <b>no explanation</b> is furnished by the registered person in default or - Where the explanation furnished by such person is not found to be acceptable by the proper officer,</li> <li>- the said amount shall be liable to be demanded by way of issuing Show cause Notice and Demand order.</li> </ul>

## Chapter : 15 - TDS, TCS

ANALYSIS: TDS UNDER GST Law (NOT Under Income TAX Act): Section 51

**Objective of concept of TDS:** Control, Control, Control " ie to CAPTURE A Transaction"

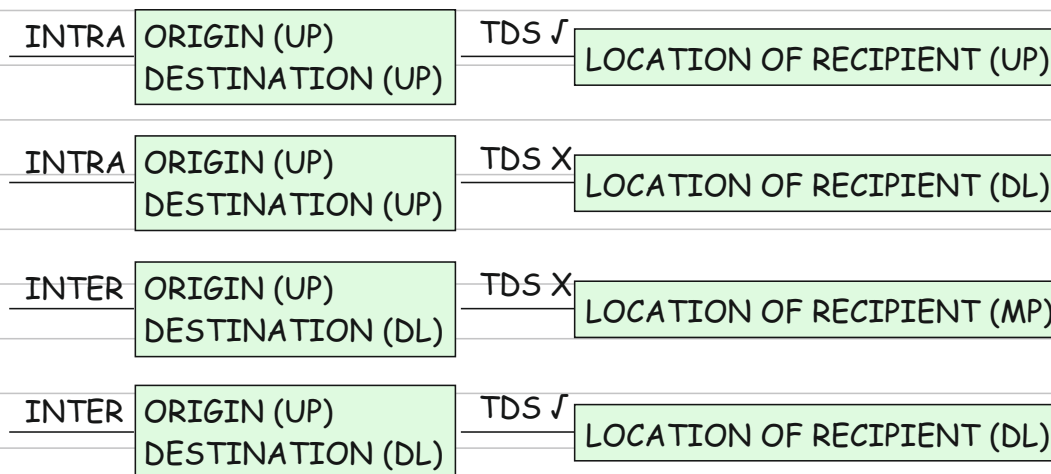
**Supplier and Recipient:**



**(1) Goods/Service:** ANY Goods/Service

**(ii) Supply:** Mandatory

**(iii) NATURE:** INTRA/INTER (Any)



**CRUX:**  
Recipient's state should be matched with  
- ORIGIN STATE  
OR  
- DESTINATION STATE

**Taxable Person:** TDS is neither Output Tax nor Input Tax however is paid By Recipient to the Government.

**Exempted Supply:** TDS concepts launched to Check GST on the Transaction where no GST on the transaction then question of TDS. [Monkeys and Baboon] therefore TDS concept will be applicable on Taxable supplies.

**Computation:** Value will be Assessable value and Rate will be 1% + 1% = 2% [moreover Assessable Value of Contract Should be more than 2,50,000]

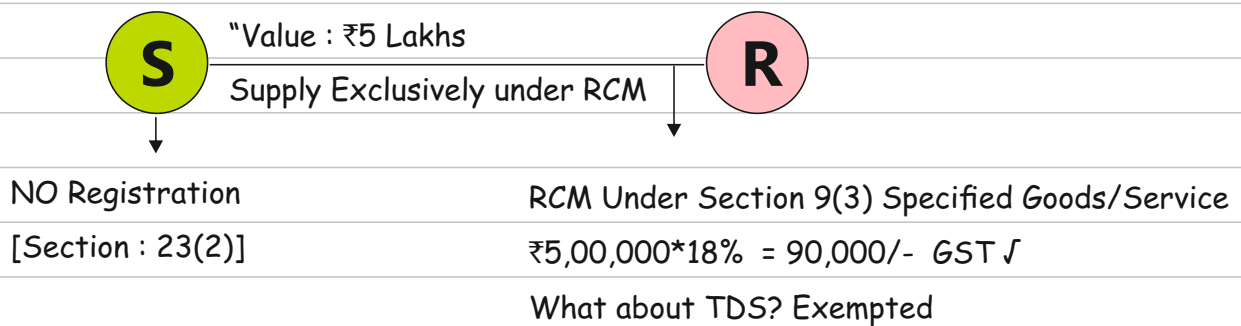
**For example:**

Value	5,00,000
IGST	90,000
Total Invoice value	5,90,000
Less: TDS @2%	(10,000)
Net Payment	5,80,000
<b>Calculation under RCM:</b>	
Value	5,00,000
IGST	Nil
Total Invoice value	5,00,000
Less: TDS @2%	(10,000)
Net Payment	4,90,000

**NCM/RCM:** TDS is neither Output Tax nor Input Tax so no Question of NCM or RCM, however is paid By Recipient to the Government.

**Note:** Under RCM, Where Supplier is engaged exclusively in RCM Supplies or the transaction fall under section 9(4) then supplier is not Required to get registered, in such cases whether TDS provision will be applicable...

Example:



**TIME OF SUPPLY:** TDS is neither Output Tax nor Input Tax so No question of applicability of RCM Provisions.

### PROCEDURAL PART

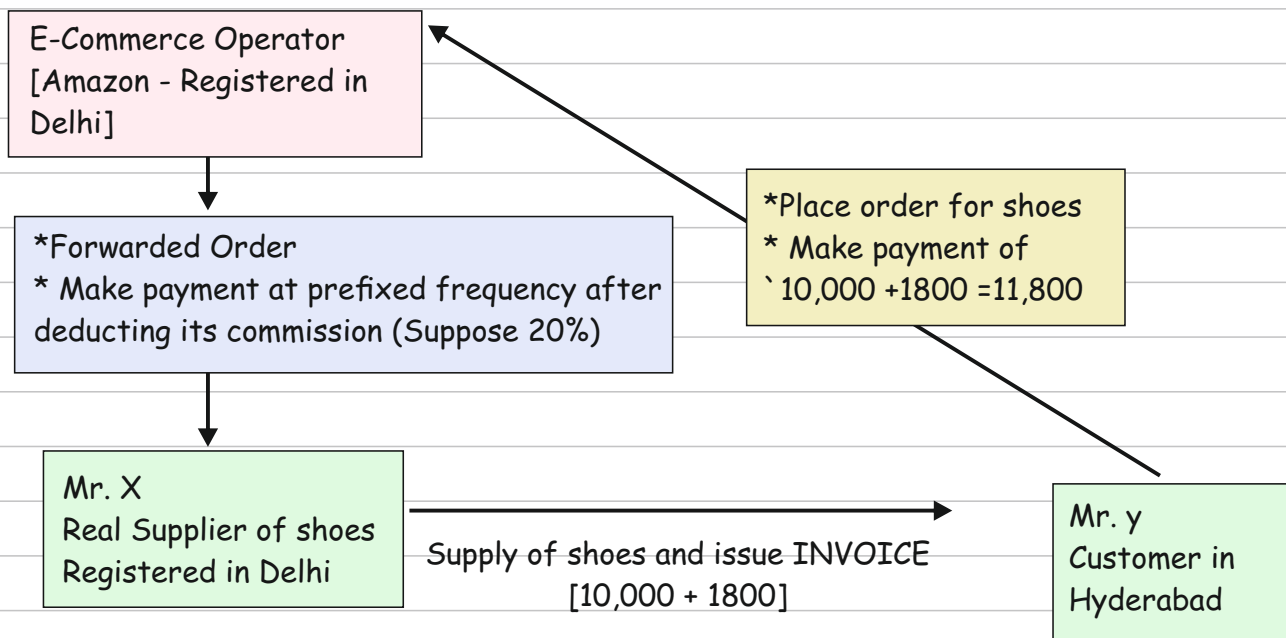
Invoice	Nil
Payment	By Deductor to government by 10th of Next month
Return	By Deductor by 10th of Next Month [GSTR 07]
Records	Maintained by Deductor
Registration	Additional Registration to be taken by Deductor
Refund	In case of excess payment of TDS Refund will be claimed
Input tax credit	No ITC of TDS as TDS is neither Output Tax nor Input Tax however Deductee shall claim benefit in E cash Ledger.

### FINAL CRUX:-

1. SUPPLIER MUST BE REGISTERED NON-GOVERNMENT AND RECEPIENT SHOULD BE GOVERNMENT ETC.
2. SUPPLY MUST BE THERE.
3. SUPPLY MAY BE INTRA OR INTER BUT RECIPIENT'S LOCATION MUST BE MATCHED WITH ORGIN OR DESTINATION STATE.
4. SUPPLY SHOULD NOT BE EXEMPTED.
5. VALUE (EXCLUSIVE OF GST AND CESS) MUST BE MORE THAN ₹ 2,50,000 @ PER CONTRACT.
6. TDS WILL BE DEDUCTED ON PAYMENT DUE.
7. AFTER DEDUCTION, TDS WILL BE DEPOSITED BY RECEPIENT TO GOVERNMENT BY 10TH OF NEXT MONTH AND REQUIRED TO FILE TDS RETURN IN GSTR 07
8. AFTER THAT IT WILL BE CREDITED TO E-CASH LEDGER OF SUPPLIER



**Section 52: Collection of tax at source**



**Note:** Where only Orders are processed (not payment) then TCS concept will not be applicable.

Basis	Transaction Between Mr. X (Supplier) and Mr. Y (Recipient) [Transaction = 01]	Transaction Between E-Commerce Operator (Supplier) and Mr. X (Recipient) [Transaction = 02]
<b>Goods /Services</b>	It is a supply of Goods (Shoes)	It is a service (GST Rate 18%), given by Amazon to Mr. X for commission @20%
<b>Supply</b>	Yes, it's a supply with consideration	Yes, it's a supply with consideration
<b>Nature of supply</b>	Origin : Delhi POS: u/s 10(1) of IGST Act: Hyderabad It is inter -state supply	Origin : Delhi POS: u/s 12 of IGST Act: Delhi It is intra -state supply
<b>Taxable Person</b>	Mr. X, [Mandatory Registration u/s 24 ]	Amazon needs Dual Registration In the capacity of Taxpayer u/s 24 In the capacity of TCS Collector u/s 24
<b>Exemption</b>	Shoes are not exempted	It is not an Exempted Service
<b>Computation</b>	10,000 * 18% + 1800 [IGST]	Consideration: 10,000 * 20% = 2,000 CGST: 180 SGST: 180
<b>FCM/RCM</b>	FCM ie Mr. X liable to pay GST	FCM ie AMAZON liable to pay GST of ₹ 360

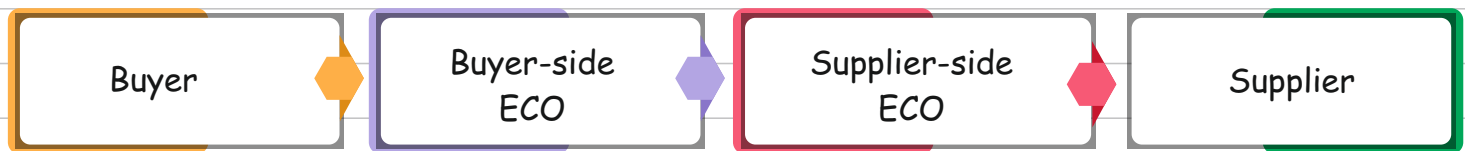
<b>Time of supply</b>	u/s 12 : Invoice date	U/s 13: Invoice or Payment (Whichever is Earlier)																				
<b>Compliances</b>	<p>All Compliances to be fulfilled by Mr. X</p> <p><b>INVOICE</b></p> <p>VALUE: 10,000 IGST : 1800 TOTAL : 11,800 Output GST = 1800 Itc = 360 Net GST = 1440</p>	<p>All Compliances to be fulfilled by Mr. X</p> <p><b>INVOICE</b></p> <table border="1"> <tr> <td>VALUE</td> <td>: 2,000</td> </tr> <tr> <td>CGST</td> <td>: 180</td> </tr> <tr> <td>SGST</td> <td>: 180</td> </tr> <tr> <td>TCS (IGST)@ 1% On ₹ 10,000</td> <td>100</td> </tr> <tr> <td>Excluding: GST and cess</td> <td></td> </tr> <tr> <td>Excluding: Supplies Returned</td> <td></td> </tr> <tr> <td>Excluding: Supply u/s 9(5)</td> <td></td> </tr> <tr> <td>Nature will be Based on Transaction (01) :</td> <td></td> </tr> <tr> <td>(Because Object Of TCS is to catch Transaction :01)</td> <td></td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>: 2460</b></td> </tr> </table> <p><b>Payment:</b> Amazon Liable to Pay GST of ₹ 360 and TCS of ₹ 100 to Govt. For Payment of TCS AMAZON can not use ITC as it is not an output tax. TCS of ₹ 100 will be reflected in E cash Ledger of Mr. X</p> <p><b>Filing of Return:</b> <b><u>In the capacity of TAXPAYER</u></b></p> <ul style="list-style-type: none"> <li>• Amazon Required to file GSTR 01/3B for ₹ 360 by 11th and 20th of NEXT month.</li> <li>• Annual Return by 31st dec. of Next Year in GSTR 09</li> </ul> <p><b><u>In the capacity of TCS COLLECTOR</u></b></p> <ul style="list-style-type: none"> <li>• GSTR 08 For TCS of ₹ 100 by 10th of Next Month</li> <li>• Annual Statement by 31st dec. of Next Year in GSTR 9B</li> </ul>	VALUE	: 2,000	CGST	: 180	SGST	: 180	TCS (IGST)@ 1% On ₹ 10,000	100	Excluding: GST and cess		Excluding: Supplies Returned		Excluding: Supply u/s 9(5)		Nature will be Based on Transaction (01) :		(Because Object Of TCS is to catch Transaction :01)		<b>TOTAL</b>	<b>: 2460</b>
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Nature will be Based on Transaction (01) :																						
(Because Object Of TCS is to catch Transaction :01)																						
<b>TOTAL</b>	<b>: 2460</b>																					
<b>Others</b>		<ul style="list-style-type: none"> <li>• <b>Matching, Communication of discrepancy and Added in output liability.</b></li> <li>• <b>Payment with interest in case of Mismatch.</b></li> <li>• <b>Notice to operator, Reply with in 15 days and Penalty up to Rs. 25,000</b></li> </ul>																				
<b>Time limit for Statement</b>		<ul style="list-style-type: none"> <li>• Note: The operator shall not be allowed to furnish a statement after the expiry of a period of 3 years from the due date of furnishing the said statement:</li> <li>• However, Government may, allow an operator or a class of operators to furnish a statement , even after the expiry of the said period of 3 years from the due date of furnishing the said statement.</li> </ul>																				

TDS Vs. TCS

TDS u/s 51	TCS u/s 52
Supplier = other than Government	Supplier = E commerce Operator
Recipient = Government	Recipient = the person who supplies goods through E commerce operator
Number of transaction involved =1	Number of transaction involved =2
Rate of TDS	Rate of TCS
Maximum: 1%+1%= 2%	Maximum: 1%+1%= 2%
As of now: 1%+1%= 2%	As of now: 0.5%+0.5%= 1%
Return in GSTR 07	Return in GSTR 08
Annual Statement = NO	Annual Statement = YES in GSTR 9B
Late payment of TDS attract interest @18% PA	Late payment of TCS attract interest @18% PA

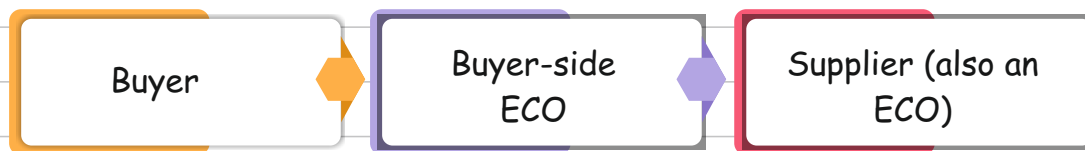
Clarification on TCS liability under Sec 52 of the CGST Act, 2017 in case of multiple E-commerce Operators in one transaction in the context of Open Network for Digital Commerce (ONDC)

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



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

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



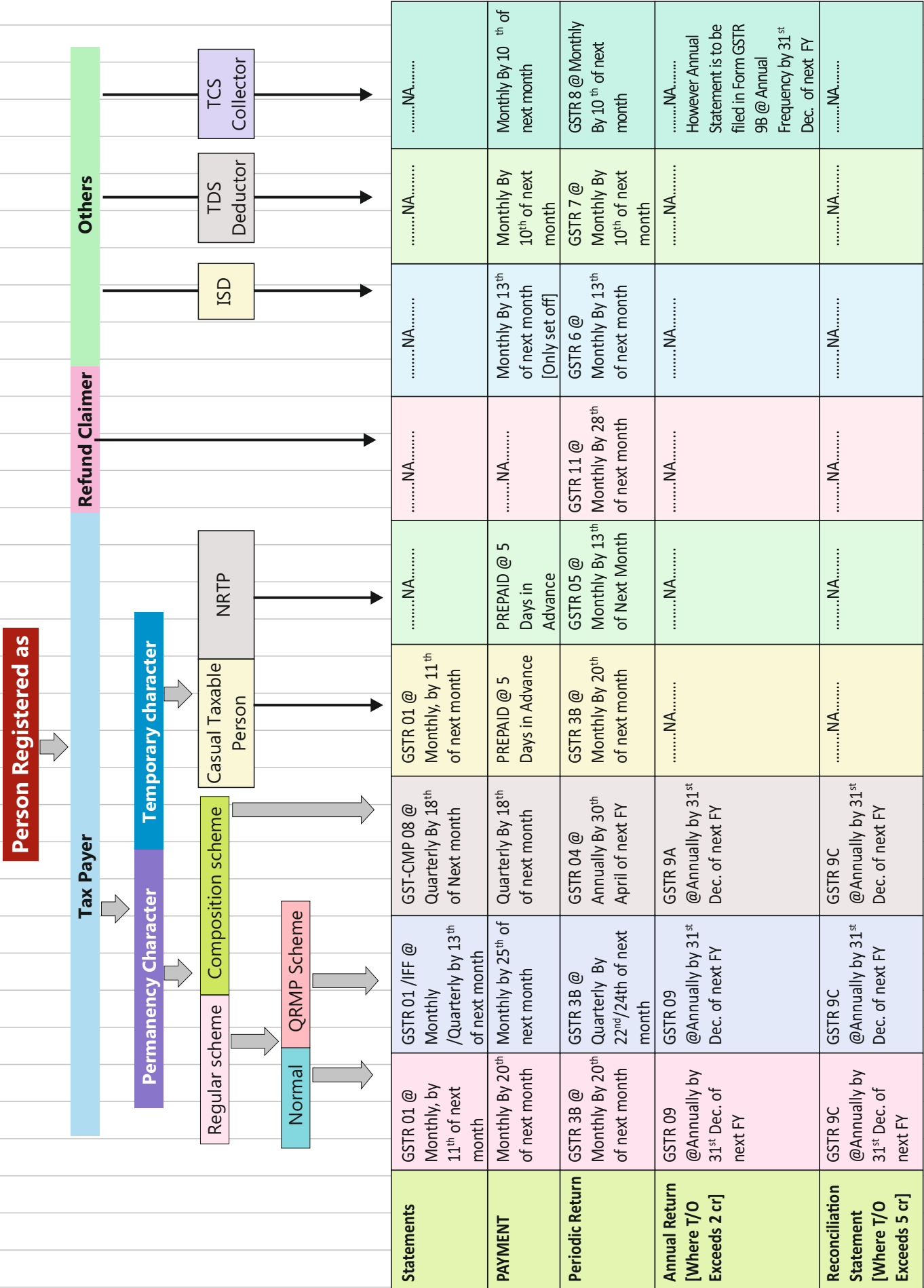
Clarification: In such a situation, TCS is to be collected by the Buyer-side ECO while making payment to the supplier for the particular supply being made through it.

ECO with Composite Dealer of Goods: NOTIFICATION NO. 36/2023

- (i) ECO shall not allow any inter-State supply of goods.
- (ii) ECO shall collect TCS and
- (iii) ECO shall furnish the details in GSTR-8.

**Chapter : 16 - Return****Sections List****Forms List**

Sections List		Forms List	
Section	Description	Form	Content
Section 37	Outward supply statement		
Section 38	Communication of details of inward supplies and input tax credit [GSTR 2B]	GSTR 01	Invoice issued
		GSTR 2B	ITC Statement on Portal
		GSTR 3B	Return
Section 39	Filing of Return	GSTR 04	Annual statement @ composite dealer
Section 40	First Return		
Section 41	Availment of input tax credit	GST-CMP: 08	Quarterly Statement
<del>Section 42</del>	<del>Matching / Mismatching of ITC</del>	GSTR 05	NRTP
<del>Section 43</del>	<del>Matching / Mismatching of ITC</del>	GSTR 06	ISD (Not in Syllabus)
Section 44	Annual Return	GSTR 07	TDS RETURN
Section 45	Final Return	GSTR 08	TCS RETURN
Section 46	Notice on Non- filing	GSTR 09	Annual Return @Regular Scheme
Section 47	Late fees	GSTR 9A	Annual Return @Composition Scheme
Section 48	GST practitioner		
		GSTR 9B	Annual TCS Statement
		GSTR 9C	Annual Reconciliation Statement
		GSTR 10	Final Return
		GSTR 11	UIN Holder



Annual Return and Reconciliation Statement

For Regular and composite supplier			FOR Special category no need to file these forms
<b>Aggregate Turnover</b>	<b>Annual Return Form 9/9A u/s 44</b>	<b>Reconciliation statement @ self-certified u/s 44</b>	CTP, NRTP, Refund claimer TDS deductor, TCS collector, ISD and Govt. Departments.
Upto 2 cr	Exempted by way of notification issued every year	No	
Above 2 cr to 5 cr	Yes	No	
Above 5 cr	Yes	Yes	

First and Last Return

First Return	Last Return
* GSTR ??? @ One time After grant of RC * <b>Details of outward supply</b> * <b>For the period:</b> The date on which liability of registration arises TILL the date on which Registration is granted.[Pre RC Period]	* GSTR 10 @ One time * Person whose RC cancelled * With- in 3 month from (order/effective of Cancellation) whichever is later * GSTR 05 @ Monthly * Non Resident Taxable Person * Last Return: <b>13th of Next Month</b> or within 7 days after the last day of validity of Registration Certificate - whichever is earlier.

Notes:

- (1) No rectification of any omission or incorrect particulars shall be allowed after: 30<sup>th</sup> November of next FY or annual return Actual filing date (whichever is Earlier)
- (2) Payment of tax mandatory to file a valid return Except QRMP Scheme.
- (3) Nil return also required to be filed.
- (4) **Maximum time to file Return /Statements:** GSTR 1 u/s 37, GSTR 3B and other Returns under section 39, Annual Return u/s 44, GSTR 9B (TCS Statement under section 52) Can be filed only upto 3 years from due date.

Some other Points:

<b>Section 46 Notice to return defaulter</b>	Where a registered taxable person fails to furnish a return under section 39,[Combined Return] section 44[Annual Return] or section 45, [Final Return] a notice shall be issued requiring him to furnish such return within 15 days in such form and manner as may be prescribed.		
<b>Section 47 Late fees</b>	<b>Periodic and Final Return</b>	Any registered taxable person who fails to furnish the-details of outward u/s 37 or Return u/s 39,45,52 by the due date, shall be liable to pay late fee of ₹100 [Reduced to ₹25 and 10 for NIL RETURN] for every day during which such failure continues or ₹5000 [whichever is lower]	
	<b>Annual Return</b>	Any registered taxable person who fails to furnish the return required under section 44 by the due date shall be liable to a late fee of ₹100 for every day during which such failure continues or 0.25% of his turnover in the State/UT [whichever is lower]	
	<b>Maximum Late Fees payable under section 47 for delayed filing</b>	<b>Form</b>	<b>Description</b>
		<b>Form</b>	<b>Late Fees under CGST</b>
		<b>Form</b>	Nil Return
		<b>GSTR 01 and 3B</b>	Aggregate Turnover in PFY limited to ₹ 1.5 Cr
			Aggregate Turnover in PFY more than ₹ 1.5 Cr but upto ₹ 5 cr
			Others
		<b>Form</b>	₹ 2,500
		<b>GSTR 4</b>	₹ 5,000
			₹ 250
			₹1000
		<b>Form</b>	₹ 25 per day for
		<b>GSTR 7</b>	Delayed Furnishing
			delayed period
			[Maximum: ₹ 1,000]

Class of registered persons	Amount
Aggregate turnover of up to Rs. 5 crore in the relevant financial year.	Rs.25 per day or 0.02 % of turnover in the State or Union territory. [whichever is lower]
Aggregate turnover of Rs. 5 crore to 20 crore in the relevant financial year.	Rs 50 per day or 0.02 % of turnover in the State or Union territory. [whichever is lower]

**Manner of furnishing of return or details of outward supplies by short messaging service facility**

- ⇒ For a registered person who is required to furnish a Nil GSTR-3B or Nil GSTR-1 or Nil GST CMP-08 for a tax period,
- ⇒ He may furnish such return or statement
- ⇒ through a SMS using the registered mobile number and
- ⇒ the said return or the details of outward supplies or statement shall be verified by a registered mobile number based OTP facility.

**Section 48: GST Practitioner**

<b>Why GSTP</b>	<p>GST Law is a new Law thus it is bound to raise doubts in the mind of taxpayers, concerning Registration, Filing of Return, Refund claims and other compliance under GST, by understanding this Government has introduced the concept of GSTP to assists taxpayer in GST compliances.</p>
<b>Work Profile of GSTP</b>	<p>GSTP is a person approved by Central Government / State Government to perform one or more activities as given below on behalf of Taxpayers.</p> <ul style="list-style-type: none"> <li>⇒ <b>Registration:</b> GSTP can apply for Registration; can apply for amendment/ cancellation of Registration.</li> <li>⇒ <b>Returns:</b> GSTP can assist in filing GSTR statements /Returns @ Monthly, Quarterly or Annual basis.</li> <li>⇒ <b>Composition Scheme:</b> File an intimation to pay tax under composition scheme.</li> <li>⇒ <b>Payments and Refunds:</b> GSTP can make payments of taxes or apply for Refunds including from E- cash Ledger.</li> <li>⇒ <b>Authorised Representative:</b> GSTP allow to appear as an authorise Representative before Department.</li> <li>⇒ <b>Furnish information</b> for Generation of E way Bill etc.</li> </ul> <p><b>PLEASE NOTE THAT: THE RESPONSIBILITY OF CORRECTNESS OF ANY PARTICULARS FURNISHED IN THE RETURN OR OTHER DETAIL FILED BY GSTP SHALL CONTINUE TO REST WITH THE REGISTERED PERSON</b></p> <p><b>Process:</b></p> <ul style="list-style-type: none"> <li>⇒ Taxpayer will authorize GSTP in FORM PCT- 05</li> <li>⇒ Now GSTP <b>files detail</b> or other work on behalf of Taxpayer</li> <li>⇒ Now a confirmation (SMS, Email) would be required from Taxpayer by due date, if it is not given then information etc. shall be deemed to be furnished</li> <li>⇒ But in case of filing of refund claim such application will not be processed until a confirmation is received from the registered person.</li> </ul>



<b>Importance of certification by GSTP Exam</b>	<ul style="list-style-type: none"> <li>⇒ GST Practitioner <b>submit essential Data</b> /information on behalf of taxpayer</li> <li>⇒ Considering the importance of work done by the GST Practitioner he must be registered with GST portal and <b>must pass an exam</b> to obtain certificate before he start his own practice.</li> <li>⇒ Obtaining GST Certificate of GSTP helps in <b>increasing credibility and trust</b> for the service provided by the Practitioner in the eyes of Taxpayer</li> </ul>															
<b>Eligibility Criteria to become GSTP</b>	<p>Register on GST Portal as GSTP in form PCT 01 with necessary Details and obtain enrollment certificate in PCT 02</p> <p><b>Basic requirement for enrollment</b></p> <ul style="list-style-type: none"> <li>⇒ Indian Citizen</li> <li>⇒ Sound mind</li> <li>⇒ Solvent</li> <li>⇒ Non - convicted of an offence with imprisonment of 2 year or more.</li> </ul> <p><b>Qualification:</b></p> <ul style="list-style-type: none"> <li>⇒ CA/CS/CWA</li> <li>⇒ Post Graduate/ Graduate (Any stream)</li> <li>⇒ Tax Return Preparer [TRP], Service Tax Return Preparer [STRP]</li> <li>⇒ Retired officer of commercial tax department. [Post was Group B or more and work on such post for atleast 2 years ]</li> </ul> <p><b>Once a person enrolled as a GSTP- Such person must pass the GSTP Examination with- in 2 years of enrollment.</b></p>															
<b>GSTP Examination Procedure</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #e0f0e0;"><b>Exam Conducted by</b></td> <td>NACIN [National Academy of Customs, Indirect Taxes and Narcotics ]</td> </tr> <tr> <td style="background-color: #e0f0e0;"><b>Frequency of Exam</b></td> <td>Exams are conducted Twice in a year across India at designated centers. Exam date notified by NACIN.</td> </tr> <tr> <td style="background-color: #e0f0e0;"><b>Exam Registration</b></td> <td>At <a href="http://www.nacinonlineregistrationform.org">www.nacinonlineregistrationform.org</a> Login with: User id : [Enrollment number] Password [xxxxxxxx]</td> </tr> <tr> <td style="background-color: #e0f0e0;"><b>Pattern of Exam</b></td> <td>MCQ Based</td> </tr> <tr> <td style="background-color: #e0f0e0;"><b>Result</b></td> <td>Declared by NACIN IN one month of exam</td> </tr> <tr> <td style="background-color: #e0f0e0;"><b>Passing Criteria</b></td> <td>50% and No restriction of Attempts in 2 years</td> </tr> <tr> <td style="background-color: #e0f0e0;"><b>Don't's</b></td> <td>- Arriving Late - Carrying mobile phone, Bluetooth device in examination hall - Use unfair means or practices during the examination.</td> </tr> </table>	<b>Exam Conducted by</b>	NACIN [National Academy of Customs, Indirect Taxes and Narcotics ]	<b>Frequency of Exam</b>	Exams are conducted Twice in a year across India at designated centers. Exam date notified by NACIN.	<b>Exam Registration</b>	At <a href="http://www.nacinonlineregistrationform.org">www.nacinonlineregistrationform.org</a> Login with: User id : [Enrollment number] Password [xxxxxxxx]	<b>Pattern of Exam</b>	MCQ Based	<b>Result</b>	Declared by NACIN IN one month of exam	<b>Passing Criteria</b>	50% and No restriction of Attempts in 2 years	<b>Don't's</b>	- Arriving Late - Carrying mobile phone, Bluetooth device in examination hall - Use unfair means or practices during the examination.	
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**QRMP scheme (Quarterly Return Monthly Payment ) [Optional]**

**1. What is QRMP scheme:** Filing of GSTR 3B on Quarterly Basis but payment of Tax on Monthly Basis.

**2. Who is eligible:**

(a) Aggregate Turnover in PFY (as per GST portal) limited to Rs. 5 cr and the person will remain eligible in CFY till the Quarter in which the person cross the turnover of Rs. 5cr.

Quarter	Turnover	Cumulative Turnover	Scheme
A M J	₹ 1 cr	₹ 1 cr	QRMP
J A S	₹ 1 cr	₹ 2 cr	QRMP
O N D	₹ 4 cr [upto 30 <sup>th</sup> Nov 3 cr]	₹ 6 cr	QRMP
J F M	₹ 1 cr	₹ 7 cr	Monthly

(b) Last return which was due on the date of exercising the option must be filed.

November 20XX	December 20XX	January 20XY
Return due on 20th Dec.	Return due on 20th Jan.	The person want to opt for QRMP scheme WEF 1/1/XY then all returns due by this date must be filed ie return upto the months of Nov (due on 20th dec.) must be filed.

(c) The person should not be OIDAR service provider to non- taxable person in India.

**3. When to exercise the option:** 2 months before and 1 month later ie if any of the person want to exercise the option from April 2021 then he can opt for from 01/02/2021 to 30/04/2021.

Example: Want to start from April then [ 2 + 1 months]

Jan	Feb	March	April	May	June	July	Aug	Sep
	1/2/XY		30/4/XY					

**4. How to avail the option:** Eligible person may opt for manually on the GST Portal

...services...Return...opt in...

[Default setting on Portal:]

Turnover	GSTR 1 to be filed	GSTR 3 B to be filed
Turnover upto Rs. 1.5 Cr	Quarterly	Quarterly (QRMP)
	Monthly	Monthly
More than Rs. 1.5 Cr to Rs. 5 cr	Monthly	Monthly

**5. How to make payment:**

(a) Fixed Sum Method:

Preceding Quarter/Month	April	May	June
If Preceding Tax Period was a Quarter	35% of cash GST paid in preceding Quarter and to be paid on 25 <sup>Th</sup> may	35% of cash GST paid in preceding Quarter and to be paid on 25 <sup>Th</sup> june	Balance amount on the basis of Final Amount in the return and to be paid on 25 <sup>Th</sup> july
If Preceding Tax Period was a Month	100% of cash GST paid in preceding Month and to be paid on 25 <sup>Th</sup> may	100% of cash GST paid in preceding Month and to be paid on 25 <sup>Th</sup> june	Balance amount on the basis of Final Amount in the return and to be paid on 25 <sup>Th</sup> july

(b) Self- Assessment Method:

Preceding Quarter/Month	April	May	June
.....	Calculate Tax on Actual Basis	Calculate Tax on Actual Basis	Calculate Tax on Actual Basis

Note1: No tax is required to be deposited- Where tax liability is nil OR Have already sufficient balance in E cash Ledger

Note 2: Return under QRMP to be filed on 24th [for Northern and eastern States] and on 22nd For rest of India. In case of other taxpayers Return [GSTR 3B] date will be 20th of next month.

Note 3: Date for filing GSTR 1: under QRMP Scheme ; 13th , in others cases : 11th

**6. How the registered buyer will get the credit:**

Supplier will file return on quarterly basis after that it will be reflected in GSTR 2B to Recipient....but Recipient need credit on monthly basis ..now what is the solution ?

- ⇒ Supplier MAY furnish B to B invoices [Dr/Cr note] under invoice furnishing facility (IFF) for first 2 months in a quarter.
- ⇒ Now for THE quarter (ie all 3 months) file GSTR 1 except the invoices furnished under IFF.
- ⇒ Under IFF net value of invoices that can be uploaded is restricted to ` 50 lakh per month [by keeping in mind the limit of ₹5 cr]

**7. Interest calculation:**

- ⇒ JAB JITNA MAANGA UTNA DIYA THEN NO INTEREST,
- ⇒ JAB JITNA MAANGA USSE KAM DIYA THEN JITNA KAM DIYA UTNE AMOUNT PAR INTEREST LAGEGA @ 18% PA.

Example: Suppose in last quarter cash GST Paid was ₹ 100 [Total actual tax for the Quarter known in July month ₹ 102]

Particulars	April	May	June
Tax to be paid on due date as per the given method	35 [Based on fixed %]	35 [Based on fixed %]	32 [Balance on the basis of actual calculation]
Tax Actually paid on due date	35	35	30
Short payment	-	-	2
Interest	-	-	Interest on Rs. 2 after expiry of due date till the date of payment

### SECTION:38: Communication of details of inward supplies and input tax credit.

(1)The GSTR:1furnished by the registered persons under section 37 and of such other supplies as may be prescribed, and

- ⇒ an auto-generated statement containing the details of input tax credit
- ⇒ shall be made available electronically to the recipients of such supplies in Specified form.

(2)The auto-generated statement shall consist of:

- a. Details of inward supplies in respect of which ITC may be available.
- b. Details of supplies in respect of which ITC CANNOT be available either wholly or partially where
  - ⇒ Where Return not submitted by Supplier on Time.
  - ⇒ Non payment of tax by supplier
  - ⇒ Short payment of tax by supplier
  - ⇒ Excess credit availed by supplier
  - ⇒ Supplier not to follow Rule of 1%.
  - ⇒ Any other reason

### SECTION: 41 : AVAILMENT OF INPUT TAX CREDIT

(1) Every registered person shall be entitled to avail Eligible ITC and ITC amount shall be credited to his electronic credit ledger.

(2) The ITC availed by a registered person but the tax payable thereon has not been paid by the supplier, shall be reversed along with applicable interest.

However, where the said supplier makes payment of the tax payable in respect of the aforesaid supplies, the said registered person may re-avail the amount of credit reversed by him in.

CGST Rules 2017

**Rule: 59 Form and manner of furnishing details of outward supplies [FORM: GSTR 1]**

The details of outward supplies of goods or services or both furnished in FORM GSTR-1 shall include the-

**(a) Invoice wise details of all -**

Inter-State and intra-State supplies	Made @ B to B basis
Inter-State supplies with invoice value more than ₹2,50,000	Made @ B to C basis.
Debit and credit notes, if any, issued during the month	For invoices issued previously.

**(b) Consolidated details of all -**

Intra-State supplies	Made @ B to C basis
State wise inter-State supplies with invoice value upto ₹2,50,000	Made @ B to C basis.
Debit and credit notes, if any, issued during the month	For invoices issued previously.

**(2) The details of outward supplies of goods or services or both furnished using the IFF shall include the -**

Invoice wise details of inter-State and intra-State supplies	Made @ B to B basis
Debit and credit notes, if any, issued during the month for such invoices issued previously."	Made @ B to B basis.

**(3) Restrictions on filing GSTR-1**

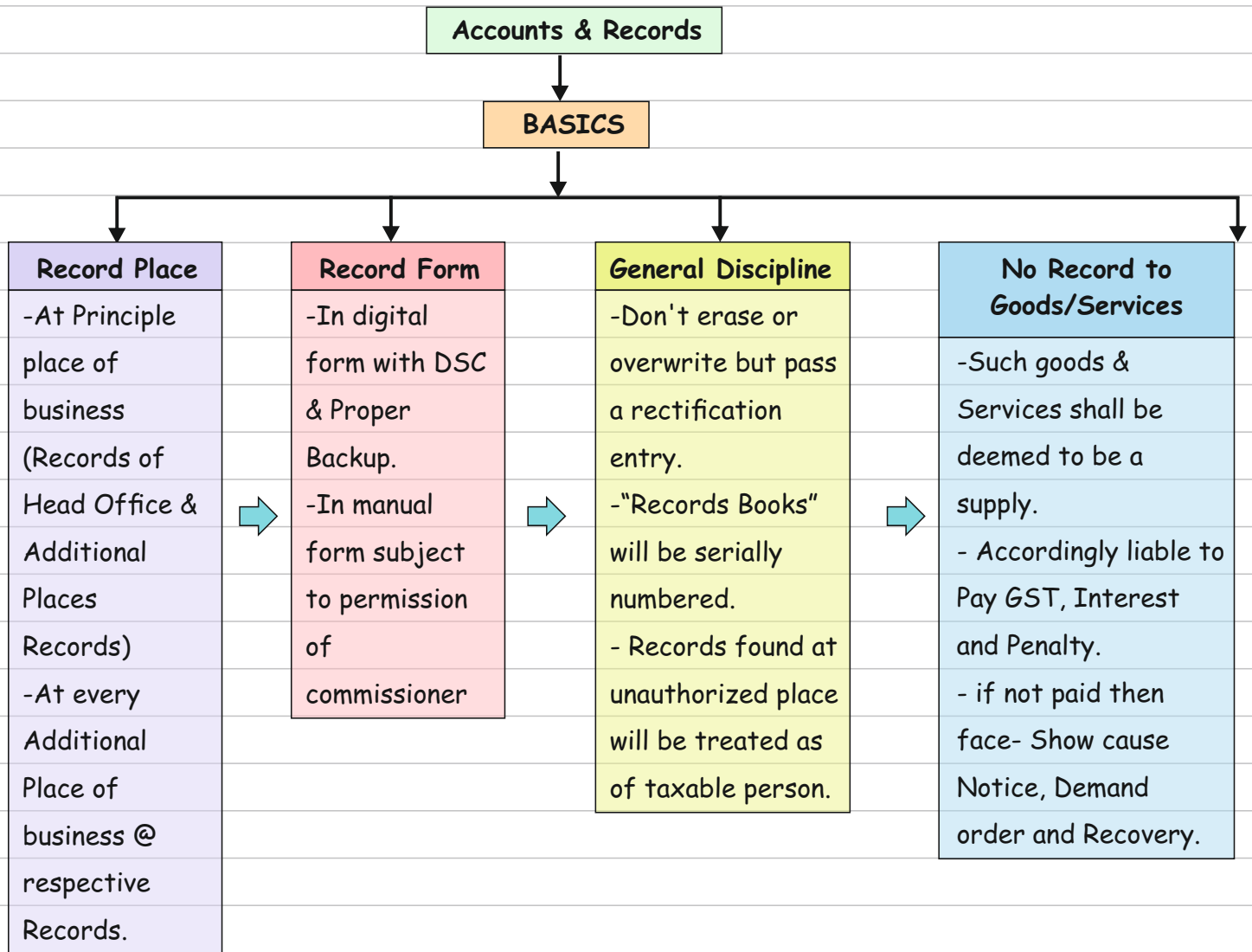
(a) where taxable person has not furnished GSTR-3B for preceding month;	Then he shall not be allowed to furnish GSTR 01/IFF for a subsequent tax period,
(b) Where taxable person has not furnished GSTR-3B for preceding Quarter:[QRMP]	Then he shall not be allowed to furnish GSTR 01/IFF for a subsequent tax period,
(c) A Registered person, to whom an intimation has been issued under the provisions of Rule 88C(1) in respect of a tax period,	Then he shall not be allowed to furnish GSTR 01/IFF for a subsequent tax period, unless he has either deposited the amount specified in the said

			intimation or has furnished a reply explaining the reasons for any amount remaining unpaid.
		(d) A registered person, to whom an intimation has been issued under Rule 88D (1) in respect of a tax period or periods,	Then he shall not be allowed to furnish GSTR 01/IFF for a subsequent tax period, unless he has either paid the amount equal to the excess ITC as specified in the said intimation or has furnished a reply explaining the reasons in respect of the amount of excess input tax credit that still remains to be paid.
		(e) Where a registered person has not furnished the details of the bank account as per the provisions of rule 10A.	Then he shall not be allowed to furnish GSTR01/IFF.

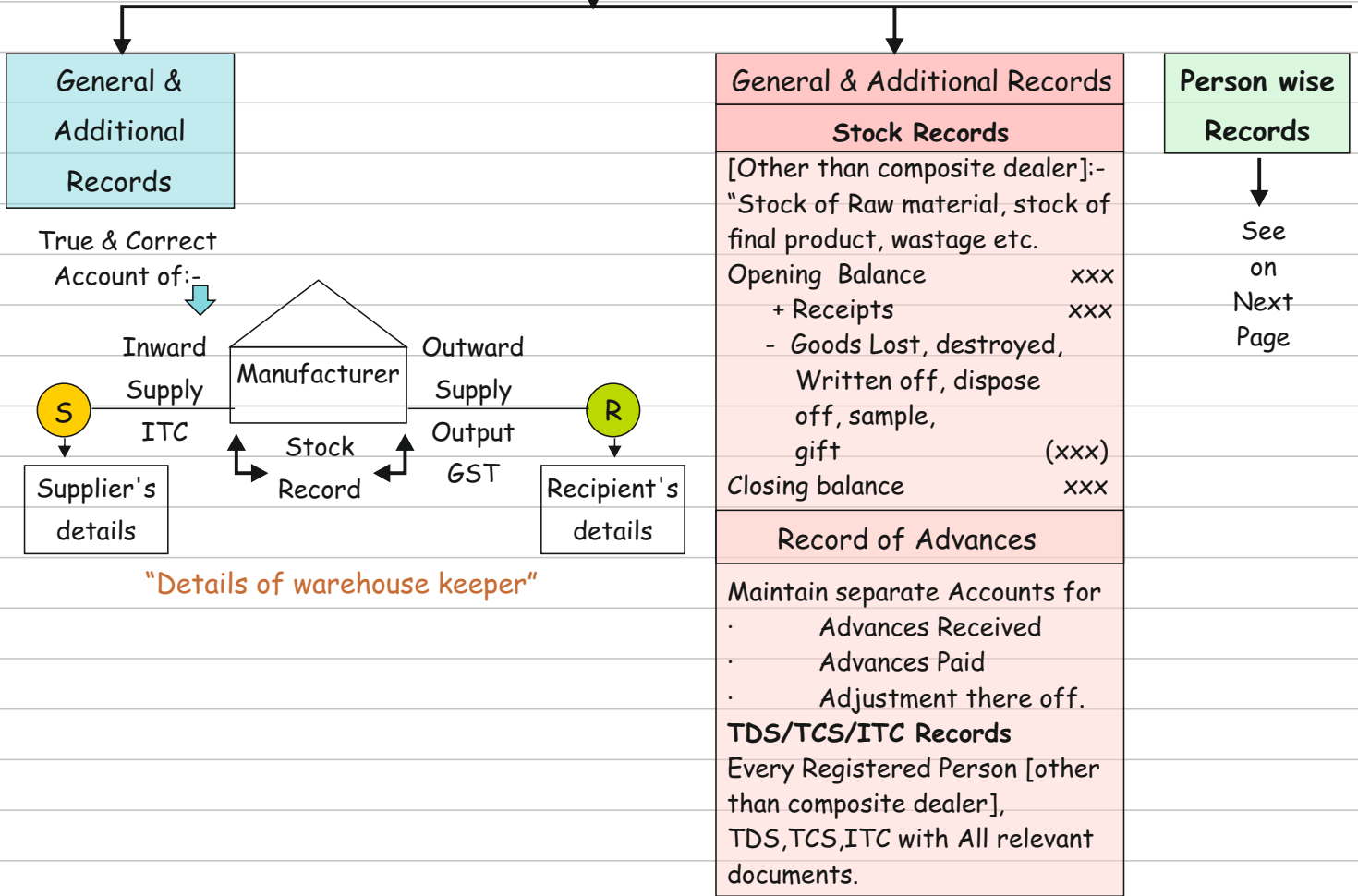
<b>Rule 64: Form and manner of submission of return by persons providing online information and data base access or retrieval services and by persons supplying online money gaming from a place outside India to a person in India</b>	<p>Every <b>registered person</b></p> <ul style="list-style-type: none"> <li>⇒ either providing <b>online money gaming</b> from a place outside India to a person in India,</li> <li>⇒ or providing <b>online information and data base access</b> or retrieval services from a place outside India</li> <li>⇒ to a <b>non-taxable online recipient</b> referred to in section 14 of the IGST Act, 2017 or</li> <li>⇒ to a registered person other than a non-taxable online recipient,</li> <li>⇒ shall file return in <b>FORM GSTR-5A</b></li> <li>⇒ on or before the <b>20th day</b> of the month succeeding the calendar month or part thereof.</li> </ul>
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**Chapter : 17 - Accounts and Records**

Section 35:

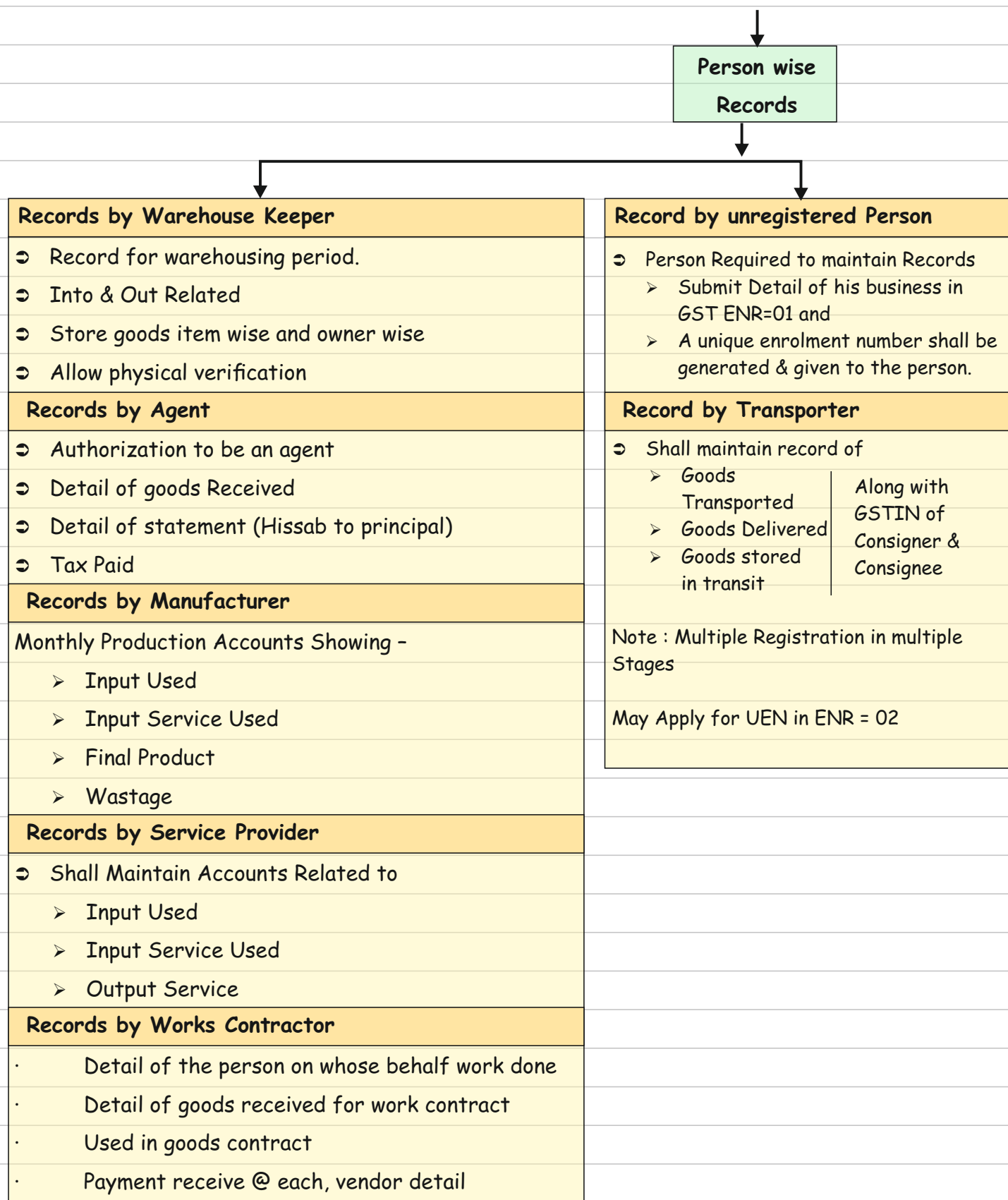


## Records



IMPORT Records	Supported with; Invoice Dr/Cr. Note, Bill of Supply, All Vouchers	Export Records
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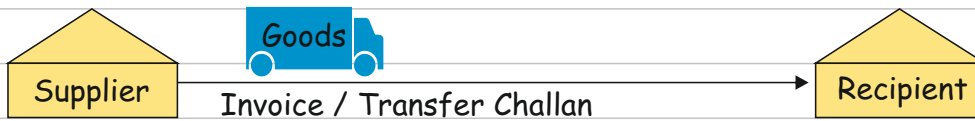
**Section 36: Records Preservation Period**

# 72 Months from the due date of filing of relevant Annual Return or

# 1 year from finalization of appeal /Revision etc, if any.

[Whichever is Later]

**Chapter : 18 - E-Way Bill (A National Document)**



GPS Device = E-Way Bill = Bholu

Only one work="Track movement of goods" whether there is a supply or not.

@Road Who will prepare

S	A+B	A
R	A+B	A
T	A+B	B

**E-Way Bill**  
**Part A:**  
 #Supplier's Details  
 # Recipient's Details  
**Part B:**  
 Transporter's details

**Object:** To Track movement of goods & it is not for services.

**Conditions:**

**Value based EWB**

\* Invoice Value - Exempted Value = XXX > 50K

**Mandatory EWB**

\* Even though value below 50K

EWB required => Inter State + Job Work transfer  
 => Inter State + Handicraft

@ Rail / Air / Vessel

S	✓
R	✓
T	✗

**Types**

\* **Normal EWB**

\* **Bulk EWB**  
 (Single shot AND Multiple EWB)

\* **Consolidated EWB**

(i.e. 2 or more EWB @ Single Paper & it is optional)

X = Invoice = EWB1  
 Y = Invoice = EWB2  
 Z = Invoice = EWB3

Consolidated at Single paper All Details (for ease)

**Time of Generation**

www.ewaybillgst.gov.in  
 @Road: Before removal  
 @ Rail/Air/Vessel: Before delivery at Destination

**Life**

# Normal Cargo = 200KM per day or part thereof  
 # Over dimensional Cargo= 20KM per day or (@Road + Vessel)thereof  
 @ Normal/Over

Extension: Possible  
 - Before Expire  
 - After Expire = Yes but within 8 hrs

**Murder**

(24 hrs) \* By Creator = Cancel  
 (72 hrs) \* By Others = Reject  
 But where Movement is Verified = No Cancellation /No Rejection



EWB Bana hoga

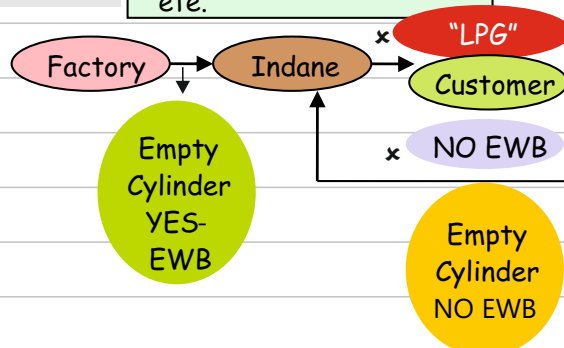
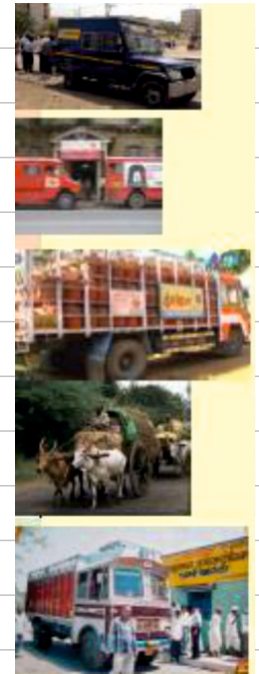
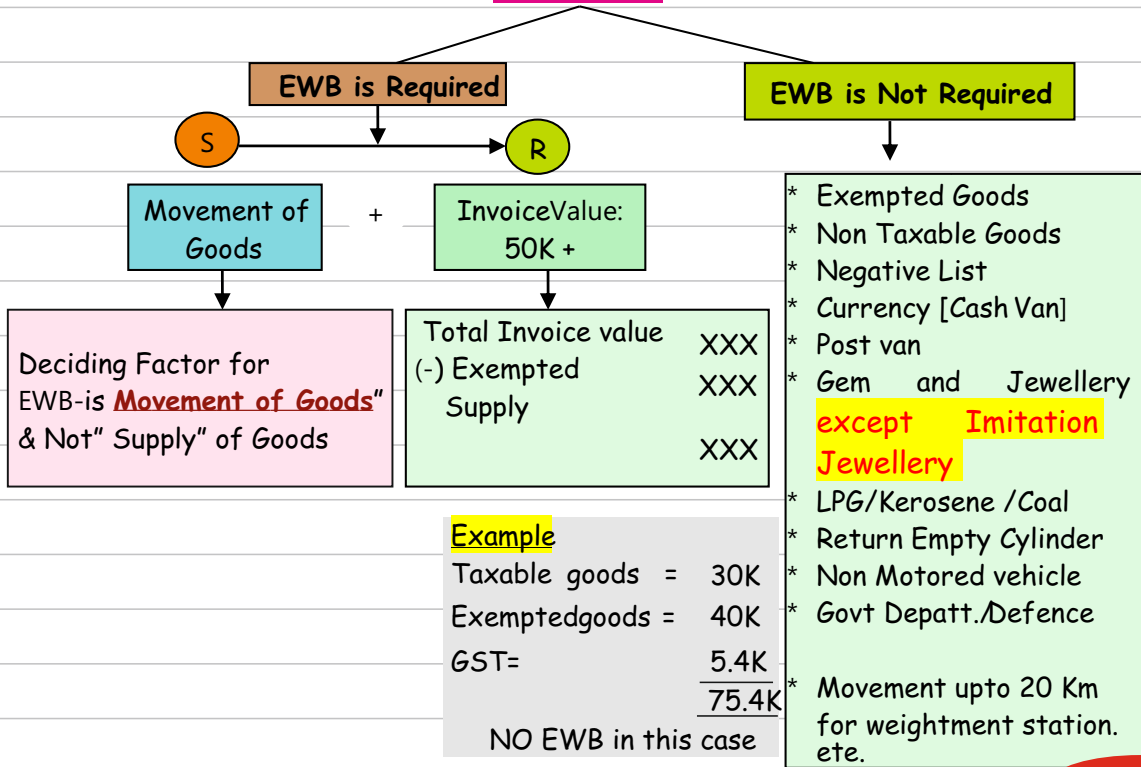
Vehicle Change [0202] → [0303]

# Second EWB Banega = NO  
 # Original EWB Me  
 Part B: @ update hoga = YES

But: Multi Vehicle  
 +  
 Local Movement (Intra)  
 +  
 Upto 50KM

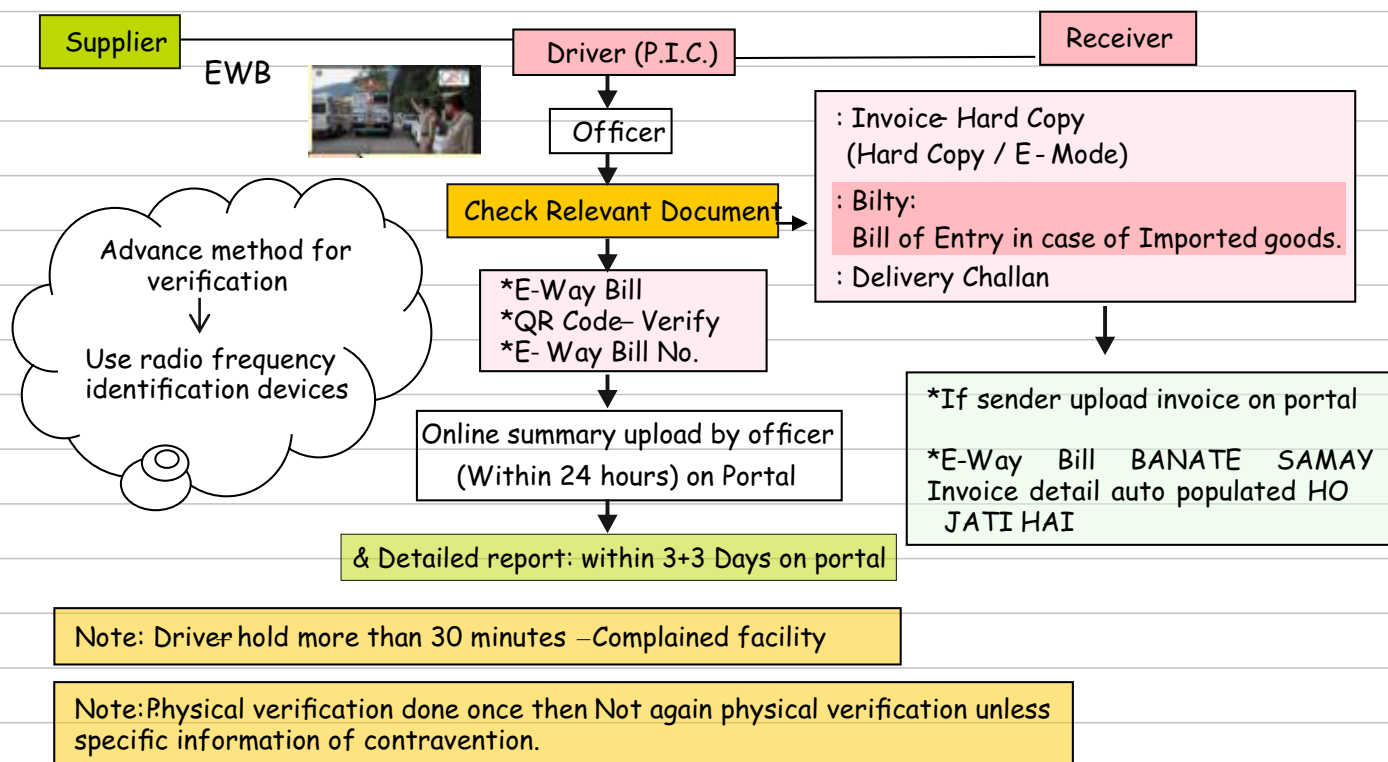
} = No need to update even Part B.

### Where



Note: E-Way Bill details - Can be used for the purpose of filling - GSTR:01

Verification will be in transit: where value of goods ₹ 50,000 plus)



### Blocking of E way Bill:-

No person (Including a consignor, consignee, transporter, an e-commerce operator or a courier agency) shall be allowed to furnish the information in PART A of FORM GST EWB-01 in respect of any outward movement of goods of a registered person, who—

<b>Person availing regular scheme</b>	<ul style="list-style-type: none"> <li>Has not furnished the returns [GSTR 3B] for a consecutive period of two tax periods</li> <li>Has not furnished the statement of outward supplies (GSTR:1) for any two months or quarters [QRMP/other scheme]</li> </ul>
<b>Person availing Composition scheme</b>	has not furnished the statement in form [GST CMP-08] for two consecutive quarters; or
<b>Either regular or composition scheme</b>	Being a person, whose registration has been suspended under rule 21(1)(2)(2a). [when to suspend RC- when application for cancellation of RC made by the person, when officer finds some irregularity, when there is an anomaly in GSTR 1 and GSTR 2B]

**SUBJECT TO SATISFACTION OF COMMISSIONER.**

**Rule 138 F: Information to be furnished in case of intra-State movement of gold, precious stones, etc. and generation of e-way bills thereof-**

(1) **Where-**

- (a) a Commissioner of State tax or Union territory tax mandates furnishing of information regarding intra-State movement of goods specified [**gold, precious stones, etc**], in accordance with Rule 138F(1) of the State or Union territory Goods and Services Tax Rules, and
- (b) the consignment value of such goods exceeds such amount, not below Rs 2 Lakhs, as may be notified by the Commissioner of State tax or Union territory tax, in consultation with the jurisdictional Principal Chief Commissioner or Chief Commissioner of Central Tax, or any Commissioner of Central Tax authorised by him,

Notwithstanding anything contained in Rule 138, every registered person who causes intra-State movement of such goods, -

- (i) in **relation to a supply**; or
- (ii) for **reasons other than supply**; or
- (iii) due to **inward supply** from an **un-registered person**,

shall, before the commencement of such movement within that State or Union territory, furnish information relating to such goods electronically, as specified in Part A of FORM GST EWB-01, **against which a unique number shall be generated:**

**Provided** that where the goods to be transported are supplied through an **e-commerce operator or a courier agency**, the information in Part A of FORM GST EWB-01 may be furnished by such e-commerce operator or courier agency.

- (2) The information as specified in PART B of FORM GST EWB-01 shall not be required to be furnished in respect of movement of goods referred to in the sub-rule (1) and after furnishing information in Part-A of FORM GST EWB-01 as specified in sub-rule (1), **the e-way bill shall be generated in FORM GST EWB-01**, electronically on the common portal.
- (3) The information furnished in **Part A of FORM GST EWB-01** shall be made available to the registered supplier on the common portal who may utilize the same for furnishing the details in FORM GSTR-1.
- (4) Where an e-way bill has been generated under this rule, but goods are either not transported or are not transported as per the details furnished in the e-waybill, the e-way bill **may be cancelled**, electronically on the common portal, within twenty-four hours of generation of the e-way bill:  
**Provided** that an **e-way bill cannot be cancelled** if it has been verified in transit in accordance with the provisions of rule 138B.
- (5) **Notwithstanding anything contained** in this rule, no e-way bill is required to be generated-
  - (a) **where the goods are being transported** from the customs port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs;

(b) **where the goods are being transported-**

(i) **under customs bond from** an inland container depot or a container freight station to a customs port, airport, air cargo complex and land customs station, or from one customs station or customs port to another customs station or customs port, or

(ii) **under customs supervision** or under customs seal.

(6) The provisions of Rule 138 (10)(11)(12), Rule 138A, Rule 138B, Rule 138C, Rule 138D and Rule 138E shall, mutatis mutandis, apply to an e-way bill generated under this rule.

**Explanation.- For the purposes of this rule,**

⇒ the consignment **value of goods**

⇒ shall be the value, determined

⇒ in accordance with the provisions of **section 15,**

⇒ declared in an invoice, a bill of supply or a **delivery challan,** as the case may be,

⇒ issued in respect of the **said consignment** and

⇒ also includes the CGST, SGST or UTGST charged in the document and

⇒ shall exclude the value of exempt supply of goods

where the invoice is issued in respect of **both exempt and taxable supply of goods.**

**Circular No. 47/21/2018-Clarifications of certain issues under GST**

1	The railways shall not deliver the goods <b>unless the e-way bill is produced at the time of delivery.</b>  In case of transportation of goods by railways, whether goods can be delivered even if the e-way bill is not produced at the time of delivery?	The railways shall not deliver the goods <b>unless the e-way bill is produced at the time of delivery.</b>
2	Goods moves from one area in a state to another area in same state where another state is involved during movement then e way bill is required to be generated. Goods moves from DTA unit to SEZ unit or vice versa there is no requirement to generate e way bill if exempted under rule 138(14)(d) of CGST Rules.  Whether e-way bill is required - Where goods transit through another State while	It may be noted that e-way bill generation is not dependent on whether a supply is inter-State or not, but on whether the <b>movement</b> of goods is inter-State or not. Therefore, if the goods transit through a second State while moving from one place in a State to another place in the same State, an e-way bill is required to be generated.  Where goods move from a DTA unit to a SEZ unit or vice versa located in the same State, there is <b>no requirement to generate</b> an e-way bill, if the

moving from one area in a State to another area in the same State.	same has been exempted under <a href="#">Rule 138(14)(d)</a> of the <a href="#">CGST Rules</a> .
Whether e-way bill is required - Where goods move from a DTA unit to a SEZ unit or vice versa located in the same State.	

### LIST OF SECTIONS OF CGST ACT, 2017

#### PRELIMINARY

Section 1	Short title, extent and commencement.
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Section 2	Definitions.
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#### ADMINISTRATION

Section 3	NA
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Section 4	NA
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Section 5	NA
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Section 6	NA
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#### LEVY AND COLLECTION OF TAX

Section 7	Supply.
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Section 8	Composite and Mixed supplies.
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Section 9	Charging Section
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Section 10	Charging section (Composition levy.)
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Section 11	Exemptions.
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#### TIME AND VALUE OF SUPPLY

Section 12	Time of supply: Goods.
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Section 13	Time of supply: Services.
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<del>Section 14</del>	<del>Change in rate of tax in respect of supply of goods or services.</del>
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Section 15	Value of taxable supply.
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#### INPUT TAX CREDIT

Section 16	Eligibility and conditions for taking input tax credit.
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Section 17	Apportionment of credit and blocked credits.
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Section 18	Availability of credit in special circumstances.
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<del>Section 19</del>	<del>Taking input tax credit in respect of inputs and capital goods sent for job work.</del>
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<del>Section 20</del>	<del>Manner of distribution of credit by Input Service Distributor.</del>
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<del>Section 21</del>	<del>Manner of recovery of credit distributed in excess.</del>
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REGISTRATION	
Section 22	Persons liable for registration.
Section 23	Persons not liable for registration
Section 24	Compulsory registration in certain cases.
Section 25	Procedure for registration
Section 26	Deemed registration
Section 27	Special provisions relating to casual taxable person and non-resident taxable person.
Section 28	Amendment of registration.
Section 29	Cancellation or suspension of registration.
Section 30	Revocation of cancellation of registration.
TAX INVOICE, CREDIT AND DEBIT NOTES	
Section 31	Tax invoice
Section 32	Prohibition of unauthorised collection of tax.
Section 33	Amount of tax to be indicated in tax invoice and other documents.
Section 34	Credit and debit notes.
ACCOUNTS AND RECORDS	
Section 35	Accounts and other records.
Section 36	Period of retention of accounts.
RETURNS	
Section 37	Furnishing details of outward supplies.
Section 38	Furnishing details of inward supplies.
Section 39	Furnishing of returns.
Section 40	First return.
Section 41	Claim of input tax credit
<del>Section 42</del>	<del>Matching, reversal and reclaim of input tax credit.</del>
<del>Section 43</del>	<del>Matching, reversal and reclaim of reduction in output tax liability.</del>
<del>Section 43A</del>	<del>Procedure for furnishing return and availing input tax credit</del>
Section 44	Annual return.
Section 45	Final return.
Section 46	Notice to return defaulters.
Section 47	Levy of late fee.
Section 48	Goods and services tax practitioners.
PAYMENT OF TAX	
Section 49	Payment of tax, interest, penalty and other amounts.
Section 49A	Utilisation of input tax credit subject to certain conditions
Section 49B	: Order of utilisation of input tax credit.



Section 50	Interest on delayed payment of tax.
Section 51	Tax deduction at source.
Section 52	Collection of tax at source.
Section 53	Transfer of input tax credit.
Section 53A	Transfer of Certain Amount.