

CA Intermediate

TAXATION

INDIRECT TAX

REVISION MATERIAL

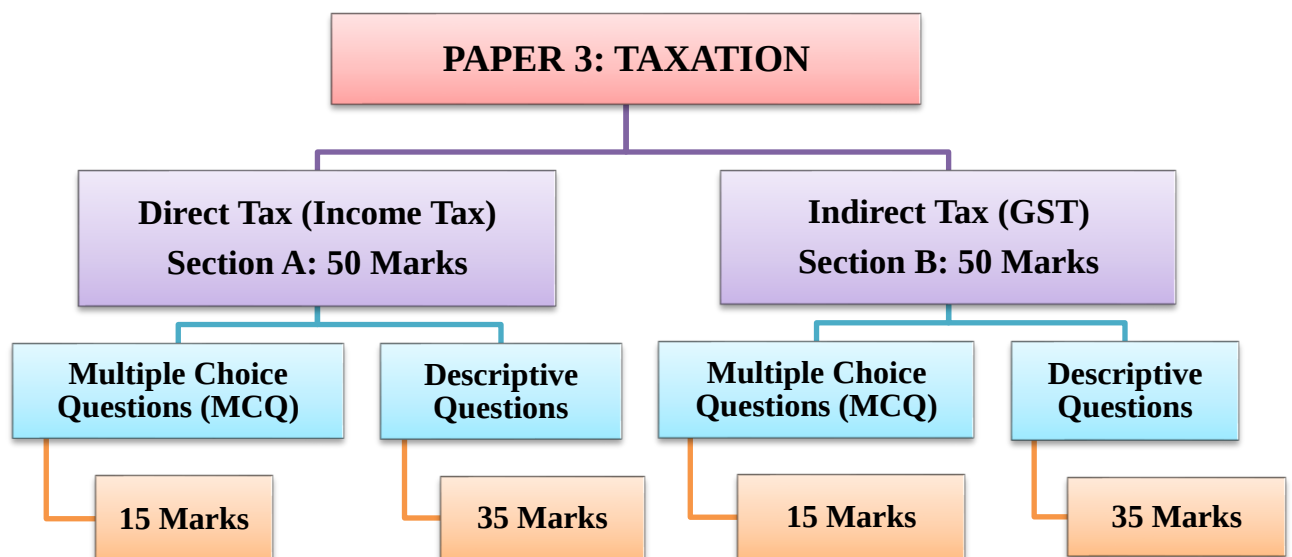


Compiled by:
CA Vikas Gowda

CA-INTER GROUP 1

• **PAPER 3: TAXATION**

Question Paper Pattern



WELCOME TO THE OCEAN OF TAX

**“THE BEAUTY OF OCEAN CANNOT BE EXPERIENCED BY
STANDING AT THE COAST! COME LET’S SAIL THROUGH”**

INDIRECT TAX INDEX

(SECTION B)

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IT'S REVISION TIME

STATISTICS OF MEMBERS, STUDENTS & FIRMS - FEB 2024

MEMBERS DATA

COP	Associate	Fellow	Total	% age
Yes	60,633	97,082	1,57,715	39.74
No	2,21,181	17,940	2,39,121	60.26
Total	2,81,814	1,15,022	3,96,836	100.00
% age	71.02	28.98	100.00	----

STUDENTS DATA

Sl No.	Course	Numbers	% age
1	Foundation	2,72,710	31.63
2	Intermediate	3,92,844	45.56
3	Final	1,96,671	22.81
Grand Total		8,62,225	100.00

FIRMS DATA

Sl No.	Type of Firms	Numbers	% age
1	Sole Practitioners	3,997	4.13
2	Proprietary Firms	66,016	68.19
3	Partnership Firms / LLP's	26,467	27.34
4	Nertworking of CA Firms	-	-
	Alliance Model	11	0.01
	Network Model	107	0.11
	Lead Network Model	3	0.00
5	Corporate Form of Practice	208	0.21
Grand Total		96,809	100.00

Summary of Sections of CGST Act, 2017

Section	Topic/Content
1	Short title, Extent and Commencement
2	Definitions
3 to 6	Administration (Officers, Appointment of Officers, Powers of Officers) (Not Covered)
7	Meaning and Scope of Supply:
7(1)(a)	All forms of supply of goods or services or both made for a consideration by the person in the course of furtherance of business
7(1)(aa)	Activities or transactions, by a person, other than an Individual, to its members or constituents or vice-versa for the consideration.
7(1)(b)	Importation of services for the consideration whether or not in course of furtherance of business
7(1)(c)	The activities specified in Schedule I made or agreed to be made without consideration
7(1A)	Supply of goods or services as specified in Schedule II
7(2)	Neither Supply of goods nor services read with Schedule III
7(3)	Treatment of Supply of Goods or Services based on the recommendation of council
8	Taxability of Composite and Mixed supplies [read with section 2(30) & 2(74)]
9	Levy and Collection of CGST
10	Composition Levy
11	Exemptions from GST
12	Time of Supply of Goods
13	Time of Supply of Services
14	Change in rate of tax in respect of supply of goods or services (Not Covered)
15	Value of Supply
16	Eligibility and Conditions for taking Input Tax Credit
17	Input Tax Credit (Apportionment and Blocked Credit)
18	Input Tax Credit in Special circumstances
19	Input Tax Credit on Inputs and Capital Goods sent for job work (Not Covered)
20	Manner of distribution of credit by Input Service Distributor (Not Covered)
21	Manner of recovery of credit distributed in excess (Not Covered)
22	Persons Liable for Registration
23	Persons Not Liable for Registration
24	Compulsory Registration
25	Procedure for Registration
26	Deemed Registration
27	Special provisions relating to casual taxable person and non-resident taxable person
28	Amendment of Registration
29	Cancellation (or Suspension) of Registration
30	Revocation of Cancellation of Registration
31	Types of Invoices
32	Prohibition of Unauthorised collection of tax
33	Tax should be indicated in the Invoice
34	Credit and Debit Notes
35	Accounts and Records
36	Period of retention of accounts
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38	Furnishing Details of Inward supplies
39	Furnishing of Return

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41	Claim of Input Tax Credit and provisional acceptance thereof
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43	Matching, Reversal and reclaim of reduction in output tax liability (Omitted)
44	Annual return
45	Final return
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47	Levy of Late fees
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49	Payment of Tax, Interest, Penalty and Other Amounts
50	Interest on Delayed Payment of Taxes
51	Tax Deducted at Source (TDS)
52	Tax Collected at Source (TCS)
53	Transfer of Input Tax Credit
53A	Transfer of Certain amounts
68	Electronic Way Bill (E-Way Bill)

Summary of Sections of IGST Act, 2017

Section	Topic/Content
1	Short title, extent and commencement
2	Definitions
3 & 4	Administration (Appointment of Officers, Authorization of officers) (Not Covered)
5	Levy and Collection of IGST
6	Exemptions from GST
7	Inter-State Supply
8	Intra-State Supply
9	Supplies in Territorial waters
10	Place of Supply of Goods other than supply of goods imported into, or exported from India
11	Place of Supply of Goods imported into, or exported from India (Not Covered)
12	Place of Supply of services where location of supplier and recipient is in India
13	Place of Supply of services where location of supplier or location of recipient is outside India (Not Covered)
14	Online Information and database access or retrieval services (Not Covered)
15	Refund of IGST paid on supply of goods to tourist leaving India
16	Zero Rated Supply
17	Apportionment of Tax and settlement of funds (Not Covered)
18	Transfer of Input Tax Credit
19	Tax wrongfully collected and paid to Central or State Government (Not Covered)
20	Application of provisions of CGST
21	Import of services made on or after the appointed day (Not Covered)
22	Power to make rules (Not Covered)
23	Power to make regulations (Not Covered)
24	Laying of rules, regulations and notifications (Not Covered)
25	Removal of difficulties (Not Covered)

CHAPTER-1GST IN INDIA - AN INTRODUCTIONTax:

Tax is a **Compulsory payment** which every person has to make to the government. The government collects tax in order to meet public expenditure like health, education, infrastructure, Public security etc..

There are two types of taxes-

- Direct taxes
- Indirect Taxes

Differences between Direct and Indirect taxes:

Basis	Direct Tax	Indirect Tax
Incidence & Impact	The impact and incidence is on the same person	The impact and incidence is on different persons
Viability of payment	Direct taxes are lesser burden then Indirect taxes to people as direct taxes are based on income earning ability of people.	Indirect taxes are borne by the consumers of commodities and services irrespective of financial ability as the MRP includes all taxes.
Administrative viability	The administrative cost of collecting direct taxes is more .	Cost of collecting Indirect taxes is very less .
Tax Liability	It is levied on the assessee i.e on the person who has earned income.	It is levied on supplier of Goods & Services.
Nature	Progressive in nature	Regressive in nature

Goods and Services Tax (GST) was rolled out in India with effect from **1st July, 2017**.

- GST is a **consumption based tax** which is levied on the basis of **“Destination principle.”** The concept relates to taxing the supply of goods or services at the point of consumption.
- It is applicable **all over India** including Jammu & Kashmir.
- It adorns **dual taxation model** where Union and States levy and collect taxes simultaneously.
- It **ensures seamless flow of input tax credit** to a large extent.
- A high powered federal body called **GST Council** has been established under **Article 279A** of the Constitution of India to **decide policy matters**, formulate principles for administration and implementation of GST.
- The **essence of GST is in removing the cascading effects** i.e., tax on tax of both Central and State taxes by allowing setting-off of taxes throughout the value chain, right from the original producer and service provider's point up to the consumer level.



CONSTITUTION AMENDMENT ACT, 2016:

Significant amendments made by Constitution (101st) Amendment Act are discussed below:

Article 246A Inserted- Power to Levy	➤ Overrides Article 246 ➤ Grants power to Centre and State Governments to make laws with respect to GST. ➤ Only parliament can levy tax on interstate supplies.
Article 269A Inserted- Interstate Supply	➤ Parliament to levy IGST on interstate supply ➤ Import / export is a deemed interstate supply ➤ IGST distributed between Centre & State ➤ Parliament to determine place of supply
Article 279A Inserted- GST Council	➤ A federal body constituted by president on 15th September, 2016 ➤ Union FM- Chairperson; Union minister of state + State FMs- Members. ➤ Quorum at meetings: One-half of the total number of Members. ➤ Voting Power: Union - 1/3 weightage & all States- 2/3 weightage of total votes cast. ➤ Decision of GST Council: Majority of not less than 3/4th of the weighted votes of the members present and voting. Total 11 special category states are provided under Article 279A(4)(g) of the Constitution: Jammu and Kashmir, Uttarakhand, Himachal Pradesh, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland, Sikkim and Tripura. [3 top most states + 8 North Eastern States]



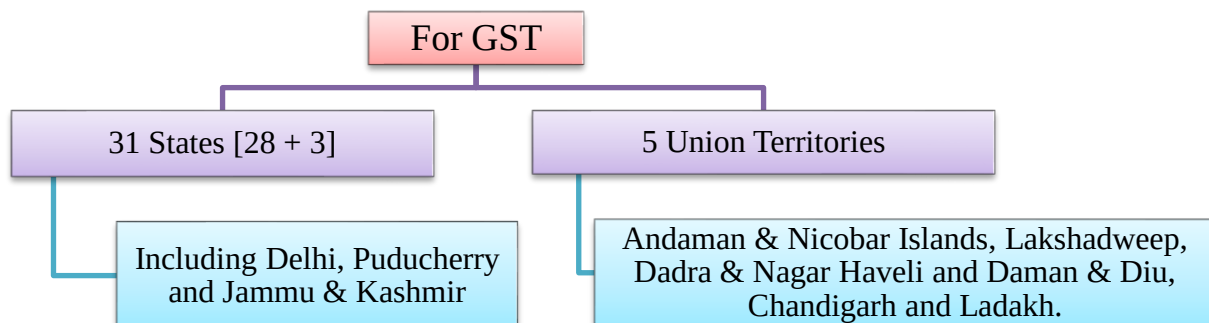
GST Council- Article 279A	
Union Finance Minister	1
Union Minister of State in charge of Revenue or Finance	1
State Finance Ministers [28 + 3]	31
Total Members	33

Quorum & Voting in GST Council Meeting	
Quorum for GST Council meetings [One-half of the total number of Members]	33 x ½ = 17 Members
Vote of the Centre [weightage of one-third]	33.33% ÷ 2 members = 16.17% for each member
Votes of all the State Governments taken together [weightage of two-third]	66.67% ÷ 31 members = 2.15% for each member
Majority for every decision of the GST Council [three-fourths of the weighted votes of the members present and voting]	75%

The current status of GST Laws Passed in India is as under:

The law	Purpose
The Central Goods and Services Tax Act, 2017 (CGST Act)	To levy, collect CGST on Intra-state supplies
The Integrated Goods and Services Tax Act, 2017 (IGST Act)	To levy, collect IGST on Inter-state supplies
The Union Territory Goods and Services Tax Act, 2017 (UTGST Act)	To levy, collect UTGST on Intra-UT supplies
GST (Compensation to States) Tax Act, 2017 [GST compensation cess may be levied till March 2026]	To compensate states for the loss of revenue if any due to introduction of GST
The States Goods and Services Tax Act, 2017 (SGST Act)	To levy, collect SGST on Intra-state supplies

Intra-State Supply = CGST + SGST
Intra-Union Territory Supply = CGST + UTGST
Inter-State Supply = IGST



The following taxes have been subsumed under GST:

Central Taxes	State Taxes
Central Excise Duty and Additional Duties of Excise	State VAT
Excise Duty under Medicinal and Toilet Preparation Act, 1955.	Central Sales Tax
Service Tax	Purchase Tax
Additional Duties of Customs (commonly known as CVD)	Luxury Tax
Special Additional Duty of Customs (SAD)	Entry Tax (All forms)
Central cesses and surcharges in so far as they relate to supply of goods or services	Entertainment Tax (except those levied by the local bodies)
	Taxes on advertisements
	Taxes on lotteries, betting and gambling
	State cesses and surcharges in so far as they relate to supply of goods or services

Article 366(12A) of the Constitution defines the **Goods and Services tax (GST)** as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption.



As per Article 279A(5) of the Constitution, **five petroleum products viz. petroleum crude, high speed diesel, motor spirit (petrol), aviation turbine fuel and natural gas (PHDMAN)** have temporarily been kept out and GST Council shall decide the date from which they shall be included in GST.



The following subject matters kept outside the purview of GST-

- Alcoholic Liquor for Human Consumption
- Petroleum crude, Diesel, Petrol, Aviation Turbine Fuel & Natural gas
- Entertainment Tax levied by Local bodies
- Motor Vehicles Tax
- Property tax such as Stamp Duty
- Electricity Duty

Tobacco and tobacco products would be subject to GST. In addition, the Centre would have the power to levy Central Excise duty on these products.

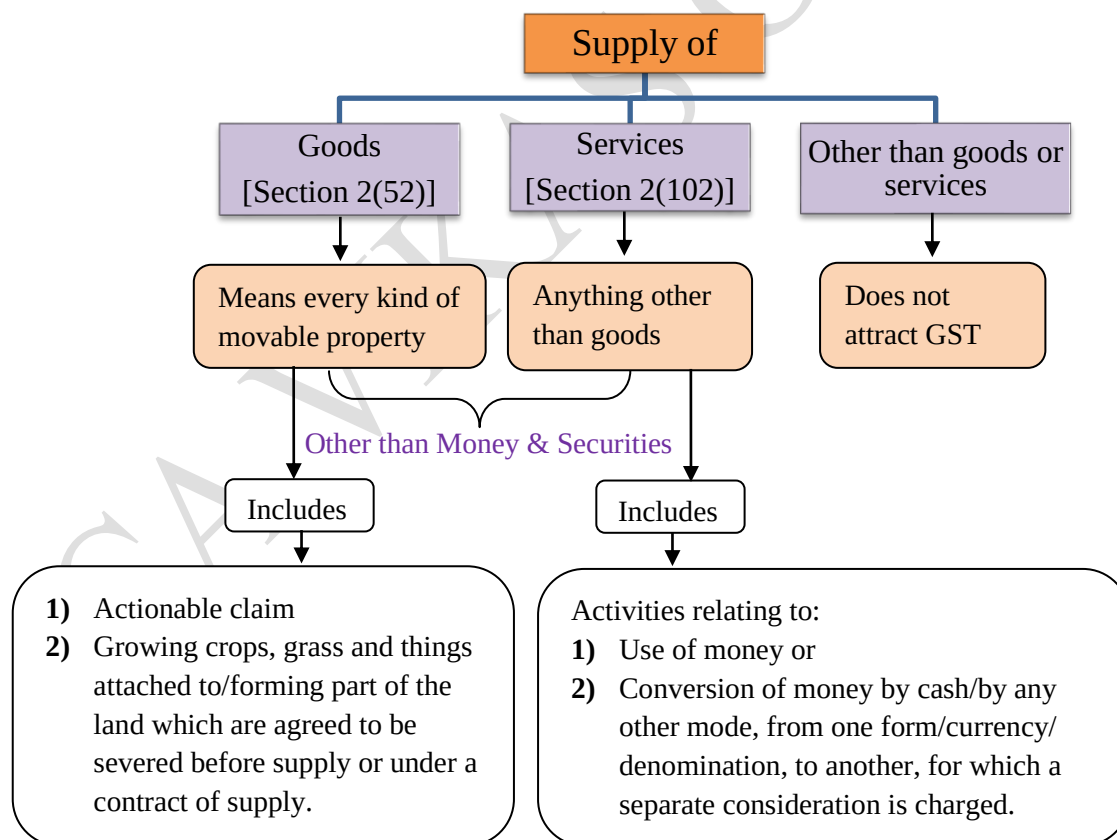
CHAPTER-2SUPPLY UNDER GST

Section 7	Meaning and Scope of supply
Schedule I	Activities to be treated as supply even if made without consideration [read with section 7(1)(c)]
Schedule II	Activities or transactions to be treated as supply of goods or supply of services [read with section 7(1A)]
Schedule III	Activities or transactions which are neither supply of goods nor supply of services. [read with section 7(2)]
Section 8	Taxability of Composite and Mixed supplies

MEANING AND SCOPE OF SUPPLY – [Section 7]:Modes of Supply (Forms of supply)- Section 7(1)(a):

Supply includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal for a consideration in the course or furtherance of business.

Supply of goods or services + for Consideration + in the course or furtherance of Business



Activities or transactions, by a person, other than an Individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration [Section 7(1)(aa)].

Import of services for consideration whether or not in the course or furtherance of business [Section 7(1)(b)]

Import of Services + for Consideration

Supply without consideration- Deemed Supply [Section 7(1)(c) read with Schedule I]:

As per Schedule I, in the following four cases, supplies made without consideration will be treated as supply under section 7 of the CGST Act:

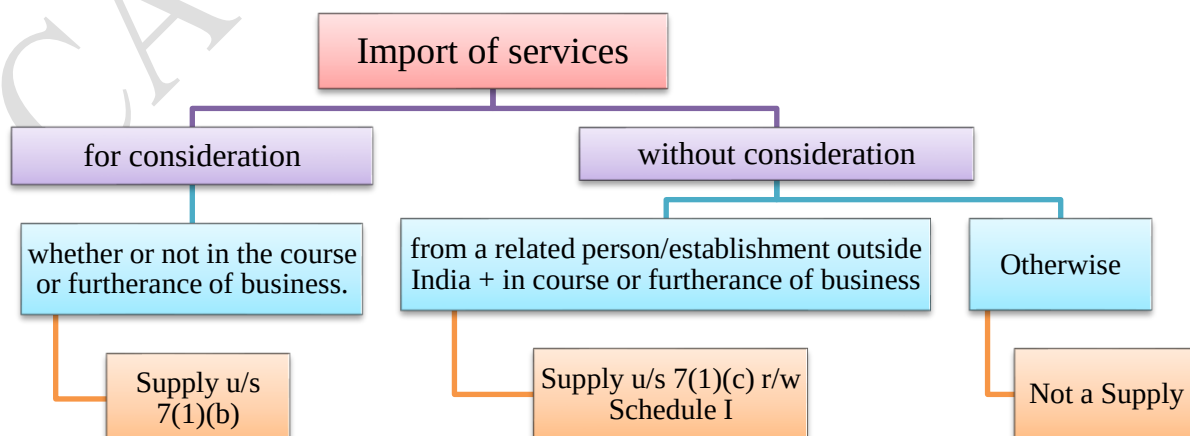
Para	Activities or Transactions which shall be treated as a supply without consideration
1	Permanent Transfer/Disposal of Business Assets where ITC has been availed on such assets: Permanent Transfer/Disposal of Business Assets + ITC has been availed on such assets Note: Transfer of entire business as going concern is not supply.
2	Supply between related person or distinct persons made in the course or furtherance of business: Gifts upto 50,000 by employer to employee in a financial year is not supply. Supply between related person or distinct persons + in the course or furtherance of Business
3	Supply of goods by a principal to his agent and vice-versa without consideration, where the agent undertakes to supply such goods on behalf of the principal & Invoice is issued in the name of agent. Supply of goods by a principal to agent and vice-versa + Invoice is issued in the name of agent
4	Import of services without consideration by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business. Import of Services + from a related person/establishment outside India + in course or furtherance of Business.

Related persons: As per Explanation to Section 15 of CGST Act, 2017, If Such persons - are officers/directors of one another's business, are legally recognised partners, are employer & employee, One of them controls (directly/indirectly) the other, together control (directly/indirectly) a third person, a third person controls/ own/ (directly/ indirectly) $\geq 25\%$ voting stock/shares of both of them, are members of the same family or One of them is the sole agent/sole distributor/sole concessionaire of the other.

Distinct Persons specified under section 25:

A person who has obtained/is required to obtain more than one registration, whether in one State/UT or more than one State/UT shall, in respect of each such registration, be treated as distinct persons.

Further, where a person who has obtained or is required to obtain registration in a State/UT in respect of an establishment, has an establishment in another State/UT, then such establishments shall be treated as establishments of distinct persons.



Activities to be treated as Supply of goods or Supply of services [Section 7(1A) read with Schedule II]:

Schedule II to the CGST Act contains the list of activities or transactions which have been classified either as supply of goods or supply of service which are as follows-

Form of Supply	Description	Supply of
Transfer	Transfer of title in goods.	Goods
	Any transfer of right in goods/ undivided share in goods without transfer of title in goods.	Services
	Any transfer of title in goods under an agreement which stipulates that property shall pass at a future date.	Goods
Land & Building	Any lease, tenancy, easement, licence to occupy land.	Services
	Any lease or letting out of building.	Services
Treatment or Process	Any treatment or process which is applied to another person's goods.	Services
Transfer of business assets	Goods forming part of business assets are transferred or disposed off by/under directions of person carrying on the business.	Goods
	Goods held/used for business are put to private use or are made available to any person for use for any purpose other than business, by/ under directions of person carrying on the business.	Services
	Goods forming part of assets of any business carried on by a person who ceases to be a taxable person, shall be deemed to be supplied by him, in the course or furtherance of his business, immediately before he ceases to be a taxable person.	Goods
	Exceptions: ➤ Business is transferred as a going concern to another person. ➤ Business is carried on by a personal representative.	
Immovable Property	Renting of immovable property	Services
Construction or Sale	Construction of building for sale before the construction is completed. (Sale of Pre-constructed building)	Services
Intellectual Property Right	Temporary transfer or permitting use or enjoyment of any intellectual property right.	Services
Information Technology software	Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of IT software.	Services
Action	Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act. [ART]	Services
Right to use goods	Transfer of right to use any goods for any purpose.	Services
Composite Supplies	Works Contract Services. Restaurant Services.	Services Services



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Negative list under GST [Section 7(2) read with Schedule III of CGST Act, 2017]:I. Activities/transactions specified under Schedule III in the CGST Act:

Sl.No.	Activities or Transactions which shall be treated neither as a supply of goods nor a supply of services
1.	Sale of Land and sale of constructed building i.e after construction is completed.
2.	Actionable claims , other than specified actionable claims. Specified actionable claim means the actionable claim involved in or by way of- betting, casinos, gambling, horse racing, lottery or online money gaming;
3.	Services of funeral, Burial , crematorium or mortuary including transportation of the deceased.
4.	Services by any Court or Tribunal.
5.	a) Functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities; b) Duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or c) Duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority.
6.	Services by an Employee to the employer in the course of employment.

II. Activities/transactions notified by the Government:

- Services by way of any activity in relation to a function entrusted to a Panchayat under article 243G of the Constitution or to a Municipality under article 243W of the Constitution.
- Services by way of grant of alcoholic liquor licence by the State Governments.

III. Non-supplies clarified by way of Circular:1. Inter-State movement of various modes of conveyance:

Inter-State movement of various modes of conveyance, between distinct persons including Trains, Buses, Trucks, Tankers, Trailers, Vessels, Containers, Aircrafts,

- carrying goods or passengers or both; or
- for repairs and maintenance,
and therefore not be leviable to IGST.

[except in cases where such movement is for further supply of the same conveyance]

2. Inter-State movement of rigs, tools and spares, and all goods on wheels [like cranes]:

Inter-State movement of rigs, tools and spares, and all goods on wheels [like cranes], [except in cases where movement of such goods is for further supply of the same goods] and consequently no IGST would be applicable on such movements.

However, applicable CGST/SGST/IGST, as the case may be, shall be leviable on repairs and maintenance done for such conveyance/ goods.

TAXABILITY OF COMPOSITE AND MIXED SUPPLIES [Section 8]:

Goods or services or both are supplied together in combination for a single price and each of them may attract a different rate of tax but is sold as **one package** for a **single price**.

	Composite Supply	Mixed Supply
Definition	Section 2(30) defines “Composite Supply” as a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply .	Under Section 2(74), “Mixed Supply” means two or more individual supplies of goods or services , or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply .
Example	Charger supplied along with mobile phones.	Gifts pack comprising of chocolates and sweets.
Taxability [Section 8]	Shall be treated as a supply of principal supply . The entire value of composite supply will be charged at the rate applicable to the principal supply .	Shall be treated as supply of that particular supply that attracts highest rate of tax . The entire value of mixed supply will be charged at the rate applicable to the supply that attracts the highest rate of tax .



CHAPTER-3CHARGE OF GST (LEVY)

India has adopted a **dual GST model**, i.e., where the **tax is imposed** concurrently by the **Centre and the States**.

Intra-State Supply = CGST + SGST

Intra-Union Territory Supply = CGST + UTGST

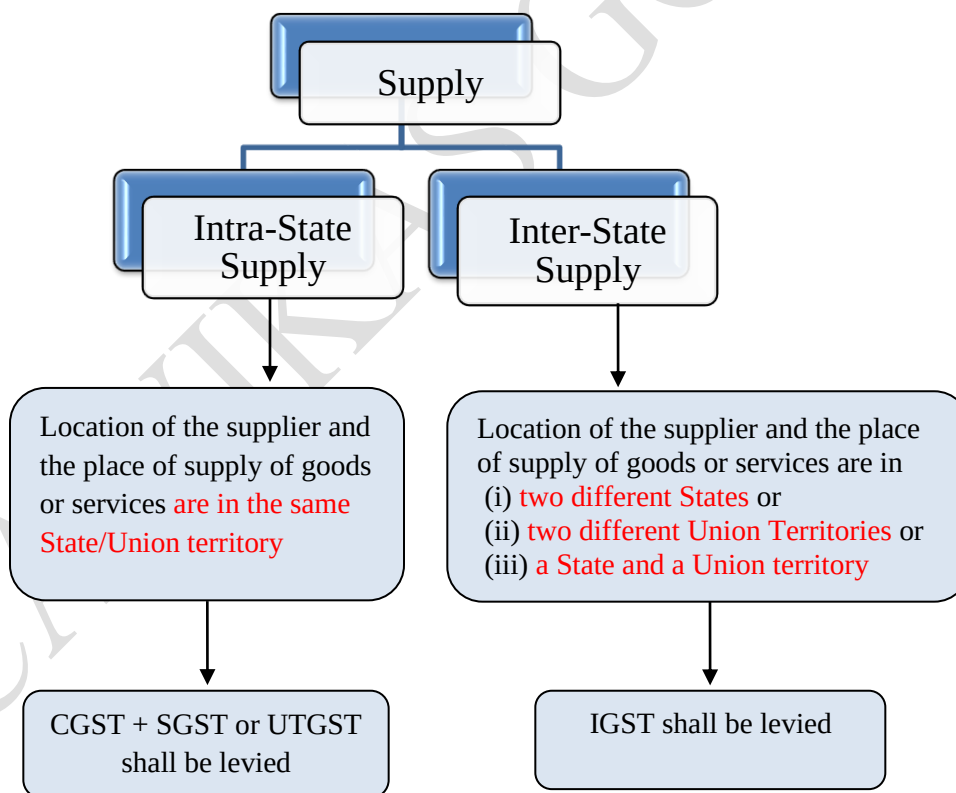
Inter-State Supply = IGST

The CGST is levied under the CGST Act, 2017.

UTGST is levied under the UTGST Act, 2017 and this is applicable to Union Territories, i.e., Andaman & Nicobar Islands, Lakshadweep, Dadra & Nagar Haveli and Daman & Diu, Chandigarh and Ladakh.

SGST is levied under the respective state legislations.

National Capital Territory of Delhi, Puducherry (earlier Pondicherry) and Jammu & Kashmir is treated as states for GST purpose and SGST is levied under the respective state legislations.



LEVY & COLLECTION OF TAX [Section 9]:

As per Section 15, GST would be levied on the transaction value.

$$\text{GST Liability} = \text{Value of Supply (transaction value)} \times \text{GST Rate}$$

Section 9	Particulars
(1)	CGST shall be levied on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined u/s 15 and at such rates, not exceeding 20%.
(2)	The CGST on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), aviation turbine fuel and natural gas (PHDMAN) shall be levied with effect from later date as may be notified by the Government.
(3)	The Government may by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient.
(4)	The Government may by notification, specify a class of registered persons(recipient) who shall, in respect of supply of specified categories of goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis.
(5)	The Government may by notification, specify categories of services the tax on intra-state supplies of which shall be paid by the Electronic Commerce Operator if such services are supplied through it.

Note: Same provision is contained in section 5 of IGST act for Inter-state supply.

Maximum rate of CGST or SGST or UTGST will be 20%. Whereas maximum rate of IGST shall be 40%.

LIABILITY TO PAY GST:

The liability to pay GST would depend on the mechanism the transaction aligns to, as under:

a) Forward Charge Mechanism:

Here the supplier is registered under GST, he issues a tax invoice, collects the GST and remit it to the Government.

b) Reverse Charge Mechanism:

Here the supplier is not registered with GST, hence, he cannot issue a tax invoice, and therefore the recipient pays the GST on the supply on behalf of the supplier, directly to the Government.

It must be noted although, that Input Tax Credit can be availed by the recipient in both the above scenarios, subject to the fulfillment of conditions.



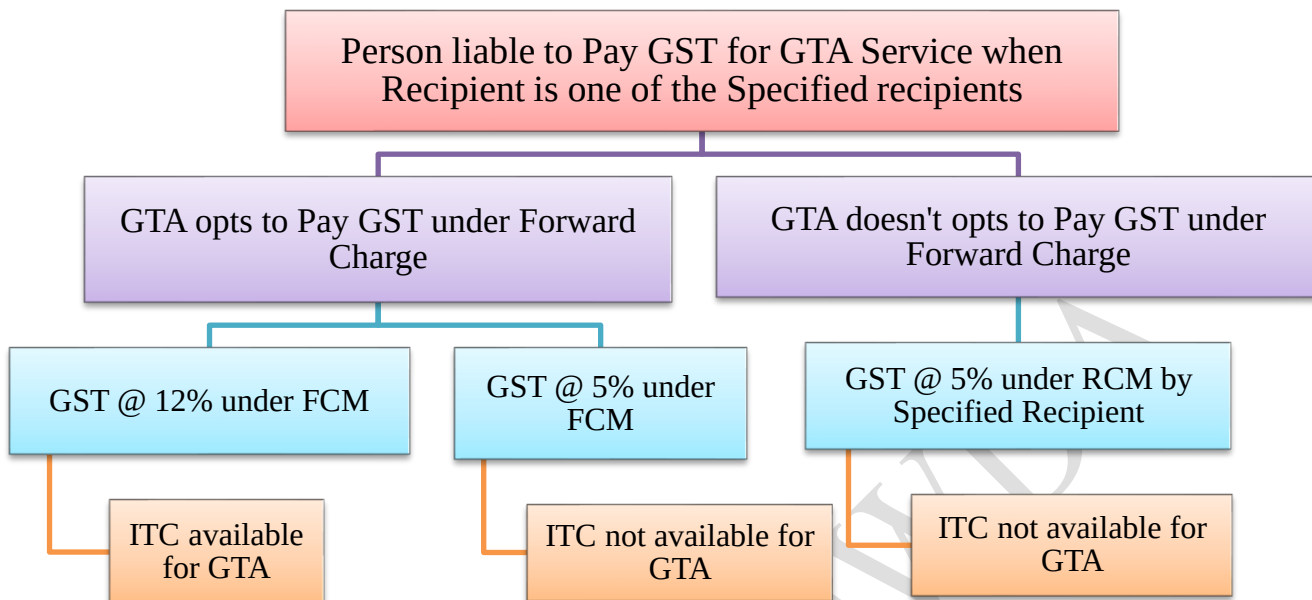
SERVICES NOTIFIED UNDER REVERSE CHARGE MECHANISM [Section 9(3)]:

SL No.	Category of supply of service	Supplier of service	Recipient of Service
1	Transportation of goods by road by a Goods Transport Agency [GTA] [Refer chart] Note: However, an GTA can choose to pay tax under forward charge.	Goods Transport Agency (GTA)	a) Any factory registered b) Any society registered c) Any co-operative society d) Any person registered under the GST e) Any Body corporate f) Any partnership firm whether registered or not including association of persons; or g) Any casual taxable person (registered). Located in the taxable territory.
2	Legal services supplied directly or indirectly.	An Individual advocate including a senior advocate or firm of advocates	Any Business entity located in the taxable territory.
3	Services supplied by an arbitral tribunal	An arbitral tribunal.	Any Business entity located in the taxable territory.
4	Sponsorship Services	Any person	Any Body corporate or partnership firm located in the taxable territory.
5	Services supplied by the Central Government, State Government, Union territory or local authority excluding, - a) Renting of immovable property, and b) Services specified below- ➤ Services by the Department of Posts and the Ministry of Railways (Indian Railways); ➤ Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; ➤ transport of goods or passengers	Central Government, State Government, Union territory or Local authority (including Courts and Tribunals)	Any Business entity located in the taxable territory.
5A.	Renting of immovable property [excluding by Ministry of Railways]	CG, SG, UT, LA (including C & T)	Any person registered under the CGST Act, 2017
5A.A.	Renting of residential dwelling to a registered person	Any person	Any person registered under the CGST Act, 2017
6	Services supplied by a director of a company/Body corporate to the said company/body corporate.	A director of a company or a Body corporate	The Company or a Body corporate located in the taxable territory
7	Insurance agent Services	An insurance agent	Insurance Company, located in the taxable territory.

8	Services supplied by a recovery agent	A recovery agent	A Banking company or a Financial institution or a NBFC , located in the taxable territory.
9	Supply of services by an Music composer, Photographer, Artist or the like by way of transfer or permitting the use or enjoyment of a copyright	Music composer, Photographer, Artist, or the like	Music company, Producer, Artist or the like, located in the taxable territory.
9A	Supply of services by an Author by way of transfer or permitting the use or enjoyment of a copyright. Note: However, an Author can choose to pay tax under forward charge.	Author	Publisher located in the taxable territory.
10	Supply of Services by the members of overseeing committee to RBI	Members of Overseeing Committee	RBI
11	Supply of services by Individual Direct Selling Agent (DSAs)	Individual Direct Selling Agent (DSAs)	Bank or NBFC , located in the taxable territory.
12	Services provided by Business facilitator to a banking company	Business facilitator	A banking company , located in the taxable territory
13	Services provided by an Agent of Business Correspondent to business correspondent.	An Agent of business correspondent	A business correspondent, located in the taxable territory.
14	Security services	Any person other than a Body Corporate	A registered person , located in the taxable territory.
15	Renting of a motor vehicle [Refer chart]	Any person other than a body corporate, who has not paid CGST @ 6% (GST @ 12%) on renting of motor vehicles	Any body corporate located in the taxable territory
16	Services of lending of securities under Securities Lending Scheme,1997	Lender i.e., a person who deposits the securities	Borrower i.e., a person who borrows the securities

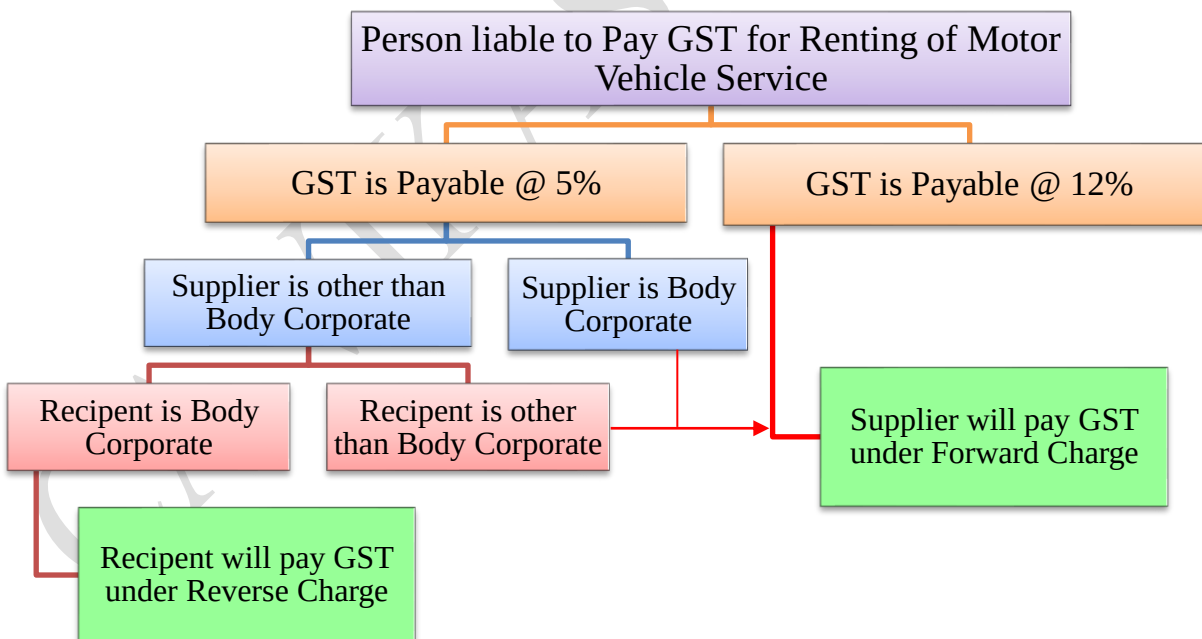
All the above services have also been notified for reverse charge under IGST Act under section 5.





Recipient of GTA service is the person who pays/is liable to pay freight for transportation of goods by road in goods carriage, located in the taxable territory.

Note: Where recipient is other than the specified recipients (Unregistered recipient or unregistered casual taxable person), GST will be exempt.



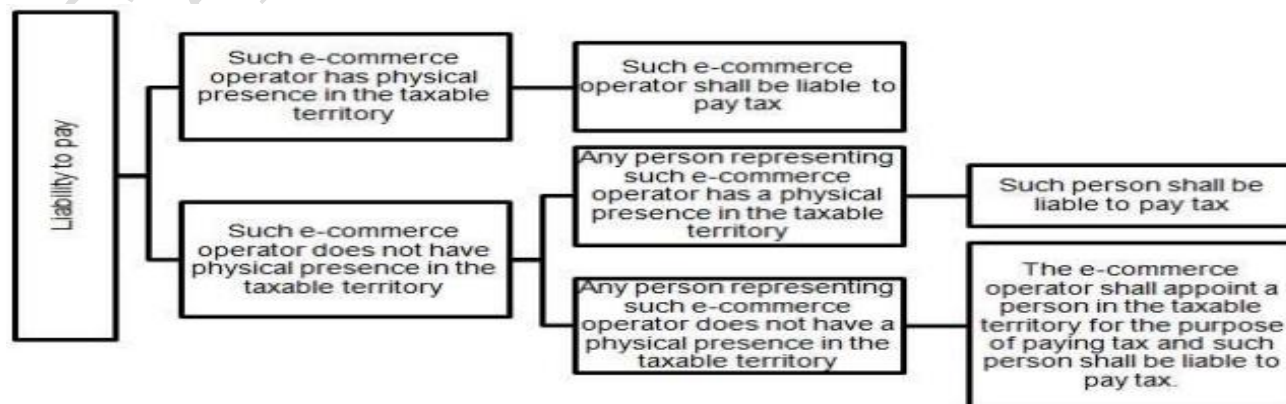
Supply of taxable goods or services or both by an unregistered supplier to a registered person [Section 9(4)]: Not Covered at Inter Level

Taxability of Electronic Commerce Operator [ECO] on notified services [Section 9(5)]:

- The Government may notify specific categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator (ECO) if such services are supplied through it.
- The following categories of services supplied through ECO are notified for this purpose – [RATH]

Services Notified	Example of ECO
Services by way of Transportation of passengers by a radio-taxi, motorcab, maxicab, motor cycle, or any other motor vehicle except omnibus (company); The tax on omnibus services provided by a company through ECO is payable by the company itself.	
Services by way of providing Accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service is liable for registration u/s 22(1) of the CGST Act.	
Services by way of House-keeping such as plumbing, carpentering etc., except where the person supplying such service is liable for registration u/s 22(1) of the CGST Act.	
Supply of Restaurant service other than the services supplied by restaurant, eating joints etc. located at specified premises. 'Specified premises' would mean premises providing hotel accommodation service having declared tariff of any unit of accommodation above Rs.7,500 per unit per day or equivalent.	

- All the provisions of the CGST Act shall apply to such ECO as if he is the supplier liable for paying the tax in relation to the supply of above services.
- Electronic Commerce Operator (ECO) is any person who owns/operates/manages an electronic platform for supply of goods/services/both.



COMPOSITION SCHEME [Section 10]:

Section 10 of the CGST Act, 2017 contains the provisions regarding composition levy.

Section	Section 10(1) & 10(2) – RTM			Section 10(2A)
Eligible Person	Manufacturers of goods	Traders of goods	Restaurant Services	Service Suppliers/ Mixed suppliers not eligible for 10(1)
Aggregate Turnover in the preceding FY	upto Rs.1.5 crore or Rs.75 lakh (only for 8 special category states)			upto Rs.50 Lakhs (for all states)
Tax rate in Current FY	1% of the turnover	1% of the turnover of taxable supplies	5% of the turnover	6% of the turnover

For the states namely (i) Arunachal Pradesh (ii) Manipur, (iii) Meghalaya, (iv) Mizoram, (v) Nagaland, (vi) Sikkim, (vii) Tripura, (viii) Uttarakhand **aggregate turnover limit shall be Rs.75 lakh** for section 10(1). (8 out of 11 special category states as per article 279A)

Note: In order to enable **Small service providers** avail the benefit of composition scheme u/s 10(1), the following proviso has been inserted:

The proviso permits a registered person opting for composition scheme u/s 10(1) to supply services of a specified value **not exceeding:**

- 10% of the turnover** in a State/UT in the preceding financial year
or
- Rs.5 Lakh,**
Whichever is **higher**

Aggregate turnover = Taxable outward supplies + Exempt supplies + Exports + Inter-State supplies of persons having same PAN be computed on all India basis excluding GST and Cess [Section 2(6)].

The following persons cannot opt for the composition schemes [Section 10(2) and 10(2A)]:

- A person engaged in **supply of goods or services which are not leviable to tax under GST;**
- A person engaged in making **inter-state outward supplies** of goods or services;
- A person (supplier) engaged in making **supply of goods or services through electronic commerce operator** who is required to collect tax source u/s 52.
- A person who is engaged in the **manufacture of Aerated water, Fly ash bricks or fly ash aggregate; Fly ash blocks, Bricks of fossil meals or similar siliceous earths, Building bricks, and Earthen or roofing Tiles, Tobacco products, Ice-cream, Pan masala. [ABT TIP]**
- Casual taxable person and Non-resident taxable person.**



Conditions and restrictions:

Person opting for composition levy has to comply with the following conditions:

- 1) The option to pay tax under composition scheme lapses from the day on which his aggregate turnover during the current FY exceeds the specified limit (Rs.75 lakh /Rs.1.5 Crore/50lakh). [Section 10(3)]
- 2) The composition supplier shall not collect any tax from the recipient on supplies made by him and he shall not be entitled to any credit of input tax paid on inward supply. [Section 10(4)]
- 3) The recipient of such supplies can't claim any Input Tax Credit (ITC) on supplies from such suppliers who have opted for Composition Levy.
- 4) The Composition supplier cannot issue tax invoice. He can issue Bill of supply for the recipient.
- 5) 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
- 6) 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 places of business.

Notes:

- a) The conditions and restrictions are applicable for both the scheme available u/s 10(1) and 10(2A).
- b) The composition scheme if opted is applicable under one PAN, and then it is applicable for all businesses under that PAN, or none.

Advantages and Disadvantages of Composition Scheme:

Advantages	Disadvantages
No classification of goods are required	Composition dealer cannot avail the benefit of ITC paid on inward supply
Single GST rate is applicable on all supplies made	He cannot charge tax on the supplies made by him
No requirement to issue Tax invoice	Even the recipient cannot claim ITC
Payment of tax is quarterly and return filing is to be done annually. Hence reduced compliance burden	A limited territory of business. The Composition dealer is barred from carrying out Inter-State outward supplies.



As per explanation 1 to section 10, while computing aggregate turnover in order to determine eligibility of a registered person to pay tax under any of the composition schemes the value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.

While computing the threshold limit of 1.5 crore/ 75 lakh / 50 lakh for preceding financial year to determine eligibility, inclusions and exclusions from 'aggregate turnover' are as follows:	
Includes	Excludes
Value of all outward supplies- ➤ Taxable supplies ➤ Exempt supplies ➤ Exports ➤ Inter-State supplies of persons having the same PAN be computed on all India basis.	➤ CGST/ SGST/ UTGST/ IGST/ Cess ➤ Value of inward supplies on which tax is payable under reverse charge. ➤ Value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount

Further, explanation 2 to section 10 clarifies that for the purposes of determining the tax payable by a person under this section, the expression turnover shall not include:

- Supplies from the first day of April of a FY up to the date when such person becomes liable for registration under this Act; and
- Exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.

While determining the tax payable by a composition person under section 10 for current financial year, inclusions and exclusions from 'turnover' are as follows:	
Includes	Excludes
Value of all outward supplies- ➤ Taxable supplies ➤ Exempt supplies ➤ Exports ➤ Inter-State supplies of persons having the same PAN be computed on all India basis.	➤ CGST/ SGST/ UTGST/ IGST/ Cess ➤ Value of inward supplies on which tax is payable under reverse charge. ➤ Value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount and ➤ Supplies from the first day of April of a FY up to the date when such person becomes liable for registration under this Act;



CHAPTER -4EXEMPTIONS FROM GST

Power to grant exemption from GST has been granted vide section 11 of the CGST Act and vide section 6 of the IGST Act. State GST laws also contain identical provisions granting power to exempt SGST.

It is important to note that exemption under GST may be provided in any of the following manner:

a) Exemption to specified activities or transactions:

Sometimes, exemption is provided in respect of **specified activities or transactions**. Consequently, the status of the supplier or recipient becomes immaterial.

b) Exemption to specified suppliers:

At times, exemption is given to **specified suppliers only**. Here, the status of recipient becomes immaterial.

c) Exemption to specified recipients:

In some cases, exemption is given to **specified recipient only**. Here, the status of supplier becomes immaterial.

d) Exemption to specified suppliers and specified recipients:

Sometimes, exemption is given only when activities or transactions are carried out by **specified suppliers for specified recipients only**.

POWER TO GRANT EXEMPTION FROM TAX

[Section 11 of the CGST Act/Section 6 of the IGST Act]:

Section 11	Particulars
(1)	Where the Government is satisfied that it is necessary in the public interest , it may, on the recommendations of the Council, by notification, exempt generally, either absolutely or subject to such conditions , goods or services or both from the whole or any part of the tax.
(2)	Where the Government is satisfied that it is necessary in the public interest , it may, on the recommendations of the Council, by special order in each case, under circumstances of an exceptional nature, exempt from payment of tax any goods or services or both.
(3)	The Government may, if it considers necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification or order issued, insert an explanation in such notification or order , as the case may be, by notification at any time within 1 year of issue of the notification or order , and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.
Explanation: For the purposes of this section, where an exemption from the whole or part of the tax leviable thereon has been granted absolutely , the registered person supplying such goods or services or both shall not collect the tax, in excess of the effective rate , on such supply of goods or services or both.	

Section 6 of the IGST Act, 2017 also contains similar provisions and exemption of IGST which is granted on Interstate Supply.

The absolute/ unconditional exemption is mandatory in nature.

However, where the exemption is conditional, it is at the option of the registered person whether to avail the same or not.

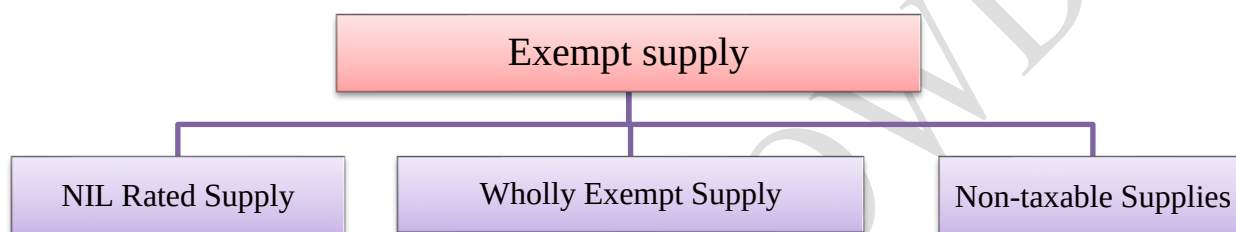
EXEMPTIONS UNDER GST:

Exempt supply has been defined as **supply of any goods / services / both, which attract a NIL rate of tax, or which may be wholly exempt from tax, and therefore includes non-taxable supplies.** [Section 2(47)]

Non-taxable supply means a supply of goods or services or both **which is not leviable to tax under CGST Act or under the IGST Act** [Section 2(78)].

Thus, under GST, a supply not leviable to tax is also included within the purview of ‘exempt supply’.

Supplies not leviable to tax are alcoholic liquor for human consumption, specified petroleum products namely Petroleum Crude, High Speed Diesel, Motor spirit (commonly known Petrol), Natural Gas and Aviation Turbine Fuel.

**GOODS EXEMPT FROM TAX:**

Under GST, everyday items used by the common man have been included in the list of exempted items. Items such as unbranded atta/ maida/ besan, unpacked food grains, milk, eggs, curd, lassi and fresh vegetables are among the items exempted from GST.

LIST OF SERVICES EXEMPT FROM TAX:

Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017 (hereafter referred to as “the Notification”) unless otherwise specified, has **exempted the various services wholly from CGST.**

Exemption from IGST has been granted to various services vide Notification No. 9/2017 Integrated Tax (Rate) dated 28.06.2017. All the services exempted from CGST have also been exempted from IGST.



Each of the entries of the exemption notification has been discussed below:

Services related to Charitable and Religious activities:

Entry No.	Description of services
1	Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities. (Note-1, 2, & 3)
13	Services by a person by way of- (a) conduct of any religious ceremony; (Note- 4) (b) renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust u/s 12AA or a trust or an educational institution registered u/s 10(23C)(v) or a body or an authority covered u/s 10(23BBA) of the Income-tax Act, 1961. However, entry (b) shall not apply to- ➤ Renting of rooms where charges are Rs.1,000 or more per day; ➤ Renting of premises, community halls, kalyanmandapam or open area, and the like where charges are Rs.10,000 or more per day; ➤ Renting of shops or other spaces for business or commerce where charges are Rs.10,000 or more per month.
60	Services by a specified organisation in respect of a religious pilgrimage facilitated by the Government of India, under bilateral arrangement. (Note-5)
80	Services by way of training or coaching in- (a) recreational activities relating to arts or culture, by an Individual, or (b) sports by charitable entities registered under section 12AA or 12AB of the Income-tax Act. (Note-6)

Notes:

- Services provided by entity registered u/s 12AA of the Income-tax Act, 1961 by way of advancement of religion, spirituality or yoga are exempt as such activities are covered in definition of charitable activities.
- Activities of schools, colleges or any other educational institutions run by charitable trusts by way of education or skill development of abandoned, orphans, homeless children, physically or mentally abused persons, prisoners or persons over age of 65 years or above residing in a rural area, will be considered as charitable activities and income from such supplies will be wholly exempt from GST.
- Hostel accommodation services provided by trusts to students do not fall within the ambit of charitable activities as defined above.
However, accommodation service in hostels including such services provided by trusts having below Rs.1,000 per day is exempt under Entry 14 of the Notification.
- It can be inferred that the amount charged, by whatever name called, for the conduct of any religious ceremony is exempt from GST.
Religious ceremonies are life-cycle rituals including special religious poojas conducted in terms of religious texts by a person so authorized by such religious texts.
- As per Entry 60, the services provided by the Haj Committee and KMVN in relation to pilgrimage to Mecca and Kailash - Mansarovar respectively are not liable to GST.
- Besides charitable activities, services provided by way of training or coaching in sports, by a charitable entity registered under section 12AA of Income-tax Act are also exempt.

Agriculture related Services:

Entry No.	Description of services
24	Services by way of loading, unloading, packing, storage or warehousing of rice.
24A	Services by way of warehousing of minor forest produce (other than timber).
24B	Services by way of storage/ warehousing of cereals, pulses, fruits, and vegetables.
54	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— a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing; b) supply of farm labour; c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market; d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use; e) loading, unloading, packing, storage or warehousing of agricultural produce; f) agricultural extension services; g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.
55	Carrying out an intermediate production process as job work in relation 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.
55A	Services by way of artificial insemination of livestock (other than horses).

Education Services:

The exemptions available in respect of Input and Output services of an Educational institution have been tabulated as follows:

	Type of educational institution		
	Educational Institution providing pre-school education and education up to higher secondary school or equivalent [Upto 12 th]	Educational Institution providing education as a part of a curriculum for obtaining a recognised qualification [Degree]	Educational Institution Providing education as a part of approved vocational education course. [Professional Course]
Exempt Input Services [Entry 66]	(i) Transportation of students, faculty and staff; (ii) Catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory; (iii) Security or cleaning or house-keeping services performed in such educational institution; (iv) Services relating to admission to, or conduct of examination by, such institution.	(i) Services relating to admission to, or conduct of examination by, such institution. (ii) Supply of online educational journals or periodical.	Services relating to admission to, or conduct of examination by, such institution.

Exempt Output Services [Entry 66]	Services provided by an Educational Institution - (a) to its Students, Faculty and Staff; [SFS] (aa) by way of conduct of entrance examination against consideration in the form of entrance fee.
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Health Care Services:

Entry No.	Description of services
46	Services by a veterinary clinic in relation to health care of animals or birds.
74	Services by way of- (a) health care services by a clinical establishment, an authorised medical practitioner or para-medics; However, nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding Rs.5,000 per day to a person receiving health care services. (b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.

Notes:**1. Health care services-**

- means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India and
- includes services by way of transportation of the patient to and from a clinical establishment, but
- **does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.**

As it is apparent from the definition of health care services, only services in recognized systems of medicines in India are exempt under this entry.

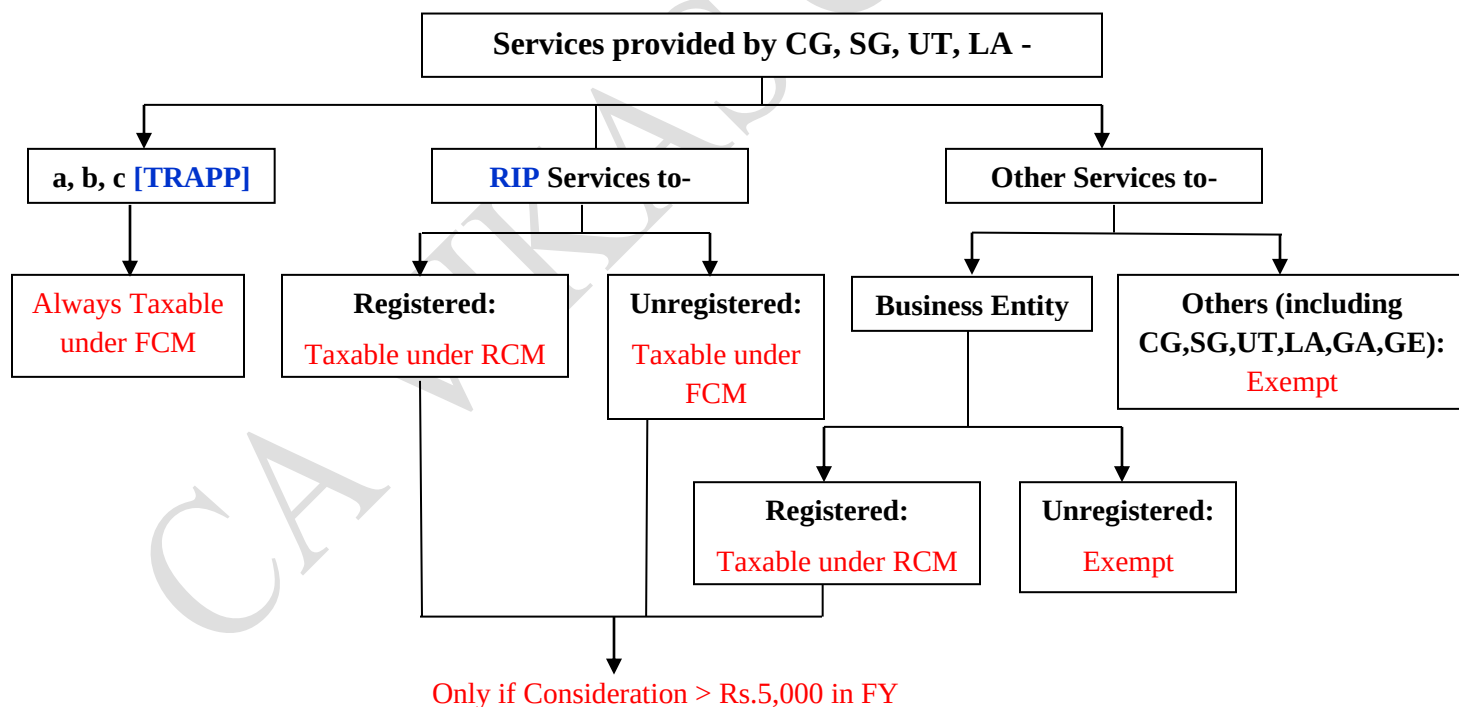
Following systems of medicines are the recognized systems of medicines in India:- Allopathy, Yoga, Naturopathy, Ayurveda, Homeopathy, Siddha, Unani, Any other system of medicine that may be recognized by Central Government.

2. Rent of rooms provided to in-patients in hospitals is exempt subject to the limit and purpose specified.
3. **Health care services provided by the clinical establishments will include food supplied to the patients;** but such food may be prepared by the canteens run by the hospitals or may be outsourced by the hospitals from outdoor caterers.
 Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable.
Other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable.
4. **Supply of services other than healthcare services such as renting of shops, auditoriums in the premises of the clinical establishment, display of advertisements etc. will be subject to GST.**

Services provided by Government:

Entry No.	Description of services
4	Services by governmental authority by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution are exempt.
5	Services by a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.
6	Services by the Central Government, State Government, Union territory or Local authority excluding the following services— [TRAPP] (a) Services by the Department of Posts and the Ministry of Railways (Indian Railways); (b) Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (c) Transport of goods or passengers; or (d) Any service, other than services covered under entries (a) to (c) above, provided to business entities. (Refer Entry No. 7)
7	Services provided by the CG, SG, UT or LA to a business entity with an aggregate turnover of upto such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017. Explanation- For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to following services:- (i) Item (a), (b) and (c) of Entry 6 above. [TRAPP] (ii) Services by way of renting of immovable property. [RIP] Note: If the aggregate turnover of the business entity in the preceding FY is more than Rs.20 lakh/10 lakh/40 lakh, then such business entity will pay tax under RCM.
8	Services provided by the CG, SG, UT or LA to another CG, SG, UT or LA. However, nothing contained in this entry shall apply to services referred in item (a), (b) and (c) of Entry 6 above. [TRAPP]
9	Services provided by CG, SG, UT or LA where the consideration for such services does not exceed Rs.5,000. However, nothing contained in this entry shall apply to services referred in item (a), (b) and (c) of Entry 6 above. [TRAPP] Further, in case where continuous supply of service is provided by the CG, SG, UT or LA, the exemption shall apply only where the consideration charged for such service does not exceed Rs.5,000 in a FY.
9C	Supply of service by a Government Entity to CG, SG, UT or LA or any person specified by CG, SG, UT or LA against consideration received from CG, SG, UT or LA, in the form of grants.
9D	Services by an old age home run by: ➤ Central Government, State Government or ➤ an entity registered under section 12AA of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto Rs.25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.
24C	Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams).
34A	Services supplied by CG, SG, UT to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.

47	Services provided by the CG, SG, UT or LA by way of- (a) registration required under any law for the time being in force; (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force.
61	Services provided by the CG, SG, UT or LA by way of issuance of passport, visa, driving license, birth certificate or death certificate.
61A	Services by way of granting National permit to a goods carriage to operate through-out India/ Contiguous states.
62	Services provided by the CG, SG, UT or LA by way of tolerating non- performance of a contract for which consideration in the form of fines or liquidated damages is payable to the CG, SG, UT or LA under such contract.
63	Services provided by CG, SG, UT or LA by way of assignment of right to use natural resources to an individual farmer for 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.
65	Services provided by the CG, SG, UT by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges.
74A	Services provided by rehabilitation professionals recognised under the Rehabilitation Council of India Act, 1992 by way of rehabilitation, therapy or counseling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by CG, SG, UT or an entity registered under section 12AA or 12AB of the Income- tax Act, 1961.



Construction Services:

Entry No.	Description of services
10	Services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led Individual house construction or enhancement under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.
10A	Services supplied by Electricity Distribution Utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network upto the tube well of the farmer or agriculturalist for agricultural use.
11	Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex.

Passenger Transportation Services:

Entry No.	Description of services
15	Transport of passengers, with or without accompanied belongings, by – (a) Air in economy class, embarking from or terminating in an airport located in the State of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal; (b) Non-air conditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or (c) Stage carriage other than air- conditioned stage carriage. However, nothing contained in items (b) and (c) above shall apply to services supplied through an electronic commerce operator (ECO), and notified under section 9(5) of the CGST, 2017 and tax on such services shall be paid by ECO.
16	Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a RCS (Regional Connectivity Scheme) airport, against consideration in the form of viability gap funding. However, nothing contained in this entry shall apply on or after the expiry of a period of 3 years from the date of commencement of operations of the RCS airport as notified by the Ministry of Civil Aviation.
17	Service of transportation of passengers, with or without accompanied belongings, by— (a) railways in a class other than— (i) first class; or (ii) an air-conditioned coach; (b) metro, monorail or tramway; (c) inland waterways; (d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and (e) metered cabs or auto rickshaws (including e-rickshaws). In case where service of transport of Passengers by metered cabs or auto rickshaws (including e-rickshaws) are supplied through ECO, such services are not exempt from GST. Further, tax on such services shall be paid by ECO u/s 9(5).

Goods Transportation Services:

Entry No.	Description of services
18	Services by way of transportation of goods- (a) by road except the services of— (i) a goods transportation agency; (ii) a courier agency; (b) by inland waterways.
20	Services by way of transportation by rail or a vessel from one place in India to another of the following goods – (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; (b) defence or military equipments; (c) newspaper or magazines registered with the Registrar of Newspapers; (d) agricultural produce; (e) milk, salt and food grain including flours, pulses and rice; and (f) organic manure.
	Goods Transport Agency (GTA) Service
21	Services provided by a goods transport agency, by way of transport in a goods carriage of – (a) agricultural produce; (b) milk, salt and food grain including flour, pulses and rice; (c) organic manure; (d) newspaper or magazines registered with the Registrar of Newspapers; (e) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or (f) defence or military equipments.
21A	Services provided by a GTA to an unregistered person, including an unregistered casual taxable person, other than the recipients who are covered under RCM.
21B	Services provided by a GTA, by way of transport of goods in a goods carriage, to - (a) a Department or Establishment of the Central Government or State Government or Union territory; or (b) Local authority; or (c) Governmental agencies, which has taken registration under the Central Goods and Services Tax Act, 2017 only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.



Banking and Financial Services:

Entry No.	Description of services
27	Services by way of— (a) Extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services); [Note-1 & 2] (b) Inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.
27A	Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).
34	Services by an acquiring bank, to any person in relation to settlement of an amount upto Rs.2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card service. (Syndicate Bank merged with Canara Bank)
39A	Services 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 in currencies other than Indian rupees (INR).

Notes:

1. Service charges/ fees, documentation fees, broking charges, administrative charges, entry charges or such like fees or charges collected are not exempt and thus taxable.
2. Interest charged on outstanding credit card balances has been specifically excluded from Entry 27. Hence, the same is liable to GST.

Life Insurance Business Services:

Entry No.	Description of services
28	Services of life insurance business provided by way of annuity under the National Pension System regulated by the Pension Fund Regulatory and Development Authority of India under the Pension Fund Regulatory and Development Authority Act, 2013.
29	Services of life insurance business provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government.
29A	Services of life insurance provided or agreed to be provided by the Naval Group Insurance Fund to the personnel of Coast Guard under the Group Insurance Schemes of the Central Government.
29B	Services of life insurance provided/agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force.
36	Services of life insurance business provided under following schemes- (a) Janashree Bima Yojana; (b) Aam Aadmi Bima Yojana; (c) Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of Rs.2,00,000; (d) Varishtha Pension BimaYojana; (e) Pradhan Mantri Jeevan Jyoti BimaYojana; (f) Pradhan Mantri Jan DhanYogana; (g) Pradhan Mantri Vaya Vandan Yojana.

Services provided by Specified Bodies:

Entry No.	Description of services
30	Services by the Employees' State Insurance Corporation to persons governed under the Employees' State Insurance Act, 1948.
31	Services provided by the Employees Provident Fund Organisation to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952.
31A	Services by Coal Mines Provident Fund Organisation to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948.
31B	Services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee.

General Insurance Business Services:

Entry No.	Description of services
35	Services of general insurance business provided under the schemes notified by the government.
36A	Services by way of reinsurance of the insurance schemes specified in serial number 35.

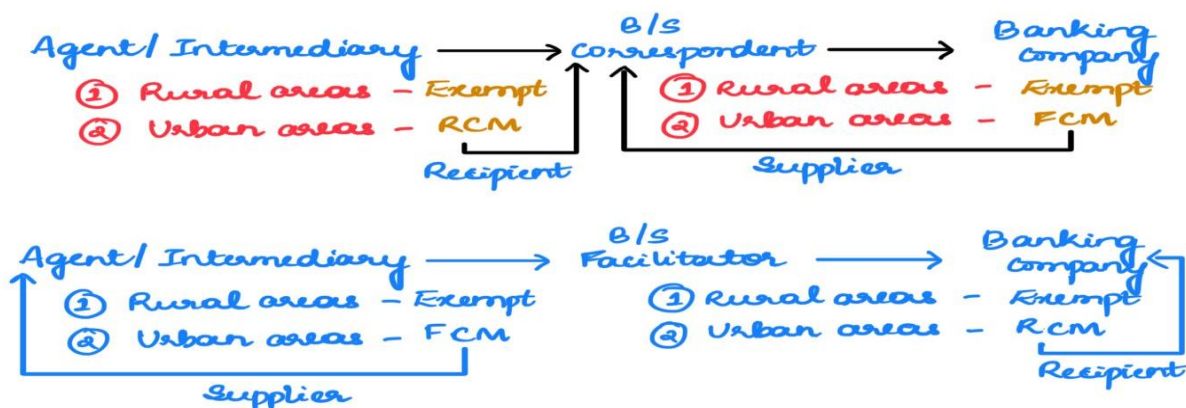
Pension Schemes:

Entry No.	Description of services
37	Services by way of collection of contribution under the Atal Pension Yojana.
38	Services by way of collection of contribution under any pension scheme of the State Governments.

Business Facilitator/Correspondent:

Entry No.	Description of services
39	Services by the following persons in respective capacities – (a) business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch; (b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or (c) business facilitator or a business correspondent to an insurance company in a rural area.

Entry 39(a) & 39(b) w.r.t RCM



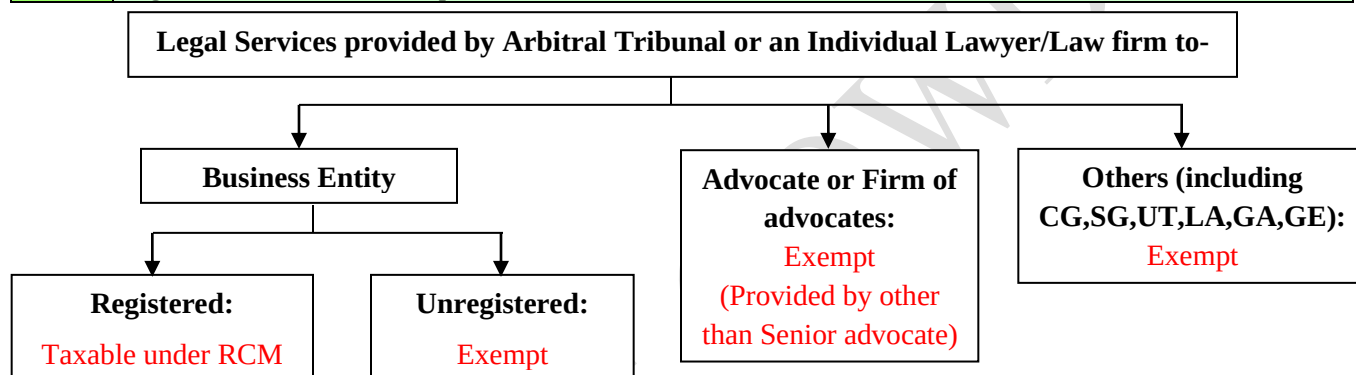
Entry 39(c)

**Services provided to Government:**

Entry No.	Description of services
3	Pure Services provided TO Government: Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or Local authority by way of any activity: ➤ in relation to any function entrusted to a Panchayat under article 243G of the Constitution or ➤ in relation to any function entrusted to a Municipality under article 243W of the Constitution.
3A	Composite supply of goods and services TO Government: Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to the CG, SG or UT or LA by way of any activity: ➤ in relation to any function entrusted to a Panchayat under article 243G of the Constitution or ➤ in relation to any function entrusted to a Municipality under article 243W of the Constitution.
3B	Services provided TO Governmental Authority by way of - ➤ water supply; ➤ public health; ➤ sanitation conservancy; ➤ solid waste management; and ➤ slum improvement and upgradation.
11A	Service provided by Fair Price Shops to CG, SG or UT by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin.
40	Services provided to the CG, SG or UT under any insurance scheme for which total premium is paid by the CG, SG or UT.
72	Services provided to the CG, SG or UT administration under any training programme for which 75% or more of the total expenditure is borne by the CG, SG or UT administration. It is clarified that free coaching services provided by coaching institutions and NGOs under the central scheme of "Scholarships for students with Disabilities" where 75% or more of the expenditure is borne by the Government to coaching institutions by way of grant in aid is covered under this entry and hence is exempt from GST.

Legal Services:

Entry No.	Description of services
45	Services provided by- An arbitral tribunal or a partnership firm of advocates or an Individual as an advocate including senior advocate, by way of legal services to- (i) any person other than a business entity; or (ii) a business entity with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017; (iii) the CG, SG, UT, LA, Governmental Authority or Government Entity. Note: In addition to above, legal services provided by a partnership firm of advocates or an Individual as an advocate other than a senior advocate, to an advocate or partnership firm of advocates providing legal services is also exempt.

Sponsorship of Sports Events:

Entry No.	Description of services
53	Services by way of Sponsorship of sporting events organised - (a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any District, State, Zone or Country; (b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat; (c) by the Central Civil Services Cultural and Sports Board; (d) as part of national games, by the Indian Olympic Association; or (e) under the Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme.

Performance by an Artist:

Entry No.	Description of services
78	Services by an Artist by way of a performance in folk or classical art forms of music, or dance, or theatre, if the consideration charged for such performance is not more than Rs.1,50,000 are exempt from GST.

Notes:

- The activities by a performing artist in folk or classical art forms of music, dance, or theatre are exempt if consideration does not exceed Rs.1,50,000. However, if consideration from such activities exceeds Rs.1,50,000, entire consideration is subject to GST.

2. However, the exemption shall not apply to service provided by such artist as a brand ambassador.
3. Further, all other activities by an artist in other art forms e.g. western music or dance, modern theatres, performance of actors in films or television serials would be taxable.
Similarly, activities of artists in still art forms e.g. painting, sculpture making etc. are taxable.

Skill Development services:

Entry	Description of services
69	Any services provided by- (a) the National Skill Development Corporation set up by the Government of India; (b) a Sector Skill Council approved by the National Skill Development Corporation; (c) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation; (d) a training partner approved by the National Skill Development Corporation or the Sector Skill Council, in relation to- (i) the National Skill Development Programme implemented by the National Skill Development Corporation; or (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or (iii) any other Scheme implemented by the National Skill Development Corporation.
70	Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.
71	Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Gramin Kaushalya Yojana (DDUGKY) implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training.

Right to Admission to various Events:

Entry	Description of services
79	Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo.
79A	Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites & Remains Act 1958 or any of the State Acts, for the time being in force.
81	Services by way of right to admission to- (a) circus, dance, or theatrical performance including 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, where the consideration for right to admission to the events or places as referred to in items (a), (b), (c) or (d) above is not more than Rs.500 per person.



Services by an Unincorporated body or a Non- Profit Entity:

Entry No.	Description of services
77	Service by an unincorporated body or a non- profit entity registered under any law, to its own members by way of reimbursement of charges or share of contribution – (a) as a trade union (b) for the provision of carrying out any activity which is exempt from the levy of GST; or (c) up to an amount of Rs.7,500 per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.
77A	Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in- (i) activities relating to the welfare of industrial or agricultural labour or farmers; or (ii) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment. to its own members against consideration in the form of membership fee upto an amount of Rs.1,000/- per member per year.

Other Exempt Services

Entry No.	Description of services
2	Services by way of transfer of a going concern, as a whole or an independent part thereof.
12	Services by way of renting of residential dwelling for use as residence except where the residential dwelling is rented to a registered person (taxable under RCM). Explanation- This entry shall cover services by way of renting of residential dwelling to a registered person who is proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence; and such renting is on his own account and not that of the proprietorship concern.
19C	Satellite launch services.
22	Services by way of giving on hire – (a) to a state transport undertaking (STU), a motor vehicle meant to carry more than 12 passengers; or (aa) to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers; (b) to a goods transport agency, a means of transportation of goods. (c) motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education upto higher secondary school or equivalent. [upto 12 th standard]
23	Service by way of access to a road or a bridge on payment of toll charges.
25	Transmission/distribution of electricity by an electricity transmission/ distribution utility. However, in this regard CBIC has clarified that the other services provided by DISCOMS (distribution companies) to consumer against charges are liable to GST such as,- i. Application fee for releasing connection of electricity; ii. Rental Charges against metering equipment; iii. Testing fee for meters/transformers, capacitors etc.; iv. Labour charges from customers for shifting of meters or shifting of service lines; v. Charges for duplicate bill.
49	Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India.
50	Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material.

52	Services by an organiser to any person in respect of a business exhibition held outside India.
57	Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.
58	Services provided by the National Centre for Cold Chain Development under the Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.
59	Services by a foreign diplomatic mission located in India.
65A	Services by way of providing information under the RTI Act (Right to Information Act, 2005).
68	Services provided to a recognised sports body by- (a) an Individual as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a recognized sports body; (b) another recognised sports body. However, services by individuals such as selectors, commentators, curators, technical experts are taxable. The service of a player to a franchisee which is not a recognized sports body is also taxable. Note: Recognised sports body means – (i) the Indian Olympic Association; (ii) Sports Authority of India; (iii) a national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations; (iv) national sports promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government;
76	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.



Videos on Public Libraries (Free Libraries) in Bengaluru-

https://youtube.com/playlist?list=PL3OgdhJU1O_vEIzuYzc6A1tX5nZiibv_&si=qWev2j2SpH7BOBZY

CHAPTER-5PLACE OF SUPPLYCONCEPT OF SUPPLY:

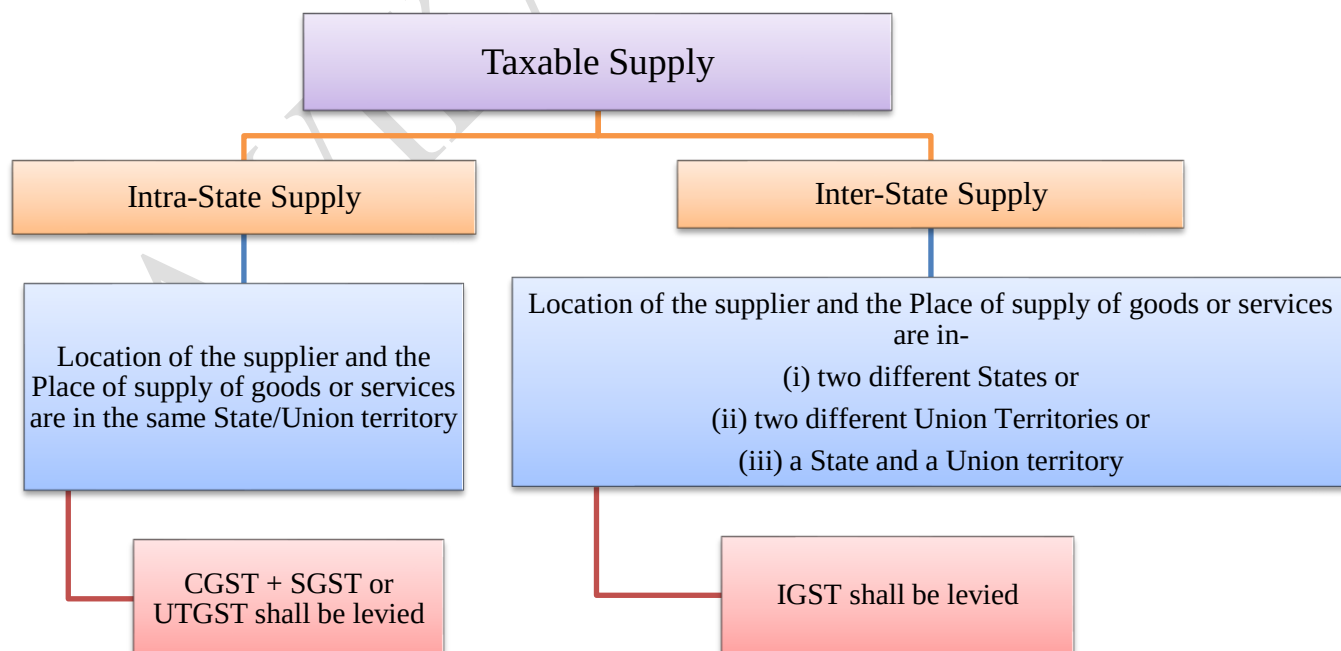
Goods and Services Tax (GST) envisages two types of supply, intra state and interstate.

The following supplies shall be treated as **Inter-state supply** [Section 7 of IGST Act] –

Supply of	Goods & Services	Nature of Supply
Where Location of the Supplier (LOS) and the Place of Supply (POS) are in	two different States; two different Union territories; or a State and a Union territory	Inter State
Import	Goods: till they cross the customs frontiers of India Services: all services imported will be treated as inter-state supply	
Export		
To or by a SEZ developer or a SEZ unit		

The following supplies shall be treated as **Intra- state supply** [Section 8 of IGST Act]:

Supply of	Goods & Services	Nature of Supply
Where Location of the Supplier (LOS) and the Place of Supply (POS) are in	Same State or Same Union Territory	Intra State



Supply in Territorial Waters [Section 9 IGST Act, 2017]:

If the supplier is in territorial waters, the location of supplier or if the supply is in territorial waters, the place of supply shall be taken as the **Coastal State or Union Territory closest to the baseline**.

PLACE OF SUPPLY:

GST is a destination-based tax, i.e the tax is levied at the place where the goods or services are consumed, rather than the place where they are produced.

Place of supply is the place where the **supply is consumed**. Thus, place of supply determines the **jurisdiction where the tax revenue should reach**.

Place of Supply of Goods other than supply of goods imported into, or exported from India [Section 10 of IGST Act, 2017]:

Section 10 prescribes the provisions for determining the place of supply of goods **in domestic transactions**.

Situation	Place of Supply of Goods
Where Supply involves movement of goods	Location of the goods at the time at which movement of goods terminates for delivery to the recipient.
Where the goods are delivered to recipient or any other person on the direction of third party	Place of supply of such goods shall be the principal place of business of third party (Deemed Recipient).
Where there is No movement of goods in a supply	Location of such goods at the time of delivery to the recipient.
Where an unregistered person purchases goods over the counter (OTC) in one State and thereafter, transports the goods to another State	Address of unregistered person recorded in the invoice. If address of the unregistered person is not recorded in the invoice: Location of the supplier.
Where the goods are Installed/ assembled at site	Place of such assembly or installation .
Where the goods are Supplied on board a conveyance	Location where such goods are taken on board .

Place of supply in case of Import/Export of goods [Section 11 of IGST Act, 2017]: **Not Covered**



Place of Supply of Services Where Location of Supplier and Recipient both are located in India [Section 12 of IGST Act, 2017]:

Where **Location of Supplier and Recipient both are located in India**, Place of Supply is-

Type of Service	Place of Supply (POS)
General Principle	Recipient Registered: Location of Recipient of service. Recipient Unregistered: Location of Recipient if address on records exists or Location of Supplier, in other cases.
Exception/Special cases –	
(a) Directly related to immovable property (b) Lodging accommodation (c) Accommodation for functions (d) Ancillary services to the above	Location where the immovable property is located . If the location of the immovable property or boat or vessel is located outside India , Location of the recipient. If the immovable property is located at more than one state , value shall be taken proportionately as per contract or as per Rules.
Beauty parlor, fitness, restaurant and catering services, plastic/ cosmetic surgery etc.	Location where the service is actually performed .
Training & Performance Appraisal	Recipient Registered: Location of Recipient of service. Recipient Unregistered: Location where the service is actually performed .
Admission to cultural, artistic, sporting, educational, entertainment, amusement event etc. and ancillary services.	Place where the event is held or where the park or such place is located .
(a) Organization of above events including conferences, fair exhibition etc. (b) Ancillary Services, or assigning of sponsorship of such events.	Recipient Registered: Location of Recipient of service. Recipient Unregistered: i. Place where the event is actually held ii. Location of recipient if the event is held outside India If the activity is in more than one state, it is proportionate
Transportation of goods/ passengers	Recipient Registered: Location of Recipient of service Recipient Unregistered: Location from where transportation of goods/ passengers starts .
On board a conveyance while in transit.	Location of first, scheduled point of departure of that conveyance for the journey.
Banking & Financial services and Stock broking services	Location of recipient of service if address exists on records of supplier or else, location of supplier .
Insurance services	Location of Recipient of service
Telecommunication services including data transfer, broad casting, cable TV services etc:	
(a) fixed telecom line	Place of fixing/installation
(b) postpaid mobile, internet services	Billing address of recipient
(c) Prepaid mobile/ Internet/DTH services	➤ Through selling agent/re- seller/distributor: Address of such selling agent/re- seller/distributor in the records of supplier. ➤ By any person to final subscriber: Location where pre-payment is received or place of sale of vouchers. ➤ When payment made through electronic mode: Location of recipient in records of supplier.
(d) In other cases	Address of recipient as per records. If address is not available, place of supplier of services.

Place of Supply of Service Where location of supplier or location of recipient is outside India [Section 13 of IGST ACT, 2017]: Not Covered

CHAPTER-6TIME OF SUPPLYTIME OF SUPPLY:

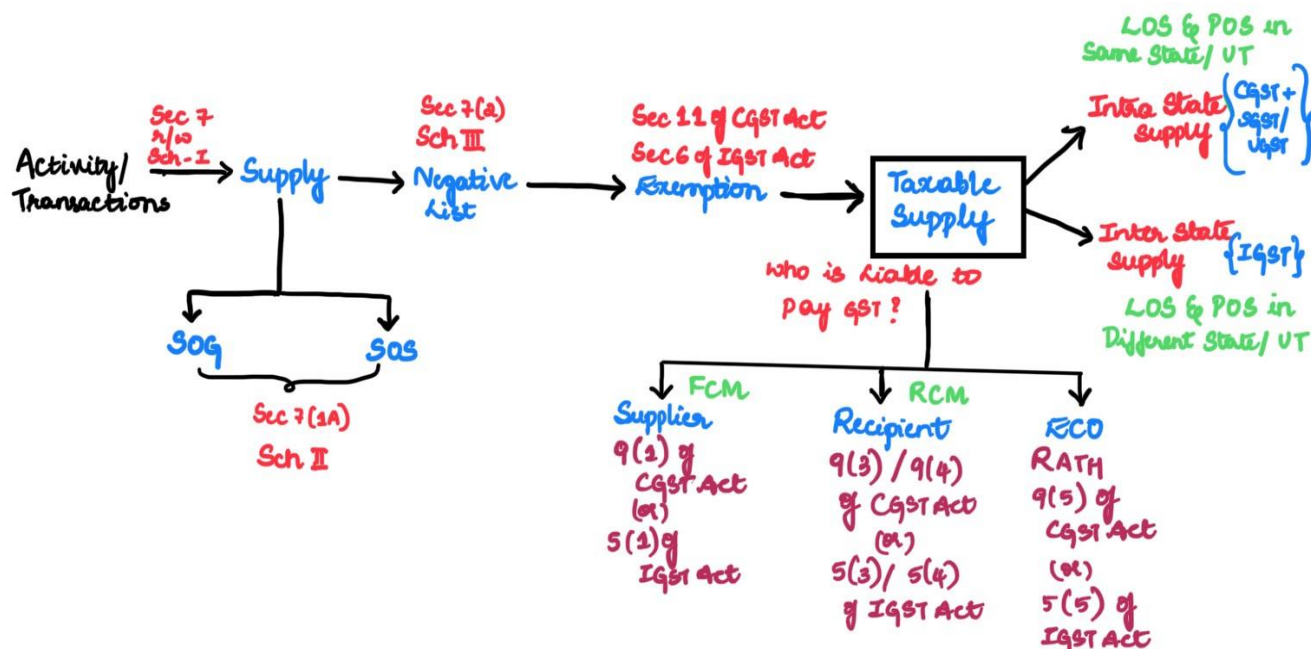
Time is the essence of levy. Tax is imposed when the supply is made. Hence it is important to determine the time of supply. Once time of supply is determined, levy will be made.

Point of taxation means the point in time when goods have been deemed to be supplied or services have been deemed to be provided. The point of taxation enables us to determine the rate of tax, value, and due dates for payment of taxes.

Time of supply indicates the point in time when the liability to pay tax arises. It is important to note here that though the liability to pay tax arises at the time of supply, the same can be paid to the Government by the due date prescribed with reference to the said 'time of supply'.

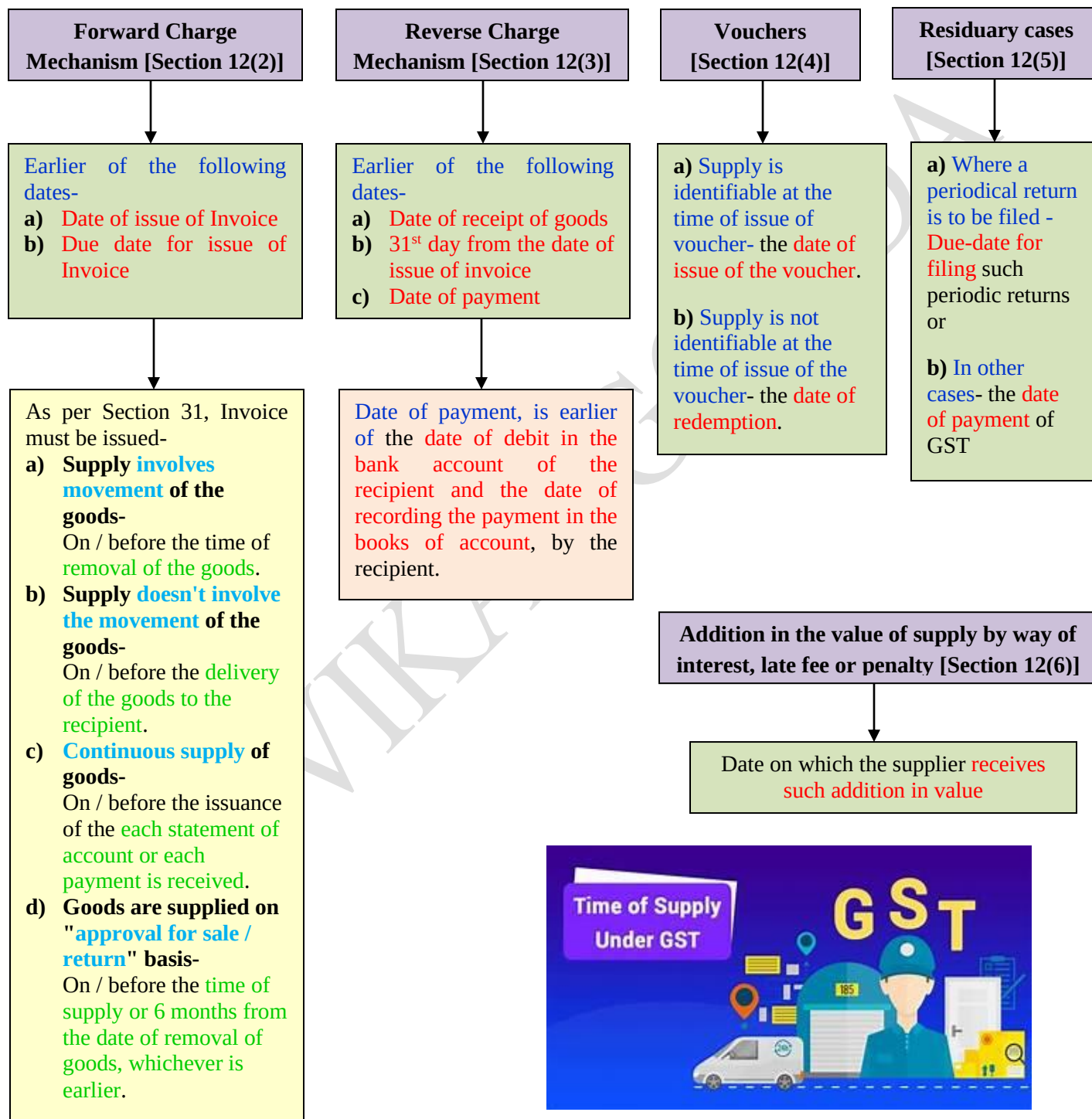
For Example: If time of supply of a given supply is 15th October, the tax leviable thereon would be payable latest by 20th November, which is the due date prescribed in the CGST Act for suppliers filing GST return on monthly basis.

Section 12	Time of Supply of Goods
Section 13	Time of Supply of Services
Section 14	Change in rate of tax in respect of supply of goods or services (Not Covered at Inter)



Time of Supply of Goods [Section 12 of CGST Act, 2017]:

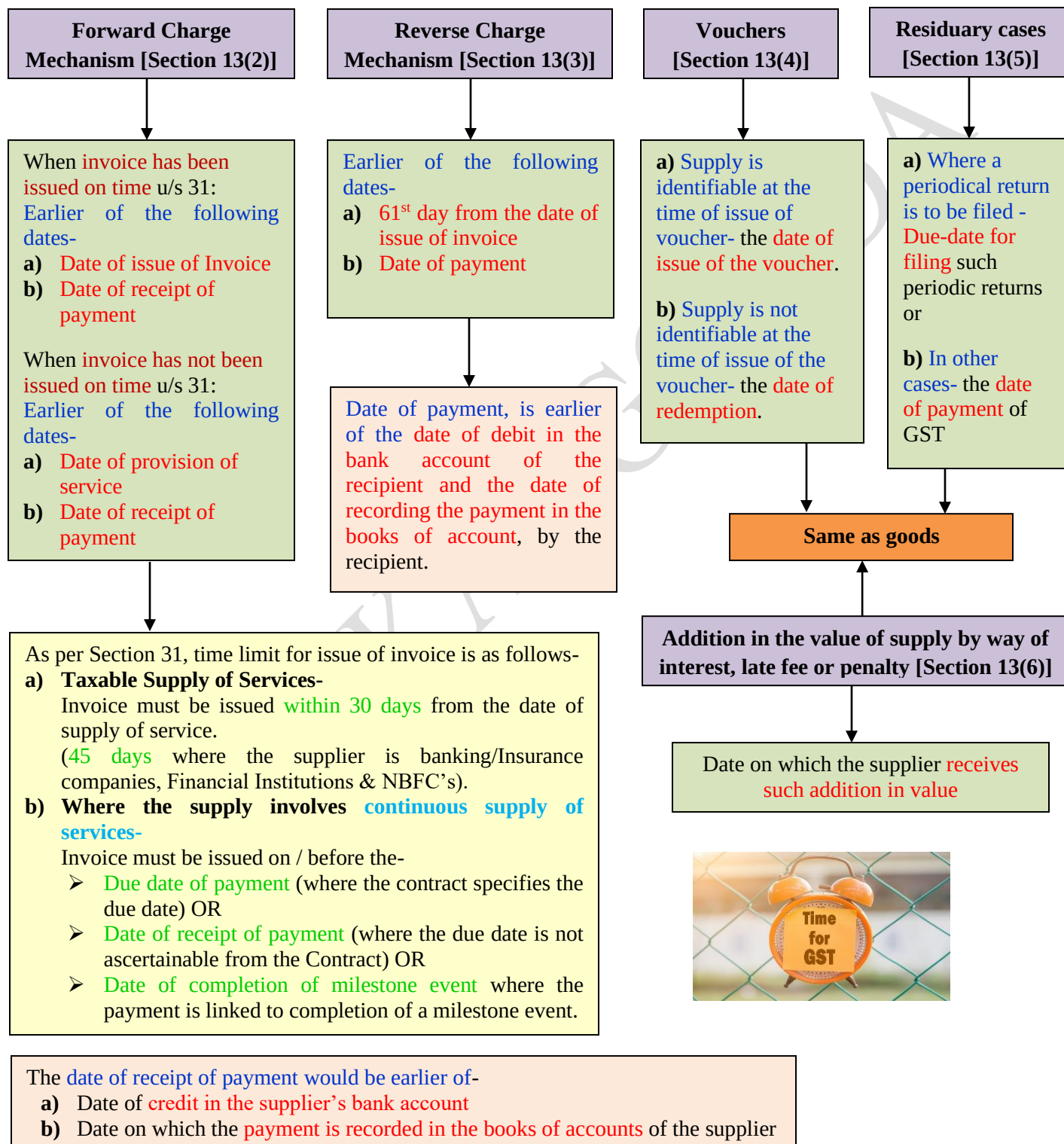
The liability to pay tax on goods shall arise at the time of supply as determined in terms of the provisions of this section [Section 12(1)].



Note: In case of specified actionable claims, the supplier is liable to pay tax at the time of receipt of payment.

Time of Supply of Services [Section 13 of CGST Act, 2017]:

The liability to pay tax on Services shall arise at the time of supply as determined in terms of the provisions of this section [Section 13(1)].



CHAPTER-7VALUE OF SUPPLYVALUE OF TAXABLE SUPPLY [Section 15 of CGST act, 2017]:

Section 15 of the CGST Act states that the value of taxable supply is the **transaction value**.

Section 15 is applicable to interstate supplies under IGST also.

Transaction value means-

- **Price actually paid or payable** for the supply of goods or services or both
- Where the **supplier and the recipient** of the supply are **not related** and
- The **price is the sole consideration** for the supply.

Transaction Value/Value of Supply = Price + Inclusions u/s 15(2) – Discount u/s 15(3)

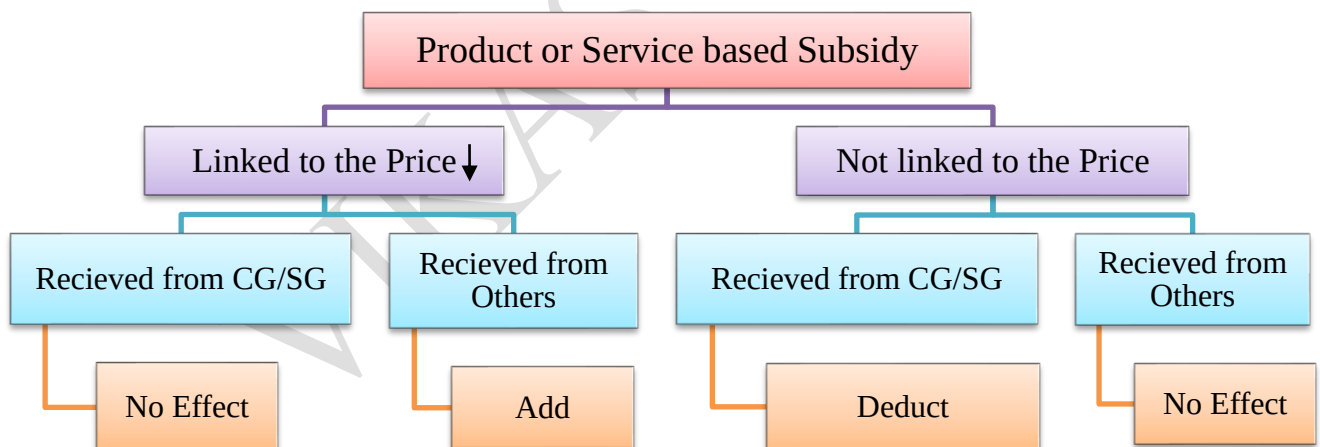
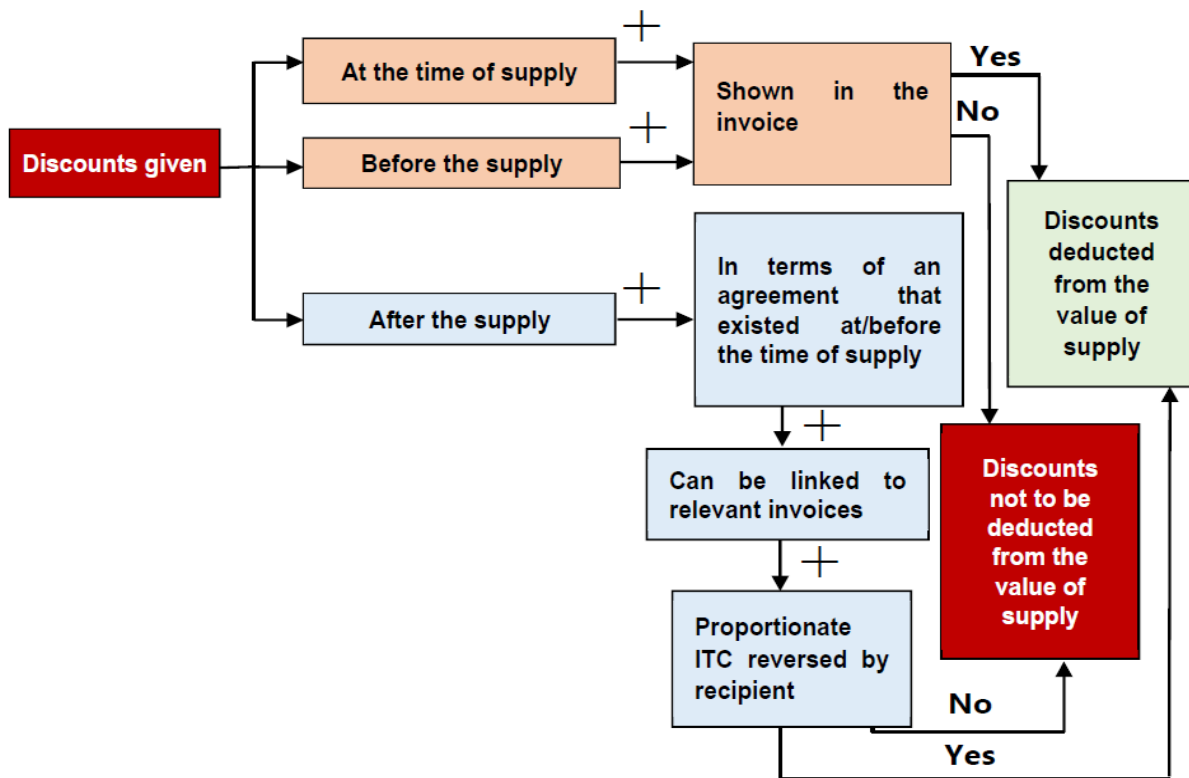
Particulars	Amount
Price actually paid or payable for the goods or services	XXXX
Add: Inclusions [Section 15(2)]-	
(a) Any taxes, duties, cess, fees and charges levied under any law other than GST, if charged separately by the supplier.	XXXX
(b) Any amount that the supplier is liable to pay but which has been incurred by the recipient of the supply.	XXXX
(c) Incidental expenses , including commission and packing, charged by the supplier to the recipient and any amount charged for anything done by the supplier at the time of or before delivery of goods or supply of services.	XXXX
(d) Interest or late fee or penalty for delayed payment of any consideration; and	XXXX
(e) Subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.	XXXX
Less: Exclusions [Section 15(3)]-	XXXX
(a) Any discount which is given before or at the time of the supply and has been duly recorded in the invoice; and	(XXXX)
(b) Any discount given after the supply has been affected, if -	(XXXX)
i. Such discount was known and agreed at the time of supply ; and	
ii. Input tax credit as is attributable to the discount has been reversed by the recipient .	
Value of Supply	XXXX

Where the value of the supply of goods or services or both cannot be determined under section 15(1), the same shall be determined in such manner as may be prescribed i.e as per rules [Section 15(4)].

Rule 35: Value of Supply inclusive of GST:

Where the value of supply is inclusive of tax, the tax amount shall be determined in the following manner-

Tax amount = (Value inclusive of taxes x Tax rate in %) ÷ (100 + Tax rate in %).



Supplies where value cannot be determined u/s 15(1) [Section 15(4)] and notified supplies [Section 15(5)]:

Section 15(4) lays down that where sub-section (1) is not applicable, then the value will be determined in the manner as prescribed, which means as stipulated in the rules for valuation.

Further, Section 15(5) lays down that in respect of certain notified supplies also, the value will be determined in the manner as stipulated in the rules for valuation and these rules will be discussed at the Final level.

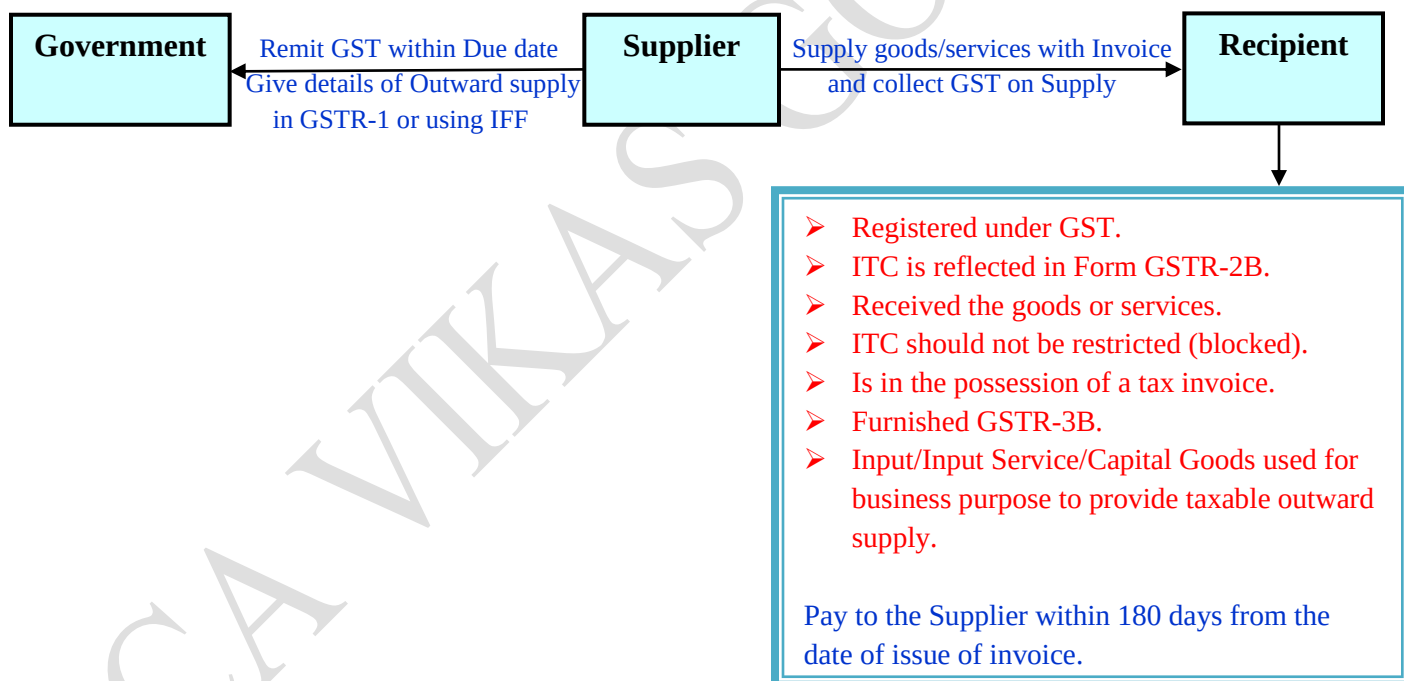
CHAPTER-8INPUT TAX CREDITINPUT TAX CREDIT:

Taxes paid on Inward supply of Inputs, Capital goods and Services are called Input taxes. These may be IGST, CGST, SGST or UTGST. Taxes paid under reverse charge mechanism are also Input taxes.

The credit of the above taxes is called Input tax credit i.e the taxes paid on inward supply are available as a set off against the taxes payable on outward taxable supplies.

Section 155, of the CGST Act, 2017 states that where any person claims that he is eligible for input tax credit under this Act, the burden of proving such claim shall lie on such person.

Provisions of ITC under CGST Act have also been made applicable to IGST Act vide section 20 of the IGST Act.

Zero-rated supply [Section 16(1) of the IGST Act]:

Zero-rated supply means any of the following supplies of goods or services or both, namely-

- Export of goods or services or both; or
- Supply of goods or services or both To a Special Economic Zone (SEZ) developer or a Special Economic Zone unit.

ELIGIBILITY AND CONDITIONS FOR TAKING INPUT TAX CREDIT [Section 16]:

(1) Recipient should be **registered under GST** and goods or services should be **used or intended to be used in the business** of the Recipient.

(2) **Following conditions should be fulfilled by a registered taxable person-**

- He is in **possession of a tax invoice** or debit note issued by a supplier
- The **details of the invoice/debit note** in respect of said supply **has been furnished by the supplier in the statement of outward supplies** (GSTR-1 or Invoice Furnishing Facility IFF)
- He has **received the goods or services** or both.
- Input tax credit in respect of the said supply **communicated to such registered person under section 38 has not been restricted.**
- **Tax** charged has been actually **paid to the Government by the supplier**; and
- He(Recipient) has **furnished the return** under section 39 i.e **GSTR-3B.**

Provided where the goods are received in **lots or installments**, credit can be claimed upon receipt of the **last lot or installment.**

Where a recipient **fails to pay to the supplier of goods or services or both, within 180 days from the date of issue of invoice, the ITC** availed by the recipient shall be added to his output tax liability, along with interest thereon at 18%p.a.

Exception: RCM, Schedule I cases and Additions made to the value of supplies as per section 15(2)(b).

(3) If **depreciation is claimed** on tax component of the cost of capital goods and plant and machinery under income tax, the **ITC** on the said tax component shall **not be allowed.**

(4) A registered person **shall not be entitled to take input tax credit after-**

- **30th November of the following financial year OR**
 - **Actual date of furnishing of the relevant annual return (GSTR 9)**
- Whichever is **earlier.**



Reversal of input tax credit in the case of non-payment of tax by the supplier and re-availment thereof [Rule 37A]:

Rule 37A covers a situation where a registered person (recipient) avails ITC in GSTR-3B for a tax period in respect of such invoice/debit note, the details of which have been furnished by its supplier in the statement of outward supplies (in Form GSTR-1/using IFF).

However, **supplier does not furnish return in Form GSTR-3B for the tax period** corresponding to the said statement of outward supplies **till 30th September following the end of FY** in which the ITC in respect of such invoice/ debit note has been availed.

In such a case, the **said amount of ITC shall be reversed by the said recipient**, while furnishing a return in Form GSTR-3B **on or before 30th November following the end of such FY** during which such ITC has been availed.

However, where the **said amount of ITC is not so reversed by recipient**, such amount **shall be payable by the said person along with interest thereon under section 50**.

Further, **where the said supplier subsequently furnishes the return in Form GSTR-3B** for the said tax period, the **said registered person may re-avail the amount of such credit** in the return in Form GSTR-3B for a tax period thereafter.

APPORTIONMENT OF CREDIT AND BLOCKED CREDITS [Section 17]:

Below is a list of situations where **Input Tax Credit will not be available**:

- (1) Where the goods or services or both are **used partly for business and partly for other purposes**, the amount of **credit shall be restricted to input tax as is attributable to the purposes of business**.
- (2) Where the goods or services or both are **used partly for effecting taxable supplies** including zero-rated supplies and partly for effecting **exempt supplies**, the amount of **credit shall be restricted to input tax as is attributable to the taxable supplies including zero-rated supplies**.
- (3) The **value of exempt supply under sub-section (2) shall include-**
 - **Supplies on which the recipient is liable to pay tax on reverse charge basis,**
 - **Transactions in securities,**
 - **Sale of land and sale of constructed building.**
- (4) Not Covered

Input Tax Credit is available only on those goods and services used for business. Exports and supplies to SEZ fall under the category of Zero-rated supplies. **ITC is available on Zero rated supplies and taxable supplies but not on exempt supplies.**



Blocked Credits [Section 17(5)]:

Input tax credit shall not be available in respect of the following, namely:

- (a) **Motor vehicles** for **transportation of persons** having approved seating capacity of **not more than 13 persons** (including the driver), **except** when they are used for making the following taxable outward supplies-

- i. further supply of such motor vehicles; or
 - ii. transportation of passengers; or
 - iii. imparting training on driving such motor vehicles;
- } Credit is Available

- aa) **Vessels and aircraft** **except** when they are used –

- i. for making the following taxable outward supplies, namely: -
 - further supply of such vessels or aircraft; or
 - transportation of passengers; or
 - imparting training on navigating such vessels; or
 - imparting training on flying such aircraft;
 - ii. for transportation of goods;
- } Credit is Available

(ab)

Services of general insurance, servicing, repair and maintenance in so far as they **relate to motor vehicles, vessels or aircraft** referred to in clause (a) or clause (aa):

Provided that the **input tax credit** in respect of such services **shall be available** -

- i. where the motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) are used for the purposes specified therein;
- ii. where received by a taxable person engaged –
 - in the manufacture of such motor vehicles, vessels or aircraft; or
 - in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him;

(b) **the following supply of goods or services or both -**

- i.
 - Food and beverages,
 - Outdoor catering,
 - Beauty treatment,
 - Health services,
 - Cosmetic and Plastic surgery,
 - Leasing, Renting or hiring of **Motor vehicles, vessels or aircraft** referred to in clause (a) or clause (aa) except when used for the purposes specified therein,
 - Life insurance and
 - Health insurance:

Provided that the **input tax credit** shall be available where an inward supply of such goods or services or both is used for making an outward taxable supply of the same category of goods or services or both;

- ii. **membership of a club, health and fitness centre;** and
- iii. **travel benefits extended to employees on vacation** such as leave or home travel concession.

Input tax credit shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force. [for all the items u/s 17(5)(b)]

- (c) Works contract services (Capital Expenditure) when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service;
- (d) Goods or services or both (Capital Expenditure) received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.
- (e) Goods or Services or both on which tax has been paid under section 10 (Composition scheme);
- (f) Goods or Services or both received by a non-resident taxable person except on goods imported by him;
- (g) Goods or Services or both used for personal consumption;
- (h) Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples.
However, where the activity of distribution of gifts or free samples falls within the scope of "supply" as per Schedule I, the supplier would be eligible to avail the ITC.
- (i) Any tax paid in accordance with the provisions of sections 74, 129 and 130. (Recovery Sections)



AVAILABILITY OF INPUT TAX CREDIT IN SPECIAL CASES [Section 18]:**(1) Subject to such conditions and restrictions as may be prescribed -**

Case	Persons eligible	Goods entitled as on	Conditions
1.	Person who has applied for registration within 30 days from the date on which he becomes liable	He can claim the ITC on inputs held in the form of Raw Materials / WIP/ Finished Goods as on the day immediately preceding- ➤ the date from which he becomes liable to pay tax	ITC must be availed within 1 year from the date of issue of tax invoice by the supplier. [Section 18(2)]
2.	Person obtains voluntary registration u/s 25(3)	➤ the date of grant of registration	
3.	Registered person who switches from composition levy to regular scheme Section 10 to 9	He can claim the ITC on inputs held in the form of Raw Materials/ WIP / Finished Goods & Capital Goods as on the day immediately preceding - ➤ the date from which he becomes liable to pay tax under the regular scheme (Section 9)	ITC on Capital Goods will be reduced by 5% per quarter of the year / part thereof of usage from the date of invoice. ITC must be availed within 1 year from the date of issue of tax invoice by the supplier. [Section 18(2)]
4.	Registered person whose exempt supplies become taxable Exempt to Taxable	➤ the date from which the exempt supply becomes taxable	

(3) In case of **transfer of business** on account of sale, merger, demerger, amalgamation, lease, the **transferor** shall be allowed to **transfer the ITC** which remains unutilised in his electronic credit ledger to **transferee**.

(4) Where any **registered person who has availed of ITC opts to pay tax u/s 10 or, where the goods or services or both supplied by him become wholly exempt**, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and on capital goods, on the day immediately preceding the date of exercising of such option or the date of such exemption.

For capital goods held in stock, the input tax credit involved in the remaining useful life in months shall be computed on pro-rata basis, taking the useful life as five years (60 months).

ITC on CG to be reversed = ITC availed on such CG x (Remaining useful life ÷ 60 months)

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

(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 ITC taken reduced @ 5% for every quarter or part thereof OR**
- **the tax on the transaction value determined u/s 15,**

Whichever is higher

Provided that where **refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap**, the taxable person may **pay tax on the transaction value** of such goods determined under section 15.

UTILIZATION OF ITC:

Input Tax Credit (ITC) is credited to a person's electronic credit ledger. The person may use this to pay his output tax liability.

Order of utilization of Input tax credit is as under:

Input Tax Credit on account of-	Output Tax Liability on account of -		
	IGST	CGST	SGST/UTGST
Integrated tax(IGST)	(I)	(II) – In any order and in any proportion	
(III) <i>IGST Credit should be utilized completely first</i> before using CGST & SGST credit			
Central tax (CGST)	(V)	(IV)	Not permitted
State tax/ Union Territory tax (SGST/UTGST)	(VII)	Not permitted	(VI)

Therefore, it is clear that there is no offset available between the CGST and the SGST.

Restrictions on use of amount available in electronic credit ledger [Rule 86B]:

Rule 86B of CGST Rules restricts the amount available in electronic credit ledger which a registered person can use to discharge his output tax liability to 99% of such tax liability in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds Rs.50 lakh. This rule overrides all other rules.

This restriction shall not apply in following cases-

- Where the said person/proprietor/karta/managing director/any of its two partners, whole-time directors, members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than Rs.1 lakh as income tax in each of the last 2 financial years.
- Where the registered person has received a refund of more than Rs.1 lakh in the preceding FY on account of unutilised ITC in case of (i) zero rated supplies made without payment of tax or (ii) inverted duty structure.
- Where the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, upto the said month in the current financial year.

It is pertinent to note that GST liability paid under reverse charge mechanism should not be taken into account while calculating the total output liability paid through electronic cash ledger.

- Where the registered person is-
 - Government Department
 - Public Sector Undertaking
 - Local authority
 - Statutory body

Difference between Nil Rated, Exempt, Zero Rated and Non-GST supplies:

Type of Supply	Description	Input Tax Credit
Zero rated	Exports Supplies made to SEZ or SEZ developers.	Available
Nil rated	Supplies that have a declared rate of 0% GST. Example: Salt, grains, jaggery etc.	Not Available
Exempt	Supplies but do not attract GST. Example: Fresh milk, Fresh fruits, Curd, Bread etc.	
Non-GST	These supplies do not come under the purview of GST law. Example: Alcohol for human consumption, Petrol etc.	



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CHAPTER-9REGISTRATION UNDER GST

Registration of any business entity under the GST Law implies obtaining a unique number from the concerned tax authorities for the purpose of collecting tax on behalf of the government and to avail Input Tax Credit for the taxes on his inward supplies.

As per section 2(107), **taxable person** means a person who is registered or liable to be registered under section 22 or section 24.

The **registration** under GST is Permanent Account Number (PAN) based and State-specific.

GST Identification Number (GSTIN) is a **15-digit number** and a certificate of registration, incorporating the GSTIN is made available to the applicant upon registration.

Every Registered person shall **display his GSTIN** on the name board exhibited at the entry of his principal place of business and at every additional place or places of business.

Registration under GST is not tax specific, which means that there is **single registration for all the taxes** i.e. CGST, SGST/UTGST, IGST and Cess.

Following Sections of CGST Act shall be discussed in this chapter:

Section 22	Persons liable for registration. (Conditional Registration)
Section 23	Persons not liable for registration (No Registration)
Section 24	Compulsory registration in certain cases (Compulsory Registration)
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 surrender of registration
Section 30	Revocation of cancellation of registration

PERSONS LIABLE FOR REGISTRATION [Section 22]:

- (1) Every supplier shall be liable to be registered in the State or Union territory, if his **aggregate turnover in a financial year**-
 - **>Rs.10 Lakhs**- In case of **Manipur, Mizoram, Nagaland, and Tripura (MMNT)**,
 - **>Rs.20Lakhs**- In case of **all other States and Union territory**
 - **>Rs.40Lakhs**- In case of **exclusive supply of goods within the State** (as per Notification)
- (2) Every person who, on the day immediately preceding the **appointed day (01/07/2017)**, is registered or holds a license under an existing law (Previous to GST).
- (3) Where a **business** carried on by a taxable person **registered under this Act is transferred**, to another person as a going concern, the **transferee or the successor**, shall be liable to be registered with effect from the date of such transfer or succession.
- (4) In a case of **transfer** pursuant to **amalgamation or demerger** of two or more companies pursuant to **an order of a High Court, Tribunal** or otherwise, the **transferee shall be liable to be registered**, with effect from the date on which the Registrar of Companies issues a certificate of incorporation.

COMPULSORY REGISTRATION IN CERTAIN CASES [Section 24]:

Notwithstanding anything contained in section 22(1), the following categories of persons shall be required to be registered under this Act–

1. Persons making any inter-State taxable supply;
2. Casual taxable persons making taxable supply;
3. Persons who are required to pay tax under reverse charge; (Recipient)
4. Non-resident taxable persons making taxable supply;
5. Person who are required to pay tax under section 9(5) i.e Electronic commerce operator; (RATH)
6. Every electronic commerce operator who is required to collect tax at source under section 52;
7. Persons who supply Goods or Services (subject to threshold limit & conditions), through electronic commerce operator who is required to collect tax at source under section 52;
8. Persons who are required to deduct tax u/s 51;
9. Persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;
10. Input Service Distributor;
11. Every person supplying online information and database access or retrieval services from a place outside India to an unregistered person in India;

} r/w section 23

PERSONS NOT LIABLE FOR REGISTRATION [Section 23]:

- (1) The following persons shall not be liable to registration, namely: -
 - (a) any person engaged exclusively in supplying goods or services or both that are not liable to GST or wholly exempt from tax;
 - (b) an agriculturist, to the extent of supply of produce out of cultivation of land.
 - (2) Following category of persons have been notified by the Government as being exempted from obtaining registration under GST law: (r/w Section 24)
 - a) Persons (suppliers) engaged only in making taxable outward supplies, the total tax on which is liable to be paid on reverse charge basis by the recipient u/s 9(3).
 - b) The persons making inter-State supplies of taxable services and having an aggregate turnover of $\leq$ Rs.20 lakh/10 lakh in a F.Y.
 - c) A person (including Casual taxable person) making inter-State supplies of goods have been exempted from obtaining registration:
 - Persons making inter-State taxable supplies of notified handicraft goods.
 - Persons making inter-State taxable supplies of products, made by craftsmen predominantly by hand even though some machinery may be used in the process.
- Conditions to be fulfilled:**
- i. The aggregate value of such supplies $\leq$ Rs.20 lakh/10 lakh in a F.Y.
 - ii. Such persons have obtained a PAN and have generated an e- way bill



Threshold limit for registration for those engaged in exclusive supply of goods enhanced to Rs.40 lakhs vide Notification except-

- Persons engaged in making intra-State supplies in the States of Arunachal Pradesh, Meghalaya, Sikkim, Uttarakhand, Mizoram, Manipur, Nagaland, Tripura, Puducherry and Telangana. [Section 10 states (Composition scheme) + PT]
- Persons required to take compulsory registration under section 24
- Suppliers of-
 - i. Ice cream and other edible ice, whether or not containing cocoa;
 - ii. Tobacco and manufactured tobacco substitutes;
 - iii. Pan masala;
 - iv. Fly ash bricks or fly ash aggregate; Fly ash blocks,
 - v. Bricks of fossil meals or similar siliceous earths, Building bricks, and
 - vi. Earthen or roofing tiles. **[ABT TIP]**
- Persons taking voluntary registration under section 25(3).

Threshold limit for registration for service providers would continue to be Rs.20 lakhs and in case of special category States Rs.10 lakhs (MMNT).

Threshold Limit for Registration for Exclusive Suppliers of Goods within state (Intra State)		
Rs.10 Lakhs	Rs.20 Lakhs	Rs.40 Lakhs
1. Manipur 2. Mizoram 3. Nagaland 4. Tripura	1. Arunachal Pradesh 2. Meghalaya 3. Puducherry 4. Sikkim 5. Telangana 6. Uttarakhand	Remaining 21 States and 5 Union Territories.

Threshold Limit for Registration for Suppliers of-	
➤ Services, ➤ ABT TIP ➤ Both Goods and Services	
Rs.10 Lakhs	Rs.20 Lakhs
Manipur, Mizoram, Nagaland & Tripura	Remaining 27 States and 5 Union Territories



PROCEDURE FOR REGISTRATION [Section 25]:

Every person who is liable to register under the CGST Act, 2017 must do so **within 30 days** from the date when he becomes first liable or **5 days prior to commencement of business** in case of Casual /Non-resident taxable person.

Permanent Account Number **is mandatory** to be eligible for grant of registration. (Except NRTP)

Section 25(6A): Every registered person shall undergo authentication, or furnish proof of possession of aadhaar number;

Section 25(6B): For fresh registration every Individual shall have to authenticate himself with aadhaar number.

Section 25(6C): In case of person other than Individual such as Partnership firm, AOP, BOI, Company, Trust etc, for getting fresh registration authentication shall be done by aadhaar Number of Partner, authorised representative, Managing director, trustee etc.

Registration needs to be **taken State-wise**, i.e. there are no centralized registrations under GST. A business entity having its branches in multiple States will have to take **separate State-wise registration** for the branches in different States.

A person having a unit in a **SEZ** or being a **SEZ developer** shall have to apply for a **separate registration**, as distinct from his place of business located outside the Special economic Zone in the same State or Union territory.

A person who has **obtained more than one registration**, whether in one State/ Union territory or more than one State/Union territory shall, in respect of each such registration, **be treated as distinct persons**.

The effective date of registration is: (Rule 10)

1. In case the **application is submitted within 30 days**: the date on which the person **becomes liable for registration**.
2. If the **application is submitted after 30 days**: the date of grant of registration.

Bank Account details may be furnished after obtaining registration certificate [Rule 10A]:

A registered person has an option to give his bank account details after obtaining registration, **within 30 days from the date of grant of registration or before furnishing the details of outward supplies under section 37** in Form GSTR-1 or using IFF (Invoice Furnishing Facility), **whichever is earlier**.

Exception: No relaxation for TDS deductor/TCS collector or who have obtained Voluntary registration.

Unique Identity Number (UIN) [Section 25(9) & (10) read with rule 17]:

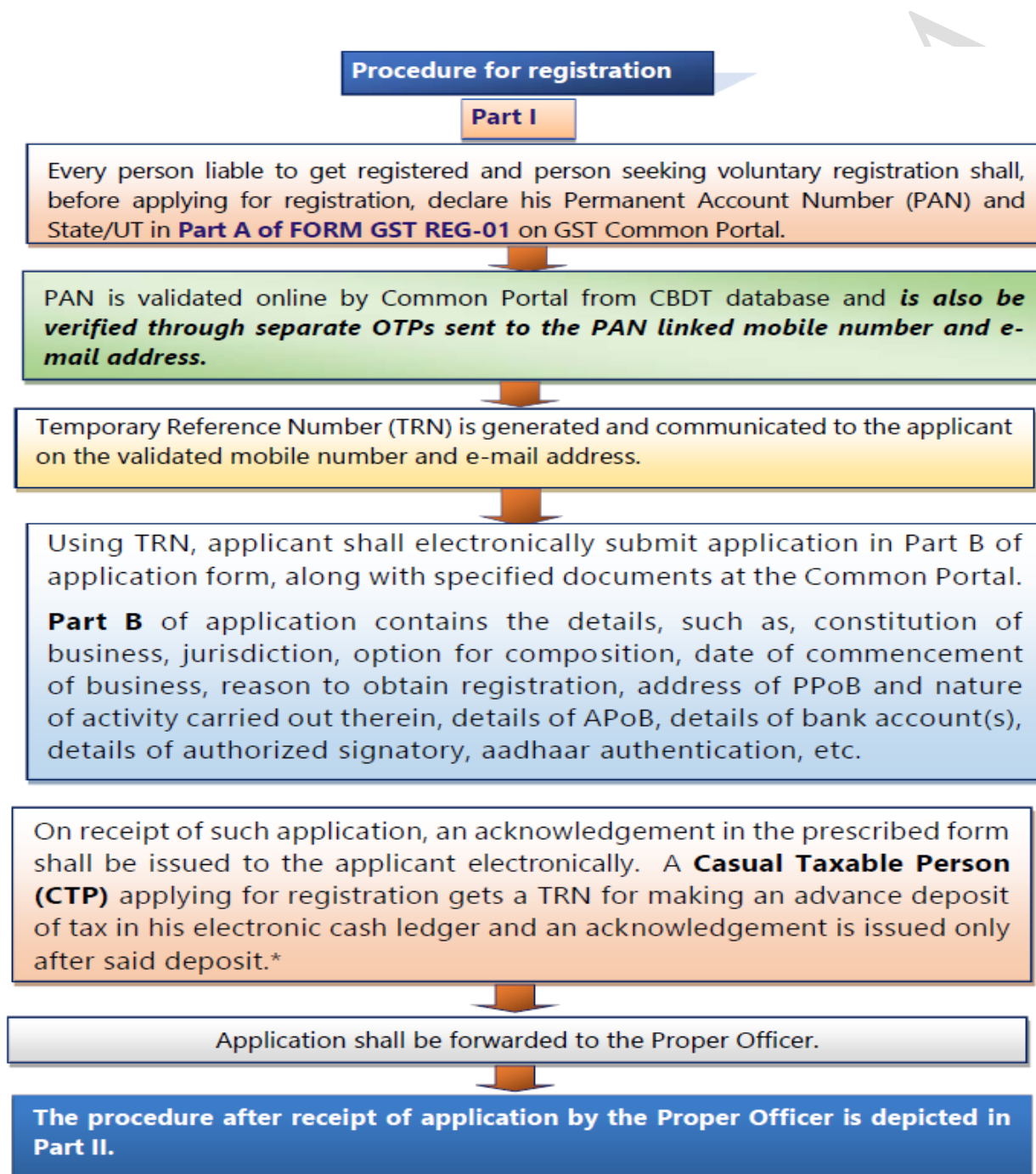
Any specialized agency of the United Nations Organization or any Multilateral Financial institution and organization as notified under the United Nations (Privileges and Immunities) Act, 1947, consulate or embassy of foreign countries, is required to obtain a UIN from the GSTN portal.

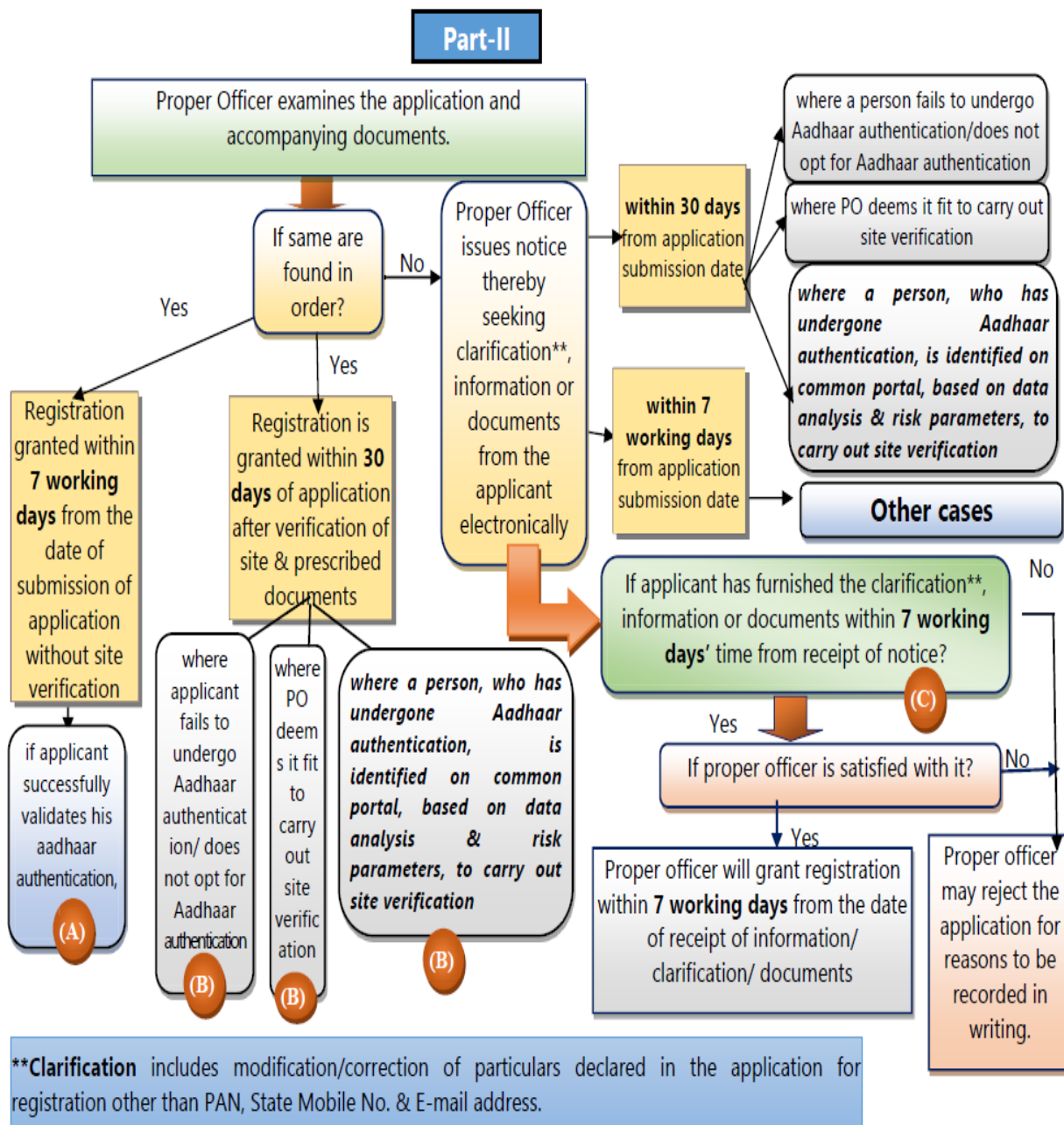
A person having UIN is not registered person and thus, is not a taxable person.

DEEMED REGISTRATION [Section 26]:

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

Further, rejection of application for registration/UIN under SGST Act/UTGST Act is deemed to be rejection of application for registration under CGST Act.





If the proper officer doesn't take any action within 7 working days of submission of application along with necessary details and documents or within 7 days of receiving the clarifications so solicited, the application for grant of registration is deemed to be approved.

However, if Aadhar authentication is not opted for/ aadhaar authentication fails in validation/ PO deems it fit to carry out site verification or where a person who has undergone aadhaar authentication is identified on common portal, based on data analysis and risk parameters to carry out site verification and no SCN is issued, registration will be deemed to be approved within 30 days.

GRANT OF REGISTRATION IN CASE OF CASUAL TAXABLE PERSON (CTP) AND NON-RESIDENT TAXABLE PERSON (NRTP) [Section 27]:

- a) Registration granted for Casual taxable person or a Non-resident taxable person is **valid for a period of 90 days** (Can be extended by maximum 90 days) or for the period which is **mentioned in the registration certificate**, whichever is **shorter**.
- b) CTP and NRTP shall **make an advance deposit of tax** for an amount equivalent to the **estimated tax liability** at the time of submission of application for registration.
- c) CTP and NRTP will **make taxable supplies only after the issuance of the certificate of registration**.

Casual Taxable Person: Section 2(20) defines “Casual taxable person” as a person **who occasionally undertakes transactions** involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, **in a State or a union territory where he has no fixed place of business**.

Thus, a casual taxable person is someone who has a business in a different state, but comes to a different state for a business purpose temporarily.

Application for Registration is made in GST REG-01, 5 days prior to commencement of business and return to be filed is GSTR-1.

Non-Resident Taxable Person: Section 2(77) defines “Non-Resident taxable person” as any person who **occasionally undertakes transactions** involving supply of goods or services or both, whether as principal or agent or in any other capacity, but **who has no fixed place of business or residence in India**.

Hence, a non-resident taxable person is someone who has a business outside India, but comes to India for a business purpose temporarily.

Application for Registration is made in GST REG-09, 5 days prior to commencement of business and return to be filed is GSTR-5.



AMENDMENT OF REGISTRATION [Section 28 read with Rule 19]:

- a) Every registered person and a person to whom a Unique Identity Number has been assigned shall inform the proper officer of any changes in the information furnished at the time of registration or subsequent thereto, with relevant documents within the period of 15 days of such change.
The certificate of registration shall stand amended upon submission of such application on the common portal.
- b) **If the change is related to (core fields)- NAP**
- Legal Name of business or
 - Address of the business i.e principal place or any additional place(s) of business, or
 - Addition, deletion or retirement of Persons i.e Partners or Directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer or equivalent, responsible for the day-to-day affairs of the business,
- which does not warrant cancellation of registration, the proper officer shall after due verification, approve the amendment within a period of 15 working days and issue an order.
In any other case, no approval of the proper officer is required, and the amendment can be affected by the taxable person on his own on the common portal.
- c) The proper officer shall not reject the application for amendment without giving the person an opportunity of being heard.
- d) In case where the proper officer is of the opinion that the amendment sought is either not warranted or the documents furnished therewith are incomplete or incorrect, he may, within a period of 15 working days from the receipt of application, serve a notice requiring the registered person to show cause, within a period of 7 working days of the service of the said notice, as to why the application for amendment shall not be rejected.
The proper officer if satisfied shall approve the grant of amendment to the registration to the applicant within the period of 7 working days from the date of receipt of such reply.
In a case where the applicant has not responded within the time limit or the proper officer is not satisfied with the reply, then he may for the reasons to be recorded in writing shall reject the application for amendment.
- e) In case where the proper officer has not taken any action within the period of 15 or 7 working days as the case may be, the application for amendment shall stand amended to the extent applicable.
- f) Any rejection or approval of amendments under the SGST/UTGST Act shall be deemed to be a rejection or approval under this Act.
- g) If the change in constitution results in change in PAN then fresh application has to be filed for the registration and not the amendment for registration.
- h) Application for amendment of registration cannot be filed for change in PAN because GST registration is PAN-based.
- i) Similarly, application for amendment of registration form cannot be filled if there is change in place of business from one State to the other because GST registrations are State-specific.

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

CANCELLATION OR SUSPENSION OF REGISTRATION [Section 29]:

Section	Particulars
29(1)	The proper officer may, either on his own motion or on an application filed by the registered person or by his legal heirs, in case of death of such person, cancel the registration, having regard to the circumstances where: (a) the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of (b) there is any change in the constitution of the business (c) the taxable person is no longer liable to be registered under section 22 or section 24 or intends to optout of the registration voluntarily made under section 25(3). Provided that during pendency of the proceedings relating to cancellation of registration filed by the registered person, the registration may be suspended.
29(2)	The proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where- (a) a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed. Prescribed contraventions which make a registered person liable to cancellation of registration [Rule 21]: The registered person- ➤ does not conduct any business from the declared place of business, or ➤ issues invoice/bill without supply of goods/services in violation of the provisions of this Act, or the rules made thereunder. ➤ violates the provisions of section 171 of the CGST Act. Section 171 of the CGST Act, 2017 contains provisions relating to anti-profiteering measure. ➤ violates the provision of Rule 10A [Bank details] ➤ avails ITC in violation of the provisions of section 16 of the CGST Act or the rules made thereunder. ➤ violates the provision of Rule 86B ➤ furnishes the details of outward supplies in Form GSTR-1 for one or more tax periods which is in excess of the outward supplies declared by him in his valid return under section 39 for the said tax periods (b) a person paying tax u/s 10 has not furnished returns for financial year beyond 3 months from the due date of furnishing the said return; (c) any registered person, other than a person specified in clause (b), has not furnished returns for a continuous period of 6 months or if quarterly return filler does not file return for a continuous period of 2 tax periods (2 quarters). (d) any person who has taken voluntary registration u/s 25(3) has not commenced business within 6 months from the date of registration. (e) registration has been obtained by means of fraud, wilful misstatement or suppression of facts Provided that the proper officer shall not cancel the registration without giving the person an opportunity of being heard. Provided further that during pendency of the proceedings relating to cancellation of registration, the proper officer may suspend the registration.
29(3)	The cancellation of registration under this section shall not affect the liability of the person to pay tax and other dues under this Act or to discharge any obligation for any period prior to the date of cancellation.
29(4)	The cancellation of registration under the SGST Act or the UTGST Act, as the case may be, shall be deemed to be a cancellation of registration under this Act (CGST).

29(5)	Every registered person whose registration is cancelled shall pay an amount, 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 on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher. Provided that in case of capital goods or plant and machinery, the taxable 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 of the quarter or the tax on the transaction value of such capital goods or plant and machinery u/s 15, whichever is higher. [Same as Section 18(6)]
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REVOCATION OF CANCELLATION [Section 30 read with Rule 23]:

Section	Particulars
30(1)	Any registered person, whose registration is cancelled by the proper officer on his own motion, may apply for revocation of cancellation of the registration within 90 days from the date of service of the cancellation order. Note: However, on sufficient cause can be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner, for a further period not exceeding 180 days. Provided that no application for revocation shall be filed, if the registration has been cancelled for the failure of the registered person to furnish returns, unless such returns are furnished and any amount due as tax, in terms of such returns, has been paid along with any amount payable towards interest, penalty and late fee in respect of the said returns.
30(2)	If the proper officer is satisfied that there are sufficient grounds for revocation of cancellation, he may revoke the cancellation of registration, by an order within 30 days of receipt of application and communicate the same to applicant. Otherwise, he may reject the revocation application. However, before rejecting the application, he has to first issue SCN to the applicant who shall furnish the clarification within 7 working days of service of SCN. The proper officer shall dispose the application (accept/reject the same) within 30 days of receipt of clarification.
30(3)	The revocation of cancellation of registration under the SGST Act or the UTGST Act, as the case may be, shall be deemed to be a revocation of cancellation of registration under this Act.

All returns due for the period from the date of order of cancellation or effective date of cancellation of registration till the date of order of revocation of cancellation of registration **have to be furnished within a period of 30 days from the date of the order of revocation.**

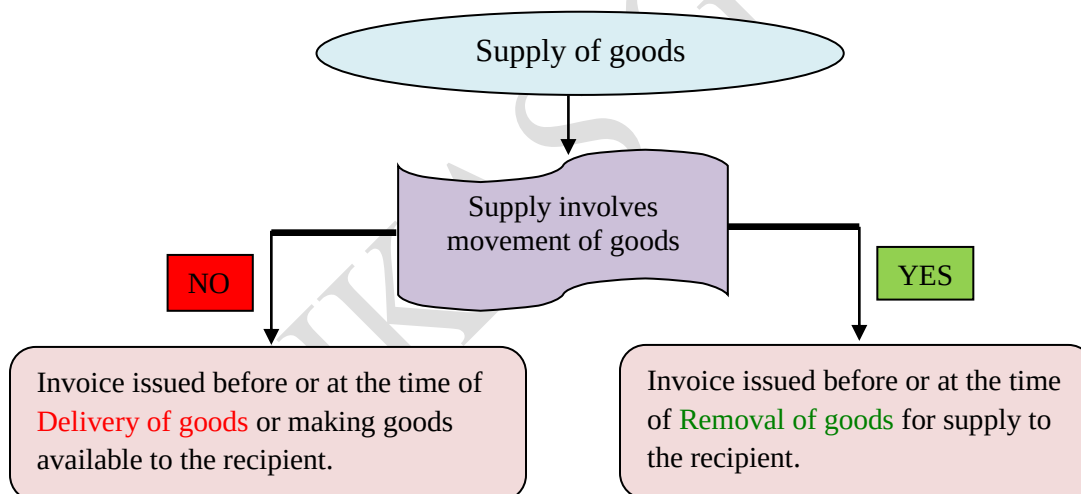
CHAPTER-10TAX INVOICE, CREDIT NOTE AND DEBIT NOTES

An invoice is a commercial instrument issued by a supplier of goods/services to a recipient. It identifies both the parties involved and describes the items sold/services supplied, quantifies the items sold, shows the date of shipment, mode of transport, price, discounts (if any) and payment terms.

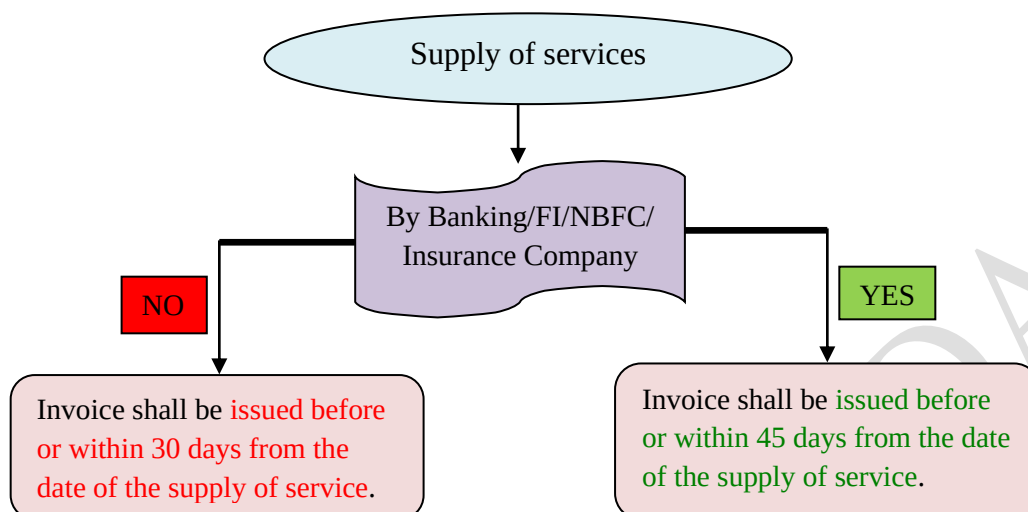
A registered person cannot avail input tax credit unless he is in possession of a tax invoice or a debit note.

List of Sections covered in this Chapter:

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

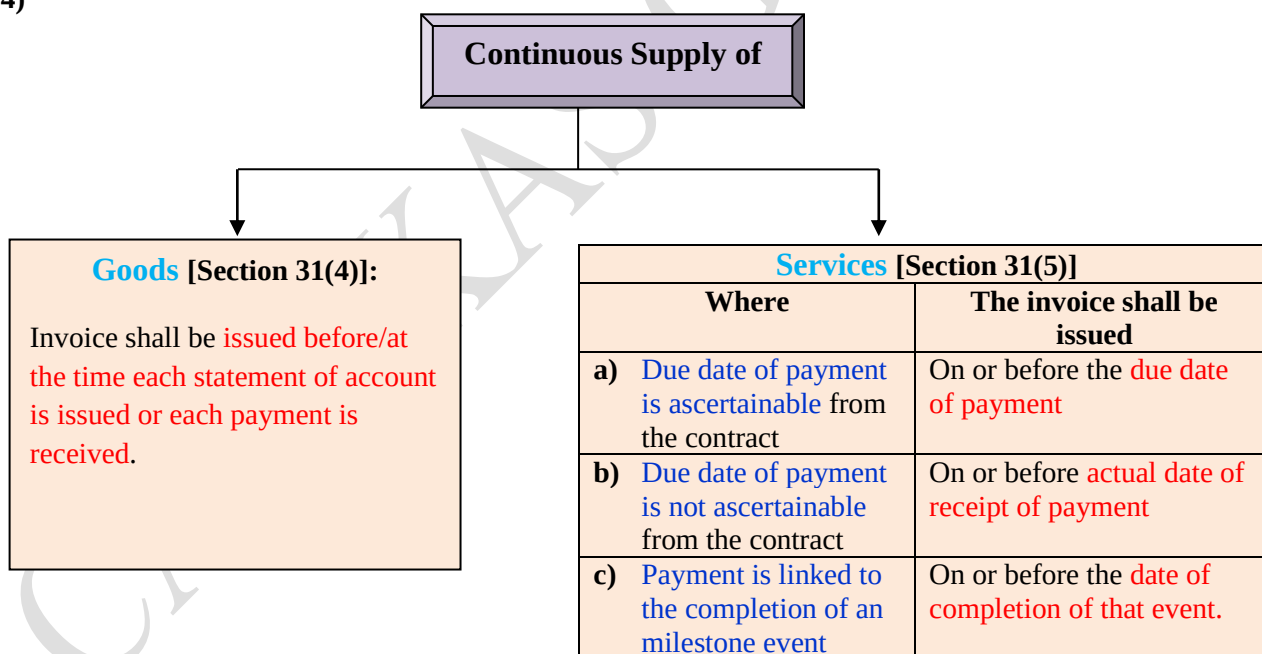
TAX INVOICE [Section 31]:**(1) Time limit for issuing tax invoice in case of supply of goods [Section 31(1)]:**

(2) Time Limit for Issuing Tax Invoice in case of **Supply of Service** [Section 31(2) r/w Rule 47]:



(3) Notwithstanding anything contained in sub-sections (1) and (2) [Section 31(3)]:
Covered in the table in the next page

(4)



(5) Where supply of services ceases before its completion [Section 31(6)]:

In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases to the extent of the supply made before such cessation.

(6) Goods sent on sale or return basis [Section 31(7)]:

Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued:

- i. before/at the time of supply (or)
 - ii. 6 months from the date of removal
- } **whichever is earlier**

E-Invoicing:

All registered persons with an **aggregate turnover (based on PAN)** in any preceding financial year from 2017-18 onwards **> Rs.5 crore** (notified persons) will be required to issue e-invoices.

Presently, **invoices, credit notes and debit notes** when issued by notified persons (to registered persons (B2B) or for the purpose of exports) are covered under e-invoice.

Thus, presently such notified persons are not required to report B2C invoices. Further e-invoicing is also not applicable to invoices issued by Input Service Distributor (ISD) and for import of goods.



Facility of digital payment to recipient (Section 31A of CGST Act, 2017):

The Government has notified that **invoice issued by a registered person** [except specified class of persons (discussed below)], whose aggregate turnover in any financial year exceeds Rs.500 crores, in respect of B2C supplies (supply of goods or services or both to an unregistered person including the person having UIN) shall have Dynamic QR code.

Dynamic QR code is not applicable to an invoice issued to an unregistered person by following Suppliers:

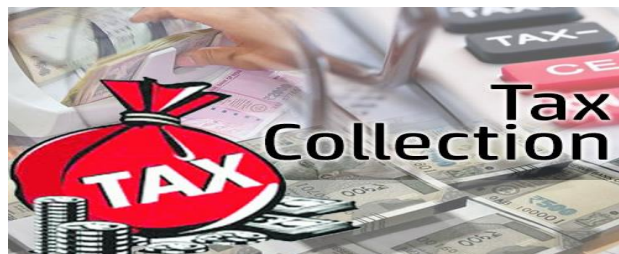
- a) Insurer or banking company or financial institution including NBFC
- b) GTA supplying services in relation to transportation of goods by road in a goods carriage
- c) Supplier of passenger transportation service
- d) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
- e) Supplier of online information and database access or retrieval (OIDAR) services.

No Dynamic QR code in case of exports.

Prohibition of Unauthorized Collection of Tax [Section 32]:

A person who is **not a registered person shall not collect any tax** under this Act.

No registered person shall collect tax except in accordance with the provisions of this Act or the rules made thereunder.

**Amount of Tax to be indicated in Tax Invoice and other documents [Section 33]:**

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 shall form part of the price at which such supply is made.

SUMMARY OF VARIOUS DOCUMENTS:

Document	Issued by & to whom	When & How?
Tax Invoices	Issued by a Supplier to Recipient	For outward taxable supplies made.
Consolidated Tax Invoice [Section 31(3)]	Issued by Registered person	It is issued when- ➤ The value of supply is < Rs.200 ➤ Recipient is unregistered; and ➤ Recipient doesn't require Tax invoice at the close of each day for all such supplies.
Revised Tax Invoices [Section 31(3)]	Issued by Registered person r/w Sec 25 and Rule 10	Revised Tax Invoice is issued for the below period within 1 month from the date of grant of registration
Bill of Supply [Section 31(3)]	Issued by the Registered person	Registered person- ➤ making Exempt outward supplies, or ➤ paying tax under Composition scheme u/s 10(1) or 10(2A).
Payment Voucher [Section 31(3)]	Issued by the Recipient, paying tax under RCM	Recipient shall issue an invoice in respect of the goods/ services so received by him from the unregistered supplier and he shall issue a payment voucher at the time of making payment.
Receipt Voucher [Section 31(3)]	Issued by the registered person to the person who had made the payment	When an advance payment is received with respect to any supply of goods or services or both.
Refund voucher [Section 31(3)]	Issued by the registered person to the person who had made the payment	If no supply is made and no tax invoice is issued after the issue of receipt voucher for advance payment.

Delivery Challan	Issued by Supplier of Goods	Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known or transportation of goods for job work or transportation of goods for reasons other than by way of supply. Note: The supplier is required to issue a tax invoice after delivery of goods where tax invoice could not be issued at the time of removal of goods.
E-Way Bill	Issued by every registered person who causes movement of goods through the transporter	For movement of goods if consignment value is > Rs.50,000 (including GST) whether for supply or otherwise.
Credit Notes [Section 34(1)]	Issued by the registered person to the recipient	➤ Where the taxable value in the invoice is > the taxable value of supply; ➤ the tax charged in invoice is > the tax payable in respect of such supply; ➤ where the goods so supplied have been returned by the recipient; (Sales Returns) ➤ where the goods/services have been found to be deficient ➤ Discount u/s 15(3)(b)
Debit Notes [Section 34(3)]	Issued by the registered person to the recipient	➤ Where the taxable value in the invoice is < the taxable value of supply; ➤ the tax charged in invoice is < the tax payable in respect of such supply.

Declaration:

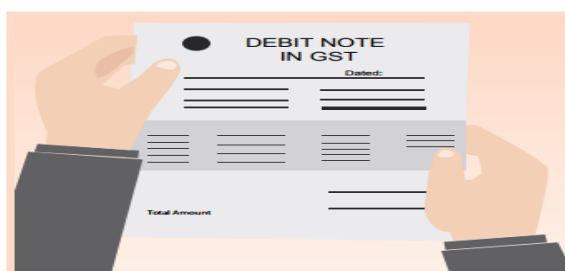
Any registered person, who has issued a credit note, must declare the details of such credit note, in the return for the month during which such credit note was issued, but not later than:

- 30th November of the following financial year OR
- Date of furnishing the relevant annual return

Whichever is **earlier**.

And the tax liability shall be adjusted (reduced) accordingly.

Any registered person who has issued a debit note, in relation to supply of goods/services/both, must declare the details of such debit note, in the return for the month during which such debit note was issued. The tax liability can be adjusted upwards accordingly.



Invoice-cum-bill of supply [Rule 46A]:

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 such supplies.

CHAPTER-11ACCOUNTS AND RECORDSACCOUNTS AND OTHER RECORDS [Section 35]:

Section 35	Particulars
(1)	Every registered person shall keep and maintain, at his principal place of business, as mentioned in the certificate of registration, a true and correct account of- (a) production or manufacture of goods; (b) inward and outward supply of goods or services or both; (c) stock of goods; (d) input tax credit availed; (e) output tax payable and paid; and (f) such other particulars as may be prescribed Provided that where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business:
(2)	Every owner or operator of warehouse or godown or any other place used for storage of goods and every transporter, irrespective of whether he is a registered person or not, shall maintain records of the consigner, consignee and other relevant details of the goods.
(3)	The Commissioner may notify a class of taxable persons to maintain additional accounts or documents.
(4)	Where the Commissioner considers that any class of taxable persons is not in a position to keep and maintain accounts in accordance with the provisions of this section, he may, for reasons to be recorded in writing, permit such class of taxable persons to maintain accounts in such manner as may be prescribed.
(5)	Subject to the provisions of section 17(5)(h), where the registered person fails to account for the goods or services or both in accordance with the provisions of sub-section (1), the proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for, as if such goods or services or both had been supplied by such person and the provisions of section 73 or section 74, shall apply for determination of such tax.



ACCOUNTS AND RECORDS UNDER GST

The additional records to be maintained by specified persons are as under-



PERIOD OF RETENTION OF ACCOUNTS [Section 36]:

Every registered person required to keep and maintain books of account or other records in accordance with the provisions of section 35(1) shall retain them until **expiry of 72 months, from the due date of furnishing the annual return** for the year pertaining to such accounts and records.

For example: BOA relates to F.Y 2023-23. Due date to file annual return for F.Y 2022-23 is 31st December 2023. BOA of F.Y 2022-23 has to maintained for 72 months from 31st December 2023 i.e till 31st December 2029.

However, a **registered person who is party to an Appeal or Revision or any other proceedings**, shall retain the books of account and other records, pertaining to the matters of such appeal or revision for a **minimum period of 1 year** after disposal of such appeal / revision as the case may be.



CHAPTER-12**E-WAY BILL**

E-way Bill provisions discussed in this Chapter are contained in section 68 read with rules 138, 138A, 138B, 138C 138D and 138E of the CGST Rules, 2017.

State GST laws also prescribe identical provisions in relation to E-Way Bill.

Provisions relating to E-way Bill under CGST Act have also been made applicable to IGST Act vide section 20 of the IGST Act.

ELECTRONIC WAY BILL [Section 68 read with relevant CGST Rules, 2017]:

Section 68 of the CGST Act, 2017 provides that the Government may require the person in charge of a conveyance carrying any consignment of goods of value exceeding such amount as may be specified to carry with him such documents and such devices as may be prescribed.

Electronic Way Bill (E-Way Bill) is a compliance mechanism wherein by way of a digital interface the person causing the movement of goods uploads the relevant information prior to the commencement of movement of goods and generates e- way bill on the GST portal.

Following are the benefits of e-way bill mechanism:

- a) Physical interface to pave way for digital interface resulting in elimination of state boundary check-posts.
- b) It will facilitate faster movement of goods.
- c) It will improve the turnaround time of trucks and help the logistics industry by increasing the average distances travelled, reducing the travel time as well as costs.



PROCEDURE FOR THE GENERATION OF E-WAY BILL:

E-way bill is a document introduced under the GST regime that needs to be generated before transporting or shipping goods worth more than Rs. 50,000 within state or outside state.

Rule 138 of the CGST Rules provides that:

1. Every registered person who causes movement of goods of consignment value exceeding Rs.50,000-

- i. in relation to a supply; or
- ii. for reasons other than supply; or
- iii. due to inward supply from an unregistered person,

shall, before commencement of such movement, furnish information relating to the said goods as specified in Part A of FORM GST EWB-01, electronically, on the common portal and a unique number will be generated on the said portal.

Provided also that where handicraft goods or goods made by craftsman are transported outside the State or Union territory by a person who has been exempted from the requirement of obtaining registration u/s 23, the e-way bill shall be generated by the said person irrespective of the value of the consignment.

Explanation: Consignment value of goods is Value of Supply u/s 15 and also includes the CGST, SGST, UTGST, IGST and Cess charged, if any, 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.

2. Where the consignor or the consignee has not generated the e-way bill in FORM GST EWB-01 and the aggregate of the consignment value of goods carried in the conveyance is more than Rs.50,000, the transporter, except in case of transportation of goods by railways, air and vessel, shall, generate the e-way bill in FORM GST EWB-01 on the basis of invoice or bill of supply or delivery challan, and may also generate a consolidated e-way bill in FORM GST EWB-02 on the common portal prior to the movement of goods.
3. Where the goods are transported by railways or by air or vessel, the e-way bill shall be generated by the registered person, being the supplier or the recipient, either before or after the commencement of movement.
4. Registered person or the transporter may, at his option, generate and carry the e-way bill even if the value of the consignment is less than Rs.50,000.
5. E-way bill is valid for movement of goods by road only when the information in Part-B is furnished.

Exceptions:

However, details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of upto 50 km within the State/Union territory:

- from the place of business of the consignor to the place of business of the transporter for further transportation or

- from the place of business of the transporter finally to the place of business of the consignee.
6. Upon generation of the e-way bill on the common portal, a unique E-Way Bill Number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal.
 7. Where the goods are transferred from one conveyance to another, the consignor or the recipient, or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in Part B of FORM GST EWB-01.
The user can update Part-B (Vehicle details) as many times as he wants for movement of goods to the destination. However, the updating should be done within the validity period.
There can also be a case where one e-way bill can go through multiple modes of transportation before reaching destination. As per the mode of transportation, the EWB can be updated with new mode of transportation by using the option of 'Update Vehicle Number'.
 8. Where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of e-way bills generated in respect of each such consignment electronically on the common portal and a consolidated e-way bill in FORM GST EWB-02 maybe generated by him on the said common portal prior to the movement of goods.
The generation of Form GST EWB-02 is optional and not mandatory.
 9. **Cancellation of e-way bill:**
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-way bill, the e-way bill may be cancelled electronically on the common portal within 24 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.
Further, unique EWB number generated is valid for a period of 15 days for updation of Part B.
 10. **Validity of E-way bill or Consolidated e-way bill:**
The validity of e-way bill depends on the distance to be travelled.

Distance within country	Validity period from relevant date
In case of Dimensional Cargo:	
Upto 200 km	1 day
For every 200 km or part thereof over and above 200 kms	1 additional day
In case of Over Dimensional Cargo or Multimodal shipment in which at least one leg involves transport by ship:	
Upto 20 km	1 day
For every 20 km or part thereof over and above 20 kms	1 additional day

Provided further that where, under circumstances of an exceptional nature (natural calamity, law and order issues, accident of conveyance, etc), including transshipment, the goods cannot be transported within the validity period of the e-way bill, the transporter may extend the validity period after updating the details in Part B of FORM GST EWB-01, if required.

The validity of the e-way bill may be extended within 8 hours from the time of its expiry.

Explanation: Relevant date means the date on which the e-way bill has been generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as the period expiring at midnight of the day immediately following the date of generation of e-way bill.

The validity of the e-way bill starts when first entry is made in Part-B i.e. vehicle entry is made first time in case of road transportation or first transport document number entry in case of rail/air/ship transportation, whichever is the first entry. It may be noted that validity is not recalculated for subsequent entries in Part-B.

11. The e-way bill generated under this rule shall be valid in every State and Union territory.

Documents and devices to be carried by a person-in-charge of a conveyance [Rule 138A]:

The person-in-charge of a conveyance shall carry –

- (a) the invoice or bill of supply or delivery challan, as the case may be; and
- (b) a copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a RFID (Radio Frequency Identification Device) embedded on to the conveyance [except in case of movement of goods by rail or by air or vessel].

Tax invoice or bill of supply to accompany transport of goods [Rule 55A]:

Person-in-charge of the conveyance shall carry a copy of the tax invoice or the bill of supply issued, in a case where such person is not required to carry an e-way bill under these rules.

Verification of documents and conveyances [Rule 138B]:

The Commissioner or an officer empowered by him in this behalf may authorize the proper officer to intercept any conveyance to verify the e-way bill in physical or electronic form for all inter-State and intra-State movement of goods.

Inspection and verification of goods [Rule 138C]:

A summary report of every inspection of goods in transit shall be recorded online by the proper officer in Part A of a prescribed form within 24 hours of inspection and the final report in Part B of said form shall be recorded within 3 days of such inspection.

However, where the circumstances so warrant, the Commissioner, or any other officer authorised by him, may, on sufficient cause being shown, extend the time for recording of the final report in Part B of said form, for a further period not exceeding 3 days.

The period of 24 hours or, as the case may be, 3 days shall be counted from the midnight of the date on which the vehicle was intercepted.

Facility for uploading information regarding detention of vehicle [Rule 138D]:

Where a vehicle has been intercepted and detained for a period exceeding 30 minutes, the transporter may upload the said information in specified form on the common portal.

Blocking of E-way bill generation facility [Rule 138E]:

Blocking of e-waybill generation facility means disabling a taxpayer from generating the e-way bill.

Blocking of GSTIN for e-way bill generation would only be for the **defaulting supplier GSTIN** and not for the defaulting Recipient or Transporter GSTIN. Suspended GSTIN cannot generate e-way bill as supplier. However, the suspended GSTIN can get the e-way bill generated as recipient or as transporter.

As per rule 138E, no person 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 –

- a) being a person paying tax under composition scheme u/s 10 has not furnished the payment statement in CMP-08 for 2 consecutive quarters, or
- b) being a person paying tax under regular scheme u/s 9 has not furnished GSTR-1 (Statement of outward supplies) for any 2 months or quarters.
- c) being a person, whose registration has been suspended under the provisions of Rule 21A.



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CHAPTER-13**PAYMENT OF TAX**

Electronic Ledgers or E-Ledgers are of two types. One set is prepared and updated by the Taxpayer – Electronic Cash Ledger and Electronic Credit Ledger. Second set is prepared and updated on the basis of returns furnished by the Registered person or Tax authority i.e. Electronic Liability register.

Once a taxpayer is registered on common portal (GSTN), two e-ledgers (Cash & Credit ledger) and an electronic liability register will be automatically opened and displayed on his dashboard at all times.

Dr. Electronic Liability Register (Form GST PMT-01)		Cr.	
Particulars	Amount	Particulars	Amount
To Amount payable towards tax, interest, late fee or any other amount (Liability)	(1)	By Electronic Credit ledger OR (for ITC adjusted against output tax)	(2)
		By Electronic Cash ledger (for liability discharged in cash)	(3)

Dr. Electronic Credit Ledger (Form GST PMT-02)		Cr.	
Particulars	Amount	Particulars	Amount
To Electronic Liability ledger (for adjusting ITC against output tax)	(2)	By Amount of Input tax credit eligible	(1)
To Electronic Cash ledger (for refund of ITC claimed)	(3)	By Electronic Cash ledger (if refund is rejected)	(4)

The amount available in electronic credit ledger may be used for making any payment towards output tax. The Input Tax Credit credited to electronic credit ledger cannot be used for making payment of tax under RCM, or interest, penalty, fee.

UTILIZATION OF ITC:

Input Tax Credit (ITC) is credited to a person's electronic credit ledger. The person may use this to pay his output tax liability.

Order of utilization of Input tax credit is as under:

Input Tax Credit on account of-	Output Tax Liability on account of -		
	IGST	CGST	SGST/UTGST
Integrated tax(IGST)	(I)	(II) – In any order and in any proportion	
(III) <i>IGST Credit should be utilized completely first</i> before using CGST & SGST credit			
Central tax (CGST)	(V)	(IV)	Not permitted
State tax/ Union Territory tax (SGST/UTGST)	(VII)	Not permitted	(VI)

Therefore, it is clear that there is no offset available between the CGST and the SGST.

Electronic Cash Ledger (Form GST PMT-05)			
Dr.			Cr.
Particulars	Amount	Particulars	Amount
To Electronic Liability ledger (for GST paid in Cash)	(2)	By Amount deposited\TDS\TCS	(1)
To Electronic Credit ledger (if refund is rejected)	(4)	By Electronic Credit ledger (for refund of ITC claimed)	(3)
To Refund Claimed (of unutilized amount in the E-Cash ledger)	(5)	By Refund Rejected (of unutilized amount in the E-Cash ledger)	(6)

The Electronic Cash Ledger contains a **summary of all deposits and payments** made by a taxpayer.

The **amount payable on reverse charge basis, or the amount payable u/s 10, any amount payable towards interest, penalty, fee shall be paid by debiting the electronic cash ledger.**

Money can be deposited in the Cash Ledger by different modes, namely-

- Internet Banking, Credit card or Debit card through authorised banks;
- Unified Payment Interface (UPI) and Immediate Payment Services (IMPS) from any bank;
- Real Time Gross Settlement (RTGS)/ National Electronic Fund Transfer (NEFT);
- Over the Counter Payment in branches of Banks Authorized (for deposits **upto Rs.10,000 per challan per tax period**, by cash, cheque or demand draft).

The chronological order of discharge of liabilities of a taxable person would be:

- a) Self-assessed tax and other dues for the **previous tax periods**
- b) Self-assessed tax and other dues for the **current tax periods**
- c) Any **other amount payable** under this Act or the rules made thereunder including the demand determined **u/s 73 or section 74.**

In the cash ledger, information is kept minor head-wise for each major head.

Major Heads	Minor Heads
IGST	Tax
CGST	Interest
SGST/UTGST	Penalty
Cess	Fees
	Others

Section 49(10) and (11) provides a facility to the registered person to transfer an amount from one (major/minor) head to another (major/minor) head in the electronic cash ledger and also between distinct persons.



Interest on Delayed Payment of Tax [Section 50]:

- (1) Every person who is **liable to pay tax fails to pay tax** or any part thereof to the Government within the period prescribed, shall pay **interest at 18%p.a** for the period for which the tax or any part thereof remains unpaid.

Provided that interest in cases where the **tax return under section 39 has been furnished after the due date** (but furnished before commencement of proceedings u/s 73 or 74) **shall be levied on net cash liability** i.e that portion of the output tax which is being paid through the electronic cash ledger.

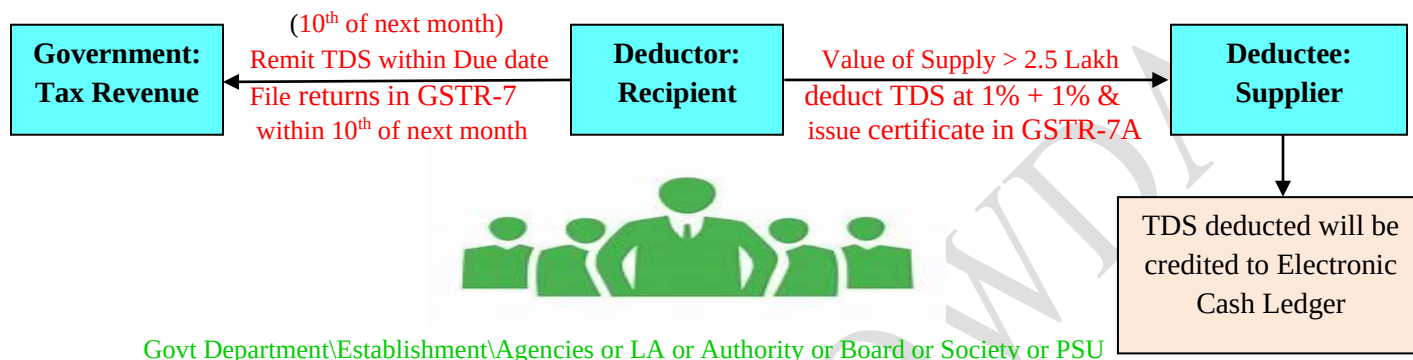
- (2) The interest shall be calculated, from the day succeeding the day on which such tax was due to be paid.
- (3) A taxable person who makes an **undue or excess claim of input tax credit or undue or excess reduction in output tax liability**, shall pay interest at such rate not exceeding 24% p.a on such undue or excess claim or on such undue or excess reduction, as the case may be.

Rate of interest notified by the Government is 18% per annum.

Summary of Various Forms:

Form No.	Purpose
GST PMT-01	Maintenance of Electronic Liability Ledger (read with Rule 85)
GST PMT-02	Maintenance of Electronic Credit Ledger (read with Rule 86)
GST PMT-03	Rejection order by proper officer for refund of Unutilized ITC
GST PMT-04	Communication of any discrepancy in Ledgers
GST PMT-05	Maintenance of Electronic Cash Ledger (read with Rule 87)
GST PMT-06	Generate challan on the common portal to enter the details of the amount to be deposited.



CHAPTER-14TAX DEDUCTION AT SOURCE AND COLLECTION OF TAX AT SOURCETAX DEDUCTION AT SOURCE (TDS) [Section 51]:**Section 51 of the CGST Act states that-**

- Department or Establishment of the Central Government or State Government; or
 - Local authority; or
 - Governmental agencies; or
 - An authority or a Board or any other Body, -
 - set up by an act of Parliament or a State Legislature; or
 - established by any Government, with 51% or more participation by way of equity or control, to carry out any function; or
 - Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860; or
 - Public Sector Undertakings.
- (referred to as "**the deductor**"), to **deduct tax at the rate of 1% (CGST)** from the payment made or credited to the supplier ("**the deductee**") of taxable goods or services or both, where **the total value of such supply, under a contract, exceeds Rs.2,50,000** (excluding GST & Cess).

Provided that **no deduction** shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or Union territory of registration of the recipient.

The amount deducted as tax **shall be paid to the Government by the deductor within 10th of next month.**

A **certificate of tax deduction at source** shall be issued in FORM GSTR-7A by the deductor (recipient) to the deductee (supplier).

The deductee(Supplier) shall claim credit, in his electronic cash ledger, of the tax deducted and reflected in the **return of the deductor** furnished in FORM GSTR-7 within 10th of next month.

If any deductor fails to pay to the Government the amount deducted as tax, he shall pay interest in accordance with the provisions of section 50(1) at 18% p.a, in addition to the amount of tax deducted.

COLLECTION OF TAX AT SOURCE (TCS) [Section 52]:

Section 52 of CGST Act provides that, every **Electronic Commerce Operator** (“operator”), not being an agent, shall collect an amount calculated at 0.5%(CGST), of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator.

Explanation: The expression “net value of taxable supplies” shall mean the aggregate value of taxable supplies of goods or services or both, other than services notified under section 9(5) [RATH], made during any month by all registered persons through the operator reduced by the aggregate value of taxable supplies returned to the suppliers during the said month.

The amount collected shall be paid to the Government by the operator within 10th of next month.

The supplier shall claim credit, in his electronic cash ledger, of the tax collected and reflected in the statement of the operator furnished in FORM GSTR-8 within 10th of next month.

Every operator who collects the amount shall furnish an annual statement in FORM GSTR-9B, electronically, containing the details of outward supplies of goods or services or both effected through it during the financial year, on or before the 31st day of December of next financial year.



Note: The person deducting the tax under section 51 (**Deductor**) and the person collecting the tax at source under section 52 (**Operator**) should mandatorily get registered under GST as per section 24 and they should apply for registration in **FORM GST REG-07**.

CHAPTER-15**RETURNS**

The term “return” ordinarily means statement of information (facts) furnished by the taxpayer, to tax administrators, at regular intervals.

In any tax law, “filing of returns” constitutes the most important compliance procedure which enables the Government/ tax administrator to estimate the tax collection for a particular period and determine the correctness and completeness of the tax compliance of the taxpayers.

There are various types of returns under GST like the First return, Monthly return, Return for Composition Supplier, TDS return, Return for Input Service Distributor, Annual return and Final return. Under GST, everything is online and is updated and matched regularly. If a business is done from offices in multiple states, the number of returns will go up accordingly.

Under the GST laws, the correct and timely filing of returns is of utmost importance because of two reasons-

- Firstly, under GST laws, a taxpayer is required to estimate his tax liability on “self-assessment” basis and deposit the tax amount along with/before the filing of such return.
- Secondly, under the GST regime, filing of returns also has a huge bearing on determination of tax liability of other persons (recipient).

List of Sections covered in this Chapter:

Section 37	Furnishing details of outward supplies
Section 38	Furnishing details of inward supplies (Suspended)
Section 39	Furnishing of returns
Section 40	First return
Section 41	Claim of input tax credit and provisional acceptance thereof
Section 42	Matching, reversal and re-claim of input tax credit (Omitted)
Section 43	Matching, reversal and re-claim of reduction in output tax liability (Omitted)
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

Provisions of returns, other than late fee, under CGST Act have also been made applicable to IGST Act vide section 20 of the IGST Act.

SUMMARY OF GST RETURNS IS AS FOLLOWS:

Return Form	Particulars	Frequency	Due Date
GSTR-1	Filed by Registered person providing the details of outward supplies (including CTP)	Monthly Quarterly	11th of the next month OR QRMP scheme: 13th day of the month succeeding each quarter
GSTR-3B [Section 39]	Simple Return in which summary of outward supplies along with Input Tax Credit is declared and payment of tax is affected Registered person (including CTP).	Monthly	20th of the next month OR QRMP scheme: 22 nd /24th of the month succeeding the quarter.
GSTR-4 [Section 39]	Return for a Composition Supplier u/s 10(1) & 10(2A)	Annually	30 th April of next financial year.
GSTR-5 [Section 39]	Return for a Non-Resident Taxable Person	Monthly	13th of the next month or within 7 days after the last day of validity period of the registration, whichever is earlier.
GSTR-7 [Section 39]	Return for authorities deducting tax at source under section 51	Monthly	10th of the next month
GSTR-8 [Section 39]	Details of supplies effected through E-Commerce operator and the amount of tax collected at source under section 52	Monthly	10th of the next month
GSTR-9 [Section 44]	Annual Return for a Normal Taxpayer (Section 9) filing GSTR-1 & GSTR-3B (except CTP)	Annually	31st December of next financial Year
GSTR-9A [Section 44]	Annual Return for a Composition Supplier (Section 10)	Annually	31st December of next financial Year
GSTR-9B [Section 44]	Annual Statement for ECO (E-Commerce operator)	Annually	31st December of next financial Year
GSTR-10 [Section 45]	Final Return	Once, when GST Registration is cancelled or surrendered	Within 3 months of the - ➤ Date of cancellation or ➤ Date of cancellation order, whichever is later.
GSTR-11	Details of inward supplies to be furnished by a person having UIN and claiming a refund	Monthly	28th of the month following the month for which statement is filed



Notes:

1. **Composition Supplier paying tax under section 10** of the CGST Act shall follow the special procedure for furnishing of return and payment of tax as follows-
 - **Quarterly Statement** in form **GST CMP-08** by **18th of the month succeeding such quarter**, for payment of self-assessed tax.
 - **Annual Return** in **GSTR-4** by **30th April of next financial year**
 - **Annual Return** in **GSTR-9A** by **31st December of next financial year**
2. **Registered person filing returns GSTR 1 and GSTR 3B are required to file an annual return in GSTR 9.**
However, the following persons are not required to file an annual return in GSTR 9:
 - a. Casual taxable persons
 - b. Non-Resident taxable persons
 - c. Input Service Distributor
 - d. Persons authorized to deduct/collect tax at source under section 51/52
 - e. Persons supplying online information and data base access or retrieval services from a place outside India to a person in India, other than a registered person.

The details of outward supplies furnished in FORM GSTR-1 shall include the–

- a) **Invoice wise details of all –**
 - i. All supplies made to the **registered persons (B2B)**; and
 - ii. **Inter-State supplies** with **invoice value >Rs.2,50,000** made to the **unregistered persons(B2C)**;
- b) **Consolidated details of all –**
 - i. **Intra-State supplies made to unregistered persons** for each rate of tax; and
 - ii. **State wise inter-State supplies with invoice value upto Rs.2,50,000 made to unregistered persons** for each rate of tax;
- c) Debit and Credit notes, if any, issued during the month for invoices issued previously.

The details of outward supplies furnished by the supplier shall be made available to the concerned registered persons (being recipients) in FORM GSTR-2A/2B (GSTR-4A in case of recipient opting composition levy).

Sequencing of returns is mandatory under GST. Unless the earlier return is not filed current month return cannot be filed.

A taxpayer cannot file GSTR-1 before the end of the current tax period.

However, following are the exceptions to this rule:

- Casual taxpayers, after the closure of their business
- Cancellation of GSTIN of a normal taxpayer.

Taxpayers can now file **Nil return** under section 39 in Form GSTR-3B or a Nil details of outward supplies under section 37 in Form GSTR-1 or a Nil statement in FORM GST CMP-08 or a nil return in form GSTR-4 for a tax period, through a **short messaging service** using the registered mobile number.

Rectification of Errors/Omissions [Section 39(9)]:

Omission or incorrect particulars discovered in the returns (GSTR-1 or GSTR-3B) filed can be rectified in the return to be filed for the tax period during which such omission or incorrect particulars are noticed.

The **maximum time limit** within which the rectification of errors/omissions is permissible is **earlier of the following dates:**

- 30th November of the following financial year or
- Actual date of filing of the relevant annual return

[the above time limit is for both rectifying the errors in GSTR-1 or return u/s 39 (GSTR-3B) already filed]

Due date for payment of tax:

Due dates for payment of tax in respect of the persons required to file **GSTR- 3B and GSTR-5 are linked with the due dates for filing of such returns** i.e., the last dates (due dates) of filing such returns are also the due dates for payment of tax.

However, due dates for payment of tax in respect of the persons required to **file quarterly GSTR-3B under QRMP Scheme** and persons paying tax under composition scheme is delinked.

QUARTERLY RETURN MONTHLY PAYMENT (QRMP) SCHEME:

QRMP Scheme is an optional return filing scheme, introduced for **small taxpayers having aggregate turnover (PAN based) of upto Rs.5 crore in the preceding financial year** to **furnish their Form GSTR-1 and Form GSTR-3B on a quarterly basis while paying their tax on a monthly basis** through a simple challan.

Opting of QRMP scheme is **GSTIN wise**. Distinct persons can avail QRMP scheme option for one or more GSTINs.

Due dates for the registered persons opting for QRMP scheme:

Invoices are to be furnished in IFF for the first 2 months of the quarter	Between the 1st day of the succeeding month till the 13th day of the succeeding month
Furnishing the details of outward supplies in Form GSTR-1	13th day of the month succeeding each quarter
For payment of Tax	For first two months of the quarter- 25th day of the month succeeding such month. For last month of the quarter- Before the due date of Furnishing GSTR 3B for the quarter (on or before 22nd or 24th of the month succeeding the quarter)
Furnishing the details in Form GSTR-3B	on or before 22nd or 24th of the month succeeding the quarter

DEFAULT/DELAY IN FURNISHING RETURN [Sections 46 & 47]:

Notice to return defaulters [Section 46 read with rule 68]:

A notice in prescribed form (GSTR-3A) shall be issued, electronically, to a registered person who fails to furnish return u/s 39 [Normal Return] or section 44 [Annual Return] or section 45 [Final Return] or section 52 [TCS Statement].

The notice would require the registered person to furnish the return within 15 days.

Late fees levied for delay in filing return [Section 47]:

Delay in filing any of the following returns by their respective due dates, attracts late fee:

- Statement of Outward Supplies [Section 37]
- Returns (including returns under QRMP Scheme) [Section 39]
- Final Return [Section 45]
- Section 52 [TCS Statement]

Quantum of late fee:

- Rs.100 for every day during which such failure continues; or
 - Rs.5,000
- Whichever is less

[for return filed in GSTR-5 or GSTR-5A or GSTR-6, Final return u/s 45 and TCS statement u/s 52]

Rationalisation of late fees for delayed filing of Forms GSTR-1, GSTR-3B, GSTR-4, GSTR-7 and GSTR-9:

The late fee can be waived off partially or fully by the Central Government [Section 128].

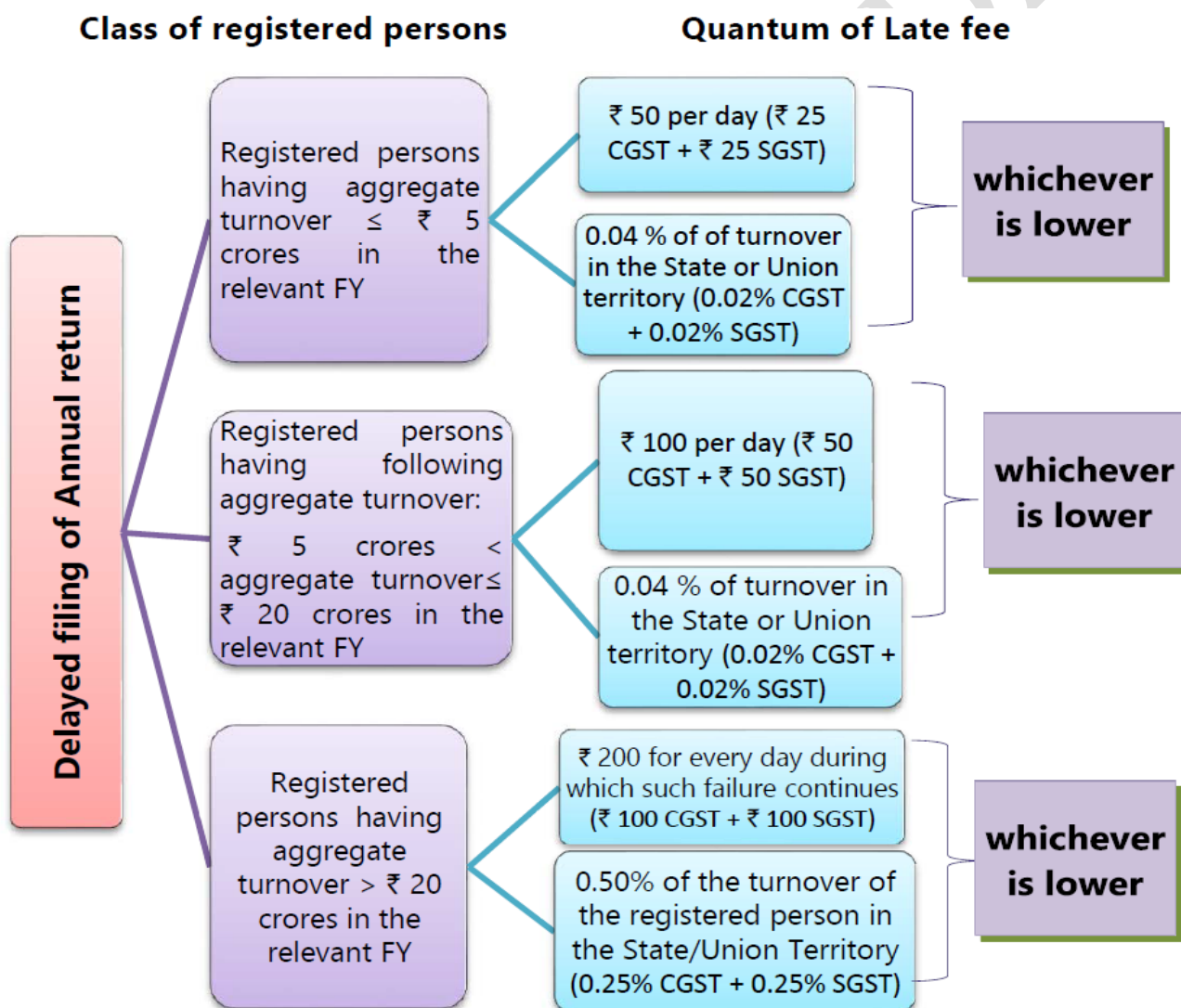
Late fee payable under section 47 of CGST Act, who fail to furnish FORM GSTR-1 or FORM GSTR-3B by the due date (monthly or quarterly):

Class of registered persons	Late Fee (CGST)
Registered persons who have- ➤ nil outward supplies in the tax period or ➤ whose total amount of tax payable in the GSTR- 3B is Nil.	Rs.500 [Rs.250 CGST & 250 SGST/UTGST] OR Rs.20 [Rs.10 CGST + Rs.10 SGST/UTGST] for every day during which such failure continues, Whichever is less.
Registered persons having an aggregate turnover in the preceding financial year of- ➤ upto Rs.1.5 crores ➤ more than Rs.1.5 crores and up to Rs.5 crores ➤ more than Rs.5 crores	Rs.2,000 [1,000 + 1,000] OR Rs.50 [25 + 25] for every day, Whichever is less. Rs.5,000 [Rs.2,500 + 2,500] OR Rs.50 [25 + 25] for every day, Whichever is less. Rs.10,000 [5,000 + 5,000] OR Rs.50 [25 + 25] for every day, Whichever is less

Late fee payable u/s 47 of the CGST Act, by the registered person (composition taxpayer) who fail to furnish Form GSTR-4 by the due date, shall be as follows:

Class of registered persons	Late Fee (CGST)
Registered persons for whom total tax payable in GSTR-4 is Nil	Rs.500 [250 + 250] OR Rs.20 [10 + 10] for every day, Whichever is less.
Registered persons other than those covered above	Rs.2,000 [1,000 + 1,000] OR Rs.50 [25 + 25] for every day, Whichever is less.

A registered person who fails to furnish the annual return under section 44 (GSTR-9) by the due date is required to pay a late fee as under:



Note: Relevant financial year means the year for which there is a delay in filing annual returns.

Total amount of late fee payable u/s 47 by any registered person, required to deduct tax at source u/s section 51 for delayed filing of GSTR-7, shall be as follows:

- Rs.50 (Rs.25 CGST + Rs.25 SGST/UTGST) for every day during which such failure continues; or
 - Rs.1,000
- Whichever is less.

GOODS AND SERVICES TAX PRACTITIONERS [Section 48]:

Section 48 provides for the authorisation of an eligible person to act as approved Goods and Services Tax Practitioner (GSTP). A registered person may authorise an approved GSTP to furnish information, on his behalf, to the Government.

The manner of approval of GSTPs, their eligibility conditions, duties and obligations, manner of removal and other conditions relevant for their functioning have been prescribed in the rules 83 and 84 of the CGST Rules.

GSTN provides separate user ID and Password to GSTP to enable him to work on behalf of his clients without asking for their user ID and passwords. They can do all the work on behalf of taxpayers as allowed under GST Law. A taxpayer may choose a different GSTP by simply unselecting the previous one and then choosing a new GSTP on the GST portal.

Activities to be undertaken by a GSTP:

A GSTP can undertake any/all of the following activities on behalf of a registered person, if so authorised by him:

- Furnish the details of outward supply:
- Furnish monthly, annual or final return:
- Make deposit for credit into the electronic cash ledger:
- Furnish information for generation of e-way bill
- Furnish details of challan in the prescribed form
- File an intimation to pay tax under the composition scheme or withdraw from the said scheme
- File a claim for refund and
- File an application for amendment or cancellation of registration.

Also allowed to appear as authorised representative before any officer of Department, Appellate Authority or Appellate Tribunal, on behalf of such a registered person provided he is enrolled as GSTP under rule 83.

Furnishing returns through GSTP:

When a registered person opts to furnish his return through GSTP, such registered person:

- Gives his consent in prescribed form to any GSTP to prepare and furnish his return
- Before confirming submission of any statement prepared by GSTP, ensures that the facts mentioned in the return are true and correct.

Thus, the responsibility for correctness of any particulars furnished in the return or other details filed by the GSTP continues to rest with the registered person on whose behalf such return and details are furnished.