

#littlebylittle

we learn a lot

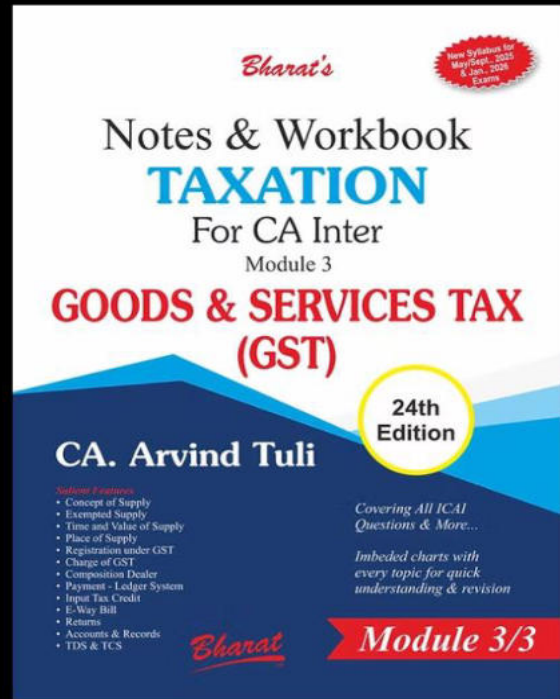
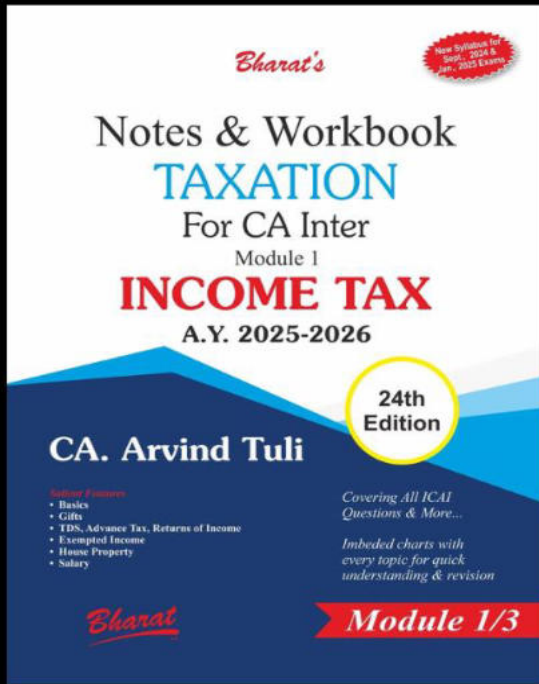


ARVIND TULI

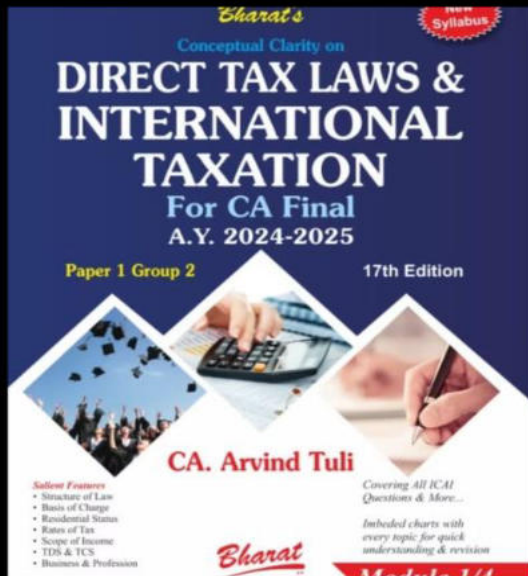
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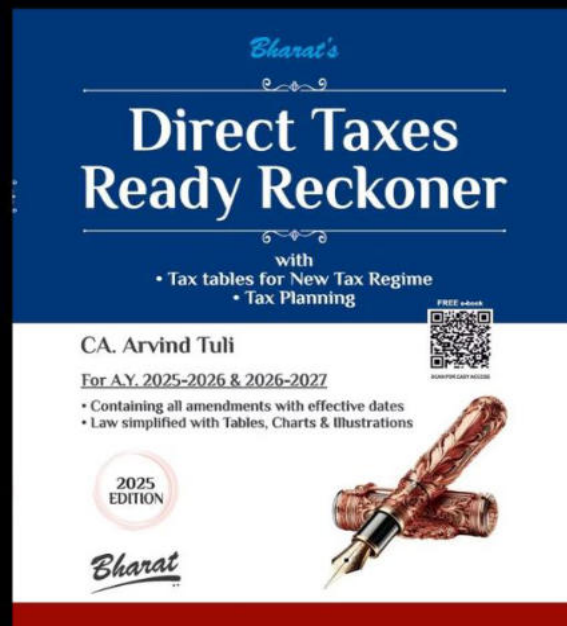


For CA Intermediate students



For
CA Final
Students

For
Professionals
in Practice





Congratulations!

LITTLE BY LITTLE YOU CAN ACHIEVE EVERYTHING POSSIBLE

Taxation is one of my favourite subjects from graduation itself. However after I started the journey of CA inter with Tuli sir, he introduced us with a whole new world of Taxation. The workbook and notes of Tuli Sir are the Brahmastra For Taxation, the contents and depth of his notes are itself a Veda in itself. And the most important is the "Little by Little" mantra which helps me to overcome the fear of examination and helped in scoring AIR-6.

2:33 pm



Kushagra Vaish

AIR 6

 TAXATION MARKS

90



ARVIND TULI

EXAM TIPS

Read
Think
Stay
Write

Slowly
Clearly
Calm
Fast

"Tum log sun bhi
rahe ho?"



TULISIR'S PTC METER STRATEGY FOR AIR



Congratulations!

LITTLE BY LITTLE YOU CAN ACHIEVE EVERYTHING POSSIBLE

The main key is to understand the concept and then do practice . The support that sir has provided at each step is commendable . You never leave us alone . It may be in form of detailed revisions or Quick revisions or countdown series . It all helped a lot to achieve this . Thank you so much sir for your wonderful way of teaching .

2:53 pm



Shelly Tarawat

AIR 42

 TAXATION MARKS

90



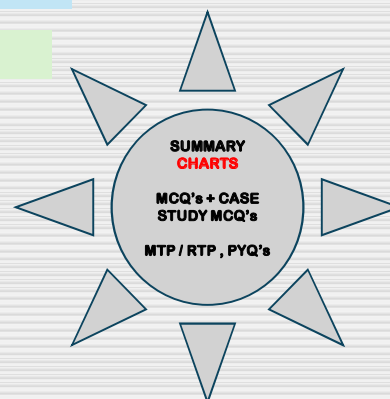
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QR SLIDES



Module 3 : PART A

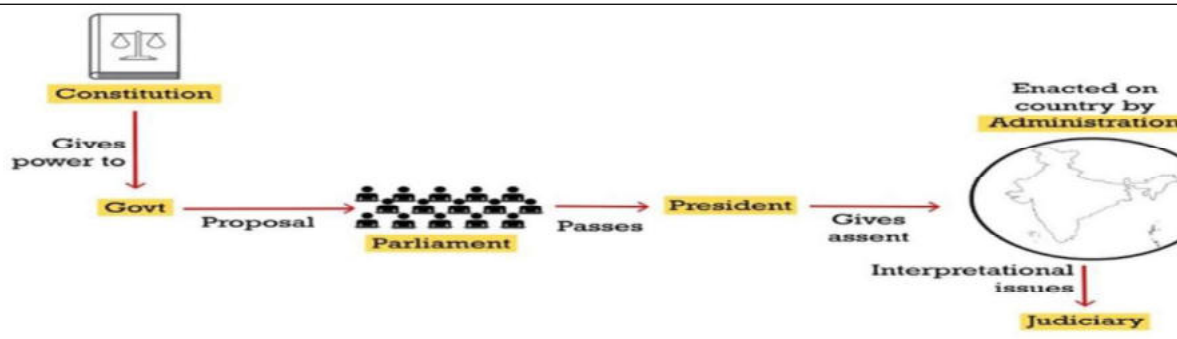
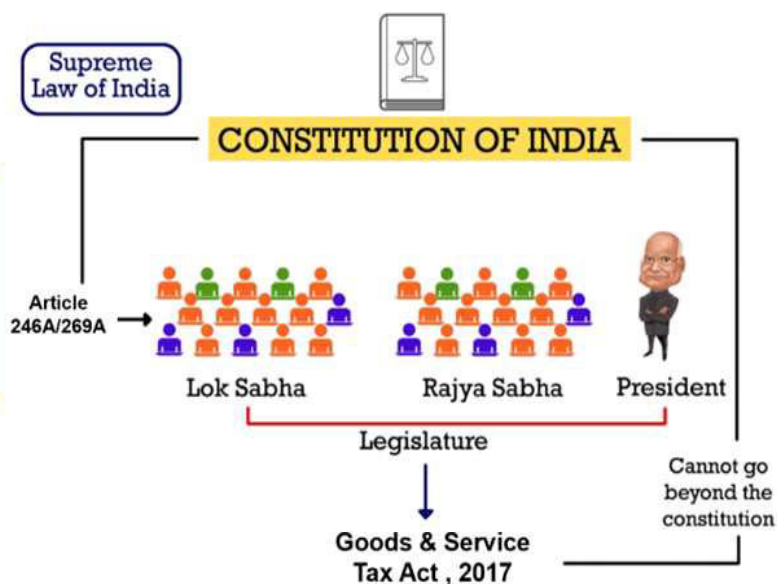
BASICS of GST



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Only for those who deserve.



THE PROCEDURE FOR MAKING LAW



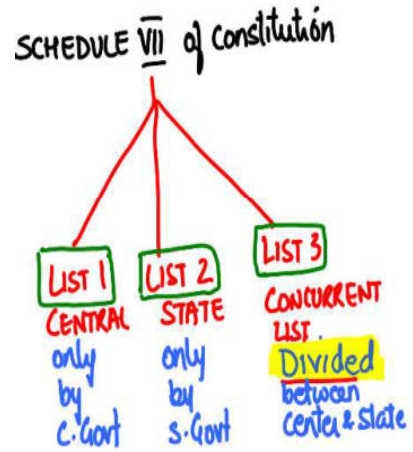
Sources of Law

To read the provisions of Law we must read the

- The ACT:** Rules/Law as passed by legislature
- The RULES:** elaborate the Act
- The Circular:** issued by CBDT clarifies the Act and cannot go beyond the Act.
- The Notifications:** make additions or deletions in the Act.
- The Case Study:** Judiciary's interpretation of the Act. Cannot change the Act.

1. The power to levy taxes: Constitution is the Supreme law of India.

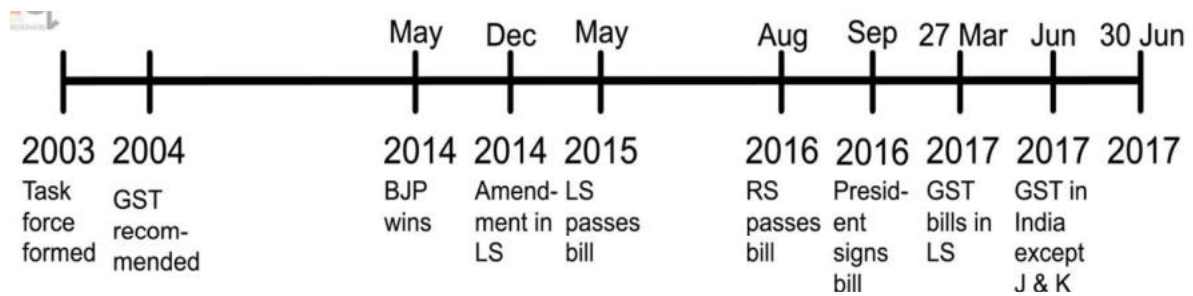
- a) As per **Article 265**: "No tax shall be levied or collected except by authority of law"
- b) As per **Article 246**: Parliament may make laws for the center and the state whereas the state legislature may make laws for whole or part of the state.



As per the **Seventh schedule** there are three lists :

- List I – Union List (power of the central Government to levy tax)
- List II - State List (power of the State Government to levy tax) and
- List III - Concurrent list (powers with both center and state to separately levy tax)

Why was a constitutional amendment needed to implement GST ?



i. The need for a constitutional amendment:

- The constitution did not allow for a **simultaneous levy** of tax by the Center and the state thus the constitution needed to be amended for imposition of GST.
- To integrate the Central excise & VAT and service tax amongst other taxes to introduce one unified tax.

Life before GST & why GST was needed?

Earlier Taxes before GST

CENTRAL TAXES	STATE TAXES
1) CST - Central state tax on inter state sale of goods	VAT - Value added tax on intra state sale of goods
2) Central Excise duty : on Mfg of goods	State Excise duty : on Mfg of alcohol for human consumption
3) Service tax Act	other local taxes

Why was GST needed?

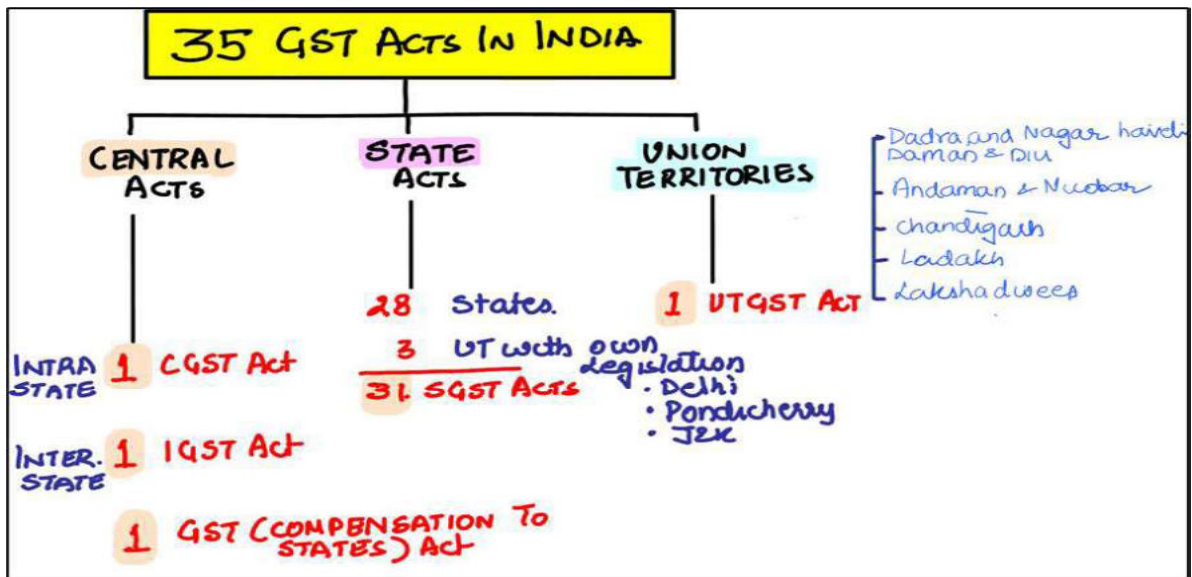
- Multiple Acts- complicated structure
- Ease of doing business was not there
- Cascading effect – tax on tax
- Inconsistent input tax credit

UNDERSTANDING THE GST LAWS

Article 246A	Gives Power to levy GST given to the center [CGST] and the state [SGST or UTGST] with regard to <i>intra state</i> supply
Article 269A	Power to Central Government to levy and collect tax on Inter state supply [IGST]

There is a single legislation i.e CGST Act 2017 for levying CGST. Though there are multiple SGST and a UTGST, the basic features of law are the same as in CGST. IGST will have specific provisions for levying tax in inter state supply.

How many GST Act?



- **Why do we need a GST Council?** For states and center to jointly decide on changes to the GST Act.

WHY do we need a GST Council?

ARTICLE 279A: GST COUNCIL

MEMBERS: 33

- 1 Union FM (Chairperson)
- 1 Union Minister of state (members of council)
- 31 state Representatives (Nominated by CM)

33

QUORUM: 50% i.e 17 council members need to be present

Decisions: Center $\frac{1}{3}$ rd, State $\frac{2}{3}$ rd

$\frac{2}{2} \times \frac{1}{2} = 0.33$ $\frac{20}{31} \times \frac{2}{2} = 0.43 = 76\%$

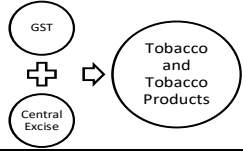
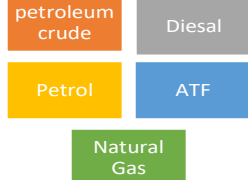
> 75% votes needed for resolution to be passed.

WORK OF GST COUNCIL

- all changes to
- Rates of GST
- Exemption / withdrawal of exemptions
- Rules for levy / collection
- Place of supply etc

will be jointly decided by center & states and then amendments will be made in respective central & state Acts

A5

	Particulars	GST	VAT /CST	Excise Duty	What the States did not agree to?
1.	Tobacco and tobacco products <u>manufactured</u> in India 	yes	No *	Yes - Central	
2.	Petroleum crude, High speed diesel, Motor spirit, natural gas and Aviation turbine fuel 	No ¹	Yes	Yes - Central	
3.	Alcohol for human consumption Article 366(12A): "any tax on supply of goods or services or both <u>except</u> supply of alcoholic liquor for human consumption"	No	Yes	Yes - State	
4	Opium / Indian hemp & Narcotics	Yes	No	Yes - State	

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CENTRAL TAXES REMOVED	STATE TAXES REMOVED	Taxes Subsumed after GST
<ul style="list-style-type: none"> Central Excise Duty & Additional Excise Duties Excise Duty under Medicinal & Toilet Preparation Act CVD & Special CVD, Central Sales Tax Service Tax Central surcharges and Cesses in so far as they relate to supply of goods & services 	<ul style="list-style-type: none"> Entertainment Tax (except levied by local bodies) Tax on lottery, betting and gambling Entry Tax (All Forms) & Purchase Tax VAT/ Sales tax , Luxury Tax Taxes on advertisements State surcharges and cesses in so far as they relate to supply of goods & services 	
Taxes NOT subsumed: Stamp duty on land , Professional Tax , Electricity Duty, Road Tax, Customs Duty, State Excise Duty, Research & development Cess , Environment tax		

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FEATURES & ADVANTAGE OF GST	
It is an expenditure tax	Indirect tax is a tax on spending / consumption etc
It is regressive	In Income tax rich pay more tax than the poor however in indirect taxes the rich and the poor pay the same rate of GST. This may further increase the income disparities between the rich and the poor.
It may lead to inflation and rise in prices	Tax imposed on goods & services causes Prices of goods to rise and may indirectly lead to inflationary trend.
Its evasion can be controlled	If the start of the transaction is caught then the entire series if brought into the tax net
Its easy to bear	It's a #littlebylittle tax that one pays everyday and thus it does not pinch the pocket as Income Tax does
Entire burden on end customer	The entire tax is borne by the end customer
Indirect tax is a tax where the person responsible for DEPOSITING the tax and the person actually BEARING the tax are different	

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Inter and Intra state Supply

INTER & INTRA STATE SUPPLY

i. GST is not on 'sale' but on 'supply'. Supply is defined u/s 7	
ii. GST is on 'supply' of 'goods' & 'services'	
iii. On INTRA state supply – CGST & SGST/UTGST will be levied equally by the center and the state	
iv. On INTER state supply – IGST will be levied by the Central Government.	
v. IGST will be equal to SGST + CGST	

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Is import subject to GST?

IMPORT

Import of Service

- Covered by GST
- as inter-state supply u/s 7(1)(b) & 7(1)(c)

Import of Goods

- Not covered under GST
- It is treated as inter state supply

- importer
- IGST is levied
 - Reverse charge
 - ITC available

- importer
- customs duty is levied
 - IGST is a part of customs duty
 - ITC is available

Basic Customs duty + IGST = Customs duty

Example: Import of goods will become more expensive: thus safeguarding the Indian market and encourages "Make in India"

Earlier law	Under GST
BCD @ 20%	BCD @ 20%
ADD: CVD @ 12.5% (equivalent to excise duty)	IGST @ 28%
ADD: Sp CVD @ 4% (Equivalent to CST)	
TOTAL rate = 36.5%	Total rate = 48%

Territorial waters

Even **import of goods/services** into India will be treated as inter-state supply. However import of

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LEDGERS UNDER GST

Each ledger has 4 MAJOR heads & 5 Minor heads

	ECL - Cr				EGL - Cr				ELL - Dr			
Major heads	IGST	CGST	SGST	CESS	IGST	CGST	SGST	CESS	IGST	CGST	SGST	CESS
Tax												
Interest												
Fees												
Penalty												
Other												
Minor heads												

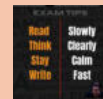
gross utilization is not allowed

gross utilization is allowed as per rules

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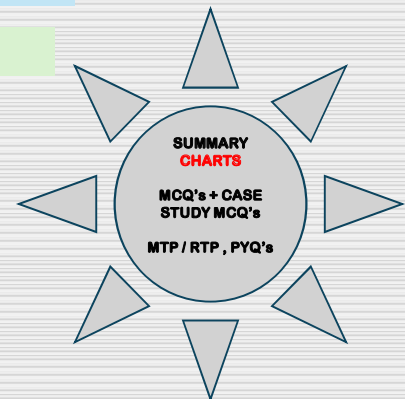
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Module 3 : PART B

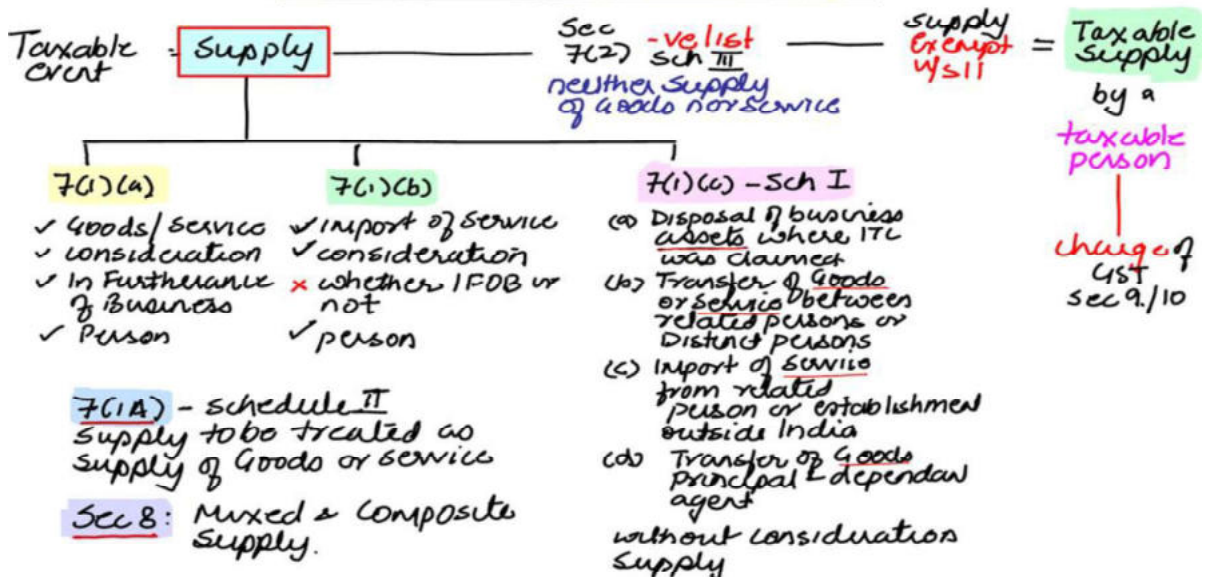
Supply [Sec 7 & 8]



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Only for those who deserve.



SUPPLY & TAXABLE SUPPLY



DEFINING SUPPLY u/s 7(1)(a)

Sec 7(1)(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business

Thus for supply to attract GST u/s 7(1)(a) it must be

- of **goods** or **services**
- for a **consideration**
- **by** a **person** (supplier)
- in **course of business**

Supply is the **taxable event** – the point at which GST becomes leviable. But every supply may not be taxable, certain supplies may be exempt

DEFINING Goods

Note : Capital asset / stock in trade / Investments are not relevant for GST

Any other than **Movable property** ————— **Land & Building** } not goods

Money & — currency recognised by RBI } not goods
 • however crypto currency is not money } are goods
 • currency held for numismatic value } are goods

Securities : Shares / Debentures etc } not goods

but includes a) **actionable claims**
 actionable claims other than lottery is covered u/s 7(2) -ve list

b) **growing crops**

- if sold alongwith land
- if agreed to be cut & sold separately

Is sale of **Building & Securities** covered in definition of aggregate turnover?
 Building is not 'Goods' thus not covered by definition of aggregate turnover
 Is sale of **alcohol & petroleum** covered in definition of aggregate turnover?
 These are 'Goods' thus covered by definition of aggregate turnover

1) Alcohol
 2) Petrol / Diesel / crude ATF / Natural gas. } are goods.

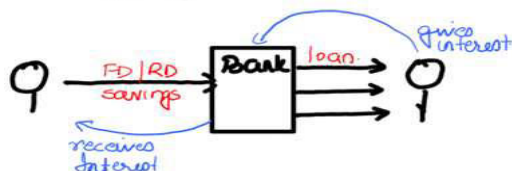
Defining 'Services':

Section 2(102) of CGST Act: Service means anything other than goods, money and securities but includes

- activities relating to the use of money or
- its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

Explanation.—For the removal of doubts, it is hereby clarified that the expression "services" includes facilitating or arranging transactions in securities;

Is giving a loan or accepting deposits a supply ?



Interest

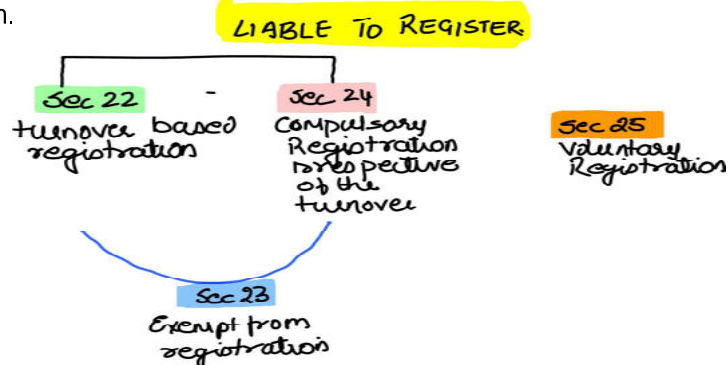
- on FD/RD or deposits
 पैसा लगाने का return
 is a supply
 Exempt u/s 11
- credit card
 • late payment of Debtors
 Penalty type है
 is a supply
 taxable

Person & Taxable Person:

- a) **Person Sec 2(84):** includes an individual, HUF, Company, Society, LLP, Firm, AOP/BOI, Government, Local Authority, Every AJP not falling above
- b) **Taxable person Sec 2(107):** A "taxable person" is a person who is registered or liable to be registered under section 22 or section 24 (refer to chapter on registration)
- Hence, even an unregistered person who is liable to be registered is a taxable person.
 - Similarly, a person not liable to be registered, but has taken voluntary registration and got himself registered is also a taxable person.

NOTE:

- Hence, even an unregistered person who is liable to be registered is a taxable person.
- Similarly, a person not liable to be registered, but has taken voluntary registration and got himself registered is also a taxable person.



Sec 2(31): Consideration:

any payment made or to be made, whether in money or otherwise in respect of the supply of goods or services or both, whether by the recipient or by any other person but shall **not** include any subsidy given by the Central Government or a State Government.

Example:

- a. X Ltd Charges Rs 10,000 from Mr Y and 9,000 from Mr Z for the same product. How much is the consideration?
- a. X Ltd provides education to Mr Y for 10 lacs . 2 lacs out of this is funded by the Government as a scholarship - In this case the consideration is 8 lacs
- b. X Ltd provides services to Mr Y for 10 lacs . 2 lacs out of this is paid by Z Ltd on behalf of Mr Y - In this case the consideration is 10 lacs, whether paid by the recipient or by any other person on behalf of the recipient.

Summary

- consideration does not always mean money
- it will include anything done, given or made in exchange for something
- consideration need not always come from the recipient of supply, it can come from a third person.
- Vouchers can be used for consideration
- Deposits are not consideration unless used as consideration
- Interest on FD is consideration for services by exempt u/s 11
- Interest as a penalty for late payment is consideration and is also chargeable to GST

Donations: [Circular No. 116/35/2019 GST dated 11.10.2019]: An important feature of consideration is quid pro quo [something for something].

Donations received by the charitable organisations are treated as consideration **only if** there exists, **quid pro quo**, i.e., there is an obligation on part of recipient of the donation or gift to do anything (supply a service).

Display of name as a gratitude: Individual donors provide financial help or any other support in the form of donation or gift to institutions such as religious institutions, charitable organisations, schools, hospitals, orphanages, old age homes etc. and in return the recipient institutions place a name plate or similar **such acknowledgement in their premises to express the gratitude and public recognition of donor's act of philanthropy** and is **not aimed at giving publicity to the donor's business activity**, --- then it can be said that there is **no supply** of service for a consideration (in the form of donation).

Example

- "Good wishes from Mr. Rajesh" printed underneath a digital blackboard donated by Mr. Rajesh to a charitable Yoga institution.
- "Donated by Smt. Malati Devi in the memory of her father" written on the door or floor of a room or any part of a temple complex which was constructed from such donation.
- Mr AT donates money to a temple for construction of a hall in the premises with the understanding that there will be a board outside such premises stating the banner of IQATC as the leading coaching institute in Chandigarh -

In furtherance of "Business": thus any supply made in a personal capacity is not subject to GST. For example sale household utensils or personal car is not subjects to GST

- a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary(monetary) benefit;
- b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);
- c) any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction
- d) any trade, commerce, manufacture, profession, vocation, adventure, wager or supply/acquisition of goods including capital assets and services in connection with commencement or closure of business;
- e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members;
- f) admission, for a consideration, of persons to any premises
- g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
- h) activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club; and
- i) Functions performed by the Government as public authorities

Forms of Supply: sale, transfer, barter, exchange, licence, rental, lease or disposal

Sale & Transfer	VAT/CST was on sale of goods which was defined as transfer of property in goods for consideration. Under the CGST Act the definition of 'sale' or 'transfer' has not been provided. <ul style="list-style-type: none"> • Sale is for consideration • Transfer between 'distinct persons' – without consideration is also supply u/s 7(1)(c)
Barter & Exchange	Barter refers to a transaction which only includes an exchange of goods/services i.e only in kind Example: A CA gives consultancy to a trader in exchange for getting clothes from his shop. Exchange may cover a situation where the goods are partly paid for in goods and partly in money. Example: A CA gives consultancy to a trader in exchange for getting clothes from his shop as well as Rs 40,000. When a new car worth 5,00,000 is purchased in exchange of an old car alongwith the monetary consideration of 4,00,000 paid for the said purchase.
Licence, lease & rental	Grant of licenses, leases and rentals of goods with or without transfer of right to use are covered under the supply of service because there is no transfer of title in such supplies. Such transactions are specifically treated as supply of service in Schedule-II of CGST Act. A licence, under common law, is a permission given to a person to do or enjoy something that he otherwise does not have the legal right to do or enjoy Example: A Ltd. Owner of a patent grants a licence to Mr Y to use it for a manufacturing process for a period of 5 years for a consideration of 100,000p.m
Disposal	Is sale of old articles used for business.

OTHER CLAUSES

Sec 7(1)(aa) Finance Act 2021 w.r.ef 01/07/2017

the 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.

There was an ambiguity whether "Supply of Services" by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration is treated as supply or not because as per

Schedule II para 7 specifically mentioned only **Supply of Goods** by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration and **not Supply of Services**.

Finance Act 21 removed the ambiguity by removing Paragraph 7 from Schedule II and inserting Sec 7(1)(aa) – this being only a **clarificatory amendment** and **not a new provision** in itself.

OTHER CLAUSES

Sec 7(1)(b) importation of services, for a consideration whether or not in the course or furtherance of business

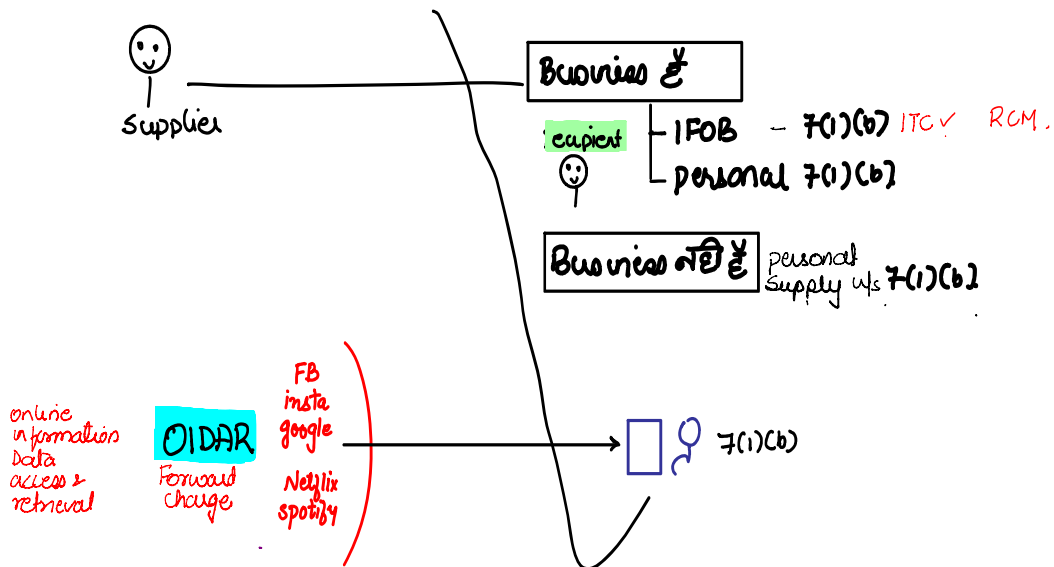
Thus for supply to attract GST u/s 7(1)(b) it must be

- of ~~goods or~~ services
- for a **consideration**
- ~~by a taxable person~~
- ~~in course of business~~

thus if services are imported even by a person not doing business, then GST is chargeable if consideration is paid.

X, a proprietor, has received the architect services for his house from an architect located in New York at an agreed consideration of \$ 15,000. The import of services by X is supply under section 7(1)(b) though it is not in furtherance of business

IMPORT OF SERVICE



Sec 7(1)(c) the **activities specified in Schedule I**, made or agreed to be made **without a consideration**

Thus for supply to attract GST u/s 7(1)(c) it must be

- of goods or **services**
- ~~for a consideration~~
- by a taxable person
- in *course of business*

Any transaction involving supply of goods and/or services **without consideration** is not a supply unless it is **deemed to be a supply** under law [as deemed in Schedule I of the CGST Act].

1) Permanent Transfer/Disposal of Business Assets where input tax credit has been availed on such assets.

Where a person has claimed input tax credit on purchase of a business asset then transfer of the same permanently will be supply even if without consideration

Business Assets: would include capital/fixed assets and stock.

This clause is wide enough to cover transfer of business assets from holding to subsidiary company for nil consideration.

2) Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business

Supply between

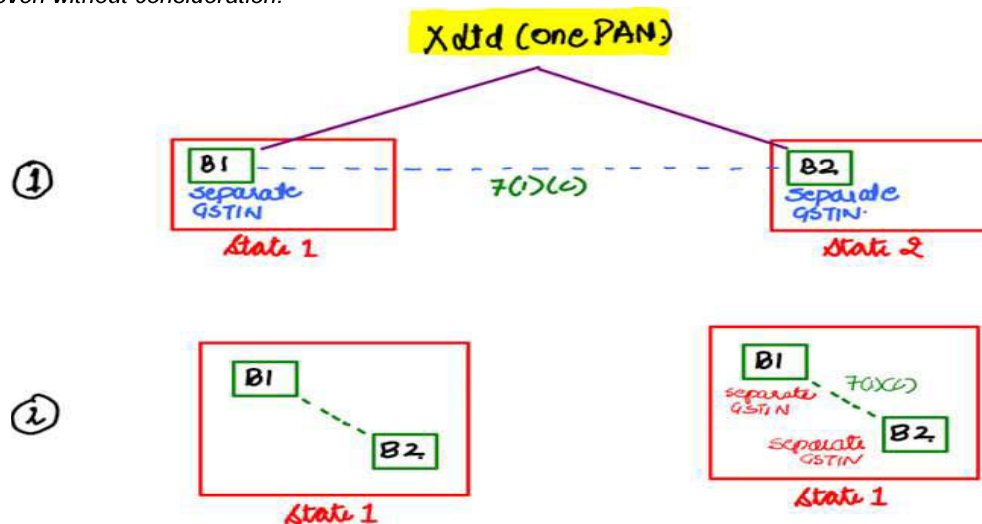
- **related person or**
- **distinct persons:**

Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business:

Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

Distinct person

Refers to Branches / establishments of the same person (one PAN), where separate registrations are required whether in one or more states. Thus branch transfer or stock transfer will be a supply under GST even without consideration.



Related person

- **Directors of one another's business**
- **Legally recognised partners**
- **Employer & employee**

It follows therefore that payment made by the employer to the employee in terms of contractual agreement entered into between the employer and the employee, will not be subjected to GST.

Ministry of Finance has clarified in a Press Release on 10.07.2017 that if services such as membership of a club, health and fitness centre etc. are provided free of charge to all the employees by the employer, the same will not be subjected to GST. The same would hold true for free housing to the employees, when the same is provided in terms of the contract between the Employer and employee and is part and parcel of the cost-to company (C2C)

- **3rd person holds ≥ 25% voting shares of both**

X holds 25% shares of A Ltd. and 25% shares of B Ltd. A Ltd. and B Ltd. are related

- **One controls the other**

Mr X (proprietor) has a influencing role in deciding the corporate policy, operations management and quality control of A Ltd. It can be said that Mr X controls A Ltd. Thus X and A Ltd. are related.

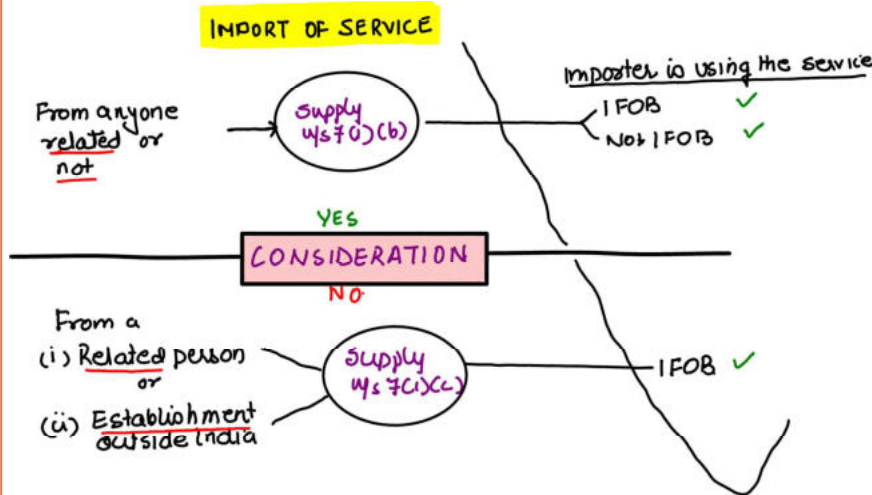
- **3rd person controls both**
- **Both together control a 3rd person**
- **One is the sole agent/distributor of the other**
- **Members of the same family**

• "family" means

- the spouse and children of the person, and
- the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person;

Notes:

a) **Sec 7(1)(c)** – import without consideration v Sec 7(1)(b) import with consideration



3) Import of services by a taxable person from

a) a related person or
b) from any of his other establishments outside India, in the course or furtherance of business.

- This clause is only applicable to services
- Without consideration
- Imported from a related person or from a branch outside India
- In the course of furtherance of business

4) Principal - Agent:

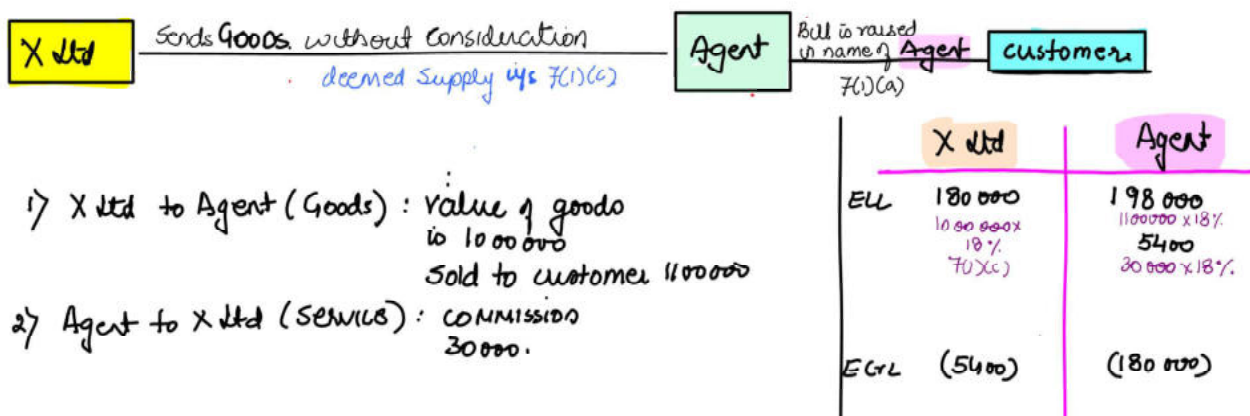
Supply of goods **by a principal to his agent** where the agent undertakes to supply such goods on behalf of the principal is a supply.

Supply of goods **by a agent to his principal** where the agent undertakes to receive such goods on behalf of the principal is a supply.

Only supply of goods is covered not services

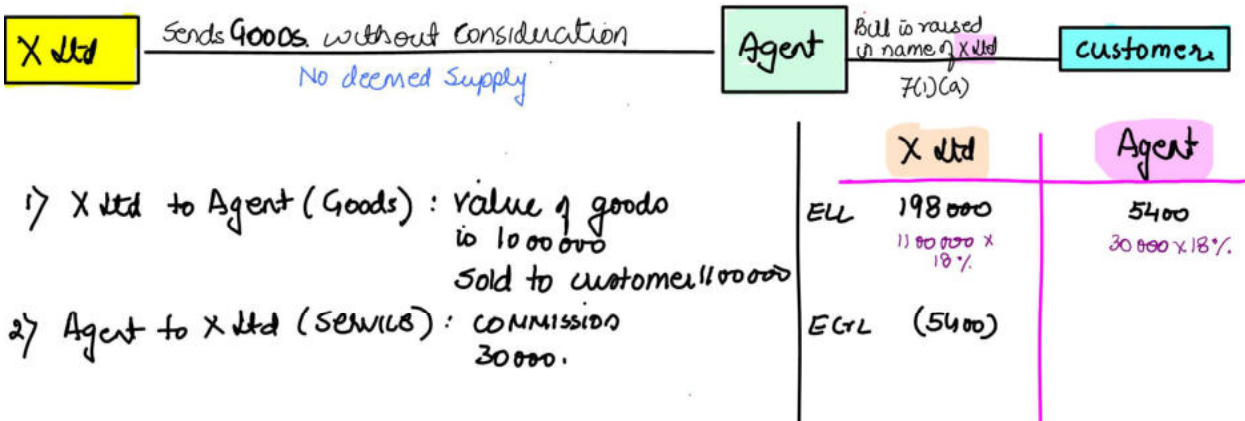
Clarification on scope of principal and agent relationship under Schedule I of CGST Act, 2017 in the context of del-credere agent (DCA)

SITUATION 1: Supply of goods by a **principal to his agent**, *without consideration*, where the agent raises the invoice in his own name to the final customer then the transfer by Principal to agent is a deemed supply u/s 7(1)(c)



Clarification on scope of principal and agent relationship under Schedule I of CGST Act, 2017 in the context of del-credere agent (DCA)

SITUATION 2: Supply of goods by a **principal to his agent**, *without consideration*, where the agent raises the invoice in name of the principal, to the final customer then the transfer by Principal to agent is not a deemed supply u/s 7(1)(c)



DEL-CREDERE AGENT

Circular No. 73/47/2018 GST dated 05.11.2018 has clarified the scope and ambit of principal agent relationship in the context of a DCA. DCA is an agent who guarantees the payment to the principal supplier:

In order to guarantee timely payment to the supplier,

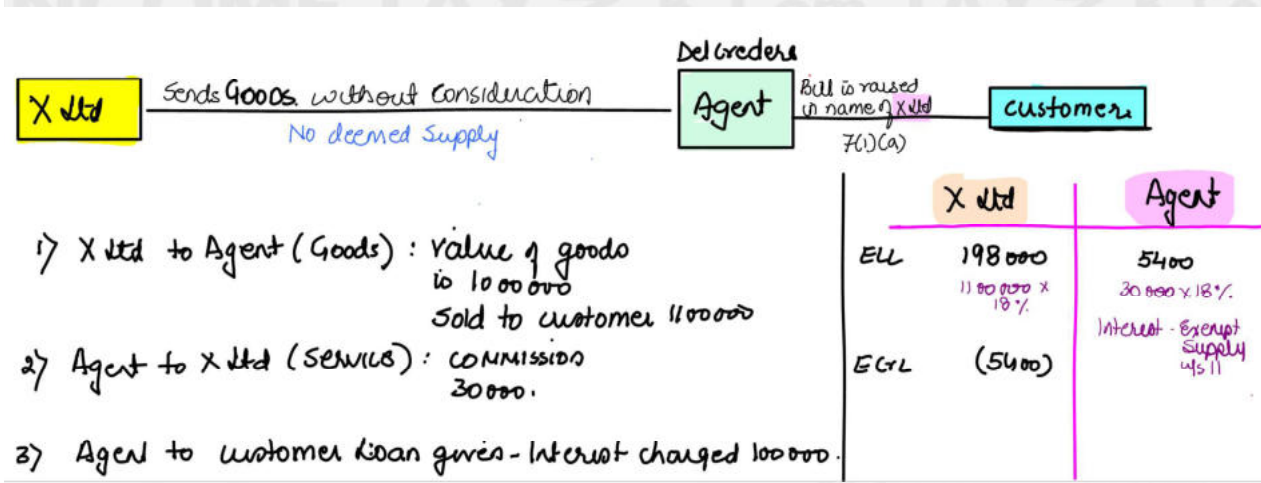
- the DCA **can extend short-term transaction-based loans to the buyer**. This loan is to be repaid by the buyer **along with an interest** to the DCA at a rate mutually agreed between DCA and buyer. or
- paying the supplier himself and recovering the amount from the buyer **with some interest at a later date.**

In such scenarios where the buyer fails to make payment to the principal by the due date, DCA makes the payment to the principal on behalf of the buyer (effectively providing an insurance against default by the buyer), and for this reason the commission paid to the DCA may be relatively higher than that paid to a normal agent

In case where the invoice for supply of goods is issued by the supplier to the customer, either himself or through DCA, the DCA does not fall under the ambit of agent.

In such a scenario following activities are taking place:

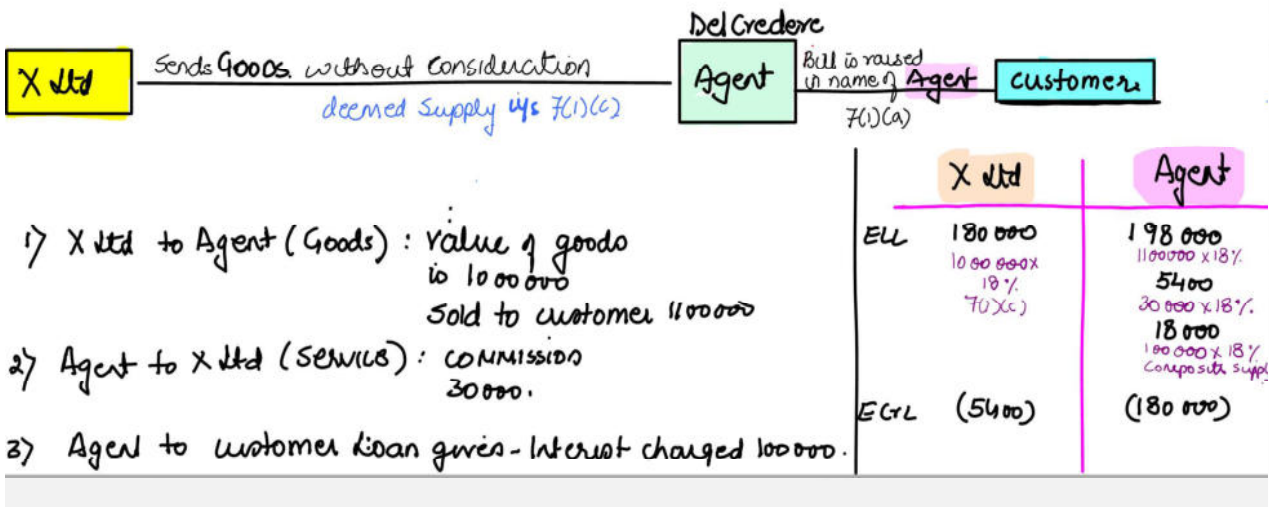
- Supply of goods from supplier (principal) to recipient;
- Supply of agency services from DCA to the supplier or both;
- Supply of extension of loan services by the DCA to the recipient.



b) In case where the invoice for supply of goods is issued by the DCA in his own name, the DCA would fall under the ambit of agent.

In such a scenario following activities are taking place:

1. Supply of goods by the supplier (principal) to the DCA;
2. Further supply of goods by the DCA to the recipient;
3. Supply of agency services by the DCA to the supplier or the recipient or both;
4. Extension of credit by the DCA to the recipient.



Sec 7(1A) – Supply of goods or service [Sch II]

SUPPLY OF GOODS

1. any transfer of the title in goods : sale of goods
2. any transfer of title in where property in goods shall pass at a future date upon payment of full consideration as agreed sale on hire purchase is supply of goods
3. Transfer or disposal of business assets whether or not for a consideration is a supply of goods
4. Supply of goods by an unincorporated AOP to a member
5. Where a person ceases to be a taxable person goods in stock on the date of winding up of business will be deemed to be supplied and GST will be payable on the same. However: this rule will not be applicable where business is transferred as a going concern or is carried on by a representative who is deemed to be a taxable person
6. So, on closure of business the stock will be deemed to have been supplied

SUPPLY OF SERVICES

1. Any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services lease of goods is supply of service
2. L&B: any lease, tenancy of land or building is a supply of services
3. Any treatment or process which is applied to another person's goods is a supply of services Job work performed like colouring of yarn or fabric or painting of machine is supply of service
4. Where business assets are put to private use whether or not for a consideration where a proprietor uses office car for personal purposes
5. Construction including additions of an existing structure^{Note(a)}. Remember - Sale of L&B is not covered by GST
6. Temporary transfer or permitting use of intellectual property *Example: Use of copyrights, patents, secret formula, trademark etc will be service*
7. Development, upgradation, programming, design, implementation of IT software
8. Service of goods being food or drinks as part of supply of service *restaurants and hotel*
9. Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act.

Sec 7(1A) : The following **composite supplies** shall be treated as a supply of services, namely:

- (a) **works contract** as defined in clause (119) of section 2; and
- (b) supply, by way of or as part of any service or in any other manner whatsoever, of goods, **being food or any other article for human consumption or any drink** (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

Sec 7(2) the activities to be treated neither as supply of goods or supply of services as referred to in Schedule III

Sec 7(2) Notwithstanding anything contained in sub-section (1),—

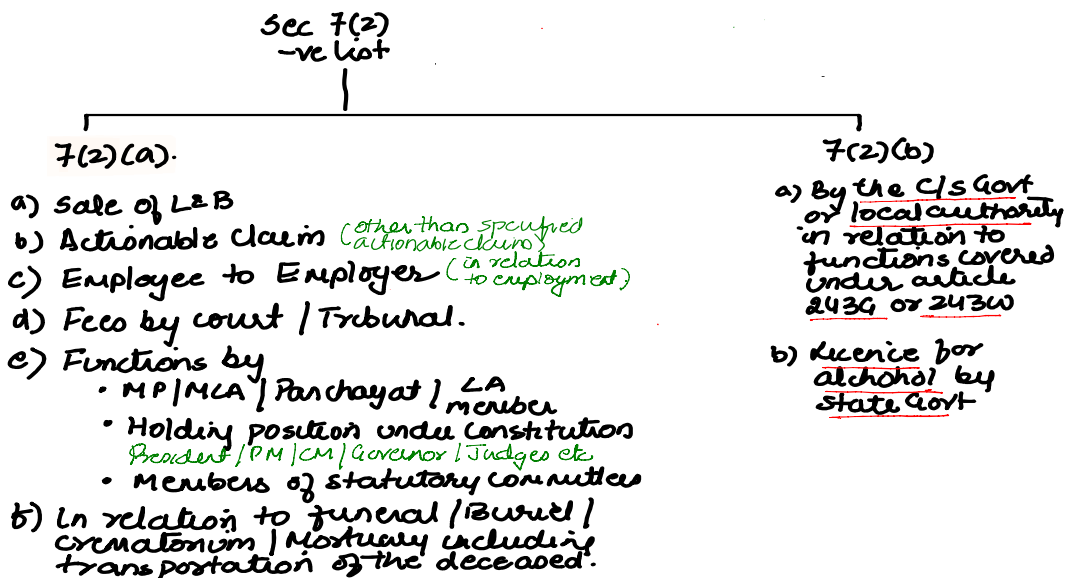
- (a) activities or transactions specified in **Schedule III**; or
- (b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, **as may be notified** by the Government on the recommendations of the Council,

shall be treated neither as a supply of goods nor a supply of services.

Sec 7(2)(b)

- Notification No 14/2017 any service by way of activity in relation to a function entrusted to a panchayat under Article 243G of the constitution.
- Notification No. 25/2019 CT (R) dated 30.09.2019/ Notification No. 24/2019 IT (R) dated 0.09.2019 Sec 7(2) Service by way of **grant of alcoholic liquor licence by the State Government** in which they are engaged as public authorities is neither a supply of goods nor a supply of service- this is an exception owing to agreement between centre and state.

Sec 7(2)(a) the activities to be treated neither as supply of goods or supply of services as referred to in Schedule III



Sec 7(2)(a) read with SCHEDULE III activities or transactions which shall be treated neither as a supply of goods nor a supply of services

Before 01/10/23	On or after 01/10/23
Entry 6 - Actionable claims, other than lottery, betting and gambling.	w.e.f 01/10/23 Amended Entry 6 provides as follows: "Actionable claims, other than specified actionable claims ." Thus, specified actionable claims qualify as supply. All other actionable claims are outside the ambit of definition of supply.

Sec 2(105): "supplier" shall include the person who organises or arranges, directly or indirectly, supply of specified actionable claims

Sec 2(102A) Specified actionable claim means the actionable claim involved in or by way of— (i) betting; (ii) **casinos**; (iii) gambling; (iv) **horse racing**; (v) lottery; or (vi) **online money gaming**^{D1};

D1 : Sec 2(80B) - "online money gaming" means online gaming ^{D2} in which players pay or deposit money or money's worth, including virtual digital assets ^{D3} , in the expectation of winning money or money's worth, including virtual digital assets, in any event including game, scheme, competition or any other activity or process, whether or not its outcome or performance is based on skill, chance or both and whether the same is permissible or otherwise under any other law for the time being in force;	D2: Online gaming means offering of a game on the internet or an electronic network and includes online money gaming [Section 2(80A)].
	D3: Virtual digital asset shall have the same meaning as assigned to it in section 2(47A) of the Income-tax Act, 1961 [Section 2(117A)].

Recent Amendment : Holding of shares in a subsidiary – is it a supply of service?

there is a specific SAC² entry '997171' in the scheme of classification of services mentioning; "the services provided by holding companies, i.e. holding securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest."

Owing to this a confusion arose

Circular No. 196/08/2023 GST dated 17.07.2023 - It is clarified that securities are considered neither as goods nor as services in terms of definition of goods under section 2(52) and the definition of services under section 2(102). Further, securities include 'shares' as per definition of securities

Therefore, **the activity of holding of shares of subsidiary company by the holding company per se cannot be treated as a supply of services by a holding company to the said subsidiary company and cannot be taxed under GST.**

Sec 8(a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and

Composite Supply comprises of two or more taxable supplies of goods or services or both and are naturally bundled and supplied together in the ordinary course of business one of which is the principal supply [Sec 2(30) of the CGST Act]

Factors to determine whether the services are bundled in the ordinary course of business

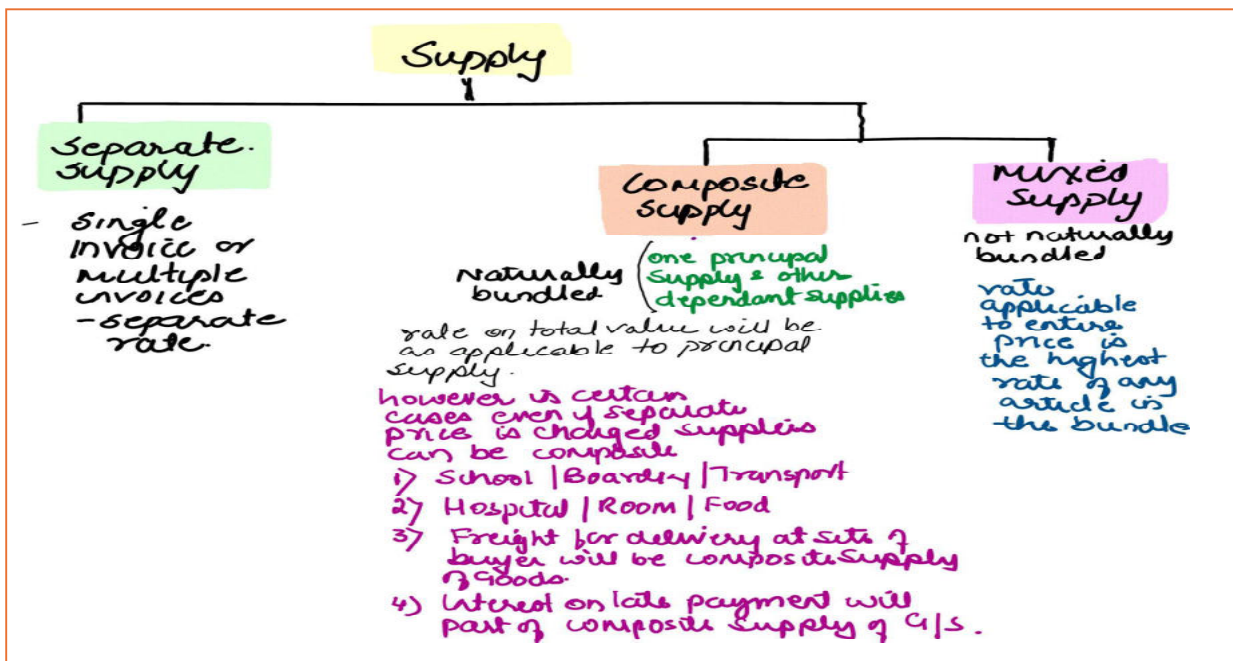
- i. **The perception of the consumer:** where large number of customers expect such a bundle
- ii. **Majority of service providers provide similar bundle of services**
- iii. **The nature of various services in a bundle** - free laundry with hotel stay
- iv. **Other factors** like single price, normally advertised as a package, different elements are integral to overall supply.

Sec 8(b) a mixed supply comprising of two or more supplies shall be treated as supply of that particular supply that attracts highest rate of tax

Mixed Supply comprises of two or more taxable supplies of goods or services or both made by a taxable person for a single price and such supply does not constitute a composite supply [Sec 2(74) of the CGST Act]

If various elements of a bundled service are not naturally bundled in the ordinary course of business, it shall be treated as provision of a service which attracts the highest amount of service tax.

Shopkeeper makes packages of blanket with shirt and trouser piece.







Clarifications


1. **CBIC has clarified Taxability of 'tenancy rights' under GST as under: Paqadi system [Non refundable deposit] is chargeable to GST if the rent is chargeable to GST**
2. **Building** : if the entire money is paid for the building after completion then no GST, else it is treated as a construction contract and GST is leviable
3. **Buy one get one free** : as treated as supply of two or more supplies for a single consideration and is a bundled supply. Whether it is a mixed supply or composite supply will depend upon other factors. The supplier will also get ITC for all items involved in the bundle

In case of **servicing of cars** involving supply of both goods (spare parts) and services (labour) where the value of goods and services are shown separately, the goods and services would be liable to tax at the rates as applicable to such goods and services separately [Circular No. 47/21/2018 GST dated 08.06.2018].

Circulars & notifications

<p>1</p>	<p>Transfer <i>between distinct persons</i> is a supply. However the Inter-State</p> <ul style="list-style-type: none"> • 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 – will <i>not</i> be treated as a supply except in cases where movement of such goods is <i>for further supply of the same goods</i> 	<p>Example:</p> <p>i. X Ltd has two construction sites in Delhi and another in Gurugram. They have one crane bought in Delhi unit that is sent often to site in Gurugram to be used in construction there - <i>No supply</i></p> <p>ii. X Ltd transfers its crane from its Delhi unit to Gurugram unit – <i>Supply</i></p> 
<p>2</p>	<p>Whether activity of bus body building, is a supply of goods or services? Composite supply (principal supply) : good or service will depend upon facts of each case</p>	<p>Example:</p> <p>i. Repair to a damaged bus where the entire bus body was to be rebuilt - <i>supply of goods</i></p> <p>ii. Repair to bus body for some simple denting & painting – <i>Supply of service</i></p> 

<p>3</p>	<p>Whether retreading of tyres is a supply of goods or services?</p> <ul style="list-style-type: none"> • Retreading of tyres is a composite supply - principal supply is service • Supply of retreaded tyres, where the old tyres <i>belong to the supplier</i> of retreaded tyres, is a supply of goods. 	<p>Example:</p> <p>i. Mr X gives his used tyres to Y Ltd for adding rubber - <i>supply of service</i></p> <p>ii. Mr X gives goes to Y Ltd and buys retreaded tyres - <i>supply of goods</i></p> 
<p>4</p>	<p>Clarification on taxability of printing contracts [Circular No. 11/11/2017 GST dated 20.10.2017]</p> <p>In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer,</p>	<p>Example:</p> <p>AT gives his notes for printing to MAC printers - <i>supply of service</i></p> <p><i>in this case supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute supply of service.</i></p> 

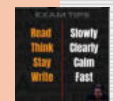
	<p>In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. by the printer using its physical inputs including paper to print the design, logo etc. supplied by the recipient of goods,</p> <p>In this case the predominant supply is supply of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods.</p>	<p>Example: AT gives printing contract to MAC printers for printing his letter heads and envelopes with his logo - <i>supply of s goods</i></p> 
5	<p>Free samples and gifts: It is a common practice among certain sections of trade and industry, such as, pharmaceutical companies which often provide drug samples to their stockists, dealers, medical practitioners, etc. without charging any consideration.</p>	<p>Accordingly, it is clarified that samples which are supplied free of cost, without any consideration, do not qualify as “supply” under GST, hence no ITC can be claimed for tax paid on their purchase.</p> <p>However where the activity falls within the ambit of Schedule I i.e. ITC has been claimed on purchase of the CGST Act. then it will be treated as supply.</p>

<p><i>Agreeing to the obligation to refrain from an act or to tolerate an act or a situation, or to do an act</i> has been specifically declared to be a supply of service in para 5(e) of Schedule II to the CGST Act, 2017 if the same constitutes a “supply” within the meaning of the CGST Act.</p> <p>Conditions:</p> <ol style="list-style-type: none"> 1. There must be an expressed or implied agreement or contract must exist - Such contractual arrangement must be an independent arrangement 2. Consideration must flow in return to this contract/agreement - Some “consideration” must flow in return from the other party to this contract/agreement (the second party) to the first party for such (a) refraining or (b) tolerating or (c) doing <p>CLARIFICATIONS</p> <p>Liquidated Damages: It is common for the parties entering into a contract, to specify in the contract itself, the compensation that would be payable in the event of the breach of the contract. This is to dissuade from breaking the main contract and not a separate contract for refraining/tolerating/to do an Act - no supply</p> <p>Thus penalties /compensations for breaking a contract or law - no supply</p>

Cheque dishonor fine/ penalty –	not taxable.
Penalty imposed for violation of laws	Not taxable
Forfeiture of salary or payment of bond amount in the event of the employee leaving the employment before the minimum agreed period	Not taxable <u>penalties for dissuading the non-serious employees from taking up employment and to discourage and deter such a situation.</u>
Late payment surcharge or fee Fixed charges for power	The facility of accepting late payments with interest or late payment fee, fine or penalty is a facility granted by supplier naturally bundled with the main supply - it should be assessed at the same rate as the principal supply.
Cancellation charges	<p>It is a common business practice for suppliers of services such as hotel accommodation, tour and travel, transportation etc. to provide the facility of cancellation of the intended supplies within a certain time period on payment of cancellation fee - <u>composite supply.</u></p> <p>The facilitation service of allowing cancellation against payment of cancellation charges is also a natural part of this bundle.</p>

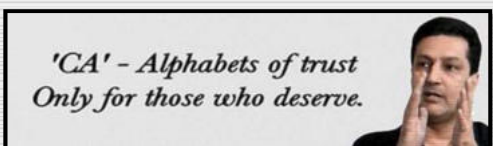
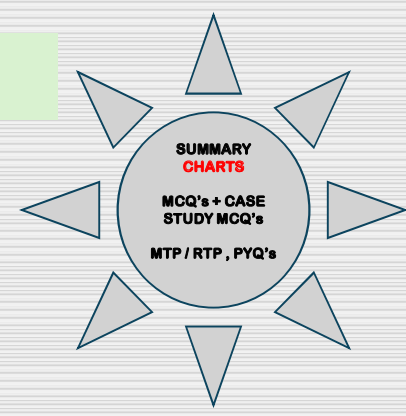
6	<p>RTP May 24: Examine the implications of GST on supply of food and beverages at cinema halls.</p> <p>Supply of food and beverages at cinema halls taxable as restaurant service</p> <p>Eating joint is a wide term which includes refreshment or eating stalls/ kiosks/ counters or restaurant at a cinema also.</p> <ul style="list-style-type: none"> • may run these refreshment /eating stalls / kiosks / counters / restaurant themselves or • they may give it on contract to a third party. <p>The customer have a choice whether to avail or not to avail such service whether supplied by the cinema hall themselves or outsourced to a third party</p>	<p>[Circular No. 201/13/2023 GST dated 01.08.2023] It is hereby clarified that:</p> <p>a) if option is given and customer choose to avail the same then supply of food or beverages in a cinema hall is taxable as 'restaurant service'</p> <p>b) where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.</p>
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QR SLIDES



Module 3 : PART C

Exempted Supply [Sec 11] Notification No 12/2107

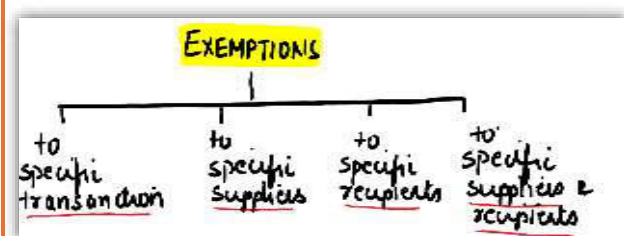


Who can exempt?

The **government** may *on the recommendation of the GST Council* issue a notification or special order to exempt a service or goods.

There is no need to pay tax on goods or services on which absolute exemption has been granted. Thus the registered person supplying such goods **cannot collect tax**.

The government can **issue an explanation** within 1 year after the issue of the exemption notification and such explanation shall have effect from the date of the original notification



Example (a): When exemption from whole of tax collected on goods or services or both has been granted absolutely, can a person pay tax?

Ans: No, the person supplying exempted goods or services or both shall not collect the tax in excess of the effective rate.

Example (b) : Principal Notification No. 11/2017 CT (R) dated 28.06.2017 came into force with effect from 01.07.2017. Thereafter, a new entry - Entry no. 3(vi) was inserted w.e.f. 21.09.2017. Subsequently, an explanation was also inserted with respect to entry no. 3(vi) by issue of a notification on 26.07.2018 [i.e. within 1 year of the insertion of entry 3(vi)].

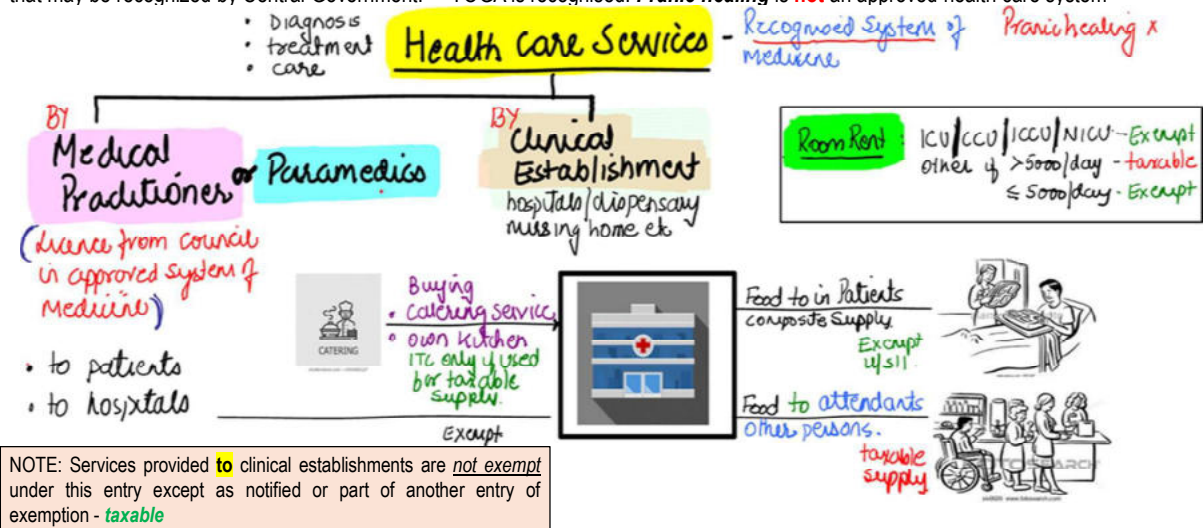
Although the effective date mentioned in the notification which inserted said explanation was 27.07.2018, said explanation will be effective from the inception of entry 3(vi) in notification i.e. 21.09.2017 and not 27.07.2018. [Circular No. 120/39/2019 GST dated 11.10.2019]

Exemption for SERVICES - Notification No 12/2017 dt. 28/12/2017

- A. Health care services
- B. Charitable / religious activities
- C. Rent of buildings
- D. Education related services
- E. Agriculture
- F. Transportation of passengers & goods
- G. Services by or to the government & local authority
- H. Legal services
- I. Other exemptions
- J. Miscellaneous exemptions

A. Health care services by clinical establishment, Authorised medical practitioner, Paramedics

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 BEING - Allopathy, naturopathy, Ayurveda, Homeopathy, Siddha, Unani, Any other system of medicine that may be recognized by Central Government. - YOGA is recognised: **Pranic healing** is **not** an approved health care system



Stem cell banking services: Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are exempt from GST. **Taxable w.e.f 18/07/22**

Common bio-medical waste treatment: Services provided by operators of the common bio-medical waste treatment facility to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto are exempt from GST. **Taxable w.e.f 18/07/22**

Services by a Veterinary clinic in relation to health care of animals or birds **exempt**

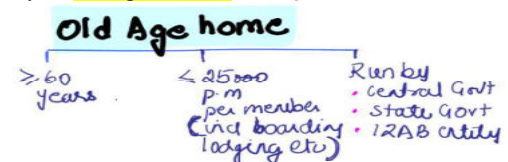
Services by way of **artificial insemination of livestock** **exempt** (other than horses taxable)

Thus, **diagnostic or investigative services** of diseases provided by pathological labs are not liable to GST. **exempt**

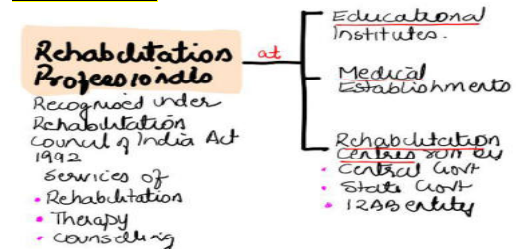
Transportation of the patient [AMBULANCE] to and from a clinical establishment by clinical establishment or any other service provider (including air ambulance) **exempt**

Services by way of **public conveniences** such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets are exempt from GST.

Exempt
By an **old age home** - Exempt



Services provided by **By rehabilitation professionals**



B) CHARITABLE/ RELIGIOUS ACTIVITIES

Charitable Activities Services by an entity

- registered under section 12AB/10(23C) of the Income tax Act, 1961
- providing services by way of **charitable activities**

Charitable activities means activities relating to

(a) **public health** by way of 1) **care or counselling** of *terminally ill* persons or persons with severe physical or mental disability, persons *addicted to narcotics* drugs or alcohol; or 2) **public awareness** of preventive health, family planning or prevention of HIV infection;

(b) **advancement of religion or spirituality or YOGA**

(c) advancement of **educational programmes or skill development** (i.e running of schools/colleges/other institutions etc) **relating to** abandoned, orphaned or homeless children; physically or mentally abused and traumatized persons; prisoners; or persons over the age of 65 years residing in a *rural area*

NOTE: Schools/ colleges /institutions other than above run by charitable organisations may be exempt under the separate entry for educational institutions

(d) **preservation of environment** including watershed, forests and wildlife;

Notes:

- **Meditation/yoga camps etc** including residential programmes or camps where the fee charged includes cost of lodging and boarding *will be exempt if provided by an entity registered u/s 12AB else will be taxable*
- Grant of **advertising rights** to a person on the premises of the charitable/religious trust or on publications of the trust, or granting admission to events, functions, celebrations, shows against admission tickets or fee etc. **taxable**
- **Hospitals** run by charitable trusts will not be exempt under this entry but can be exempt under entry relating to health care services

Note: Services provided to charitable or religious trusts **are taxable**, unless specifically exempted

Religious places/ceremonies

Services BY a person by way of-

(a) **Conduct of any religious ceremony** (whether at the religious premise or anywhere welse, whether by an entity registered u/s 12AA/12AB/10(23C) or not - **exempt**

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. Occasions like birth, marriage, and death involve elaborate religious ceremonies.

(b) **Renting of precincts of a religious place** meant for general public owned by a trust **registered u/s 12AA/12AB/10(23C) or 10(23C)** of the income tax act

Religious place: means a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality

Precincts - The immovable property of the religious place as well as any property located in the immediate vicinity and surrounding of the religious place and owned by the religious place or under the same management as the religious place, may be considered as being located in the precincts of the religious place and extended the benefit of above exemption.

The following **will be taxable for entry (b)**

- a) Renting of **rooms** where charges are $\geq 1000/\text{day}$
- b) Renting of **premises, community halls, kalyamandapam or open area** where charges are $\geq 10,000/\text{day}$
- c) Renting of **shops or other spaces for business or commerce** where charges are $\geq 10,000/\text{month}$

C) RENT OF BUILDINGS

Hotel services: Services by way of renting of a hotel, inn, guest house, club, campsite or other commercial places meant for residential or lodging purposes, having **declared tariff value of supply of a unit of accommodation below $\leq 1,000$ per day or equivalent are exempt from GST - Taxable w.e.f 18/07/22**

Services by way of renting of residential dwelling for use as residence **except where the residential dwelling is rented to a registered person** Entry 5AA Notification No. 05/2022-Central Tax Rate) dated. **18.07.2022**

Services by way of **renting of residential dwelling for use as residence except where the residential dwelling is rented to a registered person** (w.e.f 18/07/22)

Explanation. - For the purpose of exemption under this entry, this entry shall cover services by way of renting of residential dwelling to a registered person where, -

- (i) *the registered person is proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence; and*
- (ii) *such renting is on his own account and not that of the proprietorship concern*

W.e.f. 15/07/24 : **Explanation 2.**- Nothing contained in this entry shall apply to-

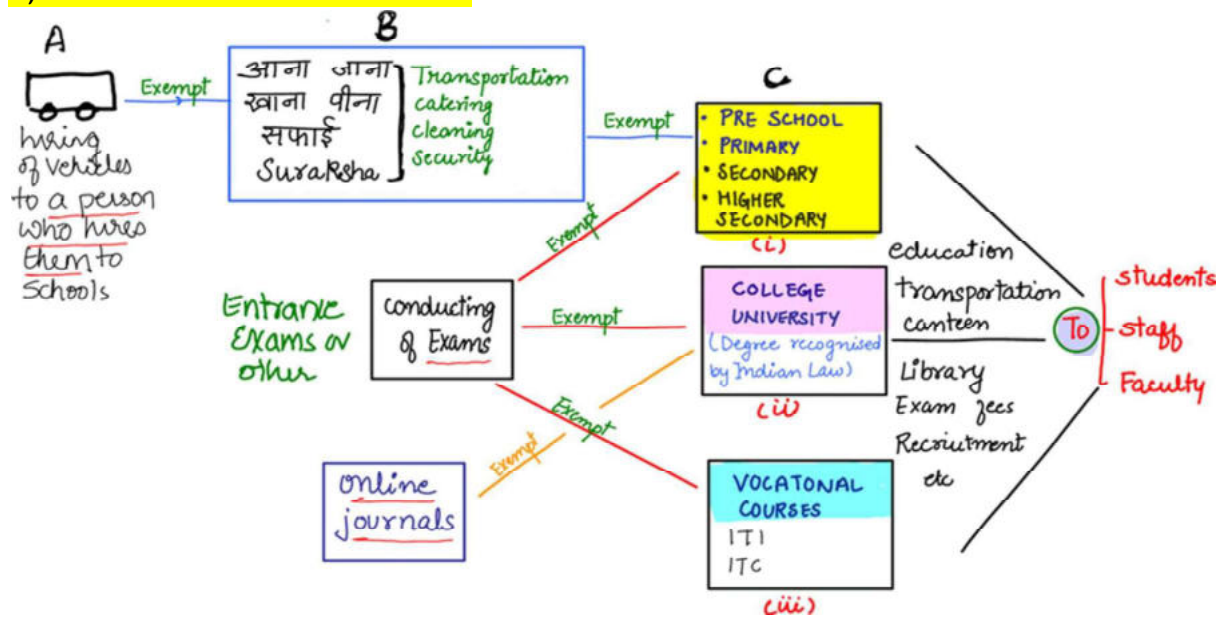
- a) **accommodation services for students in student residences.**
- b) **accommodation services provided by Hostels, Camps, Paying Guest accommodations and the like.**

Renting in relation to immovable property: means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property;

Note: Rent of hotel, motel, guest house, lodge, house boat, paying guests or like places for **temporary stay** – taxable

Entry 12A	Supply of accommodation services having value of supply less than or equal to twenty thousand rupees per person per month provided that the accommodation service is supplied for a minimum continuous period of ninety days.
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D) EDUCATION RELATED SERVICES



Clarification on services provided by a College Hostel Mess	Issue: Whether services provided by a College Hostel Mess are exempt from GST? <ul style="list-style-type: none"> by an educational institution to its students, faculty and staff - exempt by anyone other than the educational institution to the concerned educational institution taxable under GST @ 5% [Circular No. 28/02/2018 GST dated 08.01.2018] 	<p>Central and State Educational Boards are treated as educational institution for the limited purpose of providing services by way of conduct of examination to the students. Therefore, NBE is an 'educational institution' in so far as it provides services by way of conduct of examination, including any entrance examination, to the students.</p> <p>accreditation of educational institutions - TAXABLE</p>
Clarification on issuance migration certificate	issuance of eligibility certificate for admission or for issuance of migration certificate by educational institutions. – exempt	
Campus interviews	<ul style="list-style-type: none"> if fees is charged from the companies - Taxable if fees is charged from the students - exempt 	
Food in Anganwadis and schools	Clarification regarding applicability of GST on supply of food in anganwadis and schools - EXEMPT	
Honorarium to Guest lecturers / TV Anchors	[Circular No. 177/09/2022 GST dated 03.08.2022] Services provided by the guest anchors in lieu of honorarium attract GST liability. However, guest anchors whose aggregate turnover in a financial year does not exceed Rs 20 lakh (Rs 10 lakh in case of specified Special Category States) shall not be liable to take registration and pay GST.	

1. Giving on hire 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, have also been exempted
2. **Boarding Schools** are composite supply – fully exempt
3. **Extra curricular activities** run by schools are composite supply – exempt
4. Where a college / University is providing dual degree one of which is recognised and one is not – mixed supply will be taxable if one composite fees is charged. However if fees is charged separately then the fees for the recognised degree will be exempt and the unrecognised degree will be taxable.
5. BY NSDC or Sector Skill council approved by NSDC or Assessment agency approved by SSC or NSDC or A training partner approved by NSDC or SSC In relation National skill development programme implement NSDC or Vocational skill development course under National Skill certification and monetary reward scheme or any other scheme implemented by NSDC
6. **Specified services provided by the Indian Institutes of Management (IIM) are**
 - a) Now fully exempt if the course if a long duration course (1 year or more) for which they award a diploma/degree.
 - b) However where the short duration courses are run for which the award participation certificates to the executives/professionals – taxable as per CIRCULAR NO. 82/01/2019-GST –
7. **DG Shipping approved Maritime courses** conducted by Maritime Training institutes of India are exempt [Circular No 117/36/2019 dt 11/10/2019]

Campus interviews

Educational institutes such as IITs, IIMs charge a fee from prospective employers like corporate houses/MNCs, who come to the institutes for recruiting candidates through campus interviews in relation to campus recruitments. taxable from students - exempt

Hobby Classes

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/12AB/10(23C) or 12AB of the Income-tax Act.

Arts or culture - dance, music, painting, sculpture making & theatre coaching fees is exempt or No condition for institution to be registered u/s 12AA/12AB/10(23C) – exempt only if provided by INDIVIDUALS w.e.f 18/07/22)

Note: sports coaching by anyone other than an institution registered u/s 12AA/12AB/10(23C) – taxable

Artists Services provided BY a performing artist in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre, where consideration is ≤ 150,000 are exempt

Note: services provided by such artist as a brand ambassador are taxable

SPORTS

Services provided TO a recognised sporting body BY

- (a) an individual as a player, referee, umpire, team manager or coach for participation in a sporting event organised by a recognised sporting body - exempt
- (b) To another recognised sporting body - exempt

Recognized sports body means – Indian Olympic Association ; Sports Authority of India ; A national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations ; National sports promotion organisations; recognised by the Ministry of Sports and Youth Affairs of the Central Government ; International Olympic Association or a federation recognised by the International Olympic; Association, or ; A federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India

Note:

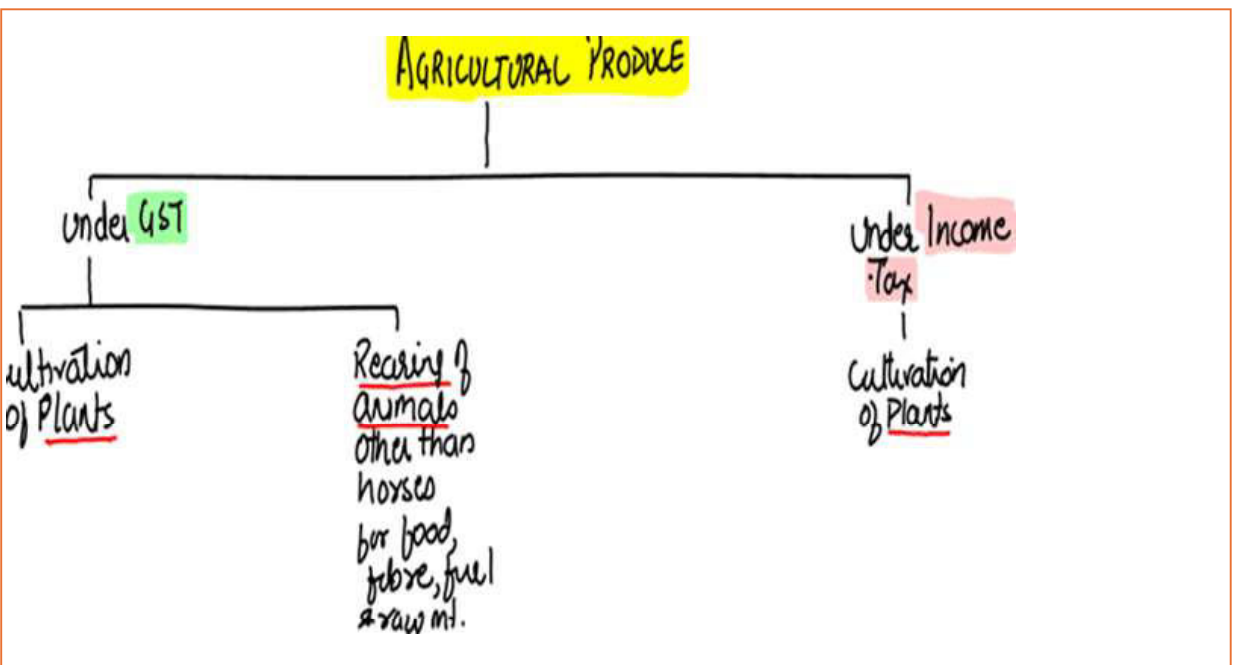
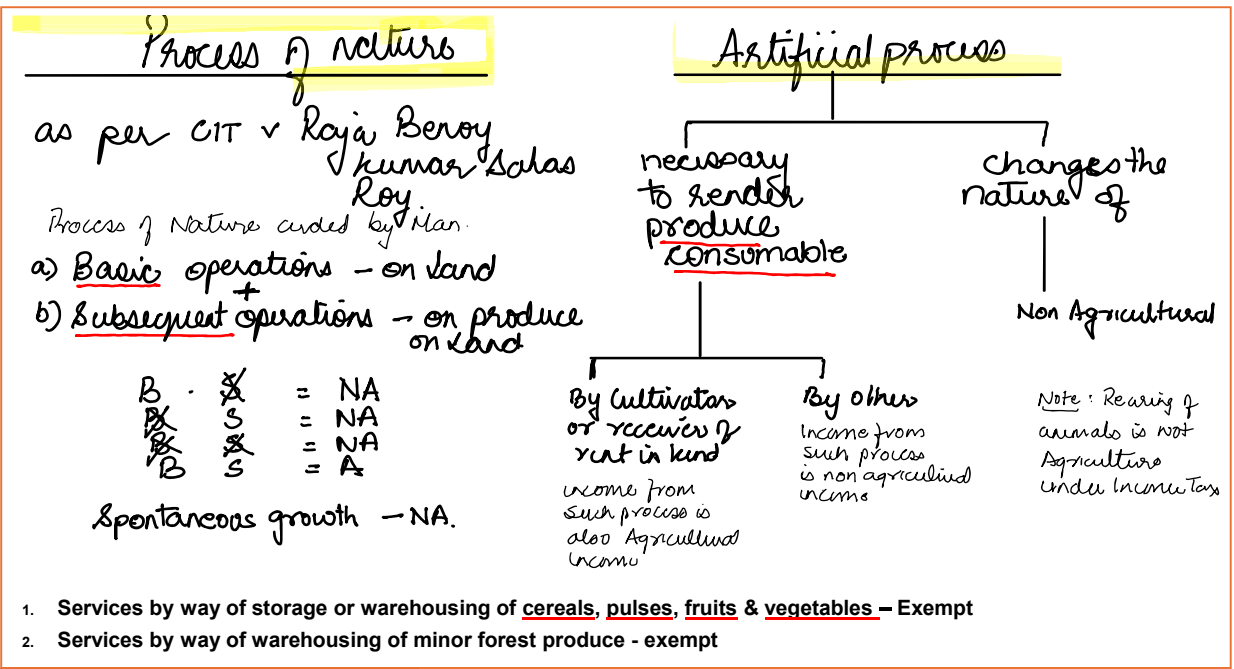
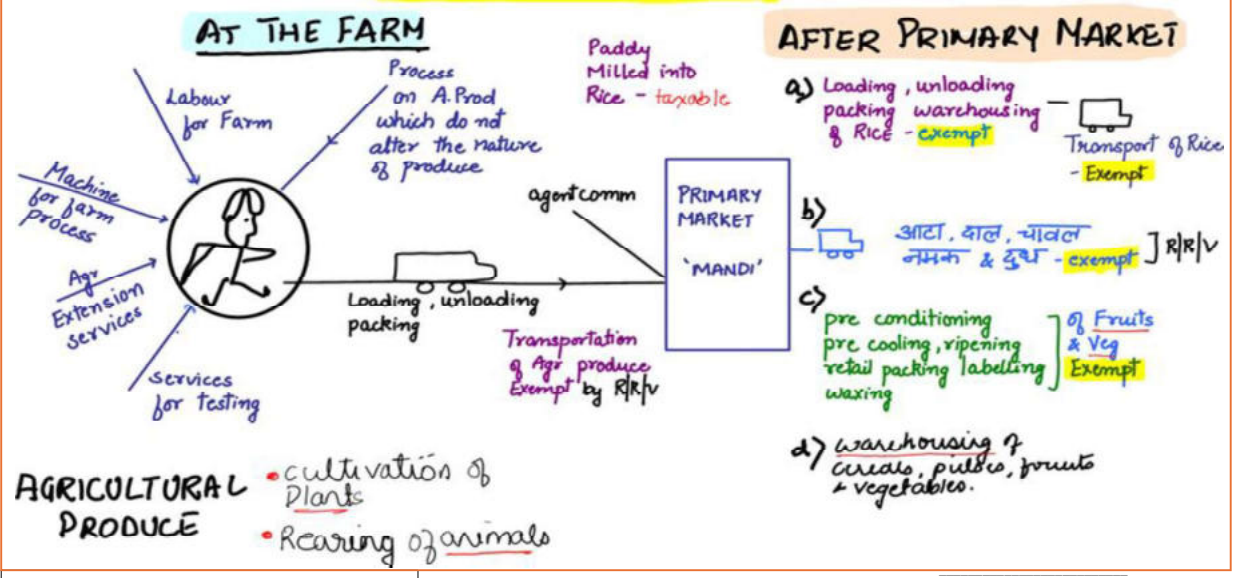
- Service of a player to a franchisee or other body which is not a recognized sports body - taxable
- Services by individuals such as selectors, commentators, curators, technical experts, cheer leader- taxable

Sponsorship of sports events: Services provided by way of sponsorship of sporting events organised by recognised sporting bodies – exempt if

- by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or country , 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;
- by Central Civil Services Cultural and Sports Board as part of national games, by Indian Olympic Association; or under Panchayat Yuva Kreedha Aur Khel Abhiyaan (PYKKA) Scheme

E) AGRICULTURE

किसान बचाओ देश बचाओ



F) Transportation of passenger & Goods

TRANSPORTATION

	PASSENGER	GOODS
RAIL	1 st class ✓ AC Chair ✓ aerial ✓ tramway ✓	Root Exempt Taxable
AIR	Taxable	Economy class to or from North Eastern states. Taxable
Vessel	Tourism Taxable	Wland water ways (ferry) Put or by Govt. Taxable Wland waterways - Exempt.
ROAD	refer to chart	other X GTA ✓ COURIER ✓

TRANSPORTATION OF ^{by} R/A|V|R
of the following is **Exempt**

- Agricultural produce
- Organic Manure
- Relief material for victims
- Newspapers
- Defence or Military equipment
- Food Grain आटा दाल चावल दुध नमक

NOTE: economy class air, 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

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ROAD TRAVEL : PASSENGER

STAGE CARRIAGE > 6+1 (Driver)	MOTOR CAB ≤ 6+1 (Driver)
<p>Public Transport</p> <ul style="list-style-type: none"> air conditioned taxable non air conditioned Exempt <p>Contract carriage (hired for specific Time or period)</p> <ul style="list-style-type: none"> Tourism Hire/charter taxable Other <ul style="list-style-type: none"> air conditioned taxable non air conditioned Exempt 	<p>Contract carriage</p> <ul style="list-style-type: none"> Radio Taxi taxable Motor cab/ auto Rickshaw Exempt

Note: those Exempt as 11 if provided thro gh **ECO** us 9(5) - **taxable**

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Transportation of Mineral within the mining area	Circular No. 177/09/2022 GST dated 03.08.2022] - Such services are nothing but " rental services of transport vehicles with operator ". - Taxable	GTA: is any person providing service by way of transportation of goods by road and issues a consignment note
Non AC vehicles hired for staff	Circular No. 177/09/2022 GST dated 03.08.2022 The exemption shall not be applicable where contract carriage is hired for a period of time,	Incidental Activity: intermediary and ancillary services, such as, loading/ unloading, packing/ unpacking, transhipment and temporary warehousing,
Ferry private operators for public	Circular No. 177/09/2022 GST dated 03.08.2022 The circular clarifies the applicability of GST on private ferry tickets . - exempt whether by Govt or private operators	which are provided in the course of transport of goods by road. if any, for such services are included in the invoice issued by the GTA , such service would form part of the GTA service, being a composite supply, and would not be treated as a separate supply.

IMPORT

EXPORT

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1) Hiring of motor vehicle

Services by way of giving on hire—

- (a) to a **state transport undertaking**, a motor vehicle meant to carry more than twelve passengers;
- (aa) to a **local authority**, an **Electrically operated vehicle** meant to carry more than twelve passengers; or

Explanation.—For the purposes of this entry, "Electrically operated vehicle" means vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975 which is run solely on electrical energy derived from an external source or from one or more electrical batteries fitted to such road vehicle.

- (b) to a **goods transport agency**, a means of transportation of goods; or

2) Leasing of assets to Railways

Services of **leasing of assets** (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways – taxable

1) Toll charges

Service by way of access to a road or a bridge on payment of **toll charges**.

18/07/22: Clarification Ministry of Road Transport and Highways (MORTH) permitted the overloaded vehicles to ply on the national highways after payment of higher toll charges. It has been clarified that **overloading charges at toll plazas would get the same treatment as given to toll charges**.

MORTH has directed to collect **additional amount** from the users of the road to the extent of two times of the fees applicable to that category of vehicle which is **not having a valid functional Fastag** - is in the nature of toll charges and should be treated as additional toll charges and will be exempt

G) Services by or to the Government & Local Authority



SERVICE TO THE GOVERNMENT / GOVERNMENT AUTHORITY

- a) **Pure Services** i.e without any involvement of goods (excluding works contract service) to the Government or local authority or ~~Government authority or Government Entity~~ - **exempt**
- o X is supplying labour for cleaning of roads for Chandigarh- **exempt**
 - o X Ltd gets a contract from Haryana Government for painting the road signs on the road - **exempt**
- b) **Services to the Government Composite supply of goods and services (where value of goods is ≤ 25%)** provided to the ~~Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity~~ **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, has been exempted from CGST [Notification No. 2/2018 CT (R) dated 25.01.2018]. **exempt**

NOTE

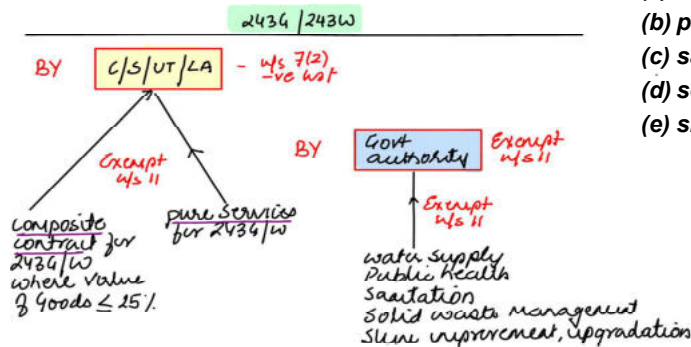
- a) **Where the business entity is an Individual** - for Services by way of grant of passport, visa, driving license, birth or death certificates have been exempted even if such Individual is registered under GST - **exempt**
- b) Services provided for 1) Registration required under the law; 2) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, required under the law - **exempt**
- c) Assignment of right to use natural resources to an individual farmer for the purposes of cultivation of plants or rearing of life forms of animals except horses for food, fibre, fuel, raw material or other similar products - **exempt**

Service **BY** the Government authority

by way of any activity in relation to any function entrusted to the Municipality under **article 243W** of the Constitution

By way of any activity in relation to any function entrusted to the Panchayat under **article 243G** of the Constitution

To the C.Govt or S.Govt or UT or Local Authority or any person specified by these for consideration which is in the form of grants.



Services **BY** the Government (Central & State) & UT & Local Authority

by way of any activity in relation to any function entrusted to a Panchayat under **Article 243G /243W** of the constitution are covered by Sec 7(2) - -ve list

Services provided **to** a Governmental Authority by way of

- (a) water supply;
- (b) public health;
- (c) sanitation conservancy;
- (d) solid waste management; and
- (e) slum improvement and upgradation.

- Under any Insurance scheme where the total premium is paid by the C/S/UT – **exempt**
- Under any Training programme where the MORE THAN 75% is paid by the C/S/UT - **exempt**
- **By Fair Price Shops:** Supply of **service** provided by Fair Price Shops to **Central Government** for commission by way of sale of wheat, rice and coarse grains under Public Distribution System (PDS) **exempt**
- Supply of service provided by **Fair Price Shops** to **State Governments or Union territories** by way of sale of kerosene, sugar, edible oil, etc. under Public Distribution System (PDS) against consideration in the form of commission or margin have been exempted from CGST **exempt**
- **Received from a person in a non taxable territory BY THE Government or an individual not a dealer** *except for* online information and database access or retrieval service or form transportation by a vessel from outside India upto the customs frontier of India **exempt**

Lease premium: one time upfront amount (called as premium, salami, cost, price, development charges or by any other name), In respect of service by way of granting of long term lease of **≥ 30 years**, for plots for development of infrastructure for financial business,

provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having **20% or more ownership** of Central Government, State Government, Union territory

to the industrial units or the developers in any industrial or financial business area, has been **exempted** from CGST [Notification No. 32/2017 CT (R) dated 13.10.2017].

- ✓ Provided that the plots will be used for the purpose for which they are allotted
 - ✓ The state Government will monitor the use
- Where there is a violation found the original lessor/lessee or subsequent buyer/owner will be jointly and severally liable to pay the GST

Accommodation services provided by Air Force Mess and other similar messes, such as, Army mess, Navy mess, Paramilitary and Police forces mess to their personnel or any person other than a business entity are covered by Entry 6 provided the services supplied by such messes qualify to be considered as services supplied by Central Government, State Government, Union Territory or local authority Circular No. 190/02/2023 GST dated 13.01.2023

w.e.f 15/07/24 : Services provided by Ministry of Railways (Indian Railways) to individuals by way of -

- **sale of platform tickets;**
- **facility of retiring rooms/waiting rooms;**
- **cloak room services;**
- **battery operated car services.**

RTP May 22

Ex. 1. Gita Services Limited, registered under GST, is engaged in providing various services to Government. The company provides the following information in respect of services provided during the month of April:

S. No.	Description of Services provided
(i)	Supply of manpower for cleanliness of roads not involving any supply of goods.
(ii)	Service provided by Fair Price Shops owned by Gita Services Limited by way of sale of sugar under Public Distribution System against consideration in the form of commission.
(iii)	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares alongwith maintenance. Generally replacement of defunct lights and other spares constitutes 35% of the supply of service.
(iv)	Service of brochure distribution provided under a training programme for which 70% of the total expenditure is borne by the Government.

Comment on the taxability or otherwise of the above transactions under GST law. Also state the correct legal provisions for the same.

Dec 21

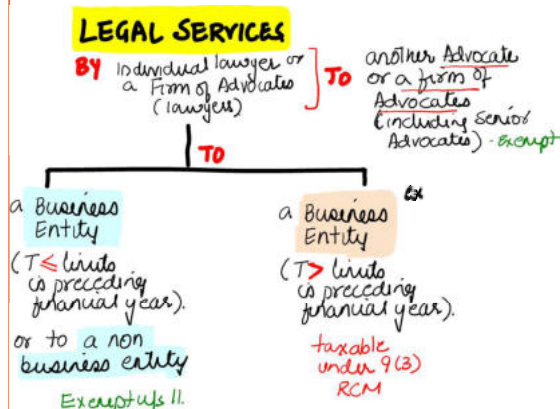
Ex. 1. AB Ltd., a registered company of Chennai, Tamil Nadu has provided following services for the month of October, 2024

Particulars	Amount (Rs)
Services of transportation of students, faculty and staff from home to college and back to Commerce College, (a private college) providing degree courses in BBA, MBA, B.Com., M.Com.	2,50,000
Online monthly magazine containing question bank and latest updates in law to students of PQR Law College offering degree courses in LLB and LLM	1,00,000
Housekeeping services to T Coaching Institute	50,000
Security services to N Higher Secondary School	3,25,000
Services of providing breakfast, lunch and dinner to students of ABC Medical College offering degree courses recognized by law in medical field	5,80,000

All the above amounts are exclusive of GST.

Compute the taxable supplies of AB Ltd. for the month of October 2024 with necessary explanations (6 Marks)

H) Legal services / Arbitral Tribunal



I) Other services

Interest for Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount

- Interest on outstanding credit card balances are not covered by the exemption - **taxable**
- Other charges by bank being commission or service fees - **taxable**
- sale or purchase of foreign currency is **exempt** if it is
 - ✓ amongst banks or
 - ✓ amongst authorised dealers of foreign exchange or
 - ✓ amongst banks and such dealers.
- Thus sale of foreign currency by banks or authorised dealers to general public - **Taxable**

Rights of Admission

- Right of admission to
 - To circus, dance, or theatrical performance including drama or ballet;
 - To award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event
 - To a recognised sporting event
 - Planetarium

...where consideration is ≤ than 500 per person **exempt**
- Right of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo is **exempt**
- by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act 1958 or any of the State Acts, **exempt**

Notes:

- Conference, seminars, marathons, training workshops - **taxable**
- Films, theme parks, water parks, joy rides, go carting, casinos, race course - **taxable**

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Services by foreign Diplomatic Missions located in India)

a. Services By these missions are **exempt**

- First the supplier will raise an invoice and charges GST
- The Foreign Diplomatic mission will apply for a UIN
- They will pay tax on the invoice and then claim refund for the same on the common portal using the UIN number

b. Services **TO** these entities are **taxable** as below

Foreign diplomatic mission: A diplomatic mission or foreign mission is a group of people from one state or an organisation present in another state to represent the sending state/organisation officially in the receiving state (incl Embassies)

Services provided by the RBI taxable w.e.f 18/07/22

- Services **TO** the RBI are **taxable**

However: Services received by RBI (or provided to RBI) **from** outside India **in relation to** management of foreign exchange reserves **exempted**

Specialized financial services received by Reserve Bank of India from global financial institutions in the course of management of foreign exchange reserves, e.g., external asset management, custodial services, securities lending services, etc. have been exempted.

ELECTRICITY TRANSMISSION - Any transmission or distribution of electricity by an electricity transmission or distribution agency **exempt**

Electricity transmission or distribution agency:

- means the Central Electricity Authority; a State Electricity Board; the Central Transmission Utility or a State Transmission Utility notified under the Electricity Act, 2003 or a distribution or transmission licensee under the said Act, or a
- Any other entity entrusted with such function by the Central Government or, as the case may be, the State Government.

The following are **taxable**:

- Distribution of electricity by private housing societies to its residents within the residential complex - **taxable**
- Installation of generators by private contractors - **taxable**

Entry 25A: Supply of services by way of providing metering equipment on rent, testing for meters/transformers/capacitors etc., releasing electricity connection, shifting of meters/service lines, issuing duplicate bills etc., which are incidental or ancillary to the supply of transmission and distribution of electricity provided by electricity transmission and distribution utilities to their consumers.

CLUB to its Members

Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution is exempt if the association

1. is a trade union;- **exempt**
2. is a Resident Welfare Association : where the contribution is up to an amount of 7,500 per month per member - Statutory dues such as property tax , electricity charges etc collected from members to be deposited will be excluded while computing 7500 - **exempt**

Issue: Are the maintenance charges paid by residents to the Resident Welfare Association (RWA) in a housing society exempt from GST - Yes upto 7,500 pm

Issue: Does a RWA get benefit of 20 lacs limit - Yes

Issue: Is the RWA entitled to take ITC of GST paid on input and services used by it for making supplies to its members > Rs. 7,500/- pm per member – yes RWAs are entitled to take ITC of GST paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fittings etc.) and input services such as repair and maintenance services

Issue: Where a person owns 2 or more flats in the housing society/residential complex, whether the ceiling of Rs. 7,500/- per month per member on the maintenance for the exemption to be available shall be applied per residential apartment or per person? The limit of 7500pm is for each residential flat and not per person

I) Miscellaneous services

1) Services of Life Insurance under these schemes

- a) Services of **life insurance business** provided under following schemes-
- Janashree Bima Yojana;
 - Aam Aadmi Bima Yojana;
 - Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having **maximum amount of cover of 2 lacs rupees**;
 - Varishtha Pension Bima Yojana;
 - Pradhan Mantri Jeevan Jyoti Bima Yojana;
 - Pradhan Mantri Jan Dhan Yojana;
 - Pradhan Mantri Vaya Vandana Yojana.
 - Services by way of collection of contribution under the **Atal Pension Yojana**.
 - Pradhan Mantri Suraksha Bima Yojana;
-
- Services of life insurance business provided under the **National Pension System**
 - Services of life insurance business provided by the **Army, Naval and Air Force Group Insurance Funds** to members of the Army, Navy and Air Force
 - Services of life insurance provided by the **Naval Group Insurance Fund** to the personnel of **Coast Guard** under the Group Insurance Schemes of the Central Government.
 - Services of life insurance 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**.
 - Services provided to the Central Government, State Government, Union territory under any insurance scheme for **which total premium is paid by** the Central Government, State Government, Union territory

I) Miscellaneous services

- a) Services of **general insurance business** provided under following schemes –
- Hut Insurance Scheme;
 - Cattle Insurance under Swarna-jayanti Gram Swarozgar Yojana (earlier known as Integrated Rural Development Programme);
 - Scheme for Insurance of Tribals;
 - Janata Personal Accident Policy and Gramin Accident Policy;
 - Group Personal Accident Policy for Self-Employed Women;
 - Agricultural Pumpset and Failed Well Insurance;
 - Premia collected on export credit insurance;
 - Restructured Weather Based Crop Insurance Scheme (RWCIS)], approved by the Government of India and implemented by the Ministry of Agriculture;
 - Coconut Palm Insurance Scheme;
 - Pradhan Mantri Fasal Bima Yojana (PMFBY)];
 - Jan Arogya Bima Policy;
 - Pilot Scheme on Seed Crop Insurance;
 - Central Sector Scheme on Cattle Insurance;
 - Universal Health Insurance Scheme;
 - Rashtriya Swasthya Bima Yojana;
 - Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 ;
 - Bangla Shasya Bima

I) Miscellaneous services

Other SERVICES provided by

- a) by **Pension Fund** under National pension scheme
- b) of Life insurance By **Army , Naval and air force** group insurance to their members
- c) By employees state insurance [**ESI**] to persons covered thereunder
- d) By employees provident fund [**EPF**]
- e) ~~By IRDA to insurers deleted w.e.f 18/07/22~~
- f) ~~By SEBI deleted w.e.f 18/07/22~~
- g) ~~By GSTN to the Government deleted w.e.f 18/07/22~~
- h) ~~Food and Safety and Standards Authority of India deleted w.e.f 18/07/22~~
- i) National centre for **cold chain development**
- j) Services by RTI
- k) **Satellite launch services** supplied by Indian Space Research Organisation, Antrix Corporation Limited or New Space India Limited
- l) Services provided by a banking company to **Basic Saving Bank Deposit (BSBD)** account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).

- a) Services imported by a **unit/developer of SEZ** exempt from IGST
- b) By an acquiring bank for settlement of an **amount ≤ 2000** in a **single transaction** through **credit/debit or other payment card service**
- c) By **business facilitator or a business correspondent** to a banking company w.r.t accounts in a rural area branch or an insurance company in a rural area including any person as an intermediary to the business facilitator/correspondent. (this is also covered u/s 9(3) – Reverse charge)
 - BCs/BFs help villagers to open bank accounts and provide other banking services to them. They act as an intermediary between the bank and its customers. Banks, in turn, pay commission/ fee to the BCs/BFs.
 - According to the RBI guidelines, while the BCs are permitted to carry out transactions on behalf of the bank as agents, the BFs can refer clients, pursue the clients' proposal and facilitate the bank to carry out its transactions, but cannot transact on behalf of the bank
- d) Services by an organizer to any person in respect of a **business exhibition** held **outside India** are exempt from GST.
- e) ~~Services by way of slaughtering of animals are exempt from GST. Taxable w.e.f 18/07/22~~
- f) Services of **public libraries** by way of lending of books, publications or any other knowledge- enhancing content or material are exempt from GST.
- g) Services by way of **collecting or providing news by an independent journalist**, or **Press Trust of India** or **United News of India**

- i) 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**.

The term 'original works' means-

- all **new constructions**;
 - all types of **additions and alterations to abandoned or damaged structures** on land that are required to make them workable;
 - erection, commissioning or **installation of plant, machinery or equipment** or structures, whether pre-fabricated or otherwise.
- j) 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**. Further, 'single residential unit' means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family.
 - k) Services provided by an incubatee
Incubatee means an entrepreneur located within TBI, STEP or NSTEDB - the total turnover is ≤50 lakh during the preceding financial year; and a period of three years has not elapsed from the date of entering into an agreement as an incubate **Services by TBI or STEP or NSTEDB**: Technology Business Incubator (TBI) or Science and Technology Entrepreneurship Park (STEP) recognized by the National Science and Technology Entrepreneurship Development Board (NSTEDB) or bio incubator.

a) BY a tour operator to a foreign tourist for a tour conducted wholly outside India

New Entry w.e.f 18/07/22: Tour operator service, which is performed *partly in India and partly outside India*, supplied by a tour operator to a *foreign tourist*, to the extent of the value of the tour operator service which is performed outside India.

However, value of the tour operator service performed outside India shall be

- such proportion of the total consideration charged for the entire tour which is equal to the proportion which the number of days for which the tour is performed outside India has to the total number of days comprising the tour, or
- 50% of the total consideration charged for the entire tour, *whichever is less*.

Further, in making the above calculations, any duration of time equal to or exceeding 12 hours shall be considered as one full day and any duration of time less than 12 hours shall be taken as half a day.

Explanation. - "foreign tourist" means a person not normally resident in India, who enters India for a stay of not more than 6 months for legitimate non-immigrant purposes.

<p>(a) 3 days in India, 2 days in Nepal; Consideration charged for the entire tour: Rs 1,00,000/- Exemption: Rs 40,000/- (=Rs 1,00,000/- x 2/5) or, Rs 50,000/- (= 50% of Rs 1,00,000/-) Whichever is less, i.e., Rs 40,000</p>	<p>(b) 2 days in India, 3 nights in Nepal; Consideration charged for the entire tour: Rs 1,00,000/- Exemption: Rs 60,000 (=Rs 1,00,000/- x 3/5) or, Rs 50,000/- (= 50% of Rs 1,00,000/-) whichever is less, Rs 50,000/- (i.e. Taxable value: Rs 50,000/-);</p>
<p>(b) 2.5 days in India, 3 days in Nepal; Consideration charged for the entire tour: Rs 1,00,000/- Exemption: Rs 54,545 (=Rs 1,00,000/- x 3 / 5.5) or, Rs 50,000/- (= 50% of Rs 1,00,000/-) whichever is less, i.e., Rs 50,000/- (i.e., Taxable value: Rs 50,000/-).</p>	

Circular No. 177/09/2022 GST dated 03.08.2022]

The circular clarifies applicability of GST on sale of land after levelling, laying down of drainage lines etc. As per Para 5 of Schedule III of the CGST Act, 2017, 'sale of land' is neither a supply of goods nor a supply of services. Therefore, the sale of land does not attract GST.

Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc. It is clarified that sale of such developed land is also sale of land and is covered by Para 5 of Schedule III and accordingly, does not attract GST.

However, it may be noted that any service provided for development of land, like levelling, laying of drainage lines (as may be received by developers) shall attract GST at applicable rate for such services.

RTP May 23: Determine whether GST is payable in each of the following independent transactions:

- Dhruv Developers sold a plot of land in Greater Noida after levelling, laying down of drainage lines, water lines and electricity lines.
- Deccan Shipping Pvt. Ltd., registered under GST in Andaman and Nicobar islands, provided the passenger transportation services to the local residents in the ferries owned by it from Neil Island to Havelock Island.

May 23

Mr. Shyam Das was admitted to Suraksha Hospital in Mumbai for 2 days in relation to diagnosis of removal of stones from his kidney. For the said services, Surkasha hospital charged following from Mr. Das:

- Room rent Rs 7,000 per day for 2 days.
- Operation theatre charges Rs 5,000
- Doctors Consultation Charges Rs 8,000
- Other services Rs 4,000

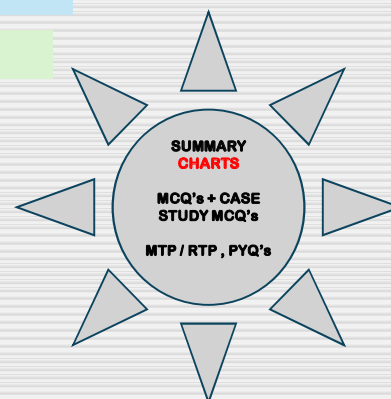
In each of the above scenario explain whether Suraksha Hospital should levy GST or not

QR SLIDES



Module 3 : PART D

Registration under GST



'CA' - *Alphabets of trust*
Only for those who deserve.



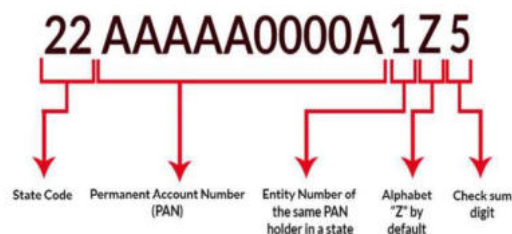
GST registration is **PAN based - State-wise** (there are *no centralised registrations* under GST)

There is **single registration** for all the taxes i.e. CGST, SGST/UTGST, IGST and cesses

- Grant of registration SGST Act/ UTGST Act is deemed to be registration granted under CGST Act provided application for registration has not been rejected under CGST Act. [Sec 26(1)]
- Further, rejection of application for registration under SGST Act/UTGST Act is deemed to be rejection of application for registration under CGST Act. [Sec 26(2)]

The application for registration has to be **submitted electronically** at the GST Common Portal – www.gst.gov.i

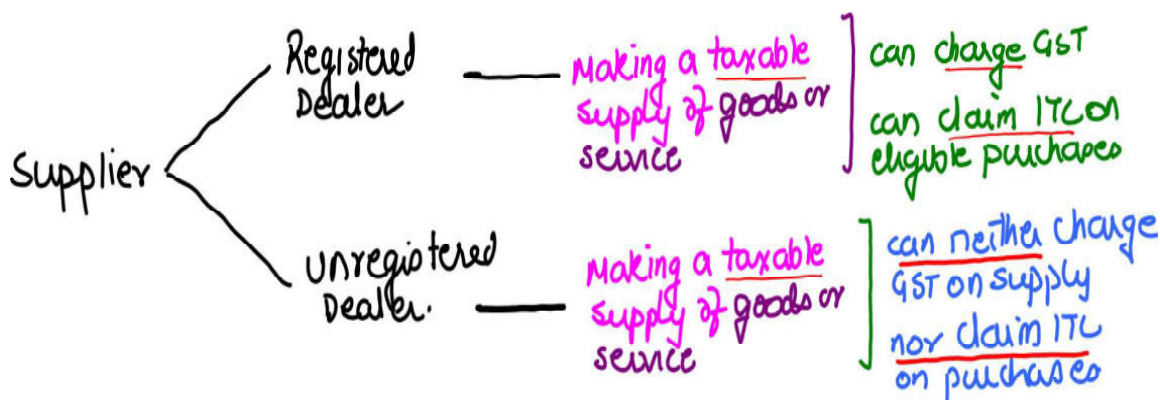
Format of GSTIN



Basic Features of Registration

Registration is a **process for identification of tax payers**. Every **person liable to register** must take registration compulsorily **either u/s 22 or 24**. **Voluntary registration** is also possible **u/s 25**.

Without registration the taxpayer can **neither collect nor deposit GST nor claim any credit** of tax paid by him.



Taxable Person is a person registered or liable to be registered u/s 22 or 24

- a) thus an **unregistered person** liable to take registration is also a **taxable person**
- b) further a **registered person** who was not required under law but has **voluntarily registered** is also a **taxable person**

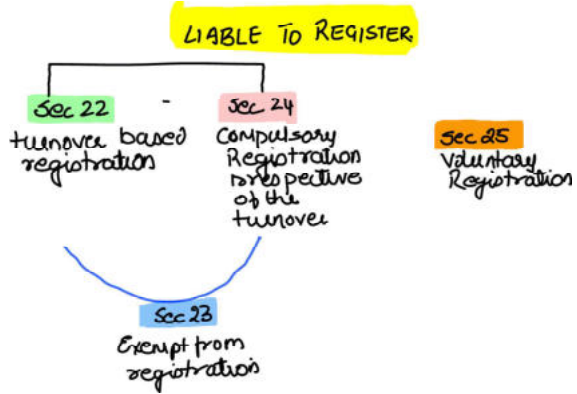
Note:

- (i) Every supplier of goods or services or both is required to obtain registration
- (ii) in the State or the Union territory **from where he makes the taxable supply**

A person is required to obtain registration with respect to his each place of business in India from where a taxable supply has taken place. However, a supplier is not liable to obtain registration in a State/UT from where he makes an exempt/non-taxable supply.

- (i) if his **aggregate turnover** exceeds 40/20/10 lakh in a FY

Is a process for identification of tax payers. Every **person liable to register** must take registration compulsorily **either u/s 22 or 24**. Voluntary registration is also possible u/s 25.



Concept of Aggregate Turnover not taxable turnover for registration

Sec 2(6): "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess;



Analysis

- i. CGST, SGST, UTGST, IGST, Compensation Cess, **inward supply** covered by reverse charge will **NOT** form part of Turnover. (However other taxes which are part of Value of supply will be included in the aggregate turnover)

- 1. **Sale of goods value is 39,00,000. GST of 18% is leviable. What is the aggregate turnover?** Since aggregate turnover does not include GST thus the aggregate turnover is 39 lacs.



Sale of tobacco value is 39,00,000. Excise duty of 10% is levied & GST of 18% is leviable. What is the aggregate turnover? Since aggregate turnover does not include GST but includes

State	Threshold limit for persons engaged	
	exclusively in supply of	in supply of Services OR both goods and services
Manipur	10 lakh	10 Lakh
Mizoram	10 lakh	10 lakh
Nagaland	10 lakh	10 lakh
Tripura	10 lakh	10 lakh
Arunachal Pradesh	20 lakh	20 lakh
Meghalaya	20 lakh	20 lakh
Sikkim	20 lakh	20 lakh
Uttarakhand	20 lakh	20 lakh
Puducherry	20 lakh	20 Lakh
Telangana	20 lakh	20 lakh
Others	40 lakh	20 lakh

the higher limit of 40 lacs is **not** applicable for **manufacturers** of Pan Masala, Tobacco and Ice Cream & Bricks thus for these manufacturers the limit will remain at 20/10 lacs

Thus where a person engaged in supply of goods and also has income by way of interest on loans given or deposits (service), **then the limits applicable will be as for exclusive supply of goods.**

Note:

- a) **The Turnover limit is applicable to**
- b) **intra state sale of goods &**
 - c) **on Intra + inter state supply of services**

Explanation.—For the purposes of this sub-section, a person shall be considered to be engaged exclusively in the supply of goods even if he is engaged in 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.

Thus where a person engaged in supply of goods and also has income by way of interest on loans given or deposits (service), **then the limits applicable will be as for exclusive supply of goods.**

Example: X Ltd is selling goods 38 lacs in Delhi and earning Interest on Bank FD 20,000 . Is it Liable to register

Limit is not year wise. Once a person is liable to register in one year then the certificate will continue until cancelled, even if turnover falls below prescribed limits in the subsequent years

Example: X Ltd shares the following data . Discuss w.r.t Sec 22 their liability to register, assuming they are exclusively engaged in supply of services

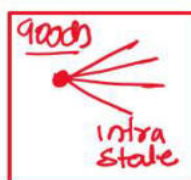


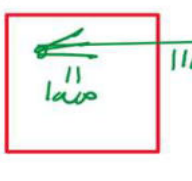
Year 1 - 10 lacs



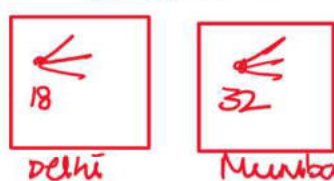
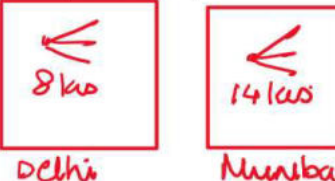
Year 2 – 15 lacs

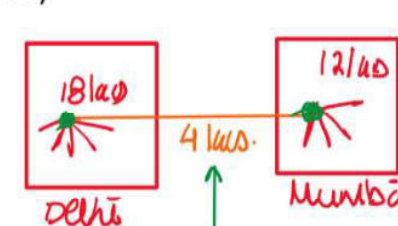
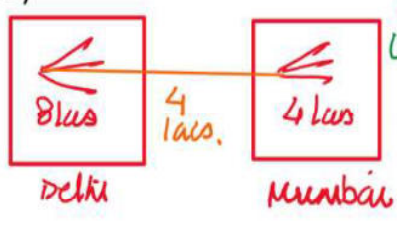
Year 3 – 25 lacs

Year 4 – 19 lacs

Ex. 6. Discuss liability to get registered in the following cases

<p>X Ltd is selling goods within Delhi for 39 lacs exclusive of GST</p>  <p>AT : 39 lacs Limit : 40 lacs Not liable u/s 22</p>	<p>X Ltd is selling service within Delhi for 39 lacs exclusive of GST</p>  <p>AT 39. Limit 20 ∴ liable u/s 22</p>
<p>X Ltd is selling goods within Delhi for 21 lacs exclusive of GST and also selling goods to Gurgaon worth 1 lac</p>  <p>AT = 22 lacs Limit 40 lacs ∴ not liable u/s 22 but making inter state supply of goods ∴ liable u/s 24.</p>	<p>X Ltd is selling service within Delhi for 11 lacs exclusive of GST and also selling service to Gurgaon worth 1 lac</p>  <p>AT = 12 lacs Limit = 20 lacs ∴ not liable u/s 22 + also not covered u/s 24.</p>

<p>X Ltd is selling goods within Delhi for 30 lacs exclusive of GST and service of 1 lac exclusive of GST</p>  <p>AT = 31 lacs Limit = 20 lacs ∴ 4rs. ∴ liable u/s 22.</p>	<p>X Ltd is selling goods within Delhi for 1 lac exclusive of GST & Services worth 20 lacs within Delhi.</p>  <p>AT = 21 lacs Limit = 20 lacs ∴ liable u/s 22</p>
<p>X Ltd selling goods has two branches one in Delhi & one in Mumbai. Sale from Delhi branch (intra State) is 18 lacs and sale from Mumbai Branch (intra State) is 32 lacs.</p>  <p>AT = 50 lacs Limit = 40 lacs ∴ liable to register u/s 22 in both states.</p>	<p>X Ltd selling services has two branches one in Delhi & one in Mumbai. Sale from Delhi branch (intra State) is 8 lacs and sale from Mumbai Branch (intra State) is 14 lacs.</p>  <p>AT = 22 lacs Limit = 20 lacs ∴ liable u/s 22 in both states</p>

<p>X Ltd selling goods has two branches one in Delhi & one in Mumbai. Sale from Delhi branch (intra State) is 18 lacs and sale from Mumbai Branch (intra State) is 12 lacs. It transfers goods from Delhi to Mumbai branch free of cost (MV - 4 lacs)</p>  <p>AT = 34 lacs Limit = 40 lacs ∴ not liable u/s 22 but liable u/s 24 ∴ inter state supply</p> <p>Deemed supply u/s 7(1)(c) between distinct persons</p>	<p>X Ltd selling services has two branches one in Delhi & one in Mumbai. Sale from Delhi branch (intra State) is 8 lacs and sale from Mumbai Branch (intra State) is 4 lacs. It transfers services from Delhi to Mumbai branch free of cost (MV - 4 lacs)</p>  <p>AT = 16 lacs Limit = 20 lacs ∴ not liable u/s 22 & also not liable u/s 24.</p>
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the higher limit of 40 lacs in **not** applicable **for manufacturers** of Pan Masala, Tobacco and Ice Cream and **fly ash bricks/blocks, building bricks, bricks of fossil, earthen/roofing tiles, etc** thus for these manufacturers the limit will remain at 20/10 lacs

RTP Nov 22

Examine whether the supplier of goods is liable to get registered in the following independent cases:

- (i) Rudra Builders of Rohini, Delhi is exclusively engaged in intra-State taxable supply of building bricks. It's aggregate turnover in the current financial year is Rs 23 lakh.
- (ii) Heera of Himachal Pradesh is exclusively engaged in intra-State taxable supply of footwear. His turnover in the current financial year (FY) from Himachal Pradesh showroom is Rs 32 lakh. He has another showroom in Nagaland with a turnover of Rs 11 lakh in the current FY.

Ex. 8. Examine whether the supplier of goods is liable to get registered in the following independent cases:

<p>X Ltd selling goods has two branches one in Delhi & one in Tripura. Sale from Delhi branch (intra State) is 18 lacs and sale from Tripura Branch (intra State) is 12 lacs.</p>	<p>X Ltd selling goods has two branches one in Delhi & one in Tripura. Sale from Delhi branch (intra State) is 18 lacs and sale from Tripura Branch (intra State – exempted goods) is 12 lacs.</p>
<p>X Ltd selling goods has two branches one in Delhi & one in Telangana. Sale from Delhi branch (intra State) is 18 lacs and sale from Telangana Branch (intra State) is 22 lacs.</p>	<p>X Ltd selling goods has two branches one in Delhi & one in Telangana. Sale from Delhi branch (intra State) is 18 lacs and sale from Telangana Branch (intra State – Exempted goods) is 22 lacs.</p>

i) **Sec 23(2)** However, a supplier is **not** liable to obtain registration if his aggregate turnover consists **exclusively** of goods or services or both which are not taxable under GST

Ex. 9. X Ltd is engaged in sale of Alcohol in Delhi with turnover of 90 lacs. Is it liable to register?

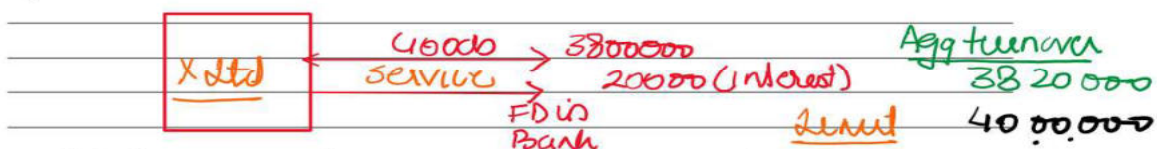
Alcohol is goods ∴ aggregate turnover is 90 lacs.
 however ∴ alcohol is non GST (taxable) goods &
 X Ltd is exclusively engaged in exempt supply ∴
 as per sec 23, not liable to register.

Explanation

j) For the purposes of this sub-section, a person shall be considered to be engaged **exclusively in the supply of goods** even if he is engaged in 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.

Thus where a person engaged in supply of goods and also has income by way of interest on loans given or deposits (service), then the limits applicable will be as for exclusive supply of goods.

Ex. 10. X Ltd is selling goods 38 lacs in Delhi and earning Interest on Bank FD 20,000. Is it Liable to register



i. A dealer has offices in two states . In state 1 [Limits is 20] the turnover is 7 lacs and in state 2 [Limit is 20] the turnover is 14 lacs . Does it need to register?	Yes , because aggregate turnover > 20 lacs	<p>Nov 2019</p> <p>Explain the registration requirements under GST law in the following independent cases:</p> <p>Mr. Ahmad of Jammu engaged in the business of supplying tobacco based Pan Masala with an aggregate turnover of 24 lacs.</p> <p>Mr. Lepcha of Mizoram is engaged in the supply of papers with an aggregate turnover of 13 lacs</p> <p>Will your answer be different if Mr. Lepcha is located in Meghalaya?</p>
i. A dealer has offices in two states . In state 1 [Limits is 20] the turnover is 7 lacs and in state 2 [Limits is 10] being a special category state the turnover is 4 lacs. Does it need to register if he is supplying taxable goods from both the states ?	Yes , because aggregate turnover > 10 lacs	
i. A dealer has offices in two states . In state 1 [Limits is 20] the turnover is 7 lacs and in state 2 [Limits is 10] being a special category state the turnover is 4 lacs. Does it need to register if he is supplying exempted goods from special category state?	No , because aggregate turnover is not > 20 lacs	

Note: The threshold limit of a person having places of business in more than one State/UT in India gets reduced to 10 lakh only when such person makes taxable supplies of goods or services or both from any of the Special Category States as per section 22. However, in case he makes exempt/non-taxable supply from a Special Category State and taxable supplies from a State other than Special Category State, the threshold limit shall not be so reduced

COMPULSORY REGISTRATION IN CERTAIN CASES [Sec 24]

D2

Sec 24

Compulsory registration

registration w/ 24 is appl. irrespective of turnover

NRTP or CTP (however a CTP selling handiwork goods non resident taxable person casual inter-state is eligible for turnover limit of 20/10 lacs)

A person selling taxable goods inter state

- Thus 40/20/10 is only for intra state supply.
- Handiwork goods + services are eligible for limit of 40/20/10 even inter state supply

A recipient covered w/ 9(3) - reverse charge.
however a supplier exclusively making supply under reverse charge is except w/ 23

A person required - TCS/TDS

Agents of taxable person making taxable supply on behalf of another person

ECO covered w/ 9(5) transportation of passengers, Hotels etc, housekeeping, restaurant.

Supplier who supplies through ECO (other than those covered w/ 9(5))

Sec 23 : Exemption from Registration

Sec 23 : Exemption from registration

a) a person only supplying goods or services

b) a person only making supply covered under reverse charge

c) an agriculturalist only engaged in making supply out of produce from land

- this even if making intra state supply > 40 lacs
- even if making inter state supply

}

wholly exempt from GST

not liable to GST

using his own resources / Labour under personal supervision

Section 24

CTP: He must submit his application in form GST REG 01 along with his PAN within 5 days prior to commencement of business in such other State

Registration will be valid for period mentioned therein of 90 days from effective date of registration (may be extended upto a max of 90 more days if application for extension is made before the expiry of the validity) [Sec 27(1)]

At the time of submitting the registration application, CTP are required to make **an advance deposit** of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought [Sec 27(2)]. This amount will be credited to the Electronic Cash ledger [Sec 27(3)]

Persons including CTP making inter-State taxable supplies of handicraft goods will get the limit of 20/10 lacs for registration even for inter state supply

Handicraft goods are defined under said notification as goods predominantly made by hand even though some tools or machinery may also have been used in the process

Job workers engaged in making inter-State supply of services to a registered person exempted from obtaining registration if their turnover is < 20/10 lacs even if they send goods inter state

However if the person is involved in making supply of services in relation to jewellery, goldsmiths' and silversmiths' wares and other articles

N RTP: Thus the exemption limit of 40/20 lacs is **only for a resident** no PAN - self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian Resident having valid PAN. If **Business entity** then must submit its tax identification number or unique number of that country or its PAN

At the time of submitting the registration application, N RTP are required to make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought

Suo-motu registration – Temporary Registration

Sec 25(8) Where a person who is liable to be registered under this Act fails to obtain registration, the proper officer may, without prejudice to any action which may be taken under this Act or under any other law for the time being in force, proceed to register such person in such manner as may be prescribed

Sec 25(8) read with rule 16: If during any survey, enquiry, inspection, search or any other proceedings under the Act any person is found to be liable to register but has failed to do so, the proper officer may register the said person on a temporary basis and issue an order in prescribed form.

The assessee may

- submit an application for registration **within 90 days** from the date of grant of temporary registration, or
- file an appeal against such temporary registration and in case he loses the appeal he must submit application for registration **within 30 days** from date of order of appeal

Dec 21

Mr. Q, a casual taxable person of Gujarat state is a trader of taxable notified handicraft goods. It makes supplies to the states of Maharashtra, Rajasthan and Andhra Pradesh. Turnover for October, 2022 is Rs 18 Lakh.

- 1. Explain the provisions of registration for casual taxable person under GST. Examine whether Mr. Q is liable for registration or not?**
- 2. What will be the answer if Mr. Q makes trading in taxable notified products instead of taxable notified handicraft goods which involves 75% making on machine and 25% by hand? (5 Marks)**

A casual taxable person is required to obtain compulsory registration under GST irrespective of the quantum of its aggregate turnover.

However, a threshold limit of Rs 20 lakh (Rs 10 lakh in case of specified Special Category States) is available for registration to a casual taxable person who:

- (i) is making inter-State taxable supplies of notified handicraft goods and notified hand-made goods,
- (ii) is availing the benefit of exemption from registration available to inter-State supply of above-mentioned goods upto the aggregate turnover of Rs 20 lakh (Rs 10 lakh in case of specified Special Category States), and
- (iii) has obtained a PAN and
- (iv) has generated an e-way bill.

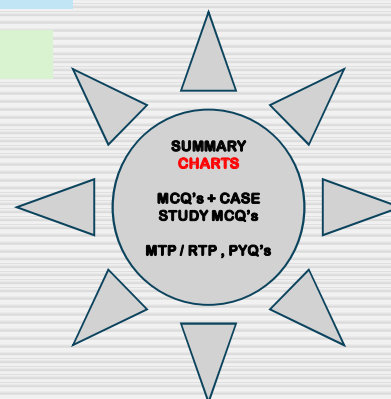
In the given case, since Mr. Q is engaged in supplying notified handicraft goods and its aggregate turnover does not exceed Rs 20 lakh, he will not be liable to registration provided he fulfills other conditions specified herein.

QR SLIDES



Module 3 : PART D

Registration Procedure



'CA' - *Alphabets of trust*
Only for those who deserve.



D 1. Other Provisions

1) VOLUNTARY REGISTRATION

Sec 25(3) A person, though not liable to be registered under section 22 or section 24 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered person, shall apply to such person.

- A person who is **not** liable to be registered under section 22 or section 24 **may** get himself registered voluntarily. In case of voluntary registration, all provisions of this Act, as are applicable to a registered person, shall apply to voluntarily registered person.
- Once a person obtains voluntary registration, he **has to pay tax even though his aggregate turnover does not exceed 40/20/10 lakh**.

Ex. 1. Mr X has a new business of sale of goods with a turnover of 5 lacs and does not make any inter state sale. HE wants to take GST registration. Can he do so ? Will he then be liable to charge GST only after his sales are above 40 lacs ?

1) Persons liable for registration in case of transfer of business:

The transferee will need to take registration from the date of such transfer/successions, where the business has been transferred as a going concern.

Where there is a scheme for amalgamation /demerger of two or more companies by order of court or tribunal, then the transferee is to be registered from the date the registrar issues certificate of incorporation giving effect to such an order.

2) Job work

the supply of goods, after completion of job work, by a registered job worker shall be treated as the supply of goods by the principal referred to in section 143, and the value of such goods shall not be included in the aggregate turnover of the registered job worker;

Ex. 1. Mr X is a registered Job Worker. He received goods for weaving from Y Ltd and makes a supply of goods worth 11 lacs to Z Ltd as per directions of Y Ltd after completion of the Job Work. Mr X has a taxable supply other than this of 12 lacs. How much is his aggregate turnover?

The following will not be included in the aggregate turnover of the job worker

- Good returned to the principal
- Goods sent to another job worker on the instruction of the principal
- Goods directly supplied from the premises of the job worker by the principal

4) Territorial Waters

Every person who makes a supply from the territorial waters of India shall obtain registration in the coastal State or Union territory where the nearest point of the appropriate base line is located.

5) Suo-motu registration – Temporary Registration

Sec 25(8) Where a person who is liable to be registered under this Act fails to obtain registration, the proper officer may, without prejudice to any action which may be taken under this Act or under any other law for the time being in force, proceed to register such person in such manner as may be prescribed

Sec 25(8) read with rule 16: If during any survey, enquiry, inspection, search or any other proceedings under the Act any person is found to be liable to register but has failed to do so, the proper officer may register the said person on a temporary basis and issue an order in prescribed form.

The assessee may

- submit an application for registration **within 90 days** from the date of grant of temporary registration, or
- file an appeal against such temporary registration and in case he loses the appeal he must submit application for registration **within 30 days** from date of order of appeal

6) Unique Identification Number [UIN] – Deemed Registration

Sec 25(9) & Sec 25(10) Any specialized agency of the UNO or consulate or embassy of foreign countries and any other person notified by the Commissioner, is required to obtain a UIN from the GSTN portal.

- This UIN is needed for **claiming refund of taxes** paid on notified supplies of **goods and/or services received by them**, and for such other purpose as may be notified. A person having UIN is not registered person and thus, is not a taxable person.
- Such person shall file an application in a different prescribed form. UIN shall be assigned and registration certificate shall be issued within **3 working days** from the date of submission of application.
- A **seller to the embassy** will take the UIN number and state it in the invoice. This bill will be uploaded as a B2B sale in the GSTR and thereafter will reflect as credit in the account of the embassy and the embassy will then get a refund.
- One must understand that the sale will not be exempt at the time of sale to ensure that the refund is made to the proper person.*
- UIN under section 25(9) of the CGST Act can also be assigned after receiving a recommendation from the Ministry of External Affairs, Government of India**
- Foreign Diplomatic Mission / UN Organization to be granted centralized UIN [Notification No. 75/2017 CT dated 29.12.2017]**

7) Special provisions for grant of registration in case of persons required to deduct tax at source under section 51 or to collect tax at source under section 52 [Rule 12]

Application for registration has to be submitted by such persons in a different prescribed form at GST Common Portal. They would be granted registration within **3 working days** from the date of submission of application after due verification.

Where, **on a request made in writing by a person to whom a registration has been granted under rule 12(2)** or upon an enquiry or pursuant to any other proceeding under the CGST Act, the proper officer is satisfied that a person to whom a certificate of registration has been issued is no longer liable to deduct tax at source under section 51 or collect tax at source under section 52, the said officer may cancel the registration issued and such cancellation shall be communicated to the said person electronically.

D1. Effective date of Registration

Sec 25(1): Every person who is liable to be registered under section 22 or section 24 shall apply for registration in every such State or Union territory in which he is so liable within 30 days from the date on which he becomes liable to registration, in such manner and subject to such conditions as may be prescribed

Time period for making application: [Sec 25(2)(a) & proviso]

for max 90 days renewable for another 90 days] – [Sec 27(1)]

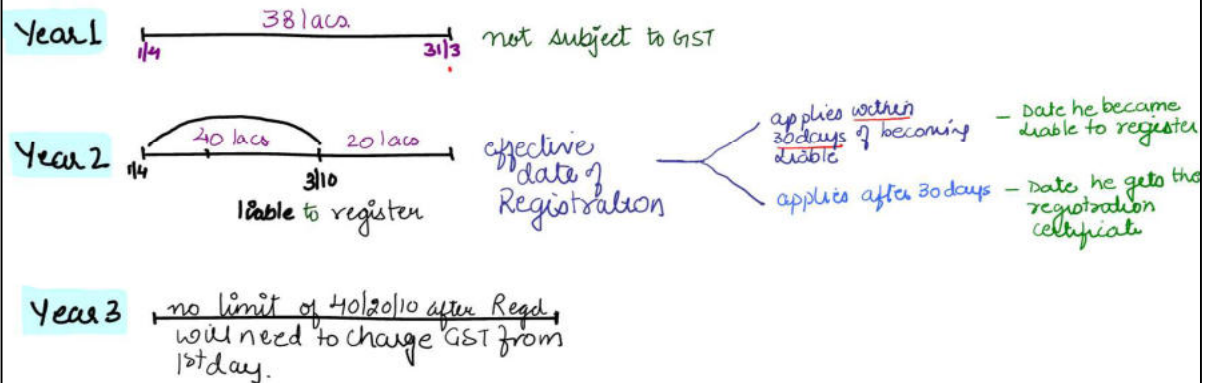
- i) Person liable to register u/s 22 or 24 - within 30 days from date when the person becomes liable to register u/s 22 or 24
- ii) Casual taxable person- within 5 days prior to commencement of business
- iii) Non resident taxable person- within 5 days prior to commencement of business

Effective date of registration: If application was made within 30 days then the date the person became liable to register will be the effective date of registration else the registration will be effective from the date of grant of registration

Effective date of registration: If application was made within 30 days then the date the person became liable to register will be the effective date of registration else the registration will be effective from the date of grant of registration

What is the effective date of registration? (assume turnover limit is 40 lacs)
 an assessee must apply within 30 days from the day he becomes liable to register u/s 22 (turnover based) or u/s 24 (Compulsory).

D4



Effect on ITC & Concept of revised invoice

Example (a)

GOOD BOY

2024-25 : X starts a new business on 1/4/24. His turnover touches 40 lacs on 1/10/24 & he applies for Regd on 5/10/24 & gets the certificate on 7/10/24. His turnover details are:

- 1) 1/4 to 30/9 = 40 lacs - No GST. ∴ not liable to register
- 2) 1/10 to 5/10 = 2 lacs - *
- 3) 5/10 to 7/10 = 5 lacs
- 4) 8/10 to 31/3 = 13 lacs - 13 lacs x rate

- Becomes 'liable to register' on 1/10
- applies within 30 days
- effective date of Registration is 1/10

For period 1/10 to 7/10

No GST would have been charged on invoices of 7 lacs when these were raised ∴ no registration

- ITC on purchases on or after 1/10 will be eligible
- He will need to revise invoices between 1/10 to 7/10 within 1 month from 7/10/24

Example (b)

BAD BOY

2024-25 : X starts a new business on 1/4/24. His turnover touches 40 lacs on 1/10/24 & he applies for Regd on 7/11/24 & gets the certificate on 19/11/24. His turnover details are:

- 1) 1/4 to 30/9 = 40 lacs - No GST. ∴ not liable to register
- 2) 1/10 to 7/11 = 2 lacs - 7 lacs x rate (+)
- 3) 8/11 to 19/11 = 5 lacs - 13 lacs x rate
- 4) 20/11 to 31/3 = 13 lacs

- (*)
- Becomes 'liable to register' on 1/10
 - applies after 30 days
 - effective date of Registration is 19/11

For period 1/10 to 19/11:

- No GST would have been charged on invoices of 7 lacs when these were raised ∴ no registration
- ITC on purchases on or after 1/10 to 19/11 will not be allowed

He cannot revise invoices raised between 1/10 to 19/11 & will have to bear GST on his own exp.

ICAI: Determine the effective date of registration under CGST Act in respect of the following cases with proper explanation:

- i) The aggregate turnover of A Ltd of Mumbai has exceeded 40 lakh on 1st August. It submits the application for registration on 20th August. Registration certificate granted on 25th August.

Since A Ltd applied for registration within 30 days of becoming liable to registration, the effective date of registration is 1st August.

- ii) X & Sons is the provider of legal service in Chandigarh. Its aggregate turnover exceeds 20 lakh on 25th September. It submits the application for registration on 27th October. Registration certificate is granted on 5th November.

X & sons applied for registration after the expiry of 30 days from the date of becoming liable to registration, the effective date of registration is 5th November.

- iii) if X & Sons turnover of services exceeds 20 lacs on 1/10/2024 and it applies for registration on 29/10/2024 and is granted one on 4/11/2024 – registration is effective from 01/10/2024 since application was on or before 31/10/2024 (30 days)

- iv) if X & Sons turnover exceeds 20 lacs on 1/10/2024 and it applies for registration on 04/11/2024 and is granted one on 7/11/2024 – registration is effective from 07/11/2024 since application was not within 30 days

- v) X Ltd working in Chandigarh sells goods on 13th April 2024 to Mr Y in Haryana. It had made a sale of 5 lacs intra state before such date during the year. Is it liable to register? If So by When should it apply for registration?

Example (e) Mr. A living in Delhi is a trader of goods. On the same PAN, he has a branch in Faridabad. The detail of his sale (excluding GST) for the financial year 2021-22 is as follows:-

- Sale of Taxable Goods from Delhi is Rs. 10 Lakhs
- Sale of Goods from Delhi to Faridabad Branch is Rs. 5 Lakhs
- Sale of Exempted Goods from Faridabad is Rs. 25 Lakhs
- Export of Goods from Delhi is Rs. 4 Lakhs
- Sale of Non GST Goods from Faridabad is Rs. 1 Lakh
- Total GST on above sale is Rs. 2 Lakhs
- Inward supplies liable to reverse charge is Rs. 1.5 Lakhs

In this Aggregate Turnover is Rs. 45 Lakhs (10+5+25+4+1) and Mr. A is liable to get registered in Delhi and Faridabad since his aggregate turnover exceed the threshold limit of Rs. 40 Lakhs.

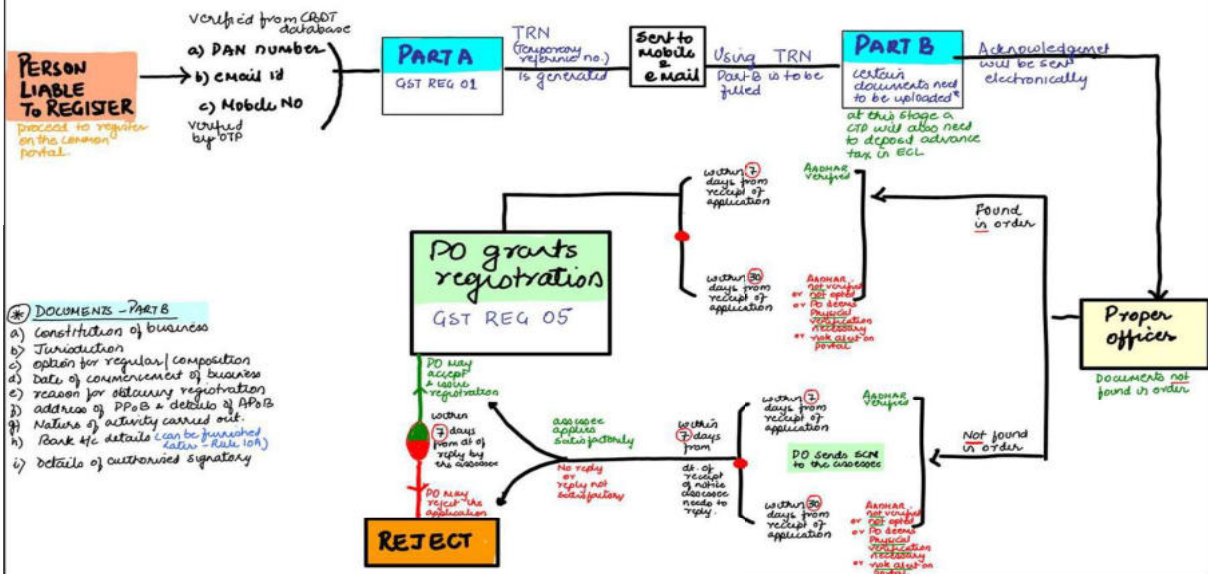
GST on the sale amounting to Rs. 2 Lakhs and value of Inward supplies amounting to Rs. 1.5 Lakhs are not taken into consideration for the purpose of calculation of aggregate turnover because these falls in the exclusion.

Sale of goods from Delhi to Faridabad branch is included since as per section 25(4) of CGST Act, 2017 both are distinct person.

For the purpose of aggregate turnover sale of both Faridabad and Delhi Branch are taken into consideration since aggregate turnover requires to be calculated on PAN basis.

D3.

THE PROCEDURE FOR REGISTRATION UNDER GST



Persons required to undergo AADHAAR authentication

Under GST there is simplified registration and this was to encourage 'ease of business' however certain segment misused this system and made false GST registrations to pass on fraudulent ITC etc. Thus, in an endeavour to curb/check this issue, aadhaar e-KYC based registration was introduced.

Aadhaar authentication is mandatory for the **new applicants** (whether an individual applicant or an applicant other than individual) in order to be eligible for grant of registration, and for **existing registrants** (those who are already registered under GST) are also required to undergo aadhaar authentication.

Rule 8(4A) of the CGST Rules shall be substituted to provide that every application for registration shall be accompanied with:

- **Biometric based Aadhar authentication** and taking photograph where the applicant has opted for authentication of Aadhar number, or
- Where applicant has **not opted for Aadhar authentication**, biometric information with photograph and verification of "Know Your Customer" (KYC) documents should be submitted.

Further, original copy of the documents uploaded with the application shall be verified at one of the notified Facilitation Centres

New applicant : Every new applicant shall undergo authentication/furnish proof of possession of Aadhaar number as per Rule 8.

Shall authenticate AADHAR of

- **Individual** (his own AADHAR number) or
- **any other person** (AADHAR of Karta/Managing Director/whole time Director/such number of partners, Members of Managing Committee of Association, Board of Trustees, authorised representative, authorised signatory and such other notified class of persons.

Analysis

- a person fails to undergo authentication of aadhaar number or
- does not opt for authentication of Aadhaar number, or
- the proper officer, with the approval of an officer (not below the rank of Asst. Commissioner) authorised by the Commissioner deems it **fit to carry out physical verification of the place of business or there is a risk alert on the portal**
- Then the registration will be granted **after** Physical verification

RTP Nov 22

“Aadhaar authentication is not required for persons who are already registered under GST.” Examine and discuss the correctness of the statement. You are required to elaborate the relevant legal provisions.

Aadhaar authentication mandatory for registered person [New rule 10B]

Persons already registered under GST

.Every registered person shall undergo authentication/furnish proof of possession of Aadhaar number (as above for the new applicabt), in prescribed form and manner and within the prescribed time. (refer to new Rule 10B)

The afore-said rule 10B shall not be applicable to persons notified under section 25(6D) of the CGST Act i.e. to persons exempt from aadhaar authentication.

[Notification No. 35/2021 dated 24.09.2021 & Notification No. 38/2021 CT dated 21.12.2021] [Effective from 01.01.2022]

in order to be eligible for the following purposes:

- for filing of application for revocation of cancellation of registration [Rule 23]
- for filing of refund application in Form RFD-01 [Rule 89]
- for refund of the IGST paid on goods exported out of India [Rule 96]

If an Aadhaar number is not assigned to an existing registered person,

If Aadhaar number has not been assigned to the person required to undergo authentication of the Aadhaar number, such person shall furnish the following identification documents, namely: –

- (a) her/his Aadhaar Enrolment ID slip; and
- (b) (i) Bank passbook with photograph; or
(ii) Voter identity card issued by the Election Commission of India; or
(iii) Passport; or
(iv) Driving license issued by the Licensing Authority

Such person shall undergo the authentication of Aadhaar number within a period of 30 days of the allotment of the Aadhaar number.

*In case of failure to undergo aadhaar authentication/furnish proof of possession of Aadhaar number/furnish alternate and viable means of identification, **registration allotted to such person shall be deemed to be invalid** and the other provisions of this Act shall apply as if such person does not have a registration*

Persons/class of persons exempt from AADHAR authentication

The following persons have been exempted from aadhaar authentication:

- i. A person who is **not a citizen of India**
- ii. Department or establishment of **State Government** or **Central Government**
- iii. **Local authority**
- iv. **Statutory body**
- v. **Public Sector Undertaking**
- vi. A person applying for **Unique Identity Number**

Risk-based biometric-based aadhaar authentication of registration applicants – Pilot project in Gujarat [Sub-rules (4A), (4B) and (5) amended]

In order to improve the registration process, biometric based aadhaar authentication of the high-risk applicants who opt for authentication of Aadhaar number has been introduced on a pilot basis in the State of Gujarat.

An applicant who has opted for authentication of Aadhaar number and is identified on the common portal, based on data analysis and risk parameters, shall be followed by biometric-based Aadhaar authentication and taking photograph:

- (i) of the applicant where the applicant is an individual or**
- (ii) of such individuals where the applicant is not an individual,**
along with the verification of the original copy of the documents uploaded with the application in Form GST REG- 01 at one of the notified Facilitation Centres.

The application shall be deemed to be complete only after completion of the process laid down hereunder.

An acknowledgement shall be issued to the applicant only after completion of biometric-based authentication.

Furnishing of bank account details [Rule 10A]

While filing the application for registration on GST portal, in Part B of the application form, a person is required to furnish the details of his bank account.

Rule 10A relaxes this requirement to a limited extent. A registered person is allowed to this information soon after obtaining certificate of registration and a GSTIN, but not later than

- **30 days** from the date of grant of registration or
- the date on which the return required under section 39 is due to be furnished, whichever is earlier

However, this relaxation is not available for those who have been granted registration as TDS deductor/ TCS collector or who have obtained suo-motu registration. They are mandatorily required to furnish the bank account details at the time of filing the application for registration.

Rule 21A(2A) has been amended to provide for **system based suspension for registered persons** who do not furnish details of valid bank account under rule 10A within the time period prescribed in the said rule.

Further, third proviso to rule 21A(4) has been inserted to provide for **automatic revocation of suspension** in such cases upon compliance with provisions of rule 10A.

(b) there is a contravention of the provisions of rule 10A by the registered person,

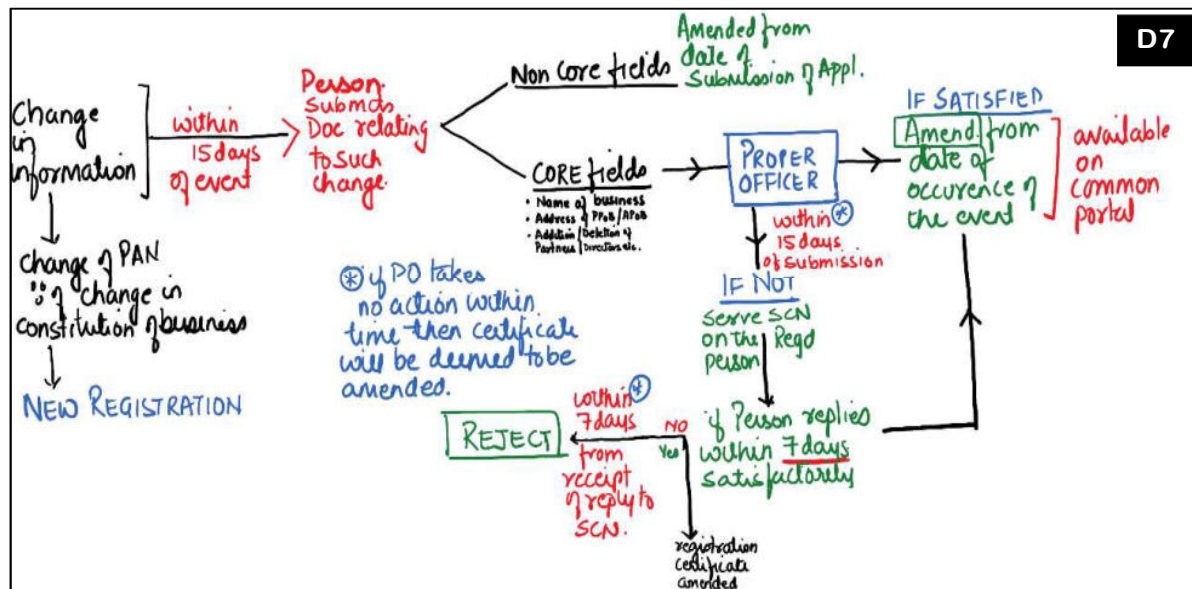
the registration of such person shall be suspended.

Procedure:

- Said person shall be intimated in prescribed form by sending a communication to his e-mail address
- In this intimation for suspension and notice for cancellation of registration, the said differences and anomalies are highlighted and said person is asked to explain, within a period of 30 days, as to why his registration shall not be cancelled.
- Further, third proviso has been inserted to rule 21A(4) to provide that where the registration has been suspended as above for contravention of provisions of rule 10A and the registration has not already been cancelled by the proper officer under rule 22, the suspension of registration shall be deemed to be revoked upon compliance with the provisions of rule 10A.

[Effective from 04.08.2023] [Notification No. 38/2023 CT dated 04.08.2023]

D # AMENDMENT OF REGISTRATION [Sec 28]



Deemed Registration:

- 1) Where the Proper office does not either grant registration nor send a notice **within 7/30 days from the date of the application**, the assessee will be **deemed to be registered**
- 2) Where the proper office has sent the notice and the assessee has replied to the notice and the proper office fails to either grant or reject the application, the assessee **will be deemed to be registered**
- 3) Separate registration forms and procedure have been prescribed for each (some will be discussed at CA Final Level).
- 4) Such persons shall apply for registration in **Form GST REG 01**. The application for registration in GST Form REG 01 is divided into two parts – Part A and Part B
- 5) In order to cater to the needs of tax payers who are not IT savvy, **Facilitation centres** have been established which help the taxpayer in submitting the application for registration, amending the registration certificate, submitting application for cancellation of registration, revocation of cancellation of registration, etc. Facilitation Centre shall be responsible for the digitization and/or uploading of the forms and documents

D5 CANCELLATION of REGISTRATION

VOLUNTARY CANCELLATION

[Sec 29(1)]

When registration is no longer needed

Reasons for Cancellation

- i) Death of proprietor.
- ii) Business discontinued.
- iii) Transferred
- iv) Amalgamated
- v) Demerged
- vi) Otherwise disposed off
- vii) Change in constitution of business.
- viii) Taxable person no longer liable to be registered u/s 22 or 24.
- ix) *Intends to opt out of voluntary registration.*

PROCEDURE

- i. Shall **submit** electronic application **within 30 days** from **date of event**
- ii. **Details** of goods in stock on the date from which cancellation is sought
 - Inputs in stock
 - Semi finished/finished goods in stock
 - Capital goods held in stock - discussed in chapter of ITC
- iii. Proper officer shall **cancel within 30 days** from submission of application

Reasons for Cancellation

- i) No business conducted from registered place
- ii) Issues invoice without making any supply
- iii) Indulges in any anti profiteering measure
- iv) Not filed returns continuously for 6 months for monthly return filer and for quarterly return filers for 2 consecutive tax periods and for those registered under composition scheme not furnished the annual return within 3 months from the due date of GSTR 4)
- v) A person registered voluntarily has not commenced business within 6 months from date of registration
- vi) Registration was found to be obtained by fraud, wilful misstatement or suppression of facts
- vii) Violates Rule 10A – submission of Bank details
- viii) *Avails ITC in violation of the provision of Sec 16*
- ix) *Furnishes 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*
- x) *violates the provision of rule 86B. (99% condition)*

PROCEDURE

For SOU Moto cancellation by the Proper Officer (from such date including any retrospective date)

- i) person must be given a Show cause notice and given a reasonable opportunity of being heard.
- ii) The person must respond within 7 days from service of such notice.
- iii) If reply is satisfactory then cancellation proceedings will be dropped
- iv) else will issue cancellation order within 30 days from the date of reply to SCN and direct person to pay any arrears of tax , interest or penalty

SOU MOTO

[Sec 29(2)]

Proper Officer considers liable to cancel

1. **When can cancellation proceedings be stopped, in a case where the Proper officer has initiated cancellation ?** If reply to SCN issued by the proper officer is satisfactory, proper officer shall drop the Where the SCN was served for failure to file returns and instead of replying to the SCN the persons furnishes all the pending returns and makes full payment of the tax dues along with applicable interest and late fee, the proper officer shall drop the proceedings and pass an order.
2. **ICAI: Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled? NOTE:** in either case cancellation will be effective from a date decided by the Proper Officer and he will direct the person to pay arrears of any tax, interest or penalty including any Input credit to be reversed. *whether or not such tax and other dues are determined before or after the date of cancellation.* Yes, as per section 29(5) of the CGST Act, every registered taxable person whose registration is cancelled shall pay an amount, by way of debit in the electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher.
3. **The proper officer cancelled the registration of X & Sons on 15th November. X & Sons had some dues for the Month of September that were determined by the proper officer on 20th December. Does X & Sons have to pay the same even after cancellation?** The cancellation of registration of X & Sons shall have no effect on liability of tax dues even though the tax dues are determined after the cancellation of registration

D6 Revocation of cancellation

REVOCAION OF sou moto CANCELLATION

Assessee may **challenge cancellation within 90 days of service of order of cancellation**, at GST portal

[such period may be extended for sufficient reason to be recorded in writing for max **180 days by Commissioner** or a person authorised by **Commissioner**.not below the rank of Addl or Joint Commissioner.

- a) If Proper officer is satisfied that there are proper grounds for revocation, he may revoke the cancellation within 30 days of receipt of application for revocation
- b) Else he may reject the revocation application,
 - i) but he must first give SCN to the assessee,
 - ii) who must reply within 7 days of service of SCN.
 - iii) The proper officer will accept/reject the same within 30 days of receipt of clarification

If revocation of cancellation is for failure to file returns – then the registered person must file all pending returns, make payment for all dues including interest, penalty and late fees

Pending returns to be filed before revocation of cancellation of registration [Rule 23]

If the registration has been cancelled on account of failure of the registered person to furnish returns, no application for revocation of cancellation of registration shall be filed, unless such returns are furnished and any amount in terms of such returns is paid.

Where registration has been cancelled w.e.f the date of order of cancellation of registration : All returns due for the period from the

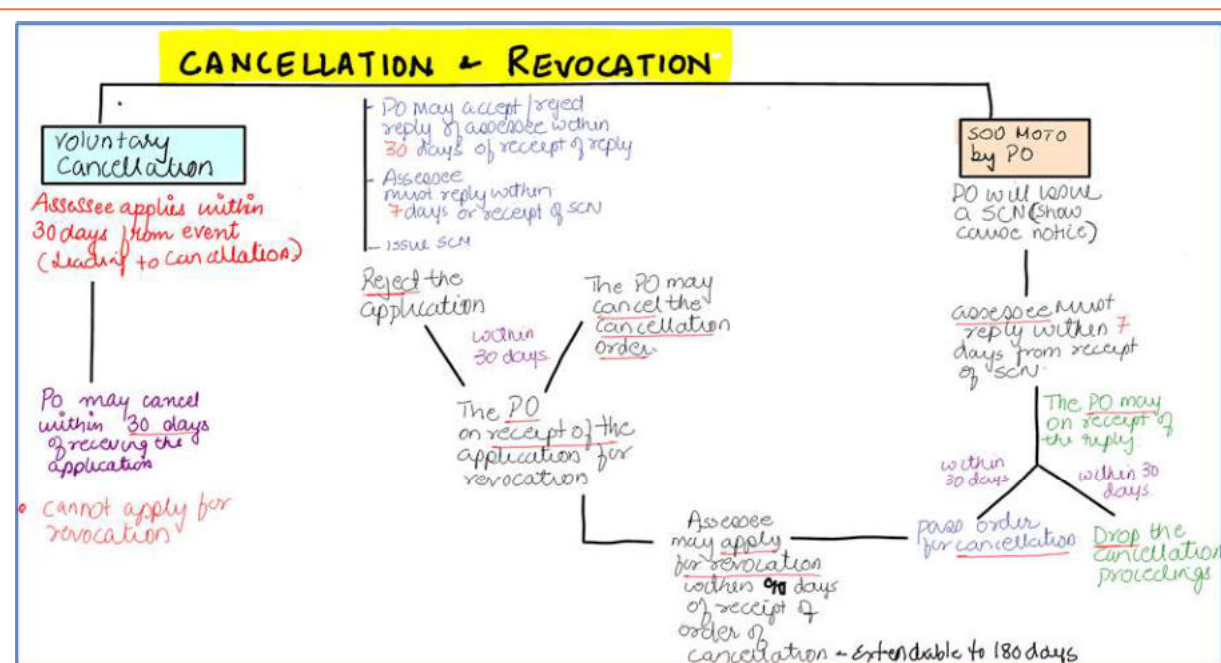
- i) date of the order of cancellation of registration till the
- ii) date of the order of revocation of cancellation of registration

within a period of 30 days from the date of order of revocation of cancellation of registration:

where the registration has been cancelled with retrospective effect

returns relating to period from the effective date of cancellation of registration till the date of order of revocation of cancellation of registration

within a period of 30 days from the date of order of revocation of cancellation of registration.



Ranmo Limited, a registered entity under GST has demerged its operations with effect from 31st October, 2024. The registration of Ranmo Limited has been cancelled suo-motu by the Proper Officer. The order of cancellation of registration was passed on 4th November, 2024 and was served on 7th November, 2023. Ranmo Limited wishes to apply for revocation of cancellation of registration on 4th February, 2025. The tax consultant of Ranmo Limited advised that application for revocation of cancellation or registration is time barred and hence not valid in law. You are required to examine the technical veracity of the advice given by Tax Consultant of Ranmo Limited.

A registered person, whose registration is cancelled by the proper officer on his own motion, may, subject to the provisions of rule 10B of the CGST Rules, 2017, submit an application for revocation of cancellation of registration, in prescribed form, to such proper officer, within a period of 90 days from the date of the service of the order of cancellation of registration.

However, such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner, as the case may be, for a further period not exceeding 180 days.

Thus, in the given case, Ranmo Limited can apply for revocation of cancellation of registration within a period of 90 days from the date of the service of the order of cancellation of registration, i.e. within 90 days from 7th November, 2024. The application submitted for revocation of cancellation of registration is valid in law as the same has been submitted within the prescribed time limits.

Thus, the advice given by Tax Consultant of Ranmo Limited is not valid in law.

D1. SUSPENSION of REGISTRATION

During pendency of the proceedings relating to cancellation of registration filed by the registered person, the registration **may be suspended** for such period and in such manner as may be prescribed.

Hence when the registration is suspended, such person will now be no longer under an obligation to file the returns. [Notification No. 94/2020-CT, dated 22.12.2020] Rule 21A of the CGST Rules:

Where registered person has applied for cancellation of registration:

Where a registered person has applied for cancellation of registration, the registration shall be **deemed to be suspended from:**

- (a) the date of submission of the application or
- (b) the date from which the cancellation is sought,

Whichever is later?

pending the completion of proceedings for cancellation of registration.

Where cancellation of the registration has been initiated by the Department on their own motion: Rule 21A (2)

Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled, he may, in this case send an email explaining the discrepancies and the person will be asked to explain within 30 days as to why the registration should not be cancelled

Where PO has reason to believe that there is significant discrepancy between GSTR 1 and GSTR 2B and 3B or other analysis leading to cancellation of the registration then this is reason for suspension pending cancellation

suspend the registration of such person with **effect from a date to be determined by him**, pending the completion of the proceedings for cancellation of registration.

Example ICAI module:

The registration of ABC Associates was cancelled by the proper officer by an order dated 1st June for its failure to furnish returns. The registration was cancelled with effect from 1st June itself. It applied for revocation of cancellation of registration and the order for revocation of cancellation of ABC Associates is passed on 31st July.

In this case, ABC Associates shall be required to furnish all the returns for the period from 1st June to 31st July within a period of 30 days from 31st July, i.e. by 30th August.

What would be the answer if the registration was cancelled w.e.f. 1st Feb 2025

In this case, Naman Associates shall be required to furnish all the returns for the period from 1st Feb to 31st July within a period of 30 days from 31st July, i.e. by 30th August.

Mr. X of Haryana intends to start business of supply of building material to various construction sites in Haryana. He has taken voluntary registration under GST in the month of April. However, he has not commenced the business till December due to lack of working capital. The proper officer *suo-motu* cancelled the registration of Mr. X. You are required to examine whether the action taken by proper officer is valid in law?

Mr. X has applied for revocation of cancellation of registration after 40 days from the date of service of the order of cancellation of registration. Department contends that application for revocation of cancellation of registration can only be made within 30 days from the date of service of the order of cancellation of registration. However, Mr. X contends that the period of submission of application may be extended on sufficient grounds being shown. You are required to comment upon the validity of contentions raised by Department and Mr. X.

RECENT CIRCULARS & NOTIFICATIONS

a) **Unregistered persons with aggregate turnover upto threshold limit permitted to supply goods through an ECO. Special procedure to be followed by ECOs in respect of supplies of goods through them by such unregistered persons**

Conditions

- (i) shall **not make any inter-State supply** of goods;
- (ii) shall **not make supply** of goods through ECO in more than one State/Union territory;
- (iii) Must have a **PAN issued** under the Income-tax Act, 1961;
- (iv) shall, before making any supply of goods through ECO, declare on the common portal: their **PAN ; address** of their place of business and ; **State/UT in which such persons seek to make such supply**, which shall be subjected to validation on the common portal;
- (v) such persons have been **granted an enrolment number** on the common portal on successful validation of the PAN declared above;
- (vi) such persons shall **not be granted more than one enrolment number** in a State/UT;
- (vii) no supply of goods shall be made by such persons through ECO unless such persons have been granted an enrolment number on the common portal; and
- (viii) where such persons are subsequently granted registration under section 25, the enrolment number shall cease to be valid from the effective date of registration.

However, the Finance Act, 2023 amended section 10, with effect from 01.10.2023, to permit the composition suppliers to make supply of goods through such ECOs.

NOTE: Supply of services by composition suppliers through ECO is still not permitted.

Further, with effect from 01.10.2023, a **special procedure** has also been laid down under section 148 to be followed by ECO through which composition supplier supplies goods, vide Notification No. 36/2023 CT dated 04.08.2023. ECOs would be required to declare the supplies made by such composition dealers through them through existing GSTR-8 statement.

ECOs would also be mandated to ensure that **no inter-State supply** through them is allowed in respect of composition dealers by making necessary checks and validations on their system/platform.

Notification No. 36/2023-CT, dated 04.08.2023 provides that ECO who is required to collect tax at source under section 52 has been notified as the class of persons who shall follow the following special procedure in respect of supply of goods made through it by the composition suppliers, namely:

- (i) the ECO shall **not allow any inter-State supply of goods** through it by the said person;
- (ii) the ECO shall **collect tax at source under section 52(1) in respect of supply of goods made through it by the said person** and pay to the Government as per provisions of section 52(3); and
- (iii) the ECO shall **furnish the details of supplies of goods made through it by the said person in the statement in Form GSTR-8** electronically on the common portal.

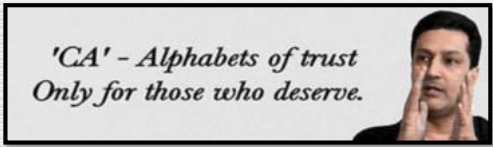
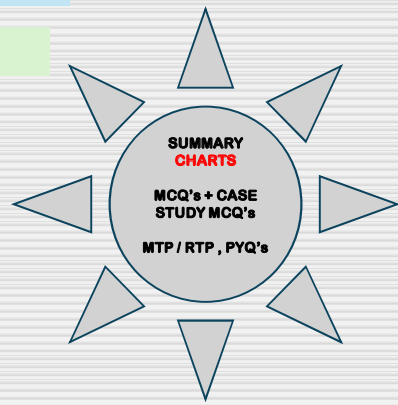
QR SLIDES

EXAM TIPS

- Read Slowly
- Think Clearly
- Stay Calm
- Write Fast

Module 3 : PART E

Charge of GST [Sec 9 & 10]



Example: X Ltd supplies goods worth 10 lacs (GST @ 18%) to Y Ltd. Discuss the working of ledgers if the supply is covered by forward charge and if covered by reverse charge. Y Ltd also has outward supply of 20 lacs (GST @18%) - **FORWARD CHARGE**

Revision Slides : CA Inter GST 2025

E.3. CONCEPT OF FORWARD & REVERSE CHARGE

Ex. 1. X Ltd supplies goods worth 10 lacs (GST @ 18%) to Y Ltd. Discuss the working of ledgers if the supply is covered by forward charge and if covered by reverse charge. Y Ltd also has outward supply of 20 lacs (GST @18%)

a) FORWARD CHARGE

Challan

X Ltd		Y Ltd	
ECL Cr: 100000 (Sales), 18000 (GST) Dr: 118000 (Invoice Value)		ECL Cr: 200000 (Sales), 36000 (GST) Dr: 236000 (Invoice Value)	
ELL Cr: 18000 (GST) Dr: 18000 (GST)		ELL Cr: 36000 (GST) Dr: 36000 (GST)	
EG-L Cr: 18000 (GST) Dr: 18000 (GST)		EG-L Cr: 36000 (GST) Dr: 36000 (GST)	

Challan Cr for RCM Dr Challan FDM

after payment of RCM Y Ltd can claim ITC

input tax purchase

document + purchase voucher

upload to GST portal

100000 90000 18000

200000 180000 36000

GSTR-1

GSTR-2B

GSTR-3B

b) REVERSE CHARGE

Example: X Ltd supplies goods worth 10 lacs (GST @ 18%) to Y Ltd. Discuss the working of ledgers if the supply is covered by forward charge and if covered by reverse charge. Y Ltd also has outward supply of 20 lacs (GST @18%) - **REVERSE CHARGE**

Revision Slides : CA Inter GST 2025

X Ltd		Y Ltd	
ECL Cr: 100000 (Sales), 18000 (GST) Dr: 118000 (Invoice Value)		ECL Cr: 200000 (Sales), 36000 (GST) Dr: 236000 (Invoice Value)	
ELL Cr: 18000 (GST) Dr: 18000 (GST)		ELL (RCM) Cr: 36000 (GST) Dr: 36000 (GST)	
EG-L Cr: 18000 (GST) Dr: 18000 (GST)		EG-L Cr: 36000 (GST) Dr: 36000 (GST)	

Challan Cr for RCM Dr Challan FDM

input tax purchase

document + purchase voucher

upload to GST portal

100000 90000 18000

200000 180000 36000

GSTR-1

GSTR-2B

GSTR-3B

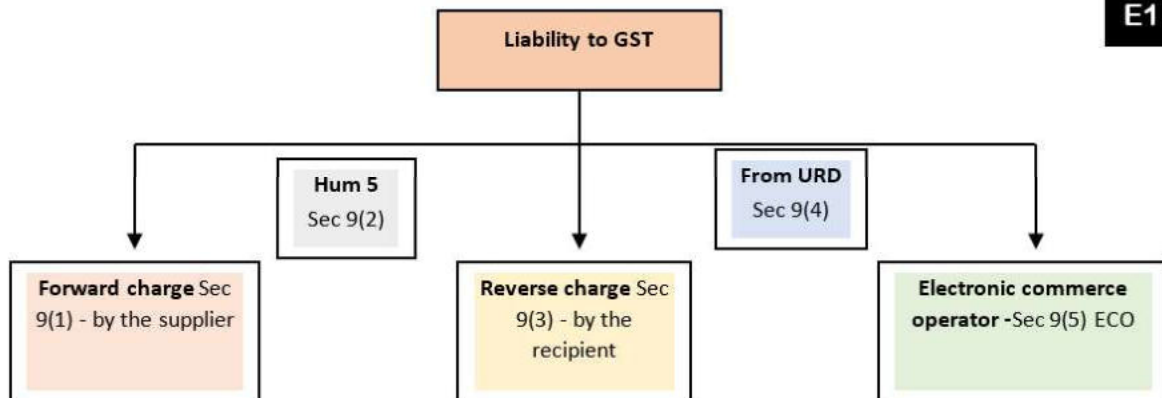
Why Do we have reverse charge?

- 1) Where supplier is outside India
- 2) To capture on recipient and collect tax of many small suppliers
- 3) To avoid inconvenience of procedures on certain suppliers

IMPORTANT POINTS

- a) Is Reverse Charge added to aggregate turnover of the Supplier or the recipient ?
- b) Is supplier of Reverse Charge service required to raise invoice with GST?
- c) Does the recipient of reverse charge service get ITC for tax paid under reverse charge ?
Note: taxes paid under reverse charge will be input tax for which the credit will be available.
- d) How does the Recipient deposit the GST under reverse charge and is it added to ECrL or ELL?
- e) Does the supplier of reverse charge service get ITC for purchases used in supply of reverse charge service?
- f) Is recipient covered by reverse charge then is the recipient liable to get registered compulsorily?
- g) Is Supplier covered by reverse charge then is the supplier liable to get registered compulsorily?
- h) Is RCM optional?
- i) Can recipient be in Non Taxable territory?

E 2. Sec 9 of CGST: Charge of GST



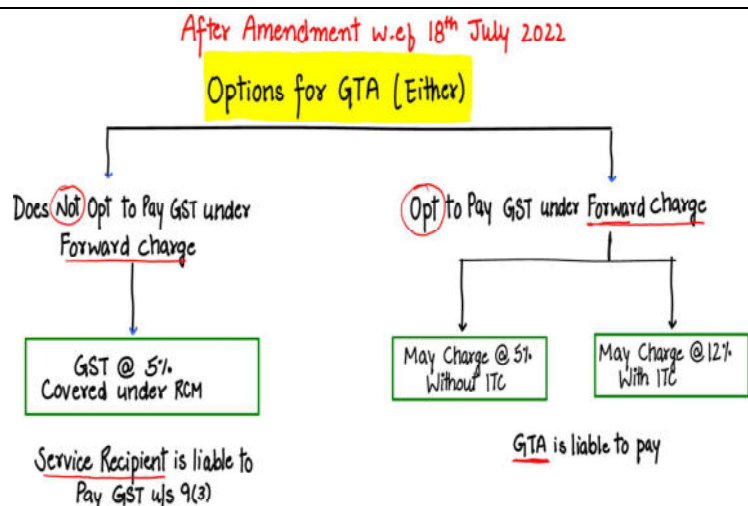
CATEGORY I: GOODS TRANSPORT AGENCY

In case of supply of services by Goods Transport Agency (GTA), for transportation of goods by road

GTA has 2 options-

- 12% GST with ITC
- OR
- 5% GST with no ITC

However, the GTA has to opt in to pay GST at the beginning of the financial year.



GOODS TRANSPORT AGENCY

Anyone engaged in lease of goods carriage
 To: **GTA** (Goods Transport Agency)
 BY: **GTA**

Exempt u/s 11

Issuing Commitment note

E2

to Individual end consumer (for personal household)
to an unregistered GTA (handicraft goods)

to Department of Govt (only regd for TDS u/s 57)

Transportation of

- 1) Agricultural Produce
- 2) Organic Manure.
- 3) Newspaper
- 4) Military or Defence Equipment
- 5) Relief material
- 6) आटा दाल चावल दूध नमक

Exempt u/s 11

May 23
 GTA services provided to an unregistered person (including unregistered casual taxable person) are exempt from GST by virtue of Entry 21 A of GST Laws. Discuss the validity of above statement. Services provided by a GTA to an unregistered person, including an unregistered casual taxable person are exempt except when provided to a: factory / society / co-operative society / body corporate / partnership firm / registered casual taxable person

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CATEGORY II: where recipient is a Business Entity (any person doing business with turnover in the immediately preceding PY > limits prescribed (40/20/10))

Supplier	Recipient
<p>a) Government</p> <p>b) Advocates or Firm of Advocates</p> <p>c) Arbitral Tribunal</p>	<p>Business Entity $T >$ limits in the immediately preceding year RCM</p> <p>Other • Business entity with $T >$ limits or • non business entity Exempt u/s 11</p>

Example: X Ltd (registered under GST) and MR A approach the Arbitral Tribunal for amicable settlement of the dispute. Each party is to pay 1 lacs. Discuss liability to GST

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LEGAL SERVICES

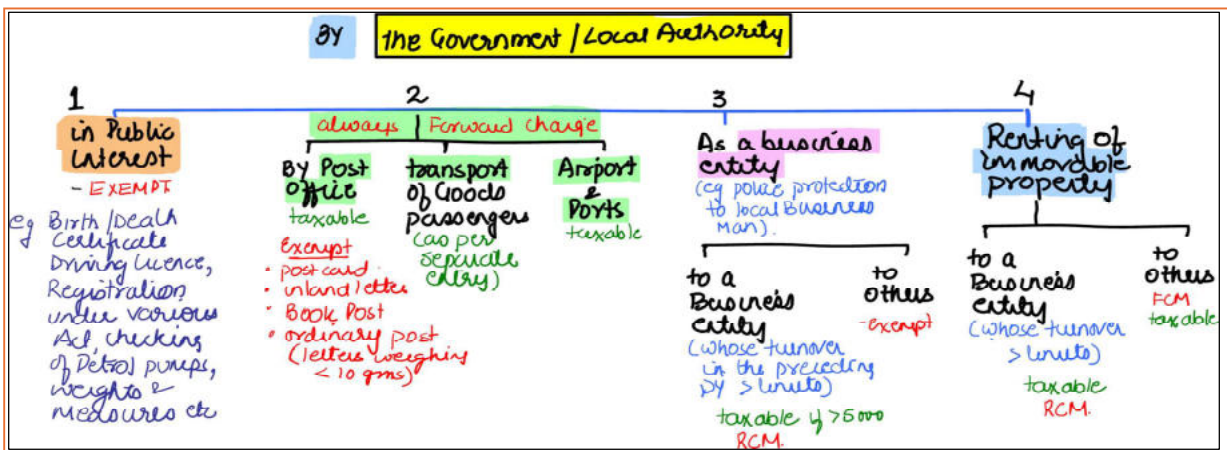
BY Individual lawyer or a Firm of Advocates (lawyers) **TO** another Advocate or a firm of Advocates (including Senior Advocates) - **exempt**

TO
<p>a Business Entity $(T \leq \text{limits in preceding financial year})$ or to a non business entity Exempt u/s 11.</p>
<p>a Business Entity $(T > \text{limits in preceding financial year})$ taxable under 9(3) RCM</p>

Examples:

1. X, a lawyer, gives service to Mr A for a criminal case against him. Mr A is a salaried employee.
2. ABC & Co a law firm gives legal advice to Mr P a senior advocate and charges 10 lacs
3. Mr P gives legal consultancy to his clients. Mr P does not hold a law degree
4. Mr X, a lawyer, is into the business of event managements and organises an event for 5 lacs
5. Mr X a lawyer provides legal consultancy to X Ltd (registered under GST)
6. Mr X a lawyer provides legal consultancy to X Ltd (not liable for registration under GST)

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Examples:

1. X Ltd (regd. Under GST) have taken a building on rent from the Government.
2. Mr X has taken a building on rent from the Govt. for his business. Mr X is not liable to be registered under GST
3. Indian Railways ties up with the department of Posts to send all their parcels.

4. X Ltd (registered under GST) ties up with the department of Posts to send all their parcels.
5. X Ltd (not registered under GST) ties up with the department of Posts to send all their parcels

CATEGORY III: where recipient may or may not be a RD but will have to take registration u/s 24

Supplier	Recipient
a) Director	Company
b) Recovery agent	Bank
c) Insurance agent	Insurance company
d) Author Music composer artist / Photographer.	Publisher Music Co. Producer

Always covered by RCM
if URD then will compulsarily be required to register u/s 24.

whether RD or URD

⊙ optional to pay under FCM.

Example:

1. X Ltd is a supplier with a supply of taxable goods being 18 lacs. It pays commission to its directors being 2 lacs for procuring orders.
2. X Ltd is a supplier with a supply of taxable goods being 38 lacs. It pays sitting fees to 10 directors being 15 lacs. It also pays 20 lacs as salary to one of the Directors (Mr A)

Example

1. ICICI Ltd. pays 5 lacs to Mr A(not a taxable person), who is an agent providing recovery services
2. ICICI Ltd. pays 5 lacs to Mr A(a taxable person), who is an agent providing recovery services
3. ICICI Ltd. pays 5 lacs to Mr A(not a taxable person), who is an agent bringing deposits

Example:

1. LIC pays 5 lacs to Mr A(not a taxable person), who is an agent of LIC
2. LIC pays 5 lacs to Mr A(a taxable person), who is an agent of LIC

Optional for author

- a) Where Director is an **employee** then no GST on salary
- b) Supply of services by a **music composer, photographer, artist or the like** by way of transfer or permitting the use or enjoyment relating to original dramatic, musical or artistic works to a music company, producer or the like.
- c) Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright relating to original literary works to a publisher

However, an **author can choose to pay tax under forward charge** if-

- (i) he has taken registration under the CGST Act and
- (ii) filed a declaration, in the prescribed form, that
 - he exercises the option to pay CGST on the said service under forward charge
 - and to comply with all the provisions as they apply to a person liable for paying the tax in relation to the supply of any goods and/or services and
 - that he shall not withdraw the said option within a period of 1 year from the date of exercising such option;
 - he makes a declaration on the invoice issued by him in prescribed form to the publisher.

Example:

- i) Mr A has written a book and given Bharat Publications the right to publish and sell. Mr A is not a taxable person
- ii) Mr A has written a book and given Bharat Publications the right to publish and sell. Mr A is a taxable person

CATEGORY IV: Sponsorship , Security services & renting of Motor vehicle with fuel

Supplier	Recipient	Supplier	Recipient
<p>a) Sponsorship Service Provider (Receiving money)</p> <p style="text-align: right; margin-right: 20px;">Forward charge ←</p>	<p>Sponsor (person giving money) if company or Firm. } RCM else</p>	<p>c) Renting of Motor vehicle with Fuel.</p> <p>i) Body Corporate FCM 12% can claim ITC</p> <p>ii) Other than Body Corporate FCM 6% only limited ITC can be claimed (same line of business)</p>	<p>any person</p> <p>Other than body corporate } RCM 6% body corporate</p>
<p>b) Security Service* other than a company</p> <p style="text-align: right; margin-right: 20px;">Forward charge in any other case</p>	<p>Registered Person. } RCM.</p>		
<p>Only supply of security personal (dogs etc not covered)</p>	<p>Other than: A department of the Government, Local Authority, Government agencies, A composition dealer – no reverse charge</p>		

SPONSORSHIP

AT

← provides sponsorship service

→

SD College

pays 100000 as sponsorship

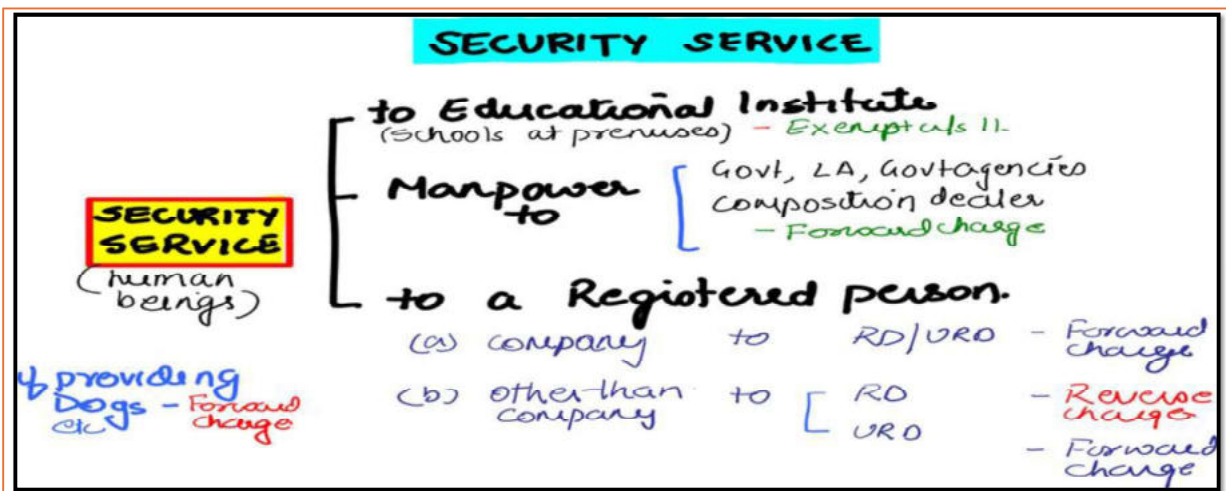
a) who is the sponsor = AT = recipient

b) who is providing Sponsorship Service = SD college = Supplier

∴ So if AT is a CO/Firm/LLP then reverse charge (and if URD then composition up to 2%) else forward charge.

Examples:

1. Mr X(not a taxable person) gives 10 lacs as sponsorship to Y Ltd (a taxable person) for their annual day event.
2. Mr X(a taxable person) gives 10 lacs as sponsorship to Y Ltd (a taxable person) for their annual day event.
3. Mr X(not a taxable person) gives 10 lacs as sponsorship to Y Ltd (not a taxable person) for their annual day event.
4. Mr X(a taxable person) gives 10 lacs as sponsorship to Y Ltd (not a taxable person) for their annual day event.
5. Mr X provides sponsorship service to XY & Sons

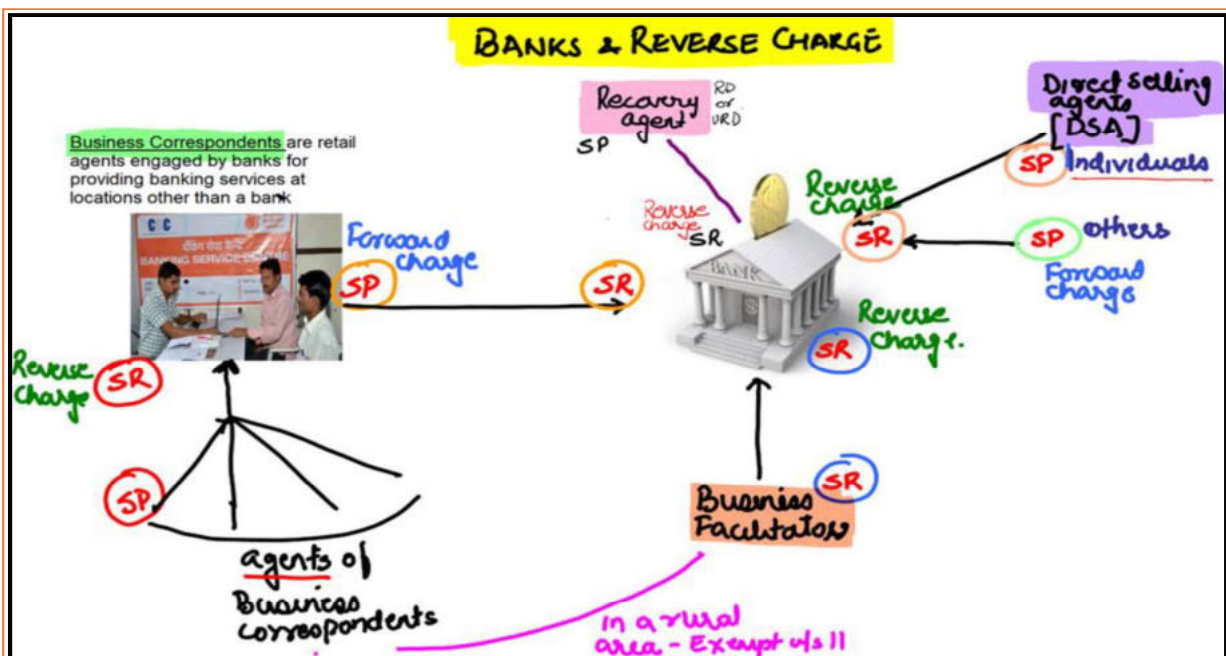


Examples:

- i) Mr A provides security services to Mr B (unregistered)
- ii) A Ltd provides security services to Mr B (unregistered)
- iii) ABC & Sons provides security services to Mr B (unregistered)
- iv) ABC & Sons provides security services to Mr B (a taxable person)

CATEGORY V: Other reverse charge services

Supply of services by	Members of Over-seeing Committee constituted by the Reserve Bank of India Services of giving advice on sanctioning of big loans	To Reserve Bank of India [RBI]
Services supplied by	individual Direct Selling Agents (DSAs) <i>other than a body corporate, partnership or limited liability partnership firm.</i>	To A banking company or a non-banking financial company, located in the taxable territory.
Services provided by	Business facilitator (BF)	To A banking company, located in the taxable territory.
Services provided by	An agent of business correspondent (BC)	To A business correspondent, located in the taxable territory.



Jan 21

Mr. Anurag, a famous Author is engaged in supply of services by the way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher.

Explain in brief the conditions under which an Author can choose to pay tax under forward charge.(5 Marks)

Mr. Anurag, an author, can choose to pay tax under forward charge provided he fulfills the following conditions:-

- (i) He has taken registration under the GST law.
- (ii) He has filed a declaration, in the prescribed form,

that he exercises the option to pay tax on the said service under forward charge and, to comply with all the provisions of the GST law as they apply to a person liable for paying the tax in relation to the supply of any goods and/or services and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option.

He makes a declaration on the invoice issued by him in prescribed form to the publisher.

State person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:

a. **Services provided by an arbitral tribunal to any business entity.**

Since GST on services provided or agreed to be provided by an arbitral tribunal to any business entity located in the taxable territory is payable under reverse charge, in the given case, GST is payable by the recipient - business entity.

b. **Sponsorship services provided by a company to an individual.**

GST on sponsorship services provided by any person to any body corporate or partnership firm located in the taxable territory is payable under reverse charge. Since in the given case, services have been provided to an individual, reverse charge provisions will not be attracted. GST is payable under forward charge by the supplier – company.

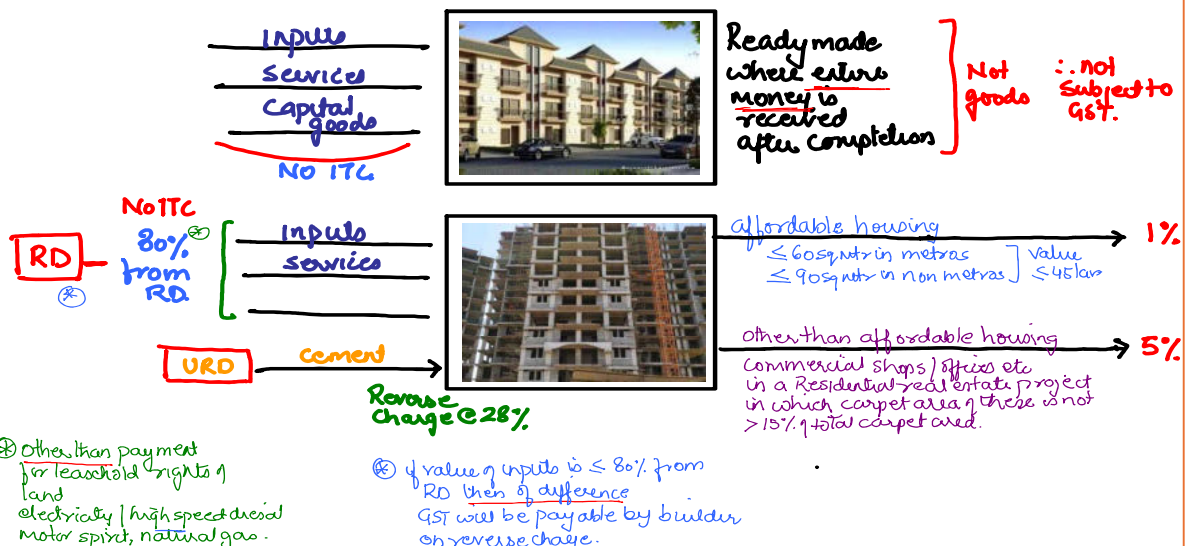
c. **Renting of immovable property service provided by the Central Government to a business entity (not liable to be registered under GST)**

GST on services provided or agreed to be provided by the Central Government, State Government, Union Territory, or local authority to any business entity located in the taxable territory is payable under reverse charge. However, renting of immovable property service is an exception to it since in this case the business entity is not liable to be registered. Therefore, in the given case, reverse charge provisions will not be attracted. GST is payable under forward charge by the supplier – Central Government.

d. **Renting of immovable property service provided by the Central Government to a business entity (liable to be registered under GST)**

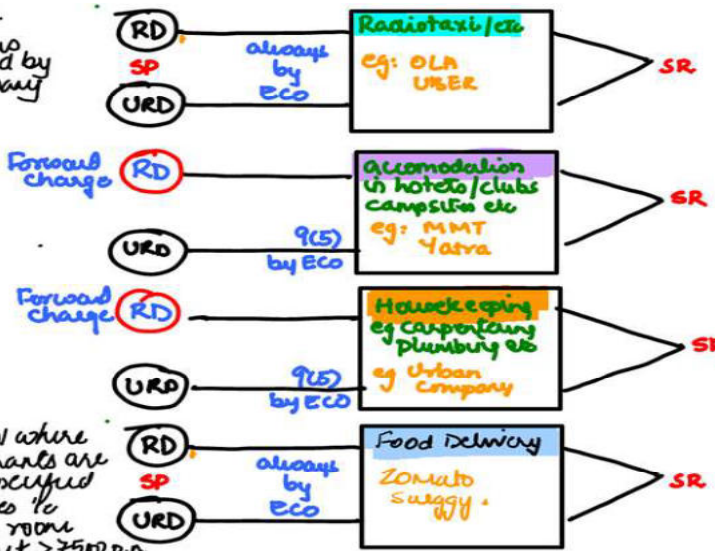
GST on services provided or agreed to be provided by the Central Government, State Government, Union Territory, or local authority to any business entity located in the taxable territory is payable under reverse charge. However, renting of immovable property service is an exception and since in this case the business entity is liable to be registered reverse charge provisions will be attracted. GST is payable by the business entity.

Sec 9(4) : BUILDERS



Sec 9(5) : ECO where GST is payable by a person other than Supplier or Recipient

* Except omnibus provided by a company



Note

- 1) payable by ECO
- 2) If ECO has no physical presence in India - by a person representing the ECO
- 3) If ECO has no physical presence & no representative - shall appoint a person in India for payment of tax.

* Except where restaurants are at a specified premises where room rent + limit > 7500 p.m.

w.e.f. On January 1st, 2022, supply of restaurant service other than the services supplied by restaurant, eating joints etc. located at specified premises

e-commerce operators (Zomato and Swiggy) are liable to pay tax under the reverse charge mechanism. It has to be paid via the electronic cash ledger at a rate of 5% whether or not the restaurant (actual supplier) is registered under GST or not. Moreover, there can be no claim for Input Tax Credit in this case.

'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.

Notification No. 17/2017 CT (R) dated 28.06.2017 has notified the following categories of services supplied through ECO for this purpose -

(a) Services by way of ~~transportation of passengers by~~ a radio-taxi, motorcab, maxicab and motor cycle; ~~omnibus or any other motor vehicle~~ thus OLA, UBER are ECO for GST

[Notification No. 16/2023 CT(R) dated 19.10.2023 and Notification No. 19/2023 IT(R) dated 19.10.2023]

(a) Services by way of transportation of passengers by a radio-taxi, motorcab, maxicab, motorcycle, or any other motor vehicle except omnibus.

Further, following new category of services has been introduced:

(a) Services by way of transportation of passengers **by an omnibus** except where the person supplying such service through ECO is a company.

Note: Thus, with effect from 20.10.2023, the tax on services by way of transportation of passengers by an omnibus provided by a company through ECO is not payable by ECO. It will be payable by the company itself.

RTP NOV 2020 Mr. Mandeep, a registered dealer, is doing building material business in the State of Assam. He availed architect services for his business from his friend in London free of cost. He also availed designing services from his brother in London for ` 5 Lakhs for his personal purposes.

He availed services which are liable to tax under reverse charge for which date of invoice was 01.09.20XX, payment date as per his books of account and as per his bank account was 15.11.20XX and 18.11.20XX respectively.

His turnover for the current financial year is as follows: Taxable supply of goods - Rs 55 Lakhs

Exempt supply of goods - Rs 16 Lakhs

Inward supply liable to tax under reverse charge - ` 8 Lakh

He intends to start providing services also from the next financial year and also to avail composition scheme. He also wishes to make supplies to the Government.

Based on the information given above, choose the most appropriate answer for the following questions:-

I. In respect of services imported by Mr. Mandeep, which of the following is a correct statement?

- i. Architect services for his business from his friend in London free of cost is considered as a supply
- ii. Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is considered as a supply.
- iii. Architect services for his business from his friend in London free of cost is not considered as a supply
- iv. Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is not considered as a supply.

- (a) i & ii
- (b) i & iv
- (c) ii & iii
- (d) iii & iv

II. The time of supply of services, received by him and taxable under reverse charge, is

- (a) 01.09.20XX
- (b) 01.11.20XX
- (c) 15.11.20XX
- (d) 18.11.20XX

III. Aggregate turnover of Mr. Mandeep for the given financial year will be,

- (e) ₹ 63 Lakhs
- (f) ₹ 79 Lakhs
- (g) ₹ 71 Lakhs
- (h) ₹ 47 Lakhs

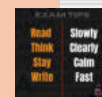
IV. Mr. Mandeep will be eligible for composition scheme in the next financial year, but he can supply services only upto:

- (a) ₹ 5.00 Lakhs
- (b) ₹ 6.3 Lakhs
- (c) ₹ 7.90 Lakhs
- (d) ₹ 7.10 Lakhs

V. In case he supplies services to State Government by way of any activity in relation to any function entrusted to a Municipality under Article 243W of the Constitution, in the next financial year, which of the following will be exempt?

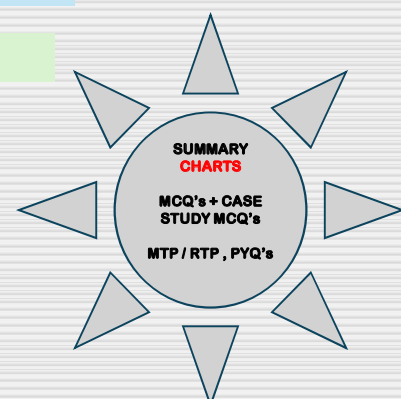
- i. Pure Services
 - ii. Composite supply of goods and services in which value of supply of goods constitutes not more than 25% of value of said composite supply
 - iii. Composite supply of goods and services in which value of supply of service constitutes not more than 25% of value of said composite supply
- (a) i & iii
 - (b) ii & iii
 - (c) i, ii & iii
 - (d) i & ii

QR SLIDES



Module 3 : PART F

Composition Dealer [Sec 10]

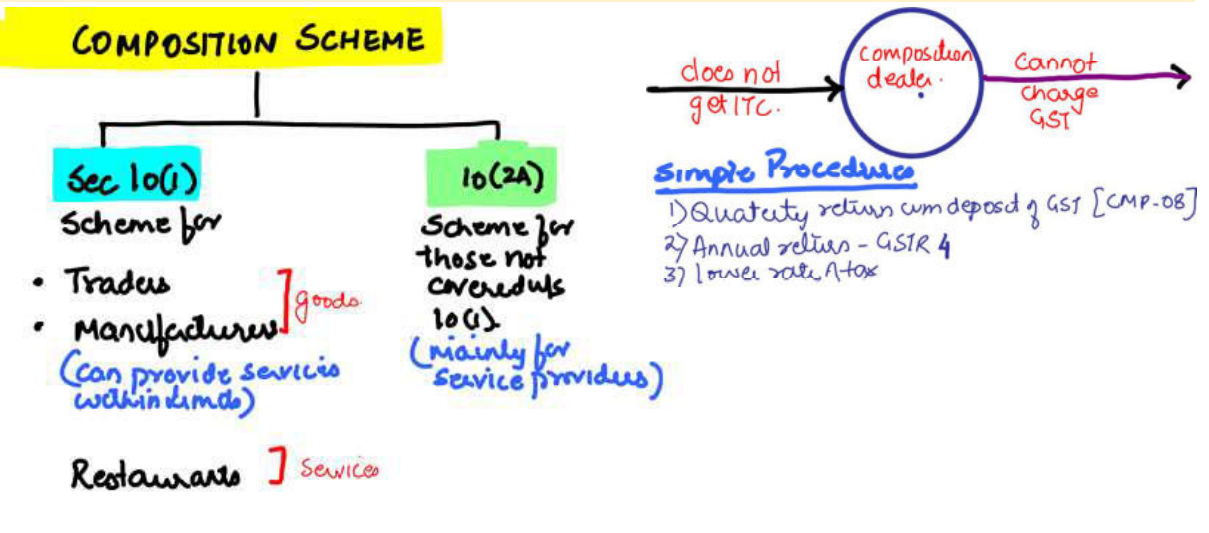


*'CA' - Alphabets of trust
Only for those who deserve.*



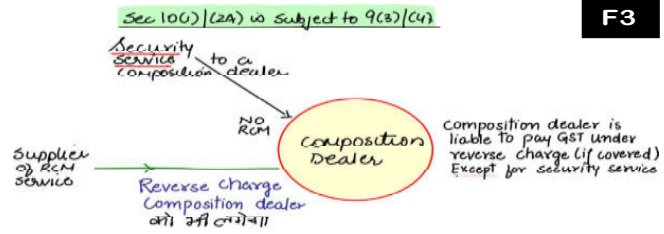
Sec 10(1)/(2) Composition scheme for **goods**

Sec 10(2A) Composition scheme for **services**



Sec 10(1): Notwithstanding anything to the contrary contained in this Act but subject to the provisions Sec 9(3)/(4)

- Sec 9(1) is the forward charge for GST and composition scheme overrides Sec 9(1).
- However composition dealer is subject to 9(3)/(4) i.e. reverse charge, thus a composition dealer will still have to pay GST on reverse charge where applicable except Security services

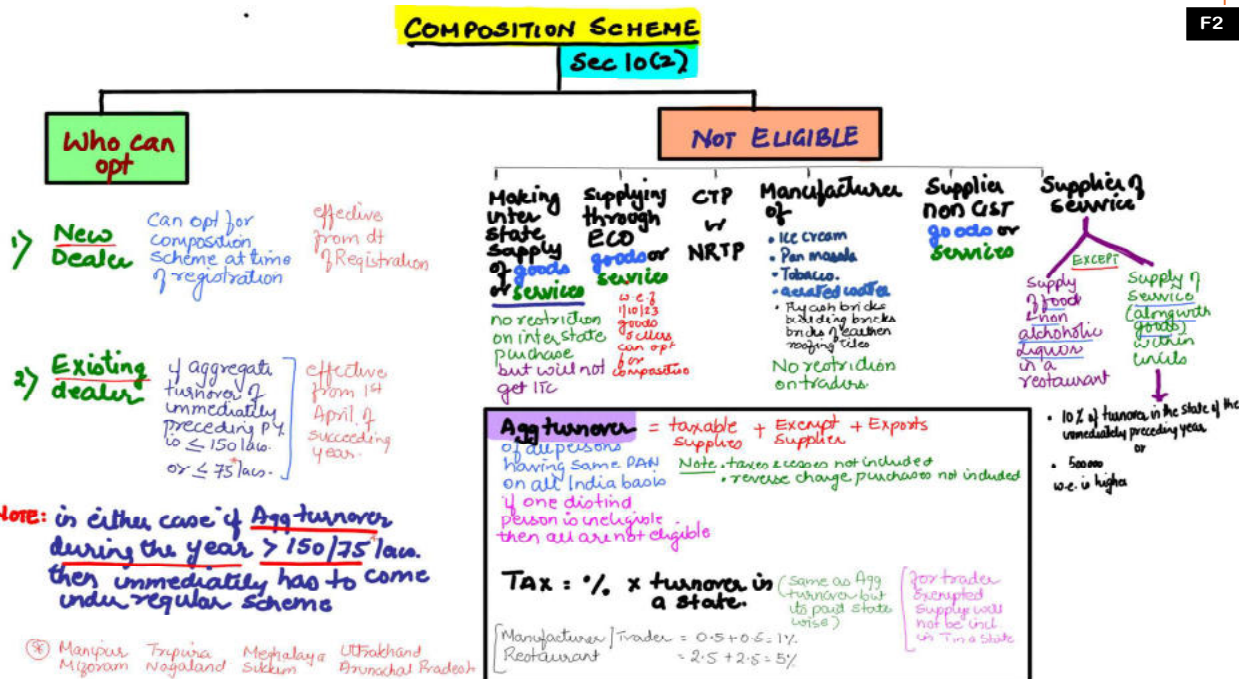


a **registered person, whose aggregate turnover in the preceding financial year did not 1.50cr / 75 lacs may opt to pay in lieu of the tax payable by him under Sec 9(1),...**

- New dealer** - may either opt for composition or normal dealer registration at time of taking registration
- Existing dealer** i.e. registered as a normal dealer opting for composition dealer
- Further the composition **scheme is optional**

≤ 75 Lacs	≤ 1.5 cr
Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand	Assam, Himachal Pradesh J&K And all other States

Sec 10(1)/(2) of CGST: Composition Levy for Goods

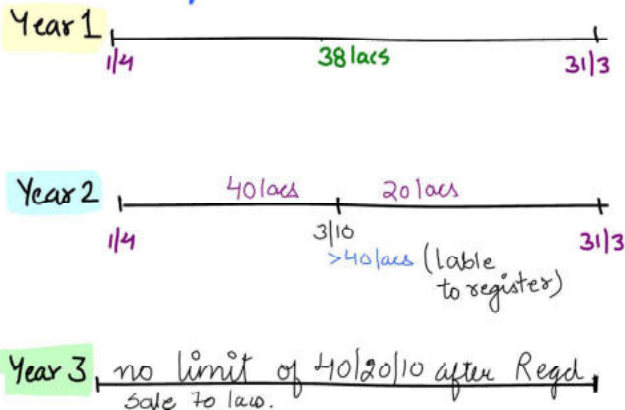


What is the effective date of registration?

u/s 22 turnover based registration

an assessee must apply within 30 day from the day he becomes liable to register (u/s 24 or 22). Assume he opts for composition scheme

(assume limit of 40lacs)



Who can Apply?

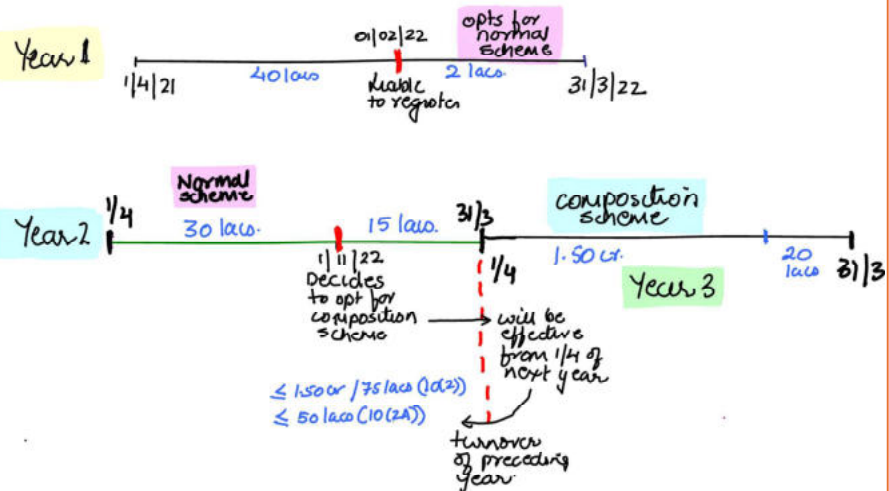
- (i) An **unregistered** person may give option at the time of registration in FORM GST REG 01. The option to pay tax under composition scheme will be effective only from the date on which registration is effective

- (i) A **registered** person shall file an option electronically on gst.gov.in in the prescribed form before the beginning of the financial year. **Option can be taken yearly.**

Every registered person under GST and opts to pay taxes under Composition Scheme, must follow the following:

- Intimation in **FORM GST CMP- 02** for exercise option
- Statement in **FORM GST ITC- 3** for details of ITC relating to inputs lying in stock, inputs contained in semi-finished or finished goods within 60 days of commencement of the relevant financial year

Registered dealer applying for Composition Dealer



Includes: Taxable supplies + Exempt Supplies (incl non GST supplies) + Exports + supplies to distinct persons
The aggregate turnover **will include** turnover of all persons having the same PAN on all India basis

Excludes: CGST/SGST/UTGST/IGST & Cess

For a person becoming liable to register under the composition scheme during the year - includes value of supplies from the 1st April of a FY up to the date of his becoming liable for registration

Example (a)

2024-25 : X starts a new business on 1/4/24. His turnover touches 40 lacs on 1/10/24 & he applies for Regd on 5/10/24 & gets the certificate on 7/10/24. His turnover details are -

- 1) 1/4 to 30/9 = 40 lacs
- 2) 1/10 to 5/10 = 2 lacs
- 3) 5/10 to 7/10 = 5 lacs
- 4) 8/10 to 31/3 = 13 lacs

Example (b)

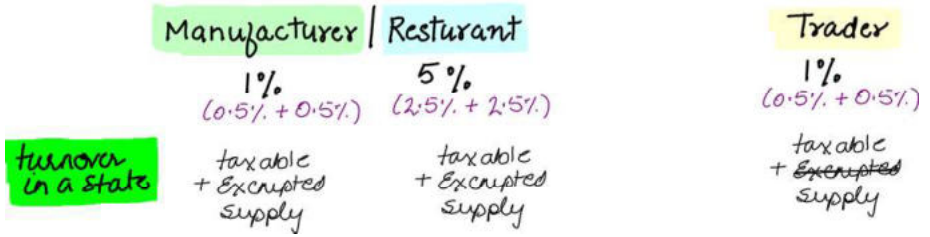
2024-25 : X starts a new business on 1/4/24. His turnover touches 40 lacs on 1/10/24 & he applies for Regd on 7/11/24 & gets the certificate on 19/11/24. His turnover details are -

- 1) 1/4 to 30/9 = 40 lacs
- 2) 1/10 to 7/11 = 2 lacs
- 3) 8/11 to 19/11 = 5 lacs
- 4) 19/11 to 31/3 = 13 lacs

Payment of GST under composition scheme

- Payment of Tax is on the turnover in the state, state wise
- GST cannot be charged from recipient
- Payment is quarterly by the 18th of the month succeeding the quarter

Turnover in a state $\frac{1}{4}$ of 100%



Turnover in a State

- **Includes:** Taxable supplies + Exempt Supplies (incl non GST supplies) + Exports + supplies to distinct persons
- **Excludes:** CGST/SGST/UTGST/IGST & Cess

Ex. 2. Discuss the liability under composition scheme in the following cases

	Quarter April to June		Turnover in a state <i>Taxable + Exempt supply</i>	CGST	SGST
	Taxable supply	Exempt Supply			
Assessee- Manufacturer				0.5%	0.5%
State 1	500,000	2,00,000	700,000	3,500	3,500
State 2	100,000	3,00,000	400,000	2,000	2,000

	Quarter April to June		Turnover in a state <i>Taxable + Exempt supply</i>	CGST	SGST
	Taxable supply	Exempt Supply			
Assessee- Restaurant				2.5%	2.5%
State 1	1500,000	12,00,000	2700,000	67,500	67,500
State 2	1100,000	3,00,000	1400,000	35,000	35,000

	Quarter April to June		Turnover in a state <i>Taxable supply</i>	CGST	SGST
	Taxable supply	Exempt Supply			
Assessee- trader				0.5%	0.5%
State 1	500,000	2,00,000	500,000	2,500	2,500
State 2	100,000	3,00,000	100,000	500	500

Explanation 2: For the purposes of determining the tax payable by a person under this section, the expression "turnover in State or turnover in Union territory" shall not include the value of following supplies, namely:

(i) supplies from the first day of April of a financial year upto the date when such person becomes liable for registration under this Act; and

(ii) 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.

CBIC: only for the purposes of Sec 10, the aggregate turnover will also not include the exempted supply by way of Interest on deposits / loans / advances

Ramsewak is a manufacturer of toys in Delhi, he has opted for composition scheme from the financial year 2024-25. His aggregate turnover in FY 2023-24 is Rs 152 lakh (including 10 lacs of interest on FD). Compute GST payable in the first quarter of FY 2024-25 assuming his taxable supply is 25 lacs and interest on fixed deposit is 3 lacs. IGST rate of toys is 18%

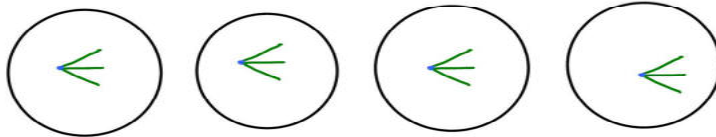
Since the aggregate turnover for the purposes of Sec 10 will not include the amount if interest thus it is 142 lacs which is below 150 lacs and is thus eligible to be covered by composition scheme. GST under composition scheme is payable on turnover in a state = 25 lacs x 0.5% + 0.5% = 12,500 CGST & 12,500 SGST

From the following information compute the GST payable by X Ltd. X Ltd is into sale of carpets and the CGST rate is 9%

State	Turnover in preceding year	Turnover in Current year
Tripura	500,000	800,000
Agra	26,00,000	12,00,000
Mumbai	20,00,000	40,00,000
Chandigarh	25,00,000	30,00,000

AGGREGATE TURNOVER & TURNOVER IN A STATE

4 GST Regd
Distinct (of all in Person one PAN)



Agg turnover of preceding year is to be checked to determine eligibility to opt for composition scheme

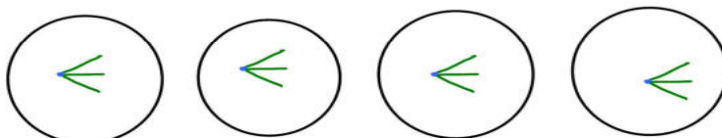
Thereafter GST is payable on cash - state wise on turnover in a state

From the following information compute the GST payable by X Ltd. X Ltd is into sale of carpets and the CGST rate is 9%

State	Turnover in preceding year	Turnover in Current year
Telangana	500,000	800,000
Agra	26,00,000	12,00,000
Mumbai	20,00,000	40,00,000
Chandigarh	25,00,000	30,00,000

AGGREGATE TURNOVER & TURNOVER IN A STATE

4 GST Regd
Distinct (of all in Person one PAN)



Agg turnover of preceding year is to be checked to determine eligibility to opt for composition scheme

Thereafter GST is payable on cash - state wise on turnover in a state

Can composition dealer provide service after opting for the scheme

A supplier of goods also providing services will be eligible for composition scheme if the value of the service is less than

- 10% of turnover of the preceding year or
- 5 lacs

w.e. is higher

Example: The turnover of a composition supplier during FY 2023-24 is INR 90 lakhs. Hence for FY 2024-25 said composition supplier can make a supply of services upto INR 9 lakhs (since 10% of turnover is higher than INR 5 lakhs) without violating the composition scheme.

It may be noted that a composition supplier is prohibited from making inter-state supply of goods or service.

Ex. 1. Ramsewak has opted for composition scheme in the financial year 2024-25. His aggregate turnover in FY 2023-24 is Rs 60 lakh. In FY 2024-25, can he supply services [other than restaurant services]?

In FY 2024-25, he can supply services upto a value of not exceeding:

- 10% of Rs 60 lakh, i.e. Rs 6 lakh or
- Rs 5 lakh,

whichever is higher. Thus, he can supply services upto a value of Rs 6 lakh in FY 2024-25.

Ex. 2. X Ltd has the following branches, both engaged in the supply of goods & some service. Determine the amount of services they can supply in the current year without violating the conditions of Sec 10(1).

STATE	Turnover in FY 23-24	Supply of Service in FY 24-25
Delhi	70 Lacs	
Mumbai	40 Lacs	

REGISTERED DEALER opting for composition dealer

Year 1
a registered dealer under normal scheme

effective from year 2

Exempted goods 10 lacs

inter state 50 lacs

intra 20 lacs

Service 3 lacs

150 lacs or 75 lacs

Aggregate turnover = 83 lacs

Year 2
COMPOSITION DEALER

1/4 applicable

intra state goods = 60 lacs

inter state service (within limits) = 8 lacs

∴ GST payable = 680000 x 1% = 68000

Note:
Composition dealer u/s 10(1) cannot provide service > 10% of turnover in a state of preceding yr or 500000 w.e. is higher

Inter State Service

- X Ltd is manufacturing and selling Lamps in Maharashtra. its turnover from sale of such goods in the preceding PY was 110 lacs. In the current year it opts for composition scheme from 1st April. On 15th of June it starts providing Interior designing services in Maharashtra. It is getting order from other states for designing advice. It seeks your help to understand whether it will be eligible for composition scheme u/s 10(1) if it keeps the value of such services within 10% limit?

Sec 10(2A) : New Composition Scheme – for services

NOT ELIGIBLE



Sec 9(1) is the forward charge for GST and composition scheme overrides Sec 9(1).

However is subject to 9(3)/(4) i.e. reverse charge, thus a composition dealer will still have to pay GST on reverse charge where applicable and is for a person who is not eligible u/s 10(1)/(2). The applicant must be a **registered person** [**>10/20/40 lacs**] or voluntarily registered.

Aggregate Turnover in the immediately preceding year must not exceed 50 Lacs

The rate will be (3+3) = 6% or turnover in the state

ICAI Module:

Example (d): A photographer 'Champak' has commenced providing photography services in Delhi from April this year. His turnover for various quarters till December is as follows:

April-June	20 lakh
July-Sept	30 lakh
Oct-Dec	20 lakh

In the given case, since Champak has started the supply of services in the current financial year, his aggregate turnover in the preceding FY is Nil. Consequently, in the current FY, he is eligible for composition scheme for services. He becomes eligible for the registration when his aggregate turnover exceeds 20 lakh.

While registering under GST, he opts for composition scheme for services.

Other Conditions

a) INVOICE: Those opting for the composition scheme need not raise a ~~tax invoice~~ and can issue a **bill of supply** wherein **no tax shall be charged** from the recipient.

Example: If taxable supply is 40 lacs & exempted supply is 30 lacs, then turnover in a state is 70 lacs and tax payable is $1\% \times 70 \text{ Lacs} = 70,000$. This tax cannot be charged from the customer.

b) PROCEDURE

- An **unregistered person** may give option at the time of registration in FORM GST REG 01. the option to pay tax under composition scheme will be effective only from the date on which registration is effective
- A **registered person** shall file an option electronically on gst.gov.in in the prescribed form before the beginning of the financial year. **Option can be taken yearly.**

Every registered person under GST and opts to pay taxes under Composition Scheme, must follow the following:

- Intimation in **FORM GST CMP- 02** for exercise option
- Statement in **FORM GST ITC- 3** for details of ITC relating to inputs lying in stock, inputs contained in semi-finished or finished goods within 60 days of commencement of the relevant financial year

c) CONDITIONS

- i. The words "**Composition taxable person not eligible to collect tax on supplies**" must be mentioned on top of the bill of supply issued by him.
- ii. The words "**Composition taxable person**" must be mentioned on every signboard and displayed at a prominent place at his principal place of business and every other addition place of business.

d) The option once exercised remains as long as all the conditions remain satisfied.

The option lapses from the day the turnover exceeds the limit of 150/75 lacs.

From such day the person must pay normal tax.

In such a case he is required to file an intimation of withdrawal within 7 days from the date of occurrence of such event.

Example: The assessee is covered by the Composition scheme from 01/04/2021. His turnover crosses 1.5 cr on 28th Dec 2021. His total turnover after this date is 30 lacs. Determine his liability to GST.

e) A dealer who opts for composition scheme

- cannot collect GST on supply
- nor will he get a credit of GST paid on inputs

The Composition dealer **will discharge its liability by debiting the ECL (cash ledger)**

GST CMP – 08 : details of payment of self assessed tax	Quarterly	18th of the month succeeding quarter
GSTR – 4 annual return	yearly	30 th April following the end of the FY
GSTR – 4A (inward purchased details autopopulated)		

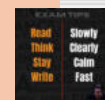
f) Disadvantages

- A limited territory of business. The dealer is barred from carrying out inter-state transactions
- No Input Tax Credit available to composition dealers
- The taxpayer will not be eligible to supply exempt goods or goods through an e-commerce portal

g) Simplification of Compliance: Compliance norms has been simplified under composition scheme, as there would be now only **Annual Return filing** with liability of paying tax quarterly along with a declaration.

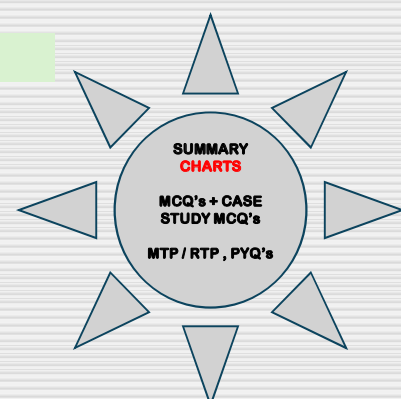
- Only Annual Return filing
- Payment of Tax quarterly

QR SLIDES



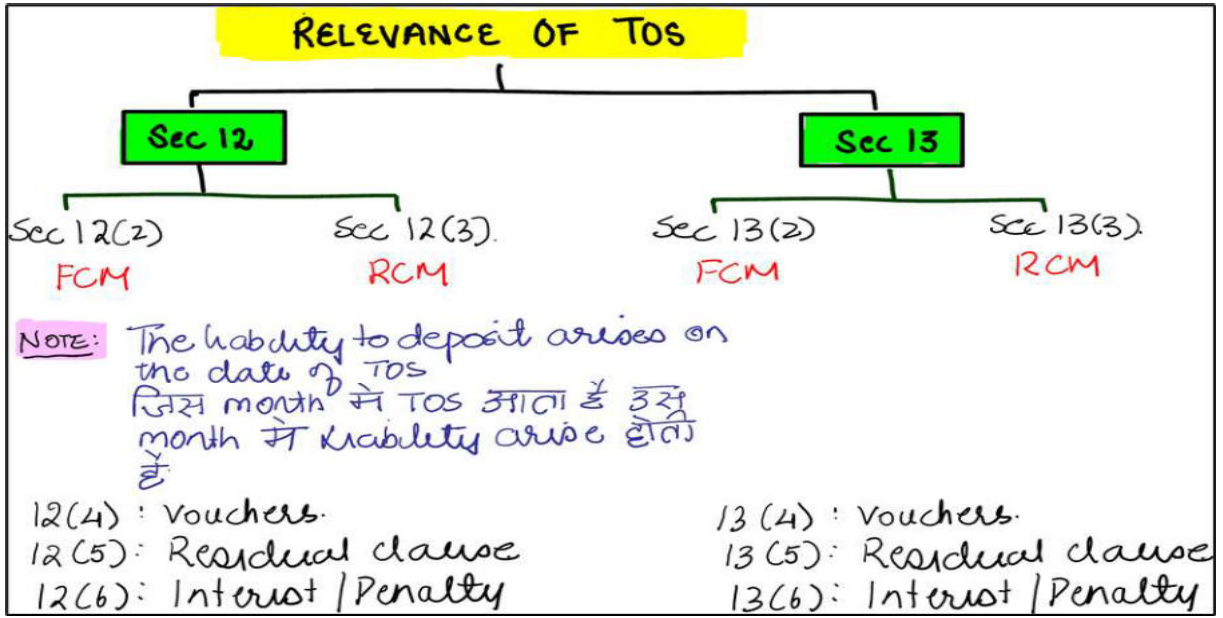
Module 3 : PART G

Time of Supply



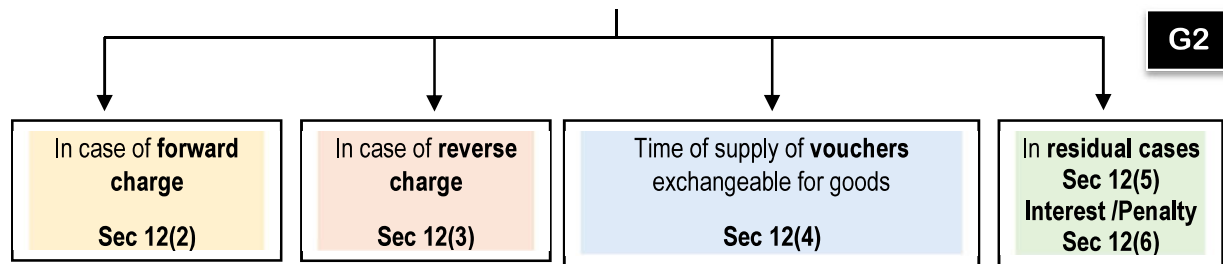
*'CA' - Alphabets of trust
Only for those who deserve.*





GOODS

A. TIME OF SUPPLY OF GOODS [Sec 12]



GOODS- Forward Charge

FORWARD CHARGE

Sec 12(2): The time of supply of **goods** shall be the earlier of the following dates, namely:

- a) the
- (i) **date of issue of invoice** by the supplier
 - (ii) the **last date** on which he is required, under section 31, to issue the invoice with respect to the supply; or

Last date of issue of invoice: As per section 31, the invoice needs to be issued either

- **before** or **at the time** of removal (where supply involves movement of goods) of goods/delivery or
- goods/ making goods available to recipient. (where goods are delivered at point of sale)

Example:

- X supplies goods to Bansi and receives payment on 10th Sept 2023 of 50,000. The goods were to be sent to Delhi and were despatched on 30th Sept 2023 - The last date of issue is on or before 30th Sept.
- X supplies goods to Bansi on 10th Sept 2023 for 50,000. The goods were delivered to bansi on the same date - The last date of issue is on or before 10th Sept.

b) the date on which the supplier **receives the payment** with respect to the supply:

No GST on advance received against supply of goods for assesseees paying tax under regular scheme: Notification No. 66/2017 CT dated 15.11.2017

Sec 12(2): Forward Charge

TOS = actual date of raising the invoice
or
last date for raising invoice u/c 31.



Note: Date of receipt is irrelevant in determining TOS of goods.

Ex. 1. Determine when time of supply for X Ltd

S NO		Date of dispatch	Date of entry for payment adjustment	Date of delivery	Date of raising of the invoice	Date of credit in bank	Time of supply	Date of Deposit
1	Branch transfer	15/07/2024	01/11/2024	21/07/2024	22/07/2024	NA		
2	Sale to Y Ltd	15/08/2024	10/09/2024	18/08/2024	07/08/2024	09/09/2024		
3	Sale to Mr A at shop	NA	11/10/2024	09/10/2024	11/10/2024	09/10/2024		
4	Sale to X Ltd.	15/09/2024	16/10/24	17/09/2024	16/09/2024	18/10/2024		
5	Sale to X Ltd	11/11/2024	16/10/24	13/11/2024	12/11/2024	18/01/2024		

Difference between Supplier & Recipient

	Supplier – Mr X	Recipient – X Ltd
Invoice	Raised by X on 29/05/24	Received by X Ltd 01/06/24
Goods	Despatched on 30/05/24	Received by X Ltd on 31/05/24
Payment	Entered in books 11/06/24	Entered in books 09/06/24
	Credited in bank 13/06/24	Debited in bank 12/06/24

GOODS- Reverse Charge

REVERSE CHARGE of Goods

Sec 12(3) In case of supplies in respect of which tax is paid or liable to be paid on **reverse charge** basis, the time of supply shall be the earliest of the following dates, namely:

- (a) the **date of the receipt** of goods; or
- (b) wthe **date of payment** as entered in the
 - books of account of the recipient or
 - the date on which the payment is debited in his bank account, whichever is earlier; or
- (c) the date immediately **following 30 days** from the **date of issue of invoice** or any other document, by whatever name called, in lieu thereof by the supplier:

Sec 12(3): Reverse Charge

Supplier

- Dt of raising invoice + 31st day
- Dt of Dispatch or delivery
- Date of receipt of payment
 - i) credit in the bank
 - ii) entry in books
 - w.e. is earlier

Tos is (a) (b) (c) is earlier

Recipient

- Dt. of receiving the invoice
- Dt of receipt of Goods
- Dt of making the payment
 - i) debit from bank
 - ii) entry in books
 - w.e. is earlier

Example: determine the time of supply for X Ltd who purchases cashew nuts from an agriculturalist and as per Notification No.4/2017 is covered by reverse charge. the company receives the goods on 6th October and the payment is made on 10th October by cheque and the amount was debited from their account on 15th oct. The invoice was received on 7th October and was issued on 1st October.

Time of supply will be the earlier of

Receipt of goods	6 th Oct'24
31 st day from dt of issue of invoice	1 st Nov'24
Date of recording payment in books	10 th Oct'24
Date of debit of payment	15 th Oct'24

Thus time of supply is 6th Oct'24

Example: determine the time of supply for X Ltd who purchases cashew nuts from an agriculturalist and as per Notification No.4/2017 is covered by reverse charge. the company receives the goods on 16th October and the payment is made on 10th October by cheque and the amount was debited from their account on 15th oct. The invoice was received on 27th Sept and was issued on 21st Sept

Time of supply will be the earlier of

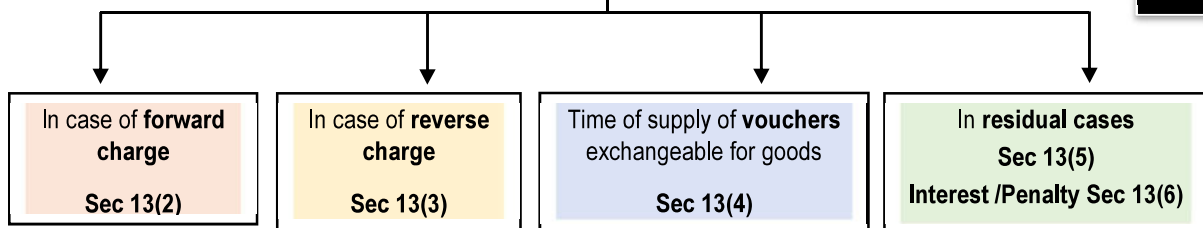
Receipt of goods	16 th Oct'24
31 st day from dt of issue of invoice	22 nd Oct'24
Date of recording payment in books	10 th Oct'24
Date of debit of payment	15 th Oct'24

Thus time of supply is 10th Oct'24

Service

A. TIME OF SUPPLY OF SERVICES [Sec 13]

G5



SERVICES – Forward Charge

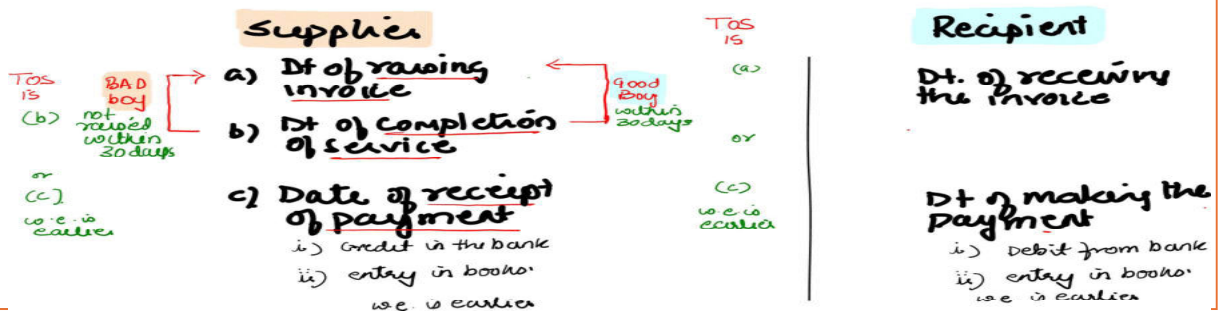
FORWARD CHARGE

Sec 13(2): The time of supply of services shall be the earliest of the following dates, namely:

- (a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or
- (b) the date of provision of service, if the invoice is not issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or

CHART

Sec 13(2): Forward Charge



Ex. 1. Determine when time of supply for X in case of Sec 13(2)

S NO	Date of completion of service	Date of raising of the invoice	Date of credit in bank	Date of entry in books	Time of supply	Due date of deposit
1	25/07/2024	29/07/2024	11/08/2024	09/08/2024		
2	02/07/2024	03/08/2024	11/08/2024	12/08/2024		
3	25/07/2024	29/07/2024	02/07/2024	04/07/2024		

The date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) or clause (b) do not apply

ICAI: Investigation shows that ABC & Co carried out service of cleaning and repairs of tanks in an apartment complex, for which the Apartment Owners' Association showed a payment in cash on 4th April to them against work of this description. The dates of the work are not clear from the records of ABC & Co. ABC & Co have not issued invoice or entered the payment in their books of account. The time of supply cannot be determined vide the provisions of clauses (a) and (b) of section 13(2) as neither the invoice has been issued nor the date of provision of service is available as also the date of receipt of payment in the books of the supplier is also not available. Therefore, the time of supply will be determined vide clause (c) of section 13(2) i.e., the date on which the recipient of service shows receipt of the service in his books of account.

Thus, time of supply will be 4th April, the date on which the Apartment Owners' Association records the receipt of service in its books of account.

Example: X supplies SERVICE to Bansi on 10th March, 2025 for 50,000. The invoice for the same was issued on 20th March, 2025. Sunidhi & Co. received the payment against the said invoice on 15th March, 2025 vide cheque dated 12th March, 2025. The entry for the receipt of payment was made in the books of accounts on 15th March, 2025 itself. However, the amount was credited in the bank A/c on 25th March, 2025.

Date of payment is the :-

date on which the payment is entered in the books of account (i.e. 15.03.2025) or date on which the payment is credited to the bank account of the person liable to pay tax (i.e. 25.03.2025) whichever is earlier, i.e. 15.03.2025

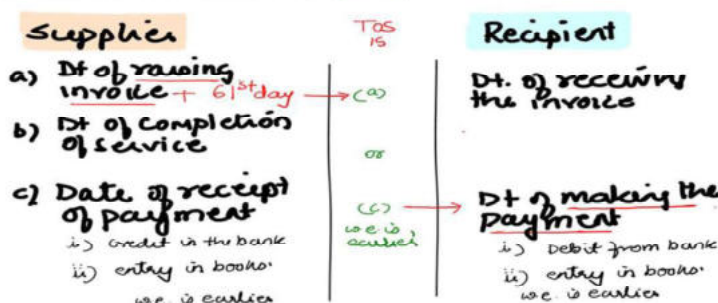
SERVICES – Reverse Charge

REVERSE CHARGE

Sec 13(3) In case of supplies in respect of which tax is paid or liable to be paid on **reverse charge** basis, the time of supply shall be the earlier of the following dates, namely:—

- a) the **date of payment** as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
- b) the date **immediately following 60 days** from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Sec 13(3): Reverse Charge



Note: if its **not possible to determine the time of supply** as above then the time of supply will be the date of entry of goods in the books of the recipient of supply

Ex. 1. determine the time of supply in the following independent cases u/s 13(3)

Dt. Of invoice	Dt. Of payment	61 st Day	TOS	Deposit
15 th Oct 2024	10 th Nov 2024	15/12/24	10/11/24	20/12/24
20 th Oct 2024	15 th Feb 2025			

Ex. 2. Determine when time of supply for X under reverse charge of service

S NO	Date of completion of service	Date of raising of the invoice by supplier	Date of debit in bank	Date of entry in books	Time of supply	Due date of deposit
1	25/07/2024	29/07/2024	11/08/2024	09/08/2024		
2	02/07/2024	03/08/2024	11/08/2024	12/08/2024		
3	25/07/2024	29/07/2024	02/07/2024	04/07/2024		

Transaction with Associated enterprises: For the removal of doubts, it is hereby declared that where the transaction of taxable service is with any associated enterprise, any payment received towards the value of taxable service, in such case shall include any amount credited or debited, as the case may be, to any account, whether called 'Suspense account' or by any other name, in the books of account of a person liable to pay service tax

In case of "associated enterprises", where the person providing the service is located outside India, the point of taxation shall be:-

- (a) the date of debit in the books of account of the person receiving the service or
- (b) date of making the payment whichever is earlier.

Example: Sambhav Industries Ltd. (SIL) is an Indian Company. It has received taxable services from a UK based company-George Ltd. on 01/01/2025. George Ltd. raised on SIL an invoice of £ 45,000 on 27/01/2025. SIL debited its books of accounts on 07/02/2025 and made the payment on 25/03/2025. [ICAI Supplementary] George Ltd. and SIL are associated enterprises. Determine the point of taxation using aforesaid details.

Hence, in the given case, the time of supply shall be earlier of the following two dates

- (a) the date of debit in the books of account of SIL i.e. 07/02/2025 or
- (b) date of making the payment i.e. 25/03/2025

Thus, the point of taxation is 07/02/2025

Example: Sambhav Industries Ltd. (SIL) is an Indian Company. It has received taxable services from a UK based company-George Ltd. on 01/01/2025. George Ltd issues an email informing them of the cost of services being £ 45,000 on 27/01/2025. SIL made the payment on 25/03/2025.

Hence, in the given case, the time of supply shall be the date of making the payment i.e. 25/03/2025

VOUCHERS of Goods & Services

Sec 12(4) In case of supply of vouchers by a supplier, the time of supply shall be

- (a) the date of **issue** of voucher, if the supply is identifiable at that point; or
- (b) the date of **redemption** of voucher, in all other cases.

Sec 13(4) In case of supply of **vouchers** by a supplier, the time of supply shall be

- (a) the date of **issue** of voucher, if the supply is identifiable at that point; or
- (b) the date of **redemption** of voucher, in all other cases.

EXAMPLE

i. Food vouchers at food court where any food can be purchased using these vouchers	Redemption date
ii. Vouchers with purchase of shirts at van huesan which can be used to buy a shirt within a month of issue	Issue date since what can be purchased is known at the date of issue
iii. Scratch coupon to be redeemed against purchase of pressure cooker at any outlet of Rama Stores within 6 months	Issue date
iv. A buyer buys goods worth 60,000 at GANTI showroom and gets free voucher worth 5,000 to be redeemed within a month to buy any article sold at their showrooms	Redemption date

Residual Cases of Goods / Service

Sec 12(5) Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall—

- (a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or
- (b) in any other case, be the date on which the tax is paid.

Sec 13(5) Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall—

- (a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or
- (b) in any other case, be the date on which the tax is paid.

Note: If the date of invoice is not available then the Sec 12(5) is applicable

Example: During investigation it is found that an unregistered dealer has collected GST. He voluntarily deposits GST to end the investigation. In such a case the date of deposit will be the time of supply

Interest or late fee of Goods / Service

Sec 12(6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

Sec 13(6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value

In cases where the supplier is to receive interest / penalty / fee for receiving late payment then this amount is also a part of value of supply and the time of supply will be the **date on which the supplier receives** such addition in value

Example(a): Goods sold on 01/11/24 for 10 lacs (GST 18%). The payment is received on **25/12/24**. Interest to be charged @ 10% p.a. is payable as per contract on the invoice value, if payment is received after 30 days. The buyer agrees to pay only the interest as the final payment.

Supply	VOS	GST	Invoice value	TOS	Due date
Goods	10,00,000	180,000	11,80,000	01/11/24	20/12/24
Interest	6,575	1,184	7,759	25/12/24	20/01/25

Computing Interest : $11,80,000 \times 10\% \times 24 / 365 = 7,759$, since the buyer is paying only interest as the final payment thus it is inclusive of GST

Thus GST = $7,759 \times 18/118 = 1,184$

Example(b): In the above question what would be the GST payable on Interest if the interest is paid exclusive of GST

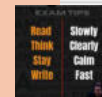
Supply	VOS	GST	Invoice value	TOS	Due date
Goods	10,00,000	180,000	11,80,000	01/11/24	20/12/24
Interest	7,759	1,397	9,156	25/12/24	20/01/25

Computing Interest : $11,80,000 \times 10\% \times 24 / 365 = 7,759$, since the buyer is paying only interest as the final payment thus it is inclusive of GST

Thus GST = $7,759 \times 18\% = 1,397$

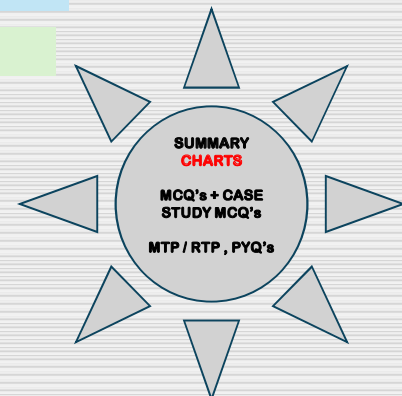
- Ex. 1. An order is placed to T & Co., Sholapur on 18th August, 2024 for supply of fabrics to make garments. Company delivered the fabrics on 4th September, 2024 and after completion of the order issued the invoice on 15th September, 2024. The payment against the same was received on 30th September, 2024. Determine the time of supply for the purpose of payment under CGST Act, 2017 with your explanations.
- Ex. 2. HM Industries Ltd. engaged the services of a transporter for road transport of a consignment on 20th May, 2024. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July 2024. Invoice was received from the transporter on 20th June 2024 and payment was made on 25th August 2024.
What is the time of supply of the transporter's service? (5 Marks)

QR SLIDES



Module 3 : PART H

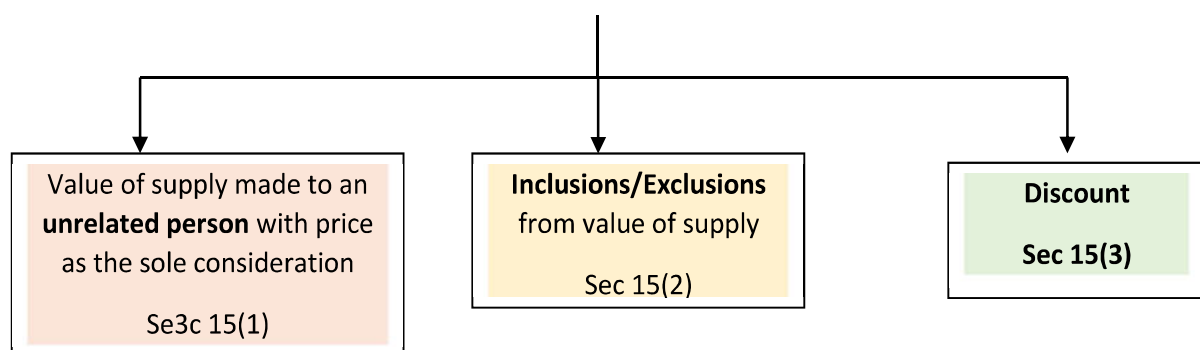
Value of Supply



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Only for those who deserve.*



VALUE OF SUPPLY [Sec 15 of CGST]



As GST is levied as a **percentage [%] of the value of supply [VOS]**, whether of goods or of services, it becomes important to know how to arrive at the value on which tax is to be paid. Rules for computing value of supply are given in Sec 15 of the CGST Act [Sec 20 of the IGST Act]

When *value cannot be determined under section 15*, the same is determined using Chapter IV: Determination of Value of Supply of CGST Rules (CA FINAL)

A. TRANSACTION VALUE INCLUDES CERTAIN ELEMENTS IN ADDITION TO PRICE. [Sec 15(2)]

<p>(a) Price actually <u>paid or payable</u> for the supply (“transaction value”) [Sec 15(2)(a)]</p>	<p>Whether money has been received or not, it will be included in the transaction value</p>
<p>(b) Any <u>taxes, duties, fees and charges levied under any statute other than the CGST Act or the SGST Act or the UTGST Act and the GST (Compensation to States) Act, if charged separately</u></p> <p><i>Note: Transaction value under IGST will include taxes other than IGST and the compensation cess] in terms of third proviso to section 20 of IGST Act] [Sec 15(2)(b)]</i></p>	<p>GST & GST cess are not included in the transaction value.</p> <p>However other taxes not subsumed by GST (example Excise Duty) paid by the supplier if charged separately in the invoice will be added to Value of Supply</p> <p>It has been clarified that for the purpose of determination of value of supply under GST, tax collected at source (TCS) under the provisions of the Income Tax Act, 1961 would not be includible as it is an interim levy not having the character of tax. [Circular No. 76/50/2018 GST dated 31.12.2018 amended vide corrigendum dated 7.03.2019]</p>

<p>(c) <u>Payments to third parties directly by the recipient:</u></p> <p><i>Any amount that the supplier is liable to pay but which has been incurred by the recipient of the supply and not already included in the price. [Sec 15(2)(c)]</i></p>	<p>Where the expenses incurred during the course of supply are directly paid by the recipient to the third party and the supplier does not include this in the bill , it would still be included in the value of supply.</p> <p><i>Example : Dubeji event manager agree to organise the annual function for Y Ltd. – stage preparation, audio, video display system and food and drinks. Y Ltd makes a direct payment to the soft drink company for purchase of the same. The value of soft drinks will be included in the supply made by Dubejji to Y Ltd Event manager</i></p>
<p>(d) <u>Incidental expenses, such as, commission and packing, charged by the supplier to the recipient of a supply, including any amount charged for anything done by the supplier in respect of the supply of goods/services at the time of, or before delivery of the goods /supply of the services [Sec 15(2)(d)]</u></p>	<p>Commission, packing (material and labour) charges, inspection or certification charges, installation and testing charges will be added to the value of supply.</p> <p>CIF: Where the supplier agrees to deliver the goods at the buyer’s premises and arranges for transport and insurance, the contract of supply becomes a composite supply; the principal supply being the supply of goods. Therefore, outward freight and transit insurance become part of the value of the composite supply and GST is payable thereon at the same rate as applicable for the relevant goods.</p> <p>FOB: However, if the contract for supply is on ex-factory basis where buyer pays the outward freight and insurance, the same will not be included in the value of supply of goods</p>

<p>(a) <u>Interest or late fee or penalty for delayed payment of consideration [Sec 15(2)(e)]</u></p>	<p>X Ltd made a supply for 20,000 and the money was to be received in 2 months. The money was delayed and X Ltd received a further sum of 2000 as penalty/interest. The value of supply will be 22,000</p>
<p>(b) <u>Subsidies, provided in any manner, linked to the price, other than subsidies given by the State or Central Governments [Sec 15(2)(f)]</u></p>	

A. TRANSACTION VALUE EXCLUDES CERTAIN ELEMENTS IN ADDITION TO PRICE [SEC 15(3)].

Sec 15(3): The principle here is that price as established at the time of supply forms the basis of taxable value. Discounts that are allowed are as follows:

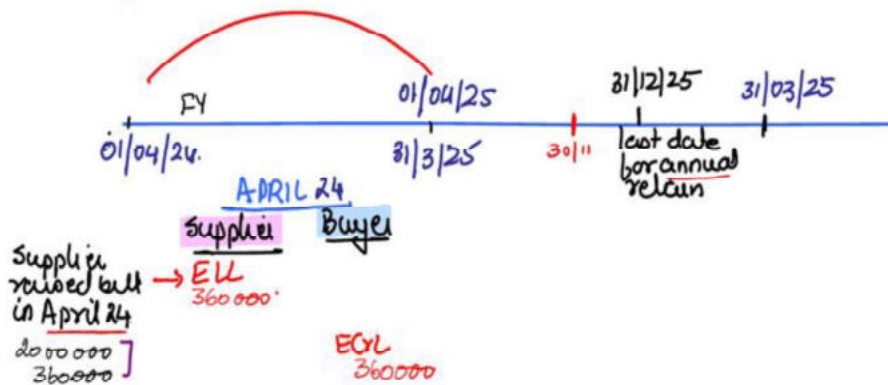
<p>(a) Discounts that are allowed</p> <ul style="list-style-type: none"> • <u>before or</u> • <u>at the time of supply</u> and • shown in the invoice; 	<p>Where discounts are not shown in the invoice then the same will be included in the value of supply.</p> <p>Example: where value shown for goods in the invoice is 5,000 and a discount of 1000 is shown in the invoice then the value of supply will be 49,000</p>
<p>(b) Discounts that are allowed <u>after supply</u></p> <ul style="list-style-type: none"> • in terms of an agreement • that existed at the time of supply and • are worked out invoice-wise and • the proportionate input tax credit is reversed by the recipient. 	<p>Where discounts are allowed after supply and the same cannot be linked to the invoice then no deduction, Else proportionate ITC will be reversed.</p> <p>Example: X Ltd offers a discount of 10% on stock of goods of the next month where sale in the preceding month exceeds 20,000 pieces. A Ltd had purchased 25000 pieces in the month of Oct and goods for Nov had been despatched on 1st Nov when the sales figures were being worked out. Discuss</p>

CREDIT NOTES from angle of SUPPLIER & RECIPIENT

CREDIT NOTES under GST

- credit & debit notes under GST are issued by supplier
- credit notes are issued when Value | Tax | Qty is to be reduced

last date of issuing credit note for FY is
 (a) Dt of filing annual return
 (b) 30th of November 25
 w.e. is earlier



DEBIT NOTES from angle of SUPPLIER & RECIPIENT

Hangover Ltd., Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable inter-State supply made by it during the month of March:-

S. No.	Particulars	Amount (Rs.)
(i)	List price of taxable goods supplied inter-State (exclusive of taxes)	24,00,000
(ii)	Subsidy received from the Central Government for supply of taxable goods to Government School (exclusively related to supply of goods included at S. No. 1)	3,36,000
(iii)	Subsidy received from an NGO for supply of taxable goods to an old age home (exclusively related to supply of goods included at S. No. 1)	80,000
(iv)	Tax levied by Municipal Authority	32,000
(v)	Packing charges	24,000
(vi)	Late fee paid by the recipient of supply for delayed payment of consideration (Recipient has agreed to pay Rs. 9,600 in lump sum and no additional amount is payable by him)	9,600

The list price of the goods is net of the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price.

Calculate the total value of taxable supplies made by Hangover Ltd. during the month of March. Rate of IGST is 18% (6 Marks)

Ans: 25,44,136

MTP Dec '21

Kavya Ltd., a registered supplier, has supplied machinery to Ayesha Ltd. (a supplier registered in the same State). It provides following particulars regarding the same:

S. No.	Particulars	Amount (Rs.)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Part fitted in the machinery at the premises of Ayesha Ltd. [Amount has been paid by Ayesha Ltd. directly to the supplier. However, it was Kavya Ltd.'s liability to pay the said amount. The said amount has not been recorded in the invoice issued by Kavya Ltd.]	20,000
(iii)	Installation and testing charges for machinery, not included in price	25,000
(iv)	Discount @ 2% on price of the machinery mentioned at S. No. (i) above (recorded in the invoice)	
(v)	Kavya Ltd. provides additional discount @ 1% at year end, based on additional purchase of other machinery for which adjustment is made at the end of the financial year without any change in individual transactions.	

Determine the value of taxable supply made by Kavya Ltd. to Ayesha Ltd.

(6 Marks)

Ans: 5,84,000

MTP DEC 21

Ms. Anjali is engaged in supply of services. She is registered under GST and has opted to pay tax under composition scheme for service provider under section 10(2A) of the CGST Act. The turnover for the quarter ending June was Rs. 12,00,000.

During July, she crossed the aggregate turnover of Rs. 50 lakh and opted out of composition scheme. She also started trading of goods in July.

She supplied an order to Breathe Well LLP on ex-factory basis, the details of which are as follows-

- i. Basic price of the product – Rs. 53,000
- ii. Outward freight – Rs. 12,000
- iii. Packing Charges – Rs. 5,000
- iv. Discount given on receiving payment – Rs. 2,000
(not included in invoice)

For supplies, provided to Breathe Well LLP, she received half of the amount as advance on 22nd July. The goods were dispatched from her factory on 25th July and delivered on 28th July. She raised the invoice on 30th July and the balance payment was also received on the same date.

Compute the value of Supply made by Ms. Anjali to Breathe Wall LLP?

- (a) Rs. 56,000
- (b) Rs. 58,000
- (c) Rs. 68,000
- (d) Rs. 75,000

Determine the time of supply made to Breathe Wall LLP?

- (a) 22nd July
- (b) 25th July
- (c) 28th July
- (d) 30th July

Ans (b) ; (b)

Nov 23:

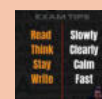
1) Mr. Dhanwan, an individual registered supplier of Ahmedabad (Gujarat), received the following amount towards rendering of the intra-state supply of various services in the month of January 2025:

S. No.	Particulars	Amount (Rs)
I.	Consideration received from security and housekeeping services provided to "Holy Foundation", an educational institution providing services by way of pre-school education, outside the school premises on its annual day function.	60,000
II.	Amount received as an honorarium for participation as guest anchor on "Apna TV" in relation to a debate.	2,25,000
III.	Sum received as hiring charges for provision of non-air conditioned contract carriage for transportation of employees to and from the work to M/s. Siddhi Pvt. Ltd, a registered person under the GST. Such hiring is for 3 months. Use of the contract carriage is at the disposal of the company.	1,50,000
IV.	Amount received for provision of training in recreation activities of music.	90,000
V.	Renting of residential flat to Mr. Sahil, proprietor of M/s. Dayaram & Sons, a registered person under GST for the purpose of his own residence (in personal capacity)	30,000

You are required to compute the value of supply on which GST is to be paid by Mr. Dhanwan for the month of January, 2025. All the amounts stated above are exclusive of GST, wherever applicable. Suitable notes should form part of the answer. (6 Marks)

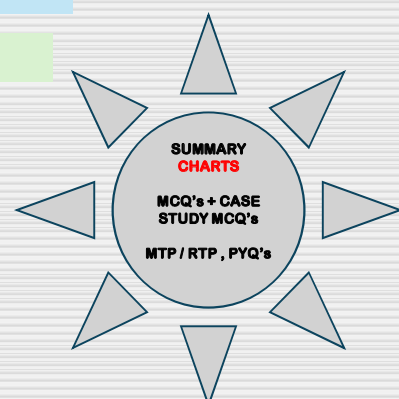
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Module 3 : Part I

Payment of GST

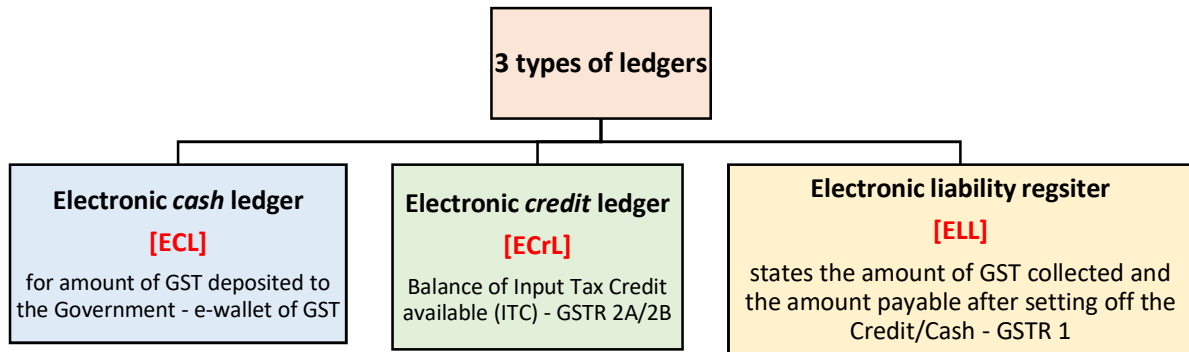


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LEDGERS under GST

Sec 49: Payment of tax, interest, penalty and other amounts.



Note: Payment of TDS deducted under section 51, TCS deducted by e-commerce operator under section 52, amount payable under reverse charge basis, amount payable under section 10, amount payable towards payment of interest, penalty, fee or any other amount under the Act. Can be paid using the ECL

Each ledger has 4 MAJOR heads & 5 Minor heads

	ECL - Cr					ECL - Cr					ELL - Dr				
Major heads	IGST	CGST	SGST	CESS		IGST	CGST	SGST	CESS		IGST	CGST	SGST	CESS	
Tax						Tax					Tax				
Interest											Interest				
Fees											Fees				
Penalty											Penalty				
Other											Other				
Minor heads						Minor head					Minor head				

cross utilization is not allowed
cross utilization is allowed as per rules

The order in which the liability of a taxable person has to be discharged [Sec 49(8)]:

- i) Self-assessed **tax and other dues** for the **previous tax periods** have to be discharged first.
- ii) The self-assessed **tax and other dues** for the **current period** have to be discharged next.
- iii) Once these two steps are exhausted, thereafter **any other amount payable** including **demand** to be discharged. In other words, the liability if any, arising out of demand notice and adjudication proceedings comes last. **This sequence has to be mandatorily followed**

i) May 23

(a) Mr. Manik provides the following information regarding his tax & other liabilities under GST Act as per Electronic Liability Register: 5

Sr. No.	Particulars	Amt. (₹)
1.	Tax due for the month of May	25,000
2.	Interest due for the month of May	2,000
3.	Penalty due for the month of May	3,000
4.	Tax due for the month of June	35,000
5.	Liability arising out of demand notice U/s 73	48,000

Mr. Manik wants to clear his liability of demand notice U/s 73 first. Discuss the provisions of order of discharge of GST liability U/s 49(8) of CGST Act & advice to Mr. Manik.

Are there certain conditions on claiming ITC?	<p>a) The goods must have been received</p> <p>b) The Invoice must have been received</p> <p>c) Purchase must be in furtherance of business (thus personal purchases will not be eligible for ITC)</p> <p>d) The buyer must also be engaged in making taxable supply of goods or services or exports</p> <p>ITC will be given in the month in which the aforesaid conditions are fulfilled</p>
Is ITC related to raw material usage or period of purchase?	<p>Month of Purchase</p> <p>Example X purchase raw material in Feb 22-10,00,000 (intrastate 18%) the goods remain unused in Feb & are used in production in April 23 – ITC will be allowed in February</p>
Are purchases of Capital goods also eligible for ITC?	<p>Yes – 100% in the month of purchase</p> <p>However if certain capital goods fall in Blocked Credit u/s 17(5) then ITC cannot be claimed</p>
Will recipient get ITC only when supplier has paid the same?	Yes and the supplier has filed GSTR 3B
Are there certain credits that are blocked?	<p>Yes u/s 17(5)</p> <p>i.e. even if purchased in furtherance of business, certain credits are not allowed under GST</p>
Does opening Closing Stock effect ITC	No

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CLAIMING ITC SIMPLE RULES for set off from Credit Ledger

**Cross
utilisation
ECrL to ELL**

1) Order of claiming ITC [Sec 49, 49A & 49B]

(a) ITC of IGST should first be utilized towards payment of IGST.

(b) Remaining ITC of IGST, if any, can be utilized towards the payment of CGST and SGST/ UTGST in **any order** i.e. ITC of IGST can be first utilized either against CGST or SGST.

(c) ITC of IGST must first be fully utilised

(d) ITC of SGST can be utilized towards payment of SGST , IGST, only after the ITC of IGST has first been utilized fully.

(e) ITC of CGST can be utilized towards payment of CGST, IGST only after the ITC of IGST has first been utilized fully

Handwritten Diagram:

Rule ECrL [IGST] 1st July utilize

ELL 18% GST

CGST in any order

1) CGST ———— CGST, 18% GST, SGST

2) SGST ———— SGST, 18% GST, CGST

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Mode of Deposit in Electronic Cash Ledger

(a) Online payment – internet banking, credit card, debit card ,NEFT / RTGS: *there is no limit*

(b) Offline payment – Cheques, drafts , and OTC (over the counter Max 10,000 per challan per tax period by cash

- This limit of 10,000 is not applicable to deposits made by the proper officer or government department for recovery of outstanding dues including attachment & sale of property or during an investigation or from person notified by the commissioner
- The date to be considered as date of deposit of the tax dues is not the Date of presentation of cheque or date of payment BUT the **date of credit of amount in the account of Government.**

Payment by e-Challan:

(a) Under GST only payment by e-challan [GST PMT 06] is allowed. Manual challans are not allowed

(b) Such e-challan is generated at the GSTN portal **valid for 15 days**

(c) There is single Challan prescribed for all taxes, fees, penalty, interest, and other payments

What are CPIN, CIN, BRN and E-FPB?

(a) **CPIN [Common portal Identification Number]** : is a 14 digit unique number automatically generated for every Challan successfully generated by the taxpayer. This number remains valid for 15 days

(b) **CIN [Challan Identification Number]**: is 17 digit (14 digit CPIN + 3 digit bank code) . This is generated for every successful payment for the generated challan, by the authorised bank receiving the payment. Th CIN is communicated to the GSTN as well as the taxpayer.

BRN [Bank Reference Number]: is the transaction number given by the bank for a payment against a Challan

E-FPB [Electronic Focal Point Branch]: refers to a branch of an authorized bank. Each such bank will nominate only one branch as its E-FPB for pan India transaction. Once such E-FPB receives any amount received it will be credited to the appropriate account

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ECL

- The amount reflected in the **electronic cash ledger may be used** for making any payment towards tax, interest, penalty, fee, or any other amount under the relevant tax head in the prescribed manner.
- In the ledger, information is kept **minor head-wise for each major head**.
- The ledger is displayed major head -wise i.e., IGST, CGST, SGST/UTGST, and CESS. Each major head is divided into five minor heads: Tax, Interest, Penalty, Fee, and Others.
- Inter head** payment adjustment is *not* allowed **nor is intra head** payment adjustment allowed
 - for example Cash under IGST cannot be utilised for payment of CGST
 - Further even for cash under tax in CGST cannot be utilised for payment of interest under CGST.

ECrL

- The input tax will be credited to the ECrL
- The electronic credit ledger shall be maintained in **FORM GST PMT-02** for each registered person eligible for input tax credit under the Act on the common portal
- The **input tax credit that is self-assessed** in the monthly returns will be reflected here under three categories i.e. IGST, CGST & SGST.
- The taxpayer will be able to utilize the balance shown in this account **only for payment of tax** as per the credit utilization rules and **no other amount such as interest, penalty etc.**
- Specific order and restrictions for utilizing ITC & Transfer of input tax credit [ITC] – refer to chapter of ITC
- What happens if the taxable person files the return but does not make payment of tax?**

In such cases, the return **is not** considered as a valid return. Section 2(117) defines a valid return to mean a return furnished u/s 39(1) on which self-assessed tax has been paid in full.

It is only the valid return that would be used for allowing input tax credit (ITC) to the recipient. **In other words, unless the supplier has paid the entire self-assessed tax and filed his return and the recipient has filed his return, the ITC of the recipient would not be confirmed.**

			IGST	CGST	SGST	CESS
ELL			20000	10000	10000	
ECL						
	opening	current	total			
IGST						10000
CGST						15000
SGST						15000

			IGST	CGST	SGST	CESS
ELL			20000	10000	10000	
ECL						
	opening	current	total			
IGST						10000
CGST						25000
SGST						25000

			IGST	CGST	SGST	CESS
ELL			20000	10000	10000	
ECL						
	opening	current	total			
IGST						25000
CGST						10000
SGST						5000

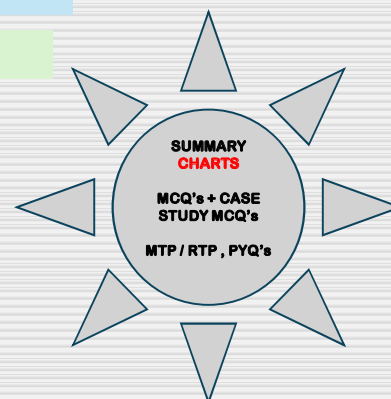
			IGST	CGST	SGST	CESS
ELL			20000	10000	10000	
ECL						
	opening	current	total			
IGST						10000
CGST						10000
SGST						5000

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Module 3 : PART J

Input Tax Credit [Sec 16 to 18]



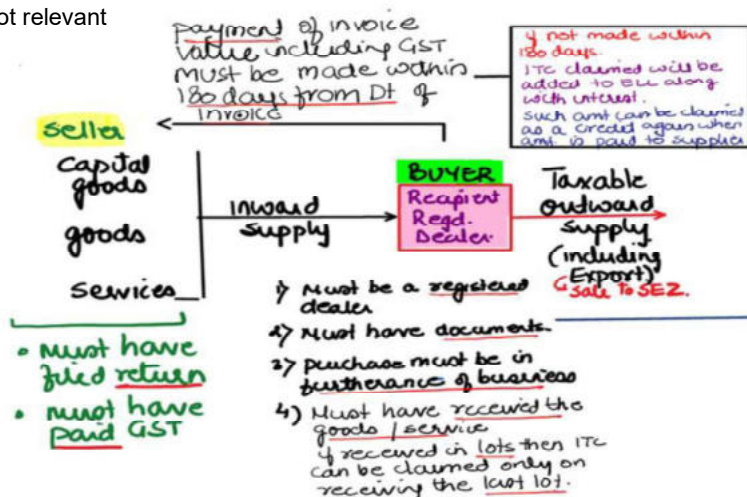
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FORWARD CHARGE

RULES FOR CLAIMING ITC – Sec 16

Note: for tax paid under reverse charge, the credit will be available only after payment of GST to the department through ECL. Payment to supplier is not relevant



Other points

No ITC if depreciation has been claimed on GST

a) Asset A/c 1180000 To Bank 1180000	
b) Asset A/c 1000000 GST credit receivable 180000 To Bank 1180000	

Last date for claiming ITC for 2024-25

- 30/11/25 or
- date of filing annual returns w.e. is earlier

ORIGINAL COPY

- Invoice - in forward & reverse charge
- Proof of payment
- Debit note from seller in case of increase in invoice value
- Bill of entry in case of import

RULES FOR CLAIMING ITC – Sec 16

- These documents **should have all the relevant particulars** as prescribed in rule 46 of the CGST Rules. i.e Amount of tax charged, Description of goods or services, total value of supply of goods or services or GSTIN of supplier and recipient and place of supply in case of inter state supply, IRN in case of e invoice]
- No ITC** can be claimed for **any tax that has been paid in pursuance of any order where any demand has been confirmed on account of any fraud, wilful misstatement or suppression** of facts
- Note:** The **original copy** will be needed to support the ITC
- Last date** for availment of credit does **not apply** for the re-avilment of credit in case of payment made after 180 days
- Should reflect in **GSTR 2B**
- If received in lots then ITC available on receipt of last lot
- Sec 41 read with Rule 37A** – Supplier needs to have paid the GST
- Sec 38** – Suspended ITC in certain cases

Example: Rimjihim Sales, a registered supplier, receives 100 invoices (for inward supply of goods/ services) involving GST of Rs 10 lakh, from various suppliers during the month of January, 2025. Out of 100 invoices, details of 80 invoices involving GST of Rs 6 lakh have been furnished by the suppliers in their respective GSTR-1s filed on the prescribed due date therefor and such details have also been duly communicated to the recipients of such invoices in Form GSTR-2B.

Compute the ITC that can be claimed by Rimjihim Sales in its GSTR-3B for the month of January, 2025 to be filed by 20th February assuming that GST of Rs 10 lakh is otherwise eligible for ITC

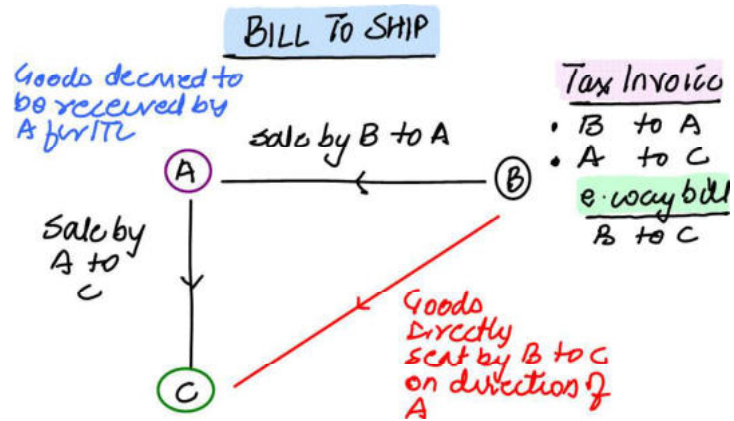
“Bill to Ship to” Model also included:

Under this model, the goods are delivered to a third party on the direction of the registered person who purchases the goods from the supplier.

Receipt of goods u/s 16(2)(b) includes delivery to another person on the direction of the registered person. It would be deemed that the registered person has received the goods in such scenario. **So, ITC will be available to the registered person on whose order the goods are delivered to third person.**

Deemed receipt of Services for ITC – In case of services, the registered person shall be deemed to have received the services where the services are delivered by the supplier to recipient or any other person on the direction of the said registered person.

Example: A is a trader who places an order on B for a consignment of goods. A receives a buying order from C for the same quantity of goods. A instructs B to deliver the goods to C, and in turn he raises an invoice on C.



Nov 23: Briefly explain the provisions relating to reversal of input tax credit in case of non-payment of tax by the supplier and re-availment thereof?

Sec 41: The eligible ITC in GSTR 2B can be availed on self assessment basis and this will be added to the ECRL

But if subsequently it is found that the supplier has not paid the GST in GSTR 3B then the credit availed by recipient will be reversed along with interest – refer to Rule 37A

Rule 37A

If the supplier has furnished GSTR 1 but not paid the tax in GSTR 3B . The Recipient will have claimed the ITC in the month the same was reflecting in the GSTR 2B

As per Sec 41 such credit will be reversed read with Rule 37A

- Where GSTR 3B as above has not been furnished by the 30th of September 24 (for FY 23-24) - the recipient will have to reverse the ITC in the GSTR 3B on or before 30th Nov
- If not reversed till then the recipient will have to pay the amount alongwith interest
- Where the supplier subsequently pays the tax and files GSTR3B then the recipient will be able to re-avail the credit in the return

RTP Sept 24: Briefly explain the manner of dealing with difference in ITC available in auto-generated statement containing the details of ITC and that availed in return prescribed in terms of rule 88D of the CGST Rules, 2017

Nov 23 : Mr. Sameer, a registered person under GST, is unable to file GSTR-1 on the reason being shown that tax payable under GSTR-1 which has been filed in respect of last tax period exceeds the tax payable under GSTR-3B. Which has been filed for the corresponding tax period. Explain the procedure to be followed by the department and Mr. Sameer for the same as per the provisions of Rule 88C of the CGST Rules 2017. (5 Marks)

Rule 88C & 88D

<p>Rule 88C: Manner of dealing with difference in liability reported in statement of outward supplies and that reported in return.</p> <p>Rule 88C(1): Where amount as per</p> <ul style="list-style-type: none"> GSTR 1 as amended by GSTR 1A is more than the amount mentioned in GSTR 3B <p>the said person will be intimated of such difference electronically on the common portal (and on email id)</p> <p>Rule 88C(2): and within 7 days from such receipt the person must pay the differential amount or explain the difference</p> <p>Rule 88C(3): if not so done, then such amount will be recoverable as per Sec 79</p>	<p>Rule 88D. Manner of dealing with difference in input tax credit available in auto-generated statement containing the details of input tax credit and that availed in return</p> <p>Rule 88D(1): Where amount claimed as a credit as per</p> <ul style="list-style-type: none"> GSTR 3B is more than the amount mentioned in GSTR 2B <p>the said person will be intimated of such difference electronically on the common portal (and on email id)</p> <p>Rule 88C(2): and within 7 days from such receipt the person must pay the differential amount or explain the difference</p> <p>Rule 88C(3): if not so done, then such amount will be recoverable as per Sec 79</p>
If the above is not done then the IFF or GSTR 1 filing will be blocked	If the above is not done then the IFF or GSTR 1 filing will be blocked

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The ITC should not be restricted & tax should actually have been paid to the Government by the supplier

<p>Sec 38: Communication of details of inward supplies and input tax credit</p> <p>1) After the supplier files the GSTR 1 an auto-generated statement containing the details of input tax credit <i>shall be made available electronically</i> to the recipients of such supplies in GSTR 2B.</p> <p>2) The auto-generated statement under sub-section (1) shall consist of</p> <p>a) details of inward supplies <i>in respect of which credit of input tax may be available</i> to the recipient; and</p> <p>b) details of supplies <i>in respect of which such credit cannot be availed</i>, whether wholly or partly, by the recipient, where such details have been furnished</p>	<p>(i) by any registered person within such period of taking registration as may be prescribed; or</p> <p>(ii) by any registered person, who has defaulted in payment of tax and where such default has continued for such period as may be prescribed; or</p> <p>(iii) by any registered person, the output tax payable by whom in accordance with the statement of outward supplies furnished by him under the said sub-section during such period, as may be prescribed, exceeds the output tax paid by him during the said period by such limit as may be prescribed; or</p> <p>(iv) by any registered person who, during such period as may be prescribed, has availed credit of input tax of an amount that exceeds the credit that can be availed by him in accordance with clause (a), by such limit as may be prescribed; or</p> <p>(v) by any registered person, who has defaulted in discharging his tax liability in accordance with the provisions of sub-section (12) of section 49 subject to such conditions and restrictions as may be prescribed; or</p> <p>(vi) by such other class of persons as may be prescribed.</p>
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© Illustration	Amount	Amount
Total ITC as per books		23,40,800
ITC in the GSTR-2B, filed by suppliers		21,40,800
Eligible ITC in the GSTR-2B		19,58,500
ITC that can be availed before Sec. 38 conditions		19,58,500
<i>(new clause in Section 38)</i>	<i>(amounts disallowed)</i>	<i>Remaining ITC that can be availed</i>
Supplier is a newly registered business under GST	1,02,000	18,56,500
Supplier has filed their GSTR - 1 but not GSTR - 3B	45,000	18,11,500
Supplier's liability in the GSTR -1 is greater than in their GSTR - 3B	55,000	17,56,500
Supplier's ITC in GSTR - 3B is greater than in their GSTR-2B	1,15,500	16,41,000
Supplier has received demand notices and defaulted in the payment of taxes (and the default continues)	75,000	15,66,000
Supplier has not fulfilled the conditions of Rule 86B (i.e. paid their entire liability in ITC instead of partly in cash as prescribed)	95,000	14,71,000

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PAYMENT WITHIN 180 DAYS: The payment (value of goods/service + tax) for the supply must be made by the registered person within 180 days from the date of issue of invoice.

Rule 37(1)

- a) The recipient who has availed the ITC on purchases of goods **covered under forward charge**
- b) Such recipient (buyer) fails to pay to the supplier **within 180 days from the date of invoice** the value of supply (+) GST
- c) The recipient shall have to reverse an amount equal to the amount of ITC claimed (fully or proportionate to the payment not made) **along with Interest u/s 50**

Such amount will be paid or reversed in the **GSTR 3B for the month in which the 180 day period expires**

Exceptions

This condition of payment of value of supply plus tax within 180 days **does not apply** in the following situations:

- a) Supplies on which tax is **payable under reverse charge**
- b) Deemed supplies **without consideration**
- c) Additions made to the value of supplies on account of supplier's liability (**credit notes for discounts**), in relation to such supplies, being incurred by the recipient of the supply

Exception: The time limit u/s 16(4) does not apply to claim for re-availing of credit that had been reversed earlier.

X Ltd purchases a machine for 10 lacs Plus GST on 1st July 2023. It claims the credit for GST in the return filed on 20th Aug 2023. It however did not make a payment till 27th December 2023. The GST was added in his outward supplies for the return on 20th Jan 2024. He however made a payment in January 2025. After filing the annual return for the year. He wants to know whether he can claim credit. The time limit of annual return date or 30th Nov'24 does not apply for the case for re-availing of credit after reversal. Thus X Ltd can claim credit in the return for the month of Jan 25.

CLAIMING ITC ON BASIS OF TAX INVOICE For Invoice pertaining to FY 23:24
 Last date for claiming ITC is
 a) 30/11/24
 or b) Dt of filing of annual return
 w.e. is earlier

CLAIMING ITC ON BASIS OF Debit Note

LAST DATE FOR CLAIMING ITC in case of DEBIT NOTES

ITC on **debit notes** can be availed any time till

- 30th Nov (following the year in which the debit note was raised) or
- the **actual date of filing** of the relevant annual return, of such year
 whichever is earlier

Ex. 1. ICAI: M/s. Comfortable (P) Ltd. is registered under GST in the State of Odisha. It is engaged in the business of manufacturing of iron and steel products. It has received IT engineering services from M/s. High-Fi Infotech (P) Ltd. for 11,00,000/- (excluding GST @ 18%) on 28-Oct-2024. Invoice for service rendered was issued on 5-Nov-24. M/s Comfortable (P) Ltd. made part-payment of 4,20,000/- on 30-Nov-24. Being unhappy with service provided by M/s High-fi Infotech (P) Ltd., it did not make the balance payment. Deficiency in service rendered was made good by M/s High-Fi Infotech (P) Ltd. by 15-Feb-25. M/s. Comfortable (P) Ltd. made payment of 3,00,000/- on 15-Feb-25 and balance payment was made on 6-June-2025, i.e. after 180 days of issue of invoice.

Input tax credit available in respect of IT engineering services received from M/s. High-Fi Infotech (P) Ltd. in financial year 2024-25:

a	1,98,000/-	b	Nil
c	64,068/-	d	1,09,831/-

(a)

Conditions of use of amount available in electronic credit ledger BLOCKING OF ECrL [Rule 86A]

In case the Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, **has reasons to believe** that

ITC available in the electronic credit ledger **has been fraudulently availed** or **is ineligible**, he may **prohibit use of ITC for**

- discharge of any liability under section 49 or
- for claim of any refund of any unutilised amount.

The restrictions can be imposed **in the following circumstances**

(1) Where **ITC has been availed** on the basis of tax invoice/valid documents

- Issued by a **non existent supplier** or by a **person not conducting any business** from the registered place of business or
- Without receipt of goods or services** or both or
- The tax in relation to which **has not been paid to the Government**

(2) The **registered person availing ITC** has been **found non existent** or **not to be conducting any business** from the registered place of business or

(3) The **registered person availing ITC** is **not in possession of tax invoice/valid document**

Such restriction can be imposed **for a period of upto 1 year from the date of imposing such restrictions**. However, the commissioner/officer authorised by him, can withdraw such restriction if he is satisfied that conditions for imposing restriction no longer exist.

Restriction on utilization of ITC : Rule 86B of the CGST Rules

a registered person shall

- Not utilize ITC to discharge his output tax liability in excess of 99% of such liability,**
- In cases where the value of taxable supplies (other than exempt and zero-rated supply) in a month exceeds INR 50,00,000.**

The limit has to be checked every month before filing each return.

However, the restriction shall **not apply** where:

- The registered person **has paid income-tax exceeding INR 100,000** in two preceding financial years; 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 1 lakh as income tax¹ in each of the last 2 financial years (*Time limit should have been expired on the date of filing return under GST*)

- Where the registered person **has received a refund of more than 1 lakh in the preceding FY on account of unutilised ITC in case of**

- zero rated supplies made without payment of tax or
- inverted duty structure.

Inverted tax structure supply :- Where tax rate on input is higher than the tax rate on output resulting into accumulation of ITC, thus refund is allowed and rule 86B is not applied.

- 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.

- a person is a **Government Department, Public Sector Undertaking, local authority or a statutory body.**

Ex. 16. From the following information determine the amount that can be paid in the respective month from the ECrL or ECL

	April 24	May 24	June 24	July 24	Aug 24
Value of taxable supply	20,00,000	30,00,000 <i>550 lak</i>	60,00,000	30,00,000	70,00,000
ECrL balance	400,000	535,000	12,00,000	500,000	13,00,000

Ans

5000/90000 < 1% 55800/200000 > 1% ∴ 86B Not appl

	April 24	May 24	June 24	July 24	Aug 24
ELL	360000	540000	1080000	540000	1260000
ECrL	(360000) 86B X	(535000)	(1069200)	(500000)	(1260000)
ECL	∴ VOS 550 lak	(5000)	(10800) 86B 1%	(40000)	-
	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>

Sec 17(5): BLOCKED CREDIT

SUMMARY [Sec 17(5)(a), (aa), (ab)]

J2

- a) Motor Vehicle with seating ≤ 13 (ind. Drivers)
cars / buses
motor cycles.
Not motor vehicle
• Food Wheeler engine capacity ≤ 25cc
• three wheels
• bicycle.
- b) Vessel
- c) aircraft (including helicopters)

Blocked

Yes

NO

NO

NO

Yes

Yes

however if these are used for
Transport service (passengers)
Trading (as stock)
Training (Driving schools Pilot training etc)
then ITC is allowed.

NOTE:

- No Blockage for manufacturers or insurers of these.

- Purchase of insurance / servicing / R&M services regarding (a) (b) & (c) will be also blocked) ITC of these will be available only if ITC of GST on cost is available.

Note: No restriction on goods transport vehicles used for business

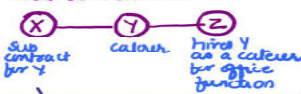
SUMMARY [Sec 17(5)(b)]

J3

- a) Food & Beverages outdoor catering
- b) Beauty treatment health services Cosmetics & Plastic surgery
- c) life & health Insurance.
- d) leasing & hiring of Motor vehicle (for which NO ITC is available at Purchase)
- e) membership of club / health & fitness centre
- f) Travel extended to employees on vacation = leave or home travel

NO ITC on purchase of these even if FOB.

However if these are purchased for further supply of the same - ITC will be allowed.



where it is obligatory for an employer to provide these to an employee under a statutory law - ITC can be claimed

Example: Under Factory's Act where workers > 250 it is compulsory to provide bread facilities

Note: travel for business is eligible.

Works Contract

- a) Goods
or
b) Services
- for construction* - NO ITC
L2B3
(Other than PeM)

* re-construction / renovation
repair / addition - if
capitalised in the books

Note:

Contractor can claim ITC on sub
Contract of such service

Plant & Machinery

"Plant and machinery" means apparatus, equipment, and machinery fixed to earth by foundation or structural supports but excludes land, building or other civil structures, telecommunication towers, and pipelines laid outside the factory premises.

ITC ✓
NO ITC ✗

The credit in respect of Sec 17(5)(b)(i)/(ii)/(iii) shall be available if provision of such goods or services **is obligatory for an employer to provide to its employees** under any law for the time being in force.

- Hence, in case of a factory covered under the Factories Act (having more than 250 workers) it is obligatory for a factory to provide the canteen facility to its workers and hence input tax credit in respect of the tax charged by the canteen contractor shall be admissible
- Similarly even in case of health services, life insurance and health insurance; input tax credit shall be admissible after the amendment if the same is obligatory on the employer to provide to its employees under any law for the time being in force.
- It may however be noted that there is difference between **health insurance** and an **accidental policy**. Accidental policy is expressly not restricted under any provisions of Section 17(5). Hence input tax credit in respect of such accidental policy shall be available even if the same is not obligatory under any law for the time being in force

Meaning of construction and plant and machinery

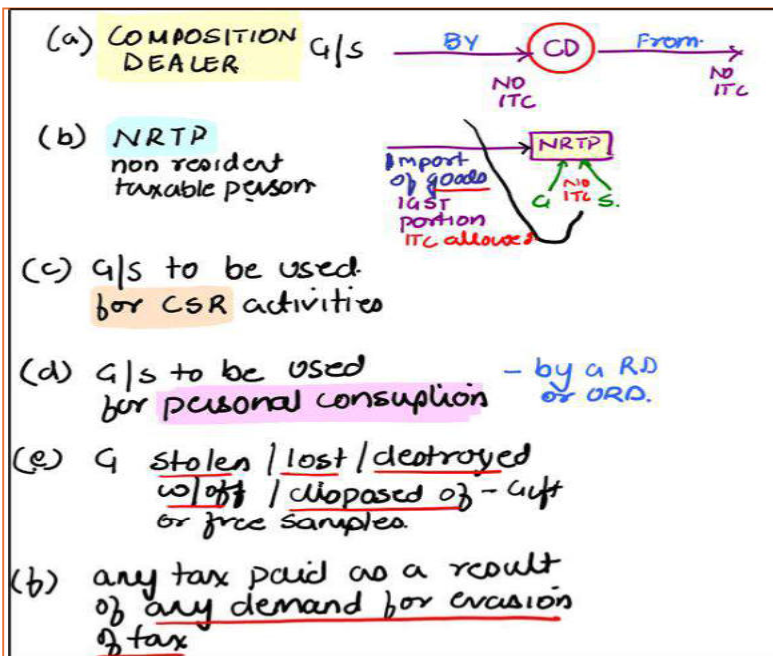
"Construction", both in this clause and the previous one, includes re-construction, renovation, additions or alterations or repairs, to the **extent of capitalization**, to the said immovable property;

NOTE: Thus ITC is not available when expenses are capitalised in the books of accounts. Capitalisation depends upon accounting standards and GAAP. Thus where routine repairs are carried out like whitewash, repairs, renovation of buildings used in furtherance of business (not capitalised) – ITC will be allowed

"Plant and machinery" means apparatus, equipment, and machinery fixed to earth by foundation or structural supports but excludes land, building or other civil structures, telecommunication towers, and pipelines laid outside the factory premises.

Example:

- A company buys material and hires a contractor to construct an office building to house the plant supervisory staff. *The input tax paid on such goods and services is not allowed as credit.*
- A company buys material and hires a contractor to repair an office building to house the plant supervisory staff. **Such expenditure is not capitalised in the books.** *The input tax paid on such goods and services is allowed as credit as repairs are not capitalised*
- However, ITC on works contract services for construction of telecommunication towers, - would be blocked.
- XYZ manufacturing boilers gives a contract to Y contractors for constructing a foundation on which a machinery is to be mounted permanently - is allowed
- Y Ltd gives a contract for construction of pipelines outside its factory and inside it as well - for outside - blocked and for inside - allowed
- X Ltd buys cement, bricks, sand, tiles, sanitary equipment, paint and hires an architect and interior designer for constructing an additional office for its newly appointed CEO Such expenditure is capitalised. - blocked
- X Ltd buys cement, bricks, sand, tiles, sanitary equipment, paint and hires an architect and interior designer renovating the office for its newly appointed CEO Such expenditure is not capitalised. - allowed
- X Ltd gives a contract to Mr X for construction of a building for 40 lacs (excl GST). Mr X sub contracts the making of all washrooms to A(P)Ltd for 5 lacs (excl GST). Discuss the provision of ITC for X Ltd and Mr X



Note:

- the logic being that if there is no output tax collected, no ITC can be claimed
- for Gifts and sales promotion schemes like buy one get one free - please refer to chapter of Supply
- For treatment of discounts including secondary discounts – refer to chapter of Value of Supply

a) BANKING COMPANIES

using inputs and input services partly for taxable supplies and partly for exempt supplies, the **banking company can choose to claim**

- ITC as per normal rules** restricted to credit attributable to taxable supplies including zero rated supplies or
- 50% of eligible ITC on inputs, capital goods, and input service** shall be mandatorily taken in a month and the rest shall lapse.

The restriction of availing 50% ITC shall *not apply to the tax paid on the supplies procured from* another registration within the same entity (distinct person) i.e. 100% credit of such tax can be availed.

The option once exercised cannot be changed during the remaining part of the financial year

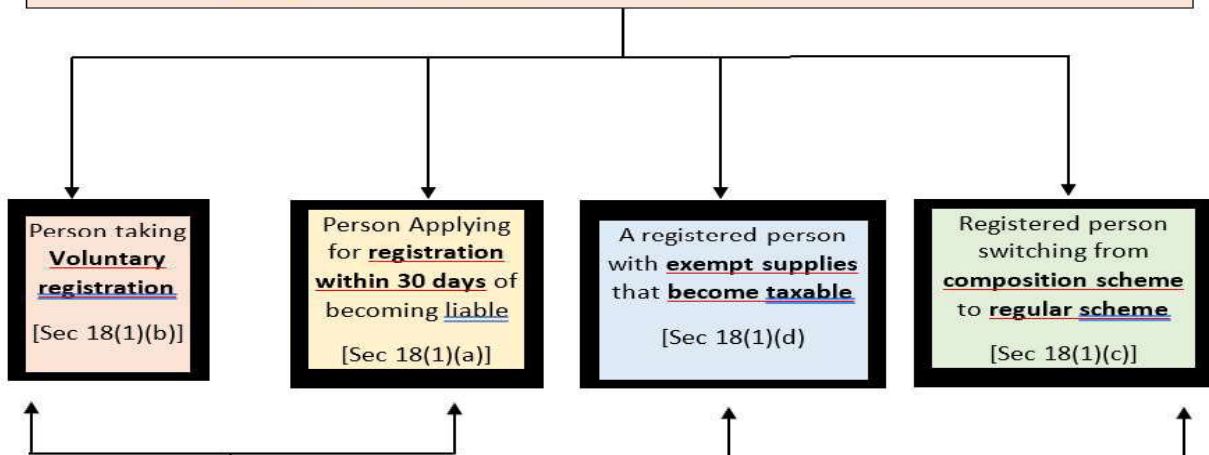
Ex. 1. ANX Bank purchases the following during the quarter ended 30th June 24. Discuss the ITC available

- Purchase of taxable goods 1 crore [CGST 9%]
- Purchase of taxable service 2 crore [CGST 9%]
- Purchase from distinct persons 1.50 crore [IGST 18%]
- Purchase of exempted services & goods 50 lacs

4. CREDIT in SPECIAL CIRCUMSTANCES [Sec 18]

Conditions for availing such credit:

- Filing of **electronic declaration** giving details of inputs held in stock/contained in semi-finished goods and finished goods held in stock and capital goods on the days immediately preceding the day on which credit becomes eligible.
- Declaration has to be filed **within 30 days** from becoming eligible to avail credit.



Sec 18(1):
Credit entitled on

- (i) Inputs as such held in stock
- (ii) Inputs contained in semi-finished goods held in stock
- (iii) Inputs contained in finished goods held in stock
- (iv) **No CREDIT FOR CAPITAL GOODS**

On the day **immediately preceding** the date from which he becomes liable (or) the date preceding the date of registration (in case of voluntary registration)

Credit entitled on

- (i) Inputs as such held in stock
- (ii) Inputs contained in semi-finished goods held in stock
- (iii) Inputs contained in finished goods held in stock
- (iv) **Capital goods** [In case of exempt supply becoming taxable → Capital Goods used exclusively for such exempt supply]

The GST as reduced by 5% per quarter or part thereof from the date of invoice can be claimed

Note: ITC claimed shall be verified with the corresponding details furnished by the corresponding supplier.

...on the day **immediately preceding** the date from which he becomes liable to regular tax (in case of composition dealer)(or) the date preceding the date of on which supply becomes taxable

Note:

a) Where a person applies for registration after 30 days from becoming liable will not be able to get the benefit of ITC on stock

b) If the claim of ITC pertaining to CGST, SGST/UTGST, IGST put together exceeds Rs 2,00,000, the declaration needs to be certified by a practicing Chartered Accountant/Cost Accountant

Sec 18(2): ITC in all the above cases can be claimed **within 1 year** from the date of issue of invoice by the supplier

Module 3: PART J: ITC ♦ 1.241

LSD 30 days 2/12

CHARTS

Sec 18(1):

(a) **voluntary Registration:** 2/11/23 → 2/11/24 (effective date) → 2/12/24 (LSD 30 days)

Stock statement: 1/11 (one day before effective date)

(b) **dealer (good boy):** 30/10/23 → 30/10/24 (within 1 year) → 4/11/24 (certificate)

Stock statement: 29/10

(c) **Exempted to taxable:** 1/11/24 (notification withdrawal)

(d) **Composition to Normal:** 2/6/24 (CO/NO)

Handwritten notes:

- only for RAO RTT - Finished & semi-finished goods. No credit for capital goods.
- bad boy - NO such benefit
- even capital goods.

May 24

Ex. 1. As per the CGST Act 2017, Vishnu Limited was not mandatorily required to get registered, however it opted for voluntary registration and applied for registration on 12th February 2025. Registration certificate has been granted by the Department on 24th February 2025, Vishnu Limited is not engaged in making inter-State outward taxable supplies. The CGST and SGST liability for the month of February, 2025 is Rs 31,000 each. Vishnu Limited provides the following information of goods held in stock on 23rd February 2025:

Sr. No.	Particulars	Amount (Rs)
1.	Capital goods procured on 5 th February 2025, (Rate of CGST and SGST @ 6% each) being intra State supply.	2,00,000
2.	Inputs contained in finished goods stock held were procured on 13 th February 2024 (Rate of IGST @ 18%) being inter-State supply.	3,00,000
3.	Value of Inputs received on 10 th October, 2024 contained in semi-finished goods held in stock (Rate of CGST and SGST @ 6% each) being intra-State supply.	2,50,000
4.	Inputs procured on 1 st February 2025 lying in stock of semi-finished goods (Rate of CGST and SGST @ 7.5% each) being intra-State supply.	1,50,000
5.	Inputs procured on 8 th February 2025 lying in stock of unfinished goods. (Rate of IGST @ 18%) being inter-State supply.	60,000

You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Vishnu Limited for the month of February 2025. (5 Marks)

Ans: Total ITC CGST: 26,250, SGST: 26,250, IGST: 10,800
 Net GST in Cash: NIL, NIL, NIL
 ELL: CGST : 31,000, SGST: 31,000

Ex. 1. Discuss the following:

- a) X becomes liable to pay tax and apply for registration on 1st September'24 and has applied for registration on that day and obtained registration on 10th September'24. What is the eligible ITC he can claim?

X is eligible for ITC on inputs held in stock and as part of semi-finished goods or finished goods held in stock as on 31st Aug'24 but he cannot take ITC on capital goods held by him on that date.

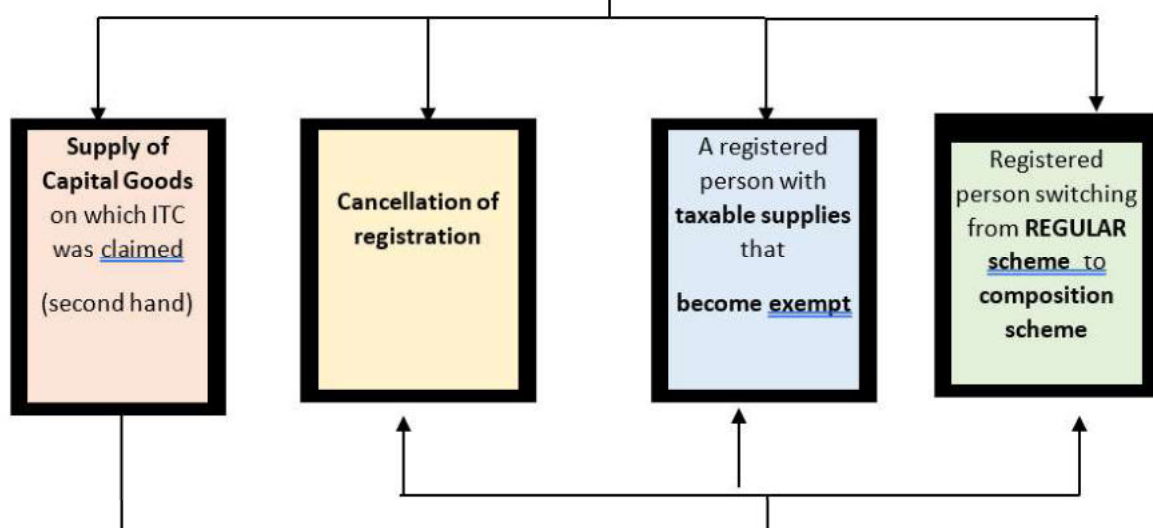
- b) X wants to apply for voluntary registration on 15th September'24 and does so. He gets registered on 25th September'24. What is the eligible ITC he can claim?

X is eligible for ITC on inputs held in stock and as part of semi-finished goods or finished goods held in stock as on 24th of September'24 but he cannot take ITC on capital goods held by him on that date.

- c) X, a registered person and was taking the benefit of the composition scheme. However on 31st Aug'24 he becomes liable to pay tax under regular scheme. What is the eligible ITC he can claim?

Mr. B will be eligible for ITC on inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods as on 30th Aug'24. ITC on capital goods will be reduced by 5% per quarter from the date of the invoice.

c) REVERSAL of Input Tax Credit [Sec 18(4)]



Amount to be reversed is:

The ITC claimed on

Inputs held in stock/ inputs contained in semi-finished or finished goods held in stock *on the day immediately preceding the date of switch over/ date of exemption/ date of cancellation* of registration. Amount of reversal will be proportionate based on corresponding invoices. If such invoices not available, prevailing market price on the effective date of switch over/ exemption/ cancellation of registration should be used with due certification by a practicing CA/ Cost Accountant

Capital goods on the *day immediately preceding* the date of switch over/ date of exemption/ date of cancellation of registration

Amount of reversal will be computed on *pro rata* basis pertaining to remaining useful life (in months), taking useful life as 5 years.

Example: Capital goods have been in use for 4 years, 6 month and 15 days. The useful remaining life in months = 5 months ignoring a part of the month. ITC taken on such capital goods = 100,000

ITC attributable to remaining useful life = $100,000 \times 5/60 = 8,333$ which will be added to the Output tax

- 1) ITC to be reversed will be calculated separately for ITC of CGST, SGST/UTGST and IGST.
- 2) Reversal amount will be **added to output tax liability** of the registered person.
- 3) Electronic credit/cash ledger will be debited with such amount. Balance ITC if any will lapse.

Second hand sale : GST amount to be paid is equivalent to higher of the following:

- ITC on capital goods/ P&M less 5% per quarter or part thereof *from the date of invoice or*
- Tax on *transaction value* of such capital goods / P&M

Whichever is higher

Separate ITC reversal is to be done for CGST, SGST/UTGST and IGST

Note: Tax to be paid on transaction value when **refractory bricks, moulds, dies, jigs & fixtures are supplied as scrap.** [Proviso to Sec 18(6)]

ICAI Paper: Classic Textiles Ltd. purchased a needle detecting machine on 6th July, 2023 from Balaji Engineering Works Ltd. for 10,00,000 (excluding GST) paying GST @ 18% on the same. It availed the input tax credit of the GST paid on the machine and started using it for manufacture of goods. The machine was sold on 18th October, 24 for 6,00,000 (excluding GST), as second hand machine to AB. Pvt. Ltd. The GST rate on supply of machine is 18%. Compute the amount payable by Classic Textiles Ltd. in accordance with the statutory GST provisions on the sale of the second-hand machine. (4 Marks)

Transfer of unutilised ITC in case of change in constitution [Sec 18(3)]

When there is a **change in constitution** of a registered person the unutilised ITC in the electronic credit ledger of the transferor can be transferred to the transferee

A change in constitution is when there is sale, amalgamation, demerger, transfer of business etc.

Conditions:

- a) There must be specific provision for transfer of liabilities in such cases
- b) A certificate from a practicing Chartered Account/Cost Accountant certifying there is a specific provision for transfer of liabilities in the agreement of transfer.
- c) Transferor will have to furnish the details of change in constitution on the common portal
- d) The transferee will record the inputs and capital goods so transferred in his books of account
- e) Upon acceptance of such details by the transferee on the common portal, the unutilized ITC will be credited to his electronic credit ledger.

Rule 41A Transfer of credit on obtaining separate registration for multiple places of business within a State or Union territory
Where a registered person takes separate registration for multiple places of business - for transferor unit

He transfers certain unutilised input tax credit lying in his electronic credit ledger to the other business

- He shall furnish within 30 days from obtaining such separate registrations, the details in **FORM GST ITC-02A** electronically on the common portal, either directly or through a Facilitation Centre notified in this behalf by the Commissioner
- The input tax credit shall be transferred to the newly registered entities in the ratio of the value of assets held by them at the time of registration.

Explanation.- For the purposes of this sub -rule, it is hereby clarified that the 'value of assets' means the value of the entire assets of the business whether or not input tax credit has been availed thereon

For transferee unit - The newly registered person (transferee) shall, on the common portal, accept the details so furnished by the registered person (transferor) and, upon such acceptance, th

Bharat Associates Pvt. Ltd. purchased machinery worth 9,00,000 (excluding GST) on 20-07-2023 on which it paid GST @ 18% and availed the ITC. On 05-03-2024, it sold the machinery for 7,00,000 (excluding GST) to Hindustan Associates Pvt. Ltd. The GST rate on sale is 18%. What will be the course of action for Bharat Associates Pvt. Ltd. to follow under CGST Act, 2017?

(4 Marks)

Answer

If capital goods or plant and machinery on which input tax credit (ITC) has been taken are supplied outward by a registered person, he must pay an amount that is higher of the following:

- (a) ITC taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods or
- (b) tax on transaction value.

Accordingly, the amount payable on supply of machinery by Bharat Associates Pvt. Ltd. shall be computed as follows:

Particulars	
ITC taken on the machinery (₹ 9,00,000 × 18%)	1,62,000
Less: ITC pertaining to the period of usage of the capital goods	24,300
= (₹ 1,62,000 × 5%) × 3 quarters	
Amount of reduced ITC based on percentage points (A) **	1,37,700
Duty leviable on transaction value (₹ 7,00,000 × 18%) (B)	1,26,000
Amount payable towards disposal of machinery is higher of (A) and (B)	1,37,700

Note: In the above solution, amount of ITC to be paid (amount of reduced ITC based on percentage points) has been computed on the basis of provisions of rule 40(2) of the CGST Rules, 2017 [ITC reduced by 5% for every quarter or part thereof from the date of the issue of invoice].

However, the said amount can also be computed on the basis of provisions of rule 44(6) of the CGST Rules, 2017 [ITC of remaining useful life in months computed on pro rata basis, taking the useful life as 5 years].

Clarification on time limit under Section 16(4) of the CGST Act, 2017 in respect of RCM supplies received from unregistered persons

It is clarified that in cases of supplies received from unregistered suppliers, where tax has to be paid by the recipient under reverse charge mechanism (RCM) and where invoice is to be issued by the recipient of the supplies in accordance with section 31(3)(f) of the CGST Act, 2017 the relevant financial year for calculation of time limit for availment of input tax credit under the provisions of section 16(4) of the CGST Act, 2017 will be the financial year in which the invoice has been issued by the recipient under section 31(3)(f) of CGST Act, subject to payment of tax on the said supply by the recipient and fulfilment of other conditions and restrictions of section 16 and 17 of the CGST Act, 2017. In case, the recipient issues the invoice after the time of supply of the said supply and pays tax accordingly, he will be required to pay interest on such delayed payment of tax. Further, in cases of such delayed issuance of invoice by the recipient, he may also be liable to penal action under the provisions of Section 122¹¹ of the CGST Act, 2017.

Time limit for taking ITC in case of revoked registration cancellation [Section 16(6)]

In case where registration of a taxpayer is cancelled and subsequently, it is revoked, return for the period from date of cancellation/ effective date of cancellation till the date of revocation of cancellation cannot be filed on the portal by the taxpayers till their cancellation of registration is revoked. In such cases, where the recipient has not claimed the ITC in respect of any invoice/debit note pertaining to that financial year and in the meantime, time-limit stipulated in section 16(4) lapses, he would not be able to claim ITC on the said invoice/debit note.

Consequently, relaxation has been given and the time limit to avail ITC under section 16(4) in respect of any invoice/debit note, is extended till the date of filing return in cases where the returns for the period from date of cancellation of registration/effective date of cancellation of registration till the date of revocation of cancellation of registration are filed within 30 days of revocation of cancellation of registration, subject to the condition that the time limit to avail ITC in respect of the said invoice or the debit note under section 16(4) had not already expired on the date of cancellation of registration.

Clarification on availability of input tax credit in respect of demo vehicles which are motor vehicles for transportation of passengers having approved seating capacity of not more than 13 persons (including the driver), in terms of clause(a) of section 17(5)

As demo vehicles are used by authorized dealers to provide trial run and to demonstrate features of the vehicle to potential buyers, it helps the potential buyers to make a decision to purchase a particular kind of motor vehicle. Therefore, as demo vehicles promote sale of similar type of motor vehicles, they can be considered to be used by the dealer for making 'further supply of such motor vehicles'. Accordingly, input tax credit in respect of demo vehicles is not blocked under clause (a) of section 17(5) of CGST Act, as it is excluded from such blockage in terms of sub-clause (A) of the said clause.

Clarification on availability of ITC on ducts and manholes used in network of optical fiber cables (OFCs) in terms of section 17(5)17

Issue: Whether the input tax credit on the ducts and manholes used in network of optical fiber cables (OFCs) for providing telecommunication services is barred in terms of clauses (c) and (d) of section 17(5) of the CGST Act, read with Explanation to section 17 of the CGST Act, 2017?

Clarification: Ducts and manholes are basic components for the optical fiber cable (OFC) network used in providing telecommunication services. The OFC network is generally laid with the use of PVC ducts/sheaths in which OFCs are housed and service/connectivity manholes, which serve as nodes of the network, and are necessary for not only laying of optical fiber cable but also their upkeep and maintenance. In view of the Explanation in section 17 of the CGST Act, 2017 it appears that ducts and manholes are covered under the definition of "plant and machinery" as they are used as part of the OFC network for making outward supply of transmission of telecommunication signals from one point to another.

Moreover, ducts and manholes used in network of optical fiber cables (OFCs) have not been specifically excluded from the definition of "plant and machinery" in the Explanation to section 17 of the CGST Act, 2017 as they are neither in nature of land, building or civil structures nor are in nature of telecommunication towers or pipelines laid outside the factory premises.

Accordingly, it is clarified that availment of input tax credit is not restricted in respect of such ducts and manhole used in network of optical fiber cables (OFCs), either under clause (c) or under clause (d) of section 17(5) of the CGST Act, 2017.

Sept 24: DEF Pvt. Ltd., a registered supplier of goods and services in Pune, Maharashtra, has furnished the following details for the month of January, 2024. The turnover of DEF Pvt. Ltd. was Rs 3.2 crores in last financial year.

Opening balance of Input Tax credit at the beginning of Jan 2024. CGST Rs 25,000

SGST Rs 25,000

IGST Rs 30,000

Additional Information:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively unless otherwise mentioned.
- Both inward and outward supplies are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the ITC have been fulfilled.

From the information given above, compute the output tax liability and input tax credit available to DEF Pvt. Ltd., for the month of January, 2024. Make suitable assumptions wherever required. (10 Marks)

	WN	IGST	CGST	SGST	C/d
ELL					
EGL					
opening					
current					
TOTAL					
IGST					
CGST					
SGST					
ECL					

Sr. No.	Particulars	Amount (Rs)
1.	Intra State supply of taxable goods	5,00,000
2.	F Ltd. of Mumbai (unregistered) had promised to DEF Pvt. Ltd. in Oct 23 to complete contract within 3 months, but they were not able to complete committed contract, so DEF Pvt. Ltd. received consideration for non-performance of contract on time as decided by pre written agreement.	2,00,000
3.	DEF Pvt. Ltd. had provided service of booking of flight tickets for employee of H Enterprise (registered in Delhi) in the economy class from Bagdogra (West Bengal) to Pune Maharashtra.	20,000
4.	DEF Pvt. had purchased goods worth Rs 5,00,000 from R Ltd. (registered in Gujarat) on 15.03.2023. Now R Ltd. issued debit note on 15.01.2024 for post delivery service to DEF Pvt. Ltd. as per part of terms of sales.	25,000
5.	DEF Pvt. Ltd. had sold one of its unit in Pune as a going concern (with all goods and unexecuted orders) to H Ltd. (registered in New Delhi)	10,00,000
6.	DEL Pvt. Ltd. had provided service to Mr. Y (registered in Punjab) to organise business exhibition in Dubai.	5,00,000
7.	Inter-State supply of service	10,00,000
8.	Amount towards receipt of intra State services	6,00,000
9.	Purchase of confectionery items which are to be used to supply free of cost to customers in a customer meet organised by DEF Pvt. Ltd.	1,00,000

Nov 23

Miss Nitya, proprietor of M/s. Honest Enterprise, a registered supplier of taxable goods and services in the state of West Bengal, pays GST under regular scheme. It is not eligible for any threshold exemption. It provided the following information for the month of December 2024:

S. No.	Particulars	Amount (₹)
	OUTWARD SUPPLY:	
(i)	Intra-state supply of goods to M/s. Natural & Sons	7,00,000
(ii)	Intra-state transfer of goods to its branch office in the state of West Bengal. Both places are under the same GSTIN.	1,00,000
(iii)	Provided inter-state supply of sponsorship services to XYZ Ltd of Chennai	80,000
(iv)	Advance received for future supply of management consultancy service to Mr. Sharad (Intra-state supply)	40,000
	INWARD SUPPLY: (Intra-state)	
(i)	Purchase of taxable goods from registered suppliers.	8,00,000
(ii)	Availed Works Contract service for repair of office building. Amount of repair was debited in the profit & loss account.	30,000
(iii)	Availed legal service from an advocate to represent the matter in the Court relating to collection of disputed proceed from customers.	50,000

Notes:

- (i) Rate of CGST, SGST and IGST on all supplies are as below:

Particulars	CGST	SGST	IGST
Goods	2.5%	2.5%	5%
Supply of services	9%	9%	18%

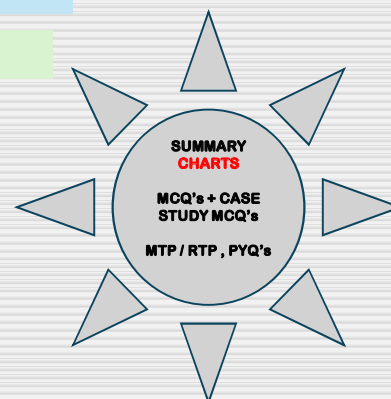
- (ii) Both inward and outward supplies given above are exclusive of taxes.
 (iii) All the conditions necessary for availing the ITC have been fulfilled.
 (iv) Working note should form part of the answer.

QR SLIDES



Module 3 : PART K

Documents



'CA' - *Alphabets of trust*
Only for those who deserve.



What is an Invoice or Tax Invoice?

Sec 2(66): Invoice or Tax Invoice means the tax invoice referred to in section 31

Sec 31:

- There is **no specific format** prescribed for the Tax Invoice.
- Certain **information/content** has been made mandatory
- These may be **issued manually or electronically**. Issuance of electronic invoices is **not** mandatory.

A tax invoice shall be issued by a person supplying **taxable goods or taxable services** or both **to** a recipient

Importance of a Tax Invoice

a) Details of Supply:

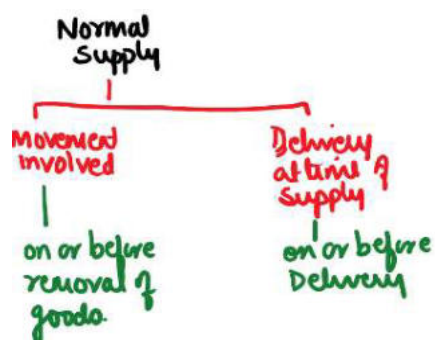
- Tax invoice acts as a **document of title** for the recipient and **evidence of supply** for the supplier.
- Describes the items sold/services supplied, tells us the quantities of the items sold, Shows who the supplier & recipient are, shows the date of supply, mode of transport, prices and discounts, if any, and the delivery and payment terms, transparency in transaction

b) The recipient **needs the tax invoice** to be able to **claim ITC**

- Issuance of invoice **by** the **Supplier** for every **taxable transaction** is mandatory. The Supplier can only **collect GST through a tax invoice**

Prohibition of unauthorized collection of tax.

Last date of raising invoice for **goods**



Last date of raising invoice for **services**

- The last date for issue of invoice is before or after the provision of services but **within 30 days** from the **date of supply [completion of service]**
- Note: for **insurance** and **banking company or financial institution including NBFC**, the period is 45 days
- Where the **Insurer, banking company etc** or **telecom operator** making taxable supplies **between distinct persons** u/s 25 – then
The invoice to be raised
 - ✓ before or at the time of recording the same in the books or
 - ✓ before expiry of the quarter in which the supply was made

1) TAX INVOICE

2) Bill of supply

TYPES OF DOCUMENTS - can be computer generate

a) Tax Invoice - Tax should be shown separately

Bill of Supply - where GST is not applicable

Non Taxable Sale may be mentioned in Tax invoice not vice versa

Manner of Issuing the invoice [Sec 31(1) & (2)]

	GOODS triplicate	SERVICES Duplicate
ORIGINAL	for recipient	For recipient
DUPLICATE	for transporter	For supplier
TRIPLICATE	for supplier	

NOTE: Single invoice-cum-bill of supply for taxable as well as exempted supplies made to an unregistered person - where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single invoice can be issued [Rule 46A]

Name, address and GSTIN of supplier	HSN code , description for goods/service - [T ≤ 5 cr B2B - 4 & B2C - 4 optional ; T > 5 cr - 6 for B2B & B2C]
If recipient is a RD the name, address and GSTIN/UIN of the recipient	Total value of supply and taxable value of supply after discount or abatement
If recipient is a URD	Rate and amount of GST and whether tax is payable on reverse charge(yes/No)
<ul style="list-style-type: none"> Value of Supply ≥ 50,000 : name and address of delivery, state name & its code If < 50,000 the URD may still request the details to be recorded in the invoice In case of ECO , OMG , OIDAR name of state must be mentioned	QR(quick response) code having embedded IRN (invoice reference number) in case e-invoice has been issued Signature or digital signature of the supplier or his authorised representative.
Consecutive serial number [GST portal automatically enters the next bill no after you enter the 1 st]	However this is not required on
<ul style="list-style-type: none"> Max 16 characters One or multiple series Alphabets/numerics/special characters - hyphen or slash or dash 	<ul style="list-style-type: none"> electronic tax invoice electronic bill of supply, electronic consolidated tax invoice in case of banking companies etc. and electronic ticket for passenger transportation service Note: where an URD supplies service to an URD through an ECO or OIDAR then the invoice shall include the address and PIN code of the recipient
Address of delivery if different from place of supply.	
Description of goods or services	
Date of issue.	The electronic tax invoice and electronic bill of supply need to be issued in accordance with the provisions of the Information Technology Act, 2000.
Quantity of goods	[Notification No. 74/2018 CT dated 31.12.2018]
Place of supply. In case of inter state supply, name of state.	

Deemed to be a tax invoice

i) Insurer / Banks/ Financial Institutions/ NBFC)

- Serial number/address of the recipient is not mandatory
- Other than the above all information mandatory for a tax invoice is mandatory
- Such institutions may issue a consolidated tax invoice/statement at the end of every month for all the supplies of services made during that month
- No digital signature will be required in case of a consolidated invoice

ii) GTA supplying services in relation to transportation of goods by road in a goods carriage must have the following

- Gross weight of consignment
- Name of consignor and consignee
- Registration number of goods carriage
- Details of goods transported
- Details of place of origin and destination
- GSTIN of the person liable to pay tax
- Other information as prescribed in rule 46

iii) Supplier of passenger transportation service

- Optional - serial number & address of the recipient
- All other information other than the above given in Rule 46 is mandatory, however digital signature is not required

iv) Services by way of admission to exhibition of cinematographic films in multiplex screens

- Optional - details of recipient of service
- Mandatory - supplier is required to issue an electronic ticket which shall be deemed to be a tax invoice. Other information will be as per Rule 46

A. Tax invoice may not be issued in the following case

- Where sale is to an **unregistered dealer** and
 - a) The **value of supply is < 200** and
 - b) The recipient does not ask for the invoice
- For all such invoices where individual tax invoice was not issued the RD may issue a consolidated tax invoice at the end of the **day**

Note: this option is not available to a supplier engaged in making supply of services by way of admission to cinematography films in multiplex screens

Mr X a registered dealer sells goods worth 150 to a customer.

- a) **Does he need to issue a tax invoice?**
- b) **Can he issue a tax invoice?**
- c) **If the customer asks for a tax invoice can he refuse?**

3) Delivery challan(triplicate)

Where goods are being transported on delivery challan *mandatory* **E-way bill intra or inter state** (whether the value exceeds 50,000 or not) e.g. artwork to galleries or jewellery for approval etc

Tax invoice to be issued

- ✓ after supply of goods
- ✓ Or at the end of 6 months

w.e. is earlier

When can it be issued

- Supply **of liquid gas** where quantity at the time of removal from place of business is not known
- Transportation of **goods for job work**
- Sale of **goods on approval basis** once sale is approved then invoice is issued
- Transportation of goods for reasons other than by way of supply
- Such other notified supplied

4) RECEIPT & REFUND INVOICE

- a) Where payment is **accepted in advance** then a **receipt voucher** needs to be issued, mentioning all types of taxes separately.
- b) Where the sale takes place a **tax invoice** will be issued

Where at the time of receipt of advance

A. Rate of tax is not determinable – tax rate shall be taken as 18%

Nature of supply is not determinable – same shall be treated as inter state supply

If sale does not take place then a **refund voucher** needs to be issued at the time of refund being made of the advance

Receipt Voucher to be issued when advance is accepted
Refund voucher if sale does not take place pending sale.

5) PAYMENT VOUCHER

Certain supplies are notified to be under reverse charge for eg GTA & Lawyer etc [Section 9(3)].

Such person may be a registered or unregistered person

Registered person who receives supply from an unregistered person is required to **issue an invoice [Self invoice and payment voucher]** in respect of goods or services or both [**Sec 9(3)/(4)**] - Thus, a recipient liable to pay tax by virtue of section 9(3) has to **issue invoice** only when supplies have been received from an unregistered supplier.

Besides, a registered person **who is liable to pay tax under reverse charge** shall issue a **Payment Voucher** at the time of making payment to the supplier. [**Sec 9(3)/(4)**]

6) Revised Invoice

"Revised invoice" should be mentioned prominently, nature of document, serial no and date of corresponding invoice must be mentioned in addition to other particulars in case of a revised tax invoice

Example: X Ltd commenced business on 1st April. Its turnover > 40 lacs on 3rd October. He applied within 30 days and was given registration on 7th November which was effective from 3rd October

Now X Ltd has to raise revised tax invoices for all invoices issued between 3rd October and 7th November. These invoices must be raised within 30 days from 7th Nov. i.e on or before 7th Dec

CONSOLIDATED revised bill:

- a) For **intra state** supply to unregistered dealer one bill can be raised for all sales,
- b) **Inter state** ≤ 250,000 – State wise consolidated revised invoice
- c) **Inter state** > 250,000 - Recipient wise revised invoice

7) Supply in Lots

Where the goods are being **transported in a semi knocked down or completely knocked down** condition or **in batches or lots**,

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

8) CREDIT NOTE

Where a tax invoice has been issued for supply of any goods or service or both, then in the following cases the **registered supplier** may issue a **credit note** to the recipient

- Taxable **value in invoice** > taxable value of such supply or
- Tax rate charged** in invoice > tax payable in respect of such supply or
- Quantity received** by the recipient is less than declared in the invoice
- Where goods **supplied are returned** by the recipient or
- Where goods or services are **found to be deficient**

Show in return: Such person shall declare the details of such credit / Debit note in the *return for the month during which such note has been issued*

but credit note not later than:

- On or before 30th Nov 24 following the end of the financial year in which such supply was made, or
- the date of furnishing of the relevant annual return

whichever is earlier.

9) DEBIT NOTE

Where a tax invoice has been issued for supply of any goods or both then in the following cases the registered supplier may issue a **debit note** to the recipient

- Taxable **value in invoice** < taxable value of such supply or
- Tax charged** in invoice < tax payable in respect of such supply or

The quantity received by the recipient is more than what has been declared in the tax invoice

CONSOLIDATED : Hence, as a business friendly measure, an amendment has been made to provide that a single consolidated credit/debit note can be issued against one or more tax invoices.

Jan 21

ABC Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens was issuing consolidated tax invoice for supplies at the close of each day in terms of section 31(3)(b) of CGST Act, 2017 read with fourth proviso to rule 46 of CGST Rules, 2017.

During the month of October, 2022 the Department raised objection for this practice and asked to issue separate tax invoices for each ticket. Advise ABC Cinemas for the procedure to be followed in the light of recent notification. (4 Marks)

The procedure to be followed by ABC Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens, is as under:-

The option to issue consolidated tax invoice is not available to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens. Thus, ABC Cinemas cannot issue consolidated tax invoice for supplies made by it at the close of each day.

ABC Cinemas is required to issue an electronic ticket.

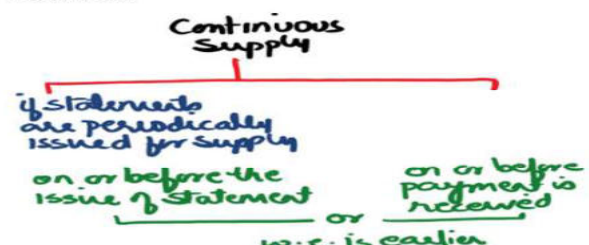
The said electronic ticket shall be deemed to be a tax invoice, even if such ticket does not contain the details of the recipient of service but contains the other information as prescribed to be mentioned.

10) Continuous supply of Goods

What is continuous supply?

- Goods:** For goods *one order* is a continuous supply
- Service :** Where the supply is as per agreement for a continuous period of > 3 months for a service. Example: Construction contract.

Sec 31(4) *In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.*



GOODS: invoice shall be issued

- at/before each statement for completion is issued or
- payment is received.

Whichever is earlier

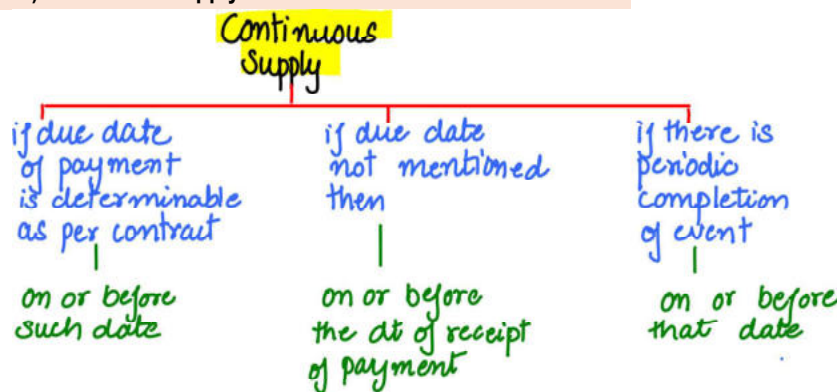
X Ltd enters into a contract to supply 100,000 qty of goods over 5 months. Every month end the statement is issued for goods supplied during the month. The payment is to be received only after all goods have been supplied.

Invoice shall be issued before issuing the monthly statement

Example(b): Gas is supplied by a pipeline. Monthly payments are made by the recipient as per contract. Every quarter, invoice is issued by the supplier supported by a statement of the goods dispatched and payments made, and the recipient has to pay the differential amount, if any.

5 th Aug, 5 th Sept 6 th Oct	200,000 each month
3 rd Oct	Statement of account issued by supplier with invoice for Qtr July -sept
17 th Oct	Differential payment pf 56,000 received by supplier for Qtr July-sept as per statement of accounts
Time of supply for 5 th Aug payment will be 5 th Aug Time of supply for 5 th Sept payment will be 5 th Sept Time of supply for 6 th Oct payment will be 3 rd Oct	

11) Continuous supply of Service



AB AC repair vendors entered into a contract for annual maintainance of air conditioners at Ms IQATC for 20XX-X1 As per contract the payment is to be made monthly on the 6th of every month.

Since payment due date is specified in the contract, the invoice needs to be raised on or before the 6th of every month

What if the payment was made on the 9th of every month. Since payment due date is specified in the contract, the invoice needs to be raised on or before the 6th of every month, actual date of payment is **not relevant here**

Ex. 1. Example: Determine when time of supply for X continuous supply

S No	Date payments as per contract	Date of raising of the invoice	Date of payment	Time of supply	Due date of deposit
1	10/07/2024	22/07/2024	03/07/2024		
2	10/09/2024	11/10/2024	21/09/2024		
3	10/11/2024	05/10/2024	09/10/2024		
4	10/01/2025	15/12/2024	05/12/2024		

12) SUPPLY NOT COMPLETED

Invoice will be issued at the time when the supply or service ceases and for the supply made before such cessation

13) SALE ON APPROVAL BASIS

Invoice shall be issued at or before the time of supply or 6 months from date of removal , w.e. is earlier

May 22: M/s. Xing Trans of Kolkata is engaged in the trading of transmitters. On 20/05/2023, M/s. Xing Trans has sent 500 units of transmitters for exhibition at Chennai on sale or return basis. Out of the said 500 units, 300 units have been sold on 28/07/2023 at the exhibition. Out of remaining 200 units, 150 units have been brought back to Kolkata on 25/11/2023 and balance 50 units have neither been sold nor brought back. Explain the provisions under GST law relating to issue of invoices with exact dates on which tax invoices need to be issued by M/s. Xing Trans. (4 Marks)

Delivery challan

Rule 55 specifies the cases where at the time of removal of goods, **goods may be removed on delivery challan** and invoice may be issued after delivery.

When can it be issued

- Supply of liquid gas where quantity at the time of removal from place of business is not known
- Transportation of goods **for job work**
- Sale of **goods on approval basis** once sale is approved then invoice is issued
- Transportation of goods **for reasons other than by way of supply**
- Such other notified supplied

Note:

- Where goods are being **transported on delivery challan** in lieu of invoice, the same shall be **declared in the E-way bill** (whether the value exceeds 50,000 or not)
- Tax invoice to be issued after delivery of goods

May 24:

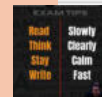
Mohan Enterprise is a registered person having principal place of business in Gandhinagar, Gujarat. They received services of Advocate Sameer, a registered person from Ahmedabad, Gujarat. Shekhar, an unregistered person provided services of labour to Mohan Enterprise. Explain the provisions relating to issue of invoice by recipient Mohan Enterprise if he is liable to pay tax under reverse charge under Section 9(3) or 9(4) of the CGST Act, 2017. (5 Marks)

A registered person shall issue an invoice in respect of goods and/or services received by him provided:

- he is liable to pay tax under reverse charge [under section 9(3) or 9(4) of the CGST Act, 2017] on such supplies, and
- supplies are received from the supplier who is not registered on the date of receipt of goods and/or services.

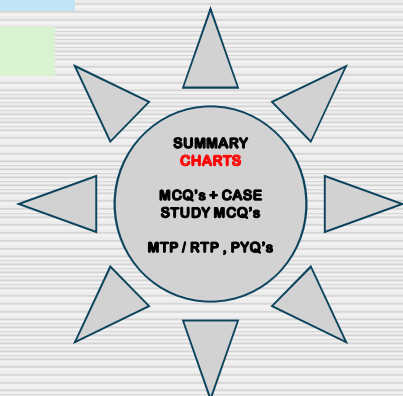
In the given case, tax on services received from advocate Sameer by Mohan Enterprise is payable under reverse charge⁵. However, Mohan Enterprises is not required to issue an invoice with respect to said supply as supplier Sameer is registered. Further, tax on labour services received from unregistered person-Shekhar is not payable under reverse charge. Therefore, Mohan Enterprises is not required to issue an invoice with respect to said supply.

QR SLIDES



Module 3 : PART L

E-way Bill & E-Invoice



'CA' - Alphabets of trust
Only for those who deserve.

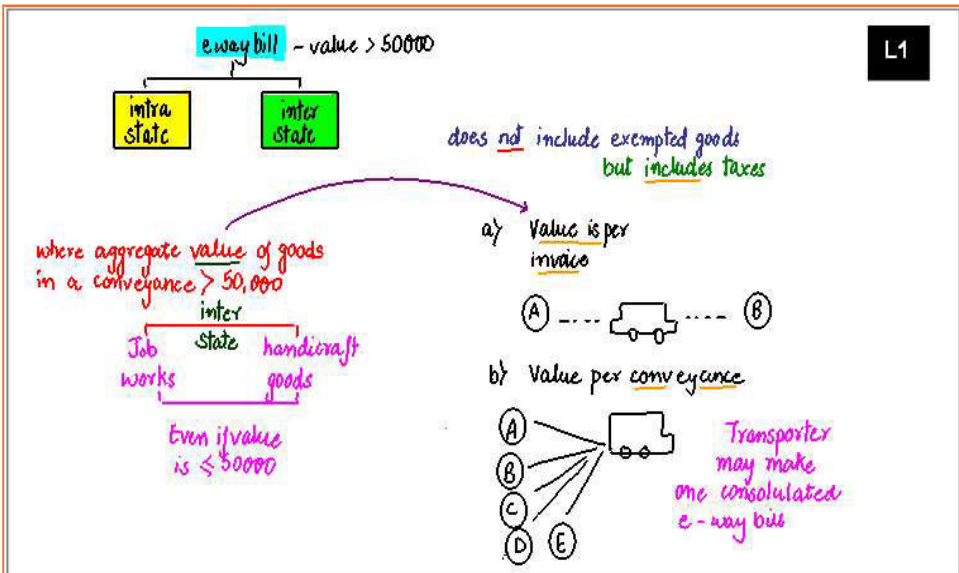


What is e-way bill?: Electronic Way Bill (**E-Way Bill**) is an **electronic document** generated on the GST portal evidencing movement of goods.

- A **waybill** is a receipt or a document
- Generated electronically** in Form EWB 01 .
- 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** [Rule 138(4)].
- giving details and instructions** relating to the shipment of a consignment of goods and the
- Details** include name of consignor, consignee, the point of origin of the consignment, its destination, and route.

E-WAY BILL

Part - A				
E-Way Bill No.	1B10 0000 1348			
E-Way Bill Date	23/09/2017 02:26 PM			
Generated By	29ckj pm765 9c120 - ARJUNWAD PRIMARY AGRICULT			
Valid From	23/09/2017 02:26 PM			
Valid To	08/10/2017 02:26 PM			
GSTIN of Recipient	GSTIN : 29AAA AA412 1D1ZE ADIARSHA PATTANA			
Place of Delivery	ASD4WR,KARNATAKA-560072			
Invoice /Challan No.	123			
Invoice /Challan Date	23/09/2017			
Value of Goods	₹ 1000			
HSN Code	501			
Reason for Transportation	Outward - Supply			
Transport No. & Name				
Transport Doc. No. & Date				
Part - B				
Made	Vehicle No	From	Entered Date	Entered By
Road	RA12AB1234	64554D	23/09/2017 02:26 PM	test



Special situations: in the following cases the e-way bill generation is mandatory even if the value of the consignment is ≤ Rs 50,000:

- Inter-State transfer of goods by principal to job-worker or otherwise on a delivery challan
- Inter-State transfer of handicraft goods by a casual taxable person on delivery challan

Registered Person – E-way bill must be generated *when there is a movement of goods* of **> Rs 50,000** in value. The 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

When is e-way bill to be generated

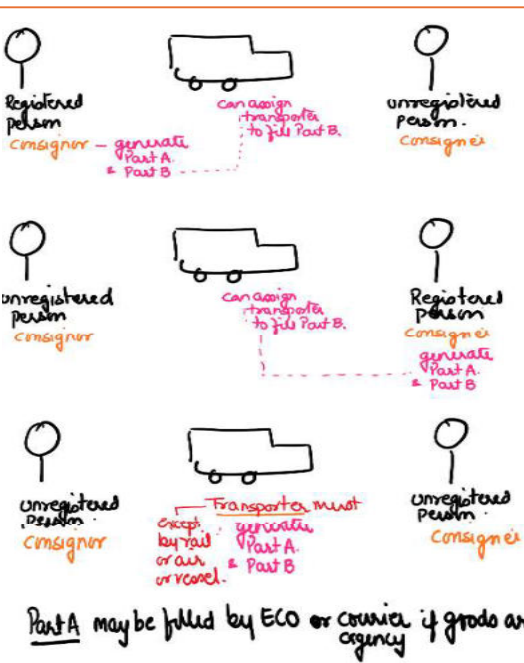
Registered Person – E-way bill must be generated *when there is a movement of goods* of **> Rs 50,000** in value. The registered person or, the transporter may, **at his option**, generate and carry the e-way bill even if the value of the consignment is less than Rs 50,000

Taxable supply	30,000
Exempt supply	10,000
IGST @ 28%	8,400
Cess @ 15%	4,500
Total invoice value	52,900
For e-way bill value is 30,000+8,400+4,500	42,900
	No requirement

Nov 22 : M/s Sakura Enterprises made an inter-State supply of taxable goods valued at Rs 47,500 and exempt goods valued at Rs 2,000. Rate of IGST for taxable supply was 6%. Determine, with brief reasons, whether e-way bill generation is mandatory for the above supply made by M/s Sakura Enterprises. (2 Marks)

WHO can generate e-way bill?

A Registered person (consignor or consignee) or the transporter (if authorised by the registered person) may choose to generate and carry e-way bill [Rule 138(2)/(3)]



- ⊕ Once e-way bill is generated the other party i.e. consignor/consignee must accept the same within
- 72 hours of details being made available or
- date of delivery w.e. is earlier

TIMELINES

Part B can be filled within 15 days from submission of PART A



Consignor

Transporter

Consignee

one generates the other
Must verify within

- 72 hours or
- before delivery w.e is earlier

can be cancelled within 24 hour unless verified during transit

validity starts after Part B is filled

* midnight of next day

1 day - 200km
1 day - 20 km - over dimensional cargo

including multimodal shipment

Validity can be extended within 8 hours after expiry

Extension of validity period

- Commissioner may **extend the validity period** of an e-way bill for certain categories of goods as may be specified therein.
- Extension by the transporter** under circumstances of an exceptional nature
- He needs to explain this reason in details while extending the validity period . The validity of the e-way bill may be **extended within 8 hours from the time of its expiry.**

Example: X Sends goods to Mr Y interstate. The distance is 600 Kms. What will be validity of the e-way bill

Example:

- An e-way bill is generated at 00:15 hrs. on 24th April.
 - Then first day would end on 12:00 midnight of 25 April.
 - Second day will end on 12:00 midnight of 26 April
- Suppose an e-way bill is generated at 23:40 hrs. on 24th April.
 - Then first day would end on 12:00 midnight of 25 April.
 - Second day will end on 12:00 midnight of 26 April

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

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

- the **invoice** or **bill of supply** or **delivery challan**, as the case may be; and
- a **copy of the e-way bill**
 - in physical form or
 - the e-way bill number in electronic form or
 - mapped to a **RFID** *RFIDs are Radio Frequency Identification Device used for identification* embedded on to the conveyance [except in case of movement of goods by rail or by air or vessel] in such manner as may be notified by the Commissioner [Rule 138A(1)].

The Commissioner may, by notification, require a class of transporters to obtain a unique RFID and get the said device embedded on to the conveyance and map the e-way bill to the RFID prior to the movement of goods [Rule 138A(4)].

In case of issuance of e-invoice, no requirement to carry the physical copy of tax invoice [Circular No. 160/16/2021 GST dated 20.09.2021]

E-Way good to be carried along with transport except where the goods

are transported by railways: there is *no requirement* to carry e-way bill along with the goods, but railways **has to carry invoice or delivery challan or bill of supply** as the case may be along with goods.

Further, e-way bill generated for the movement is required to be produced at the time of delivery of the goods. Railways shall *not deliver goods unless the e-way bill required* under rules is produced at the time of delivery

Where Part-B is not required to be filed 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 [Third proviso to rule 138(3)]
or
- from the **place of business of the transporter** finally to **the place of business of the consignee** [Proviso to rule 138(5)].

Situations where E-way Bill is not required to be generated Notwithstanding anything explained above, no e-way bill is required to be generated in the following cases:

- The mode of transport is **non-motor vehicle**
 - Consignor transporting goods to or from between **place of business and a weighbridge for weighment at a distance of 20 kms**, accompanied by a Delivery challan.
 - Goods being transported by rail where the Consignor of goods is the Central Government, State Governments or a local authority.
 - Goods transported from Customs port, airport, air cargo complex or land customs station to Inland Container Depot (ICD) or Container Freight Station (CFS) for clearance by Customs.
 - Goods transported under Customs supervision or under customs seal
 - Goods transported under Customs Bond from ICD to Customs port or from one custom station to another.
 - Transit cargo transported to or from Nepal or Bhutan
 - Movement of goods caused by defence formation under Ministry of defence as a consignor or consignee
 - Empty Cargo containers are being transported
 - Goods specified as exempt from E-Way bill requirements in the respective State/Union territory GST Rules.
 - Transport of certain specified goods- Includes the list of exempt supply of goods, Annexure to Rule 138(14), goods treated as no supply as per Schedule III, Certain schedule to Central tax Rate notifications. ([PDF of List of Goods](#)).
- (l) **Where goods being transported are the ones given below**
- LPG for supply to household & Non domestic exempted category customers
 - Kerosine oil sold under PDS
 - Postal baggage transported by Department of posts
 - Natural or cultured pearls and precious or semi precious stones; precious metals and metals clad with precious metal
 - Jewellery goldsmiths and silversmiths wares and other articles
 - Currency
 - Used personal and household effects
 - Coral, unworked and worked coral

Verification of documents and conveyances

The Commissioner or an officer empowered by him in this behalf may authorize the proper officer authorised by the commissioner **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 [Rule 138B(1)].

The Commissioner shall get RFID readers installed at places where the verification of movement of goods is required to be carried out and verification of movement of vehicles **shall be done through such device readers** where the e-way bill has been mapped with the said device [Rule 138B(2)].

Inspection and verification of goods

A **summary report of every inspection of goods in transit shall be recorded online** by the proper officer in Part A of specified 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** [Rule 138C(1)].

no further physical verification of the said conveyance shall be carried out again in the same State/Union territory, unless a specific information relating to evasion of tax is made available subsequently [Rule 138C(2)].

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.

E-way Bill in case of 'Bill To Ship To' Model

In a "Bill To Ship To" model of supply, there are three persons involved in a transaction, namely:

Example: 'A' is the person who has ordered 'B' to send goods directly to 'C'. 'B' is the person who is sending goods directly to 'C' on behalf of 'A'. 'C' is the recipient of goods.

In this complete scenario, two supplies are involved and accordingly two tax invoices are required to be issued:

Invoice -1: which would be issued by 'B' to 'A'.

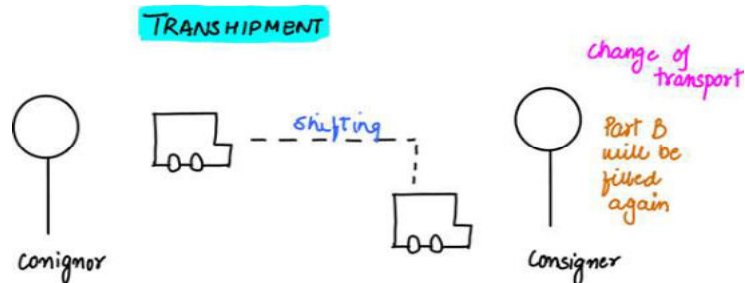
Invoice-2: which would be issued by 'A' to 'C'.

It is clarified that as per the CGST Rules, either A or B can generate the e-Way Bill but it may be noted that only one e-Way Bill is required to be generated [Press Release dated 23.04.2018]

Transfer of goods from one conveyance to another - TRANSHIPMENT

Where the goods are transferred **from one conveyance to another**.

- The **consignor/recipient/transporter** who had provided information in Part A, before such transfer and further movement of goods, must update the details of conveyance in Part B of the e-way bill on the common portal [Rule 138(5)].
- The consignor/recipient, who has furnished the information in Part A, or the transporter, may assign the e-way bill number to another registered/enrolled transporter for updating the information in Part B for further movement of the consignment [Rule 138(5A)].



Consolidated e-way bill:

Where there are multiple consignments in one carriage, the transporter must indicate the serial number of e-way bills generated on the common portal and a consolidated e-way bill in **Form GST EWB-02** may be generated prior to the movement of goods [Rule 138(6)].

A Consolidated EWB **does not have any independent validity period**. Further, individual consignment specified in the Consolidated EWB should reach the destination as per the validity period of the individual EWB

If multiple invoices are issued by the supplier to recipient, that is, for movement of goods of more than one invoice of same consignor and consignee, multiple e-way bills have to be generated.

For each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved.

E-way bill generation facility to be blocked only in respect of outward movement of goods, by the defaulting registered person [Rule 138E]

Rule 138E contains provisions pertaining to blocking of e-way bill generation facility, i.e. disabling the generation of e-way bill. No person whether a consignor, consignee, transporter, an e-commerce operator or a courier agency shall be allowed to furnish the information in Part A in respect of following registered persons, whether as a supplier or a recipient:

A person paying tax under composition scheme	has not furnished the statement for payment of self-assessed tax for 2 consecutive quarters,
A person paying tax under regular scheme and not furnished GSTR 3B	has not furnished the returns for 2 consecutive months
A person paying tax under regular scheme has not furnished GSTR-1	(Statement of outward supplies) for any 2 months or quarters
being a person, whose registration has been suspended under the provisions of rule 21A	

RTP May 22

Mr. Shambhu, a trader registered under GST in Delhi is engaged in wholesale business of toys for kids. Mr. Nandi registered under GST in Patiala, a regular return filer supplies toys in bulk to Mr. Shambhu for selling to end consumers.

Mr. Shambhu paying tax in regular scheme in Delhi, has not filed GSTR-3B for last 2 months. Mr. Nandi wants to generate e-way bill for toys amounting to Rs 5,00,000 to be supplied to Mr. Shambhu. Also Mr. Narayan from Jammu approached Mr. Shambhu for purchasing toys amounting to Rs 75,000 for the purpose of return gift on his son's first birthday party. Shambhu wants to generate an e-way bill in respect of an outward supply of goods to Mr. Narayan.

Examine with reference to the provisions under GST law, whether Mr. Nandi and Mr. Shambhu can generate e-way bill?

E-INVOICE

Is invoice to be raised on the portal? E-invoicing is **not generation of invoice by a Government portal.**

- Taxpayers will continue to create their GST invoices **on their own Accounting/Billing/ERP Systems** as per **e-invoice schema.**
- These invoices **will then be reported to 'Invoice Registration Portal (IRP).'**
- On such reporting, IRP will generate a unique **'Invoice Reference Number (IRN)',** digitally sign it and **return the e-invoice to the supplier.**
- A GST_e-invoice will be valid only with a valid IRN.

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 – all these in the system are referred to as 'e-invoicing'.

Where e-invoicing is applicable, there is no need of issuing invoice copies in triplicate/duplicate.

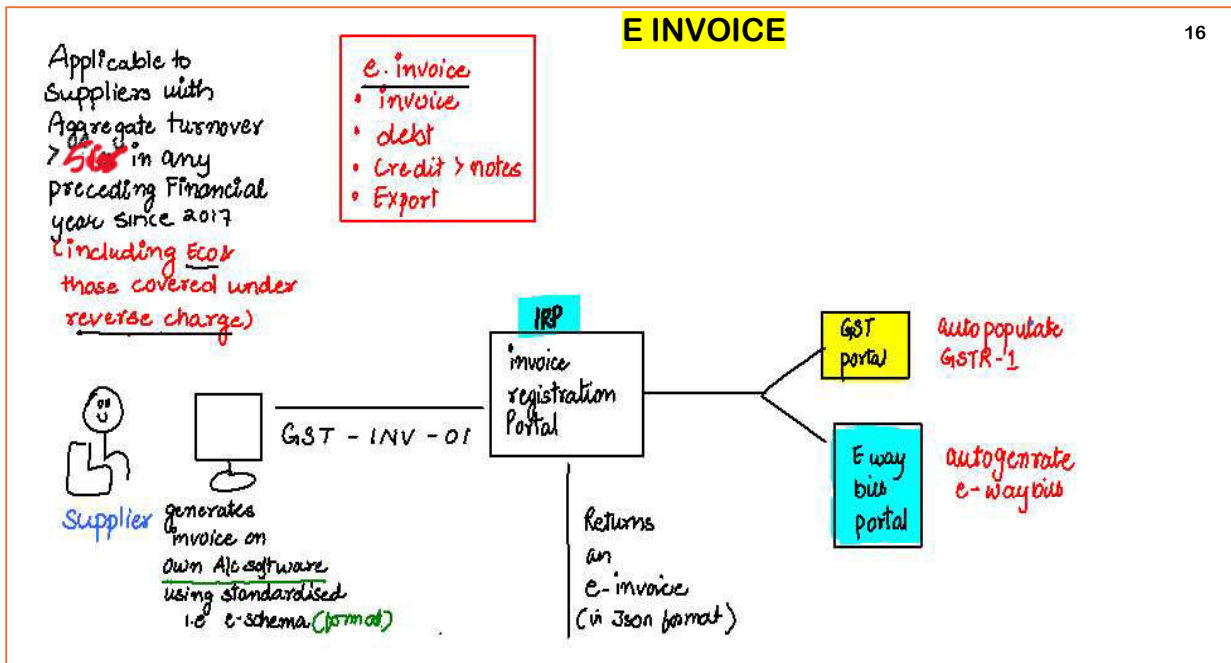
All **registered businesses** with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards **> 5 crore** (hereinafter referred to as 'notified persons') will be required to issue e-invoices in respect of

- **B2B supplies** (supply of goods or services or both to a registered person) or
- **for exports.**
- E-invoicing is also applicable for a notified person **supplying** goods or services where tax is **payable under reverse charge** under section 9(3).

Example: Thus where a law firm supplies services to a Company covered under Sec 9(3) and the law firm is a notified person for e-invoicing then it has to report the invoice to the IRP.

Other points: The e-invoicing system is also available for the **E-Commerce Operators (ECO)** to report the invoices to the Invoice Registration portal, generated by them on behalf of the suppliers.

Bulk uploading of invoices to IRP is also possible.



E INVOICE


Unique 64 digit IRN Invoice Registration Number

- based on
 - Supplier GSTIN
 - Document type
 - Document No
 - Financial year

Printing of IRN on invoice is optional

CANCELLATION / AMENDMENT

- IRN can be cancelled within 24 hours from time of reporting to IRP



QR code

> QR code can be used on invoice - apart from QR code from IRP Supplier can place his own QR code

Data embedded in QR Code

- GSTIN of Supplier / Recipient
- Document No (as given by Supplier)
- Document date
- Invoice value (Gross value & Gross tax)
- No of line items
- HSN code of main line
- IRN
- IRN generation date

NO requirement to issue duplicate or triplicate for e-invoice

However if **connected e-way bill is active or verified cancellation of IRN not permitted or IRP** - in this case amendment on GST portal as per procedure

a cancelled IRN will be updated with 'cancelled' status in GSTR-1 the invoice no associated with cancelled IRN cannot be used again by supplier - if used will be regarded by IRN portal

- **Amendment in IRN is not allowed on IRP** wholly cancelled - Yes partly cancelled - NO

Dynamic QR code: [Compulsory from 01/06/21]

- Self-generated Dynamic QR Code on
- B2C invoices

the [Notification No. 14/2020-Central Tax dated 21st March, 2020](#)

There is a separate [Notification No. 14/2020-Central Tax dated 21st March, 2020](#) which mandates

- entities with aggregate turnover > Rs. 500 crores in a FY to include QR code on their **B2C invoices**.
- In this case, the **QR Code is generated by supplier himself**.

The purpose of this Notification **is to enable and encourage digital payments where buyer can scan the dynamic QR code and make payment from mobile wallet directly**.

Today, many shops have **static QR** code at the payment counter which is scanned by the buyer but the buyer has to enter the amount to be paid to the shop (in the mobile payment App).

The **dynamic QR code**, on the other hand, will have the payment details and thus 'scan and pay' in one go will be possible. And for every transaction will have a separate QR Code

2022:

- a) Dynamic QR Code is required to be provided on an invoice, issued to a person, who has obtained a UIN
- b) In cases, where an invoice is issued to a recipient located outside India, for supply of services, for which the place of supply is in India such invoice may be issued without having a Dynamic QR Code, as such dynamic QR code cannot be used by the recipient located outside India for making payment to the supplier.

E-Invoicing is NOT applicable to	Dynamic QR code is NOT applicable to
<p>(i) For registered persons with turnover ≤ 5 crore/ Presently, such notified persons are not required to report B2C invoices.</p> <p>(ii) Insurer or banking company or financial institution including NBFC</p> <p>(iii) GTA supplying services in relation to transportation of goods by road in a goods carriage</p> <p>(iv) Supplier of passenger transportation service</p> <p>(v) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens</p> <p>(vi) a Government Department and a local authority</p> <p><i>It has been clarified that the said exemption from generation of e- invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity.</i></p>	<p>(i) For registered persons with turnover ≤ 500 crore /Presently, such notified persons are not required to report B2C invoices.</p> <p>(ii) For registered persons with turnover ≤ 5 crore /Presently, such notified persons are not required to report B2C invoices.</p> <p>(iii) Insurer or banking company or financial institution including NBFC</p> <p>(iv) GTA supplying services in relation to transportation of goods by road in a goods carriage</p> <p>(v) Supplier of passenger transportation service</p> <p>(vi) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens</p> <p>(vii) Supplier of online information and database access or retrieval (OIDAR) services¹³.</p>

No Dynamic QR code in case of exports: As regards the supplies made for exports, though such supplies are made by a registered person to an unregistered person, however, since e-invoices are required to be issued in respect of supplies for exports treating them as B2B supplies, Dynamic QR code requirement will not be applicable to them.

Dynamic QR Code in case of an invoice, issued to person having a UIN. Any person, who has obtained a Unique Identity Number (UIN), is not a "registered person" as per the definition of registered person provided in section 2(94). Therefore, any invoice, issued to such person having a UIN, shall be considered as invoice issued for a B2C supply and shall be required to comply with the requirement of Dynamic QR Code.

The issue which arose for consideration was whether e-invoicing is applicable for supplies **made by** a registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, **to** Government Departments or establishments/ Government agencies/ local authorities/ PSUs which are registered solely for the purpose of deduction of TDS as per provisions of section 51.

These entities i.e Government Departments or establishments/ Government agencies/ local authorities/ PSUs

- a) Are compulsorily required to take registration u/s 24(vi)
- b) Therefore, these entities are to be treated as registered persons under the GST law as per provisions of section 2(94).

Accordingly, the registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, is required to issue e-invoices for the supplies made to such Government Departments or establishments/ Government agencies/ local authorities/ PSUs, etc under rule 48(4).

[Circular No. 198/10/2023 GST dated 17.07.2023]

The following will not be covered even if their turnover > 5 crore

- a) Special Economic Zone units are exempt
- b) SEZ developers are not exempt
- c) Also notified persons making supplies to units in SEZ are not exempt

Example: X (P) Ltd. has a unit in SEZ (12 crore) and a unit in Delhi (9 crore). Is X Ltd covered by e-invoicing?

The aggregate total turnover X(P) Limited is more than 5 crores (of both the units having the same PAN).

- SEZ unit is exempt from e-invoicing.
- However, e-invoicing will be applicable to Delhi unit because the aggregate turnover of the legal entity in this case is > 5 crores. The eligibility is based on aggregate annual turnover on the common PAN.

RTP Nov 22

Examine whether the supplier of goods is liable to get registered in the following independent cases:

- (i) Rudra Builders of Rohini, Delhi is exclusively engaged in intra-State taxable supply of building bricks. It's aggregate turnover in the current financial year is Rs 23 lakh.
- (ii) Heera of Himachal Pradesh is exclusively engaged in intra-State taxable supply of footwear. His turnover in the current financial year (FY) from Himachal Pradesh showroom is Rs 32 lakh. He has another showroom in Nagaland with a turnover of Rs 11 lakh in the current FY.

Nov 23

Dream World Pvt. Ltd is registered under GST in the State of Haryana. During the Financial Year 2024-25, its annual aggregate turnover was Rs 12 crore. In the month of April 2024, it supplied goods worth Rs 12 lakh to Nightmare Ltd (a registered taxable person).

(a) You are required to ascertain whether issue of e-invoice is mandatory in respect of this transaction?

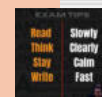
All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than Rs 5 crore are required to issue e-invoices. Thus, issuance of e-invoice is mandatory in respect of the given transaction as the aggregate turnover of Dream World Pvt. Ltd. in the preceding financial year exceeded Rs 5 crore.

(b) What would be your answer if Nightmare Ltd is a SEZ (Special Economic Zone) unit? (4 Marks)

Issue of e-invoice is exempt in respect of supply BY the SEZ (Special Economic Zone) unit. Here SEZ unit is receiver of supply. Thus, the issuance of e-invoice is mandatory in respect of given transaction even in case where Nightmare Ltd. is a SEZ (Special Economic Zone) unit.

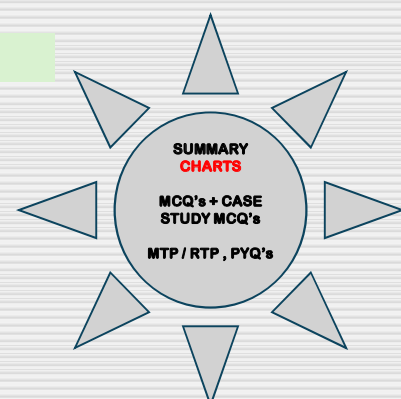
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QR SLIDES



Module 3 : PART M

Returns & Interest



*'CA' - Alphabets of trust
Only for those who deserve.*



RETURN FORM	PARTICULARS	QRMP	Regular
GSTR-1 Tax liability	Details of outward supplies of taxable goods and/or services effected	Quarterly by the 13 th of the month following the quarter	Monthly By the 11 th of the month following the month
GSTR-3B	Simple Return in which summary of outward supplies along with Input Tax Credit is declared and payment of tax is affected by taxpayer To be filed even if non supplies have been effected during the month	Quarterly by the 22/24 th of the month following the Quarter	Monthly by the 20 th of the following month

Nov 2019: Explain the consequences, if the taxable person under GST law files the GST return under Section 39(1) of the CGST Act, 2017, but does not make payment of self-assessment tax.

A return cannot be filed till the assessee has paid the tax due as per return. Hence, GSTR-3B will not be regarded as valid unless tax is paid [Sec 2(117)]

What does the return help do?

(i) Filing of GST returns *helps in determination of tax liability of the return filer* and

(ii) Helps the recipient claim the *input tax credit*

The taxpayer is generally required to furnish the return in a specific statutory format and the format is so designed to extract all relevant information to be able to compute the tax liability of the taxable person

Basic features of GST returns

The procedure for filing the returns has yet not been finalised. When GST was introduced the returns GSTR 1, 2 & 3 with auto matching and ITC methods was to be established. However that was never done and a simplified system of GSTR 3B & GSTR 1 was put in force. This will be discussed in this chapter

GSTR 1 – details of *outward supplies*

GSTR 3B – *Payment of GST*

GSTR-5	Return for a Non-Resident foreign taxable person	Monthly	13th of the next month Finance Act 2022
GSTR-5A	Return for a OIDAR	Monthly	20th of the next month
GSTR-6	Return for an Input Service Distributor GSTR 6A – inward purchase of ISD	Monthly	13th of the next month
GSTR-7	Return for authorities deducting tax at source.	Monthly	10th of the next month
GSTR-8	Details of supplies by e-commerce operator and the amount of tax collected	Monthly	10th of the next month
GSTR-9	Annual Return for a Normal Taxpayer	Annually	31st December of next financial year*
GSTR-4	Annual Return a taxpayer registered under the composition levy anytime during the year	Annually	30th June of the next financial year <small>Earlier it was 30th April but from FY 2024-25 it is 30th June</small>
GSTR-10	Final Return	Once, when GST Registration is cancelled or surrendered	Within three months of the date of cancellation or date of cancellation order, whichever is later.
GSTR-11	Details of inward supplies to be furnished by a person having UIN and claiming a refund	Monthly	28th of the month following the month for which statement is filed

GSTR 1: Who is required to furnish details of outward supplies? [Section 37(1)] read with Rule 59

(i) The details of outward supplies of both **goods and services** are required to be furnished by **every registered person including casual registered person** through the common portal, either directly or from a notified Facilitation Centre in form GSTR 1

(ii) The **due date** of filing GSTR-1 as per Act is the 10th of next month but now it is notified as 11th of the next month i.e. can be filed between 1st and 11th

However the following are **not** required to file GSTR 1:

- input service distributor (ISD)*
- non-resident taxable person (NRTP)
- person paying tax under composition scheme (CD)
- or Sec 51 (relating to TDS) or Sec 52 (relating to TCS)
- Supplier of OIDAR services

A CTP needs to file GSTR - 1

Further, a Nil GSTR-1 can be filed through an SMS using the registered mobile number of the taxpayer

A Nil GSTR-1 **does not have any entry.**

For example, a Nil GSTR-1 for a tax period cannot be filed, if the taxpayer has made any outward supply (including exempt, nil rated or non-GST supplies), or it has received supplies on which tax is payable under reverse charge or an amendment needs to be made to any of the supplies declared in an earlier return or any credit or debit notes is to be declared / amended etc.

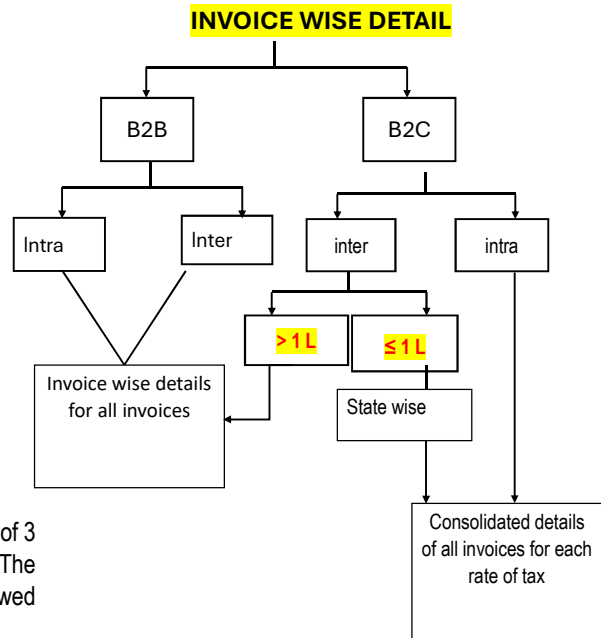
May 22: "All taxpayers are required to file GSTR-1 only after the end of the current tax period." Comment on the validity of the above statement with reference to GST law. (3 Marks)

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

However, following are the **exceptions** to this rule:

- (i) Casual taxpayers, after the closure of their business
- (ii) Cancellation of GSTIN of a normal taxpayer

A taxpayer who has applied for cancellation of registration will be allowed to file GSTR-1 after confirming receipt of the application



Finance Act 23

Further details will not be allowed to be furnished after a period of 3 years from the due date of furnishing the said details. The Government may on recommendation of the GST council allowed certain class of persons to file such returns beyond 3 years

GSTR-3B Is notified as the form for return by the commissioner . The due dates as per the Act are the 20th of the following month.

- 1) **GSTR-3B is a simple return** containing **summary of outward and inward supplies** liable to reverse charge, eligible ITC, payment of tax etc. Thus, GSTR-3B does not require invoice-wise data of outward supplies.
- 2) GSTR-3B filed without payment of GST will be *treated as invalid*.
- 3) **Refund** of any balance in the ECashL can be claimed in GSTR-3B
- 4) GSTR-3B can be submitted electronically through the common portal, either directly or through a notified Facilitation Centre

Due date: Considering the difficulties faced by trade and industry in filing of returns, the Government has introduced *staggered filing of GSTR-3B* returns as a temporary measure to de-stress the GST return filing system. The last date for filing of GSTR-3B for the taxpayers.

- ✓ Monthly GSTR 3B: would be 20th of the month.
- ✓ Quarterly GSTR 3B: would be 22nd or 24th of the month succeeding the quarter depending upon the State or Union Territory in which they are registered.

Further, a Nil GSTR-3B can be filed through an SMS using the registered mobile number of the taxpayer - Filing of GSTR-3B is mandatory for all normal and casual taxpayers, even if there is no business activity in any particular tax period. For such tax period(s), a Nil GSTR-3B is required to be filed. A Nil GSTR-3B does not have any entry in any of its tables. For example, a Nil GSTR-3B for a tax period cannot be filed, if the taxpayer has made any outward supply (including nil-rated, exempt or non-GST supplies) or has received any supplies which are taxable under reverse charge or it intends to take ITC etc.

Rectification of errors/omissions [Sec

Nov 2019

Discuss the provisions of Section 39(9) of the CGST Act, 2017, relating to rectification of errors/ omissions in GST returns already filed and also state its exceptions. State the time limit for making such rectification.

As per Sec 39(9) where any registered person after furnishing a return discovers

- ✓ any omission or
- ✓ incorrect particulars,

he shall **rectify the same in the return to be furnished for the month or quarter during which such error/omission was noticed, subject to the payment of interest**

Sec 39(9) does not permit the rectification of errors or omissions *discovered on account of scrutiny, audit, inspection or enforcement* activities by the tax authorities.

Last date for rectification:

Further no rectification will be allowed after the

- (a) 30th **November** following the end of the financial year or
 - (b) Actual date of filing of the annual return
- whichever is earlier

Example: Mr. XY makes intra-State taxable supplies for 10,000 and 50,000 to Mr. AB, a registered person and 1,00,000 to Mr. DE, an unregistered person. He also makes inter-State taxable supplies for 2,60,000 and 45,000 to Mr. RS, a registered person and 50,000 to Mr. OP, an unregistered person. Mr. XY will report invoice-wise details of intra-State supplies made to Mr. AB and inter-State supplies made to Mr. RS, in GSTR-1 to be filed by him.

Revised Return

May 2019:

1. **If a return has been filed, how can it be revised if some changes are required to be made?(5 Marks)**
 - In GST since the returns are built from details of individual transactions, there is no requirement for having a revised return.
 - As per section 39(9), omission or incorrect particulars discovered in the returns filed u/s 39 can be rectified in the return to be filed for the month/quarter during which such omission or incorrect particulars are noticed.

Any tax payable as a result of such error or omission will be required to be paid along with interest. The rectification of errors/omissions is carried out by entering appropriate particulars in "Amendment Tables" contained in GSTR -1.

GSTR-2B is an auto populated read only statement of *inward supplies* for a recipient

STATIC in nature and all supplies intimated by the suppliers from the 12th of a month to the 11th of the next month will be available on the 12th on the next month and will then be fixed and will not change

The AI suggests whether credit will be available or not

The ECRL will pick up the credit from GSTR 2B

For example: for the month of July, the GSTR 1 can be filed from 1st of August upto 11th of August.

Thus supplier (X Ltd) will furnish details of outward supplies for the month of July between 1st to 11th August. And these will be reflected in the GSTR 2A of the recipient (Y Ltd)

Now any invoice uploaded after the 11th of August by the supplier (X Ltd) will go into a separate GSTR 2B and will also be updated in GSTR 2A. On 11th of September the GSTR 2B will be fixed and available for reconciliation to the recipient.

Thus if an invoice for April is uploaded by the supplier on 15th July then the same will be reflected in the GSTR 2A in April but in GSTR 2B in July

First Return [Sec 40]:

When a person on becoming liable to register on his turnover crossing the limit of 40/20/10 lacs **applies within 30 days of so becoming liable.**

For *the taxable supplies made during the period after becoming liable to registration but before grant of the certificate of registration for him to be eligible to claim ITC*, he shall declare such supplied in the first return filed by him after the registration certificate.

- the registered person may issue revised tax invoices against the invoices already issued during said period **within 1 month from the date of issuance of certificate of registration**
- Further, section 40 provides that registered person **shall declare his outward supplies made during said period in the first return** furnished by him after grant of registration. The format for this return is the same as that for regular return.

Final Return [Sec 45]:

Every registered person who is required to file a return u/s 39(1) and whose registration has been surrendered or cancelled shall file a Final Return electronically in form GSTR 10

Such return is to be **filed within 3 months** of the

(a) Date of cancellation

or the

(a) Date of order of cancellation

w.e. is later

Details of inward supplies of persons having UIN [Rule 82 of the CGST Rules]

When UIN is issued for claiming refund of taxes paid on inward supplies

Such person shall furnish the details of the inward supplies of taxable goods and/or services on which refund of taxes has been claimed, in Form **GSTR-11**, along with application for such refund claim **When UIN is issued for purposes other than refund of taxes paid**

Such person shall furnish the details of inward supplies of taxable goods and/or services as may be required by the proper officer in Form GSTR-11.

Finance Act 2023

All registered persons with their aggregate turnover > 5 crore during the year (except those specified above) are required to file furnish a **self-certified reconciliation statement alongwith annual return in form 9C**.

Self-certified reconciliation

statement will reconcile the value of supplies declared in the return furnished during the financial year with the audited annual financial statement.

Central/State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor are exempt from the requirement of furnishing an annual return including self-certified reconciliation statement.

Annual Return [Sec 44]:

All taxpayers filing GSTR-1 & GSTR-3B are required to file an annual return.

However the following are **not** required to file the annual return

(a) input service distributor (ISD)

(b) non-resident taxable person

(c) person paying tax under composition scheme

(d) or Sec 51 (relating to TDS) or Sec 52 (relating to TCS)

(e) Supplier of OIDAR services from outside India to unregistered persons in India

Note:

- The Annual return needs to be filed on or before the 31st of December of the next year.
- The Annual return is to be filed in for GSTR -9 & the composition dealer in form GSTR-4

GSTR 5 – Non resident

A registered NRTP is required to file a simplified monthly tax return has been prescribed in **Form GSTR-5**.

The details of outward supplies and inward supplies of a NRTP are incorporated in GSTR-5.

Last date of filing return: GSTR-5 should be furnished within

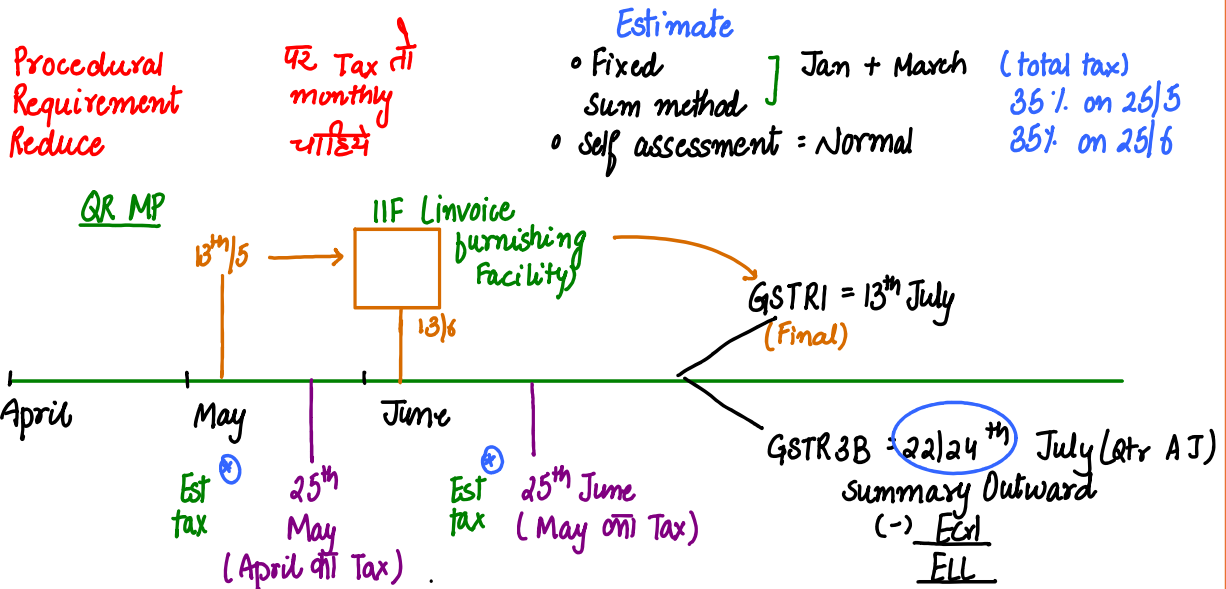
- ✓ 13 days after the end of the calendar month or
- ✓ within 7 days after the last day of validity period of the registration, whichever is earlier.

1) What is Quarterly Return Monthly Payment [QRMP] scheme? w.e.f 01/01/21 this scheme is optional

A registered dealer whose aggregate turnover is ≤ 5 crore in the preceding financial year	Can <u>opt</u> for QRMP scheme
Further where the aggregate turnover > 5 crore in any quarter then	Must come under normal scheme from next quarter

- a) **Option for small taxpayers** to file GSTR1 & 3B quarterly but pay taxes monthly using a simple challan
- b) This will significantly reduce the compliance burden on such taxpayers as now the taxpayers need to file only 4 GSTR-3B returns instead of 12 GSTR-3B returns in a year.
- Similarly, they would be required to file only 4 GSTR-1 returns since Invoice Filing Facility (IFF) is provided under this scheme
- c) Opting of QRMP scheme is GSTIN wise. Distinct persons can avail QRMP scheme option for one or more GSTINs. *It implies that some GSTINs for a PAN can opt for the QRMP scheme and remaining GSTINs may not opt for the said scheme.*

QRMP SCHEME



May 23

Mr. Sumit is a registered dealer in the state of Punjab. In the month of May, he decides to apply for QRMP scheme. As he wants to switch to QRMP scheme, he had not filed his returns for the months of May and June.

Please guide to Mr. Sumit regarding the following:

- Conditions and restrictions of QRMP scheme.
- Manner of exercising option of QRMP scheme.

(3 Marks)

CONDITIONS

a) **By when can one opt?** A registered person who intends to file his GSTR-3B quarterly must exercise the option on the GST portal, between the **1st day of the 2nd month of the last quarter upto the last day of the 1st month of the quarter for which such option is being exercised.**

For example: If A wishes to file quarterly returns for the quarter of Apr-Jun 2024, he should have opted for quarterly filing on the common GST portal between 1st February 2024 and 30th April 2024.

b) **In order to exercise this option, the registered person must have furnished the last return, as due on the date of exercising such option.**

For example: A registered person intending to avail of the Scheme for the quarter 'July to September' can exercise his option during 1st of May to 31st of July. If he is exercising his option on 31st July for the quarter (July to September), in such case, he must have furnished the return for the month of June which was due on 22/24th July.

Nov 22:

List the details of outward supplies which can be furnished using Invoice Furnishing Facility (IFF). Also briefly list the cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/IFF. (5 Marks)

PROCEDURE

- Can file GSTR 1 Quarterly** – 13th of month following the next quarter (for other not opting for QRMP its now 11th of the succeeding month)
- Can file GSTR 3B Quarterly** - Quarterly GSTR- 3B on or before 22nd or 24th of the month succeeding the quarter for which return is furnished
- IFF (invoice furnishing facility)** - to furnish invoices [B2B supplies] for the 1st 2 months of the quarter so that the buyers can claim ITC in their GSTR 2A) – till the 13th of the next month

d) **Monthly Payment of Tax** The registered person under the QRMP Scheme shall pay tax

First 2 months of the quarter – in Form GST PMT-06 by the 25th day of next month. This shall be debited solely for the purposes of offsetting the liability furnished in that quarter's Form GSTR-3B.

A facility would be made available on the portal for generating a pre-filled challan in Form GST PMT-06. The person can use any of the following two options for the monthly payment of tax during the first two months:

Method	Amount of Tax to be Paid in Form GST PMT-06	Interest in Case Actual Liability Differs with the Tax Payment	Late Fee
Fixed Sum Method	<p>a) If the last return is furnished quarterly, an amount equivalent to 35% of the tax liability paid for the previous quarter shall be paid</p> <p>b) If the last return is furnished monthly, the tax liability paid in the return for the previous month shall be paid</p>	No interest would be required to be paid, provided tax is paid by the due date	No late fee would be applicable on delay in payment of tax using Form PMT-06
Self-Assessment Method	The persons can pay the tax due by considering the tax liability on inward and outward supplies and the input tax credit available.	Interest would be applicable	

Late fee

Late fee for GSTR-1	<ul style="list-style-type: none"> For delayed filing of NIL returns, late fee - Rs 20(10+10) per day For delayed filing other returns, late fee - Rs 50(25+25) <p>maximum late fee charged shall be capped at Rs.500 per return (i.e Rs. 250 each for CGST & SGST).</p>			
Late fee for GSTR-3B	<ul style="list-style-type: none"> For delayed filing of NIL returns, late fee - Rs 20(10+10) per day For delayed filing other returns, late fee - Rs 50(25+25) per day 			
	If the annual turnover in the previous financial year is			
	<ul style="list-style-type: none"> upto Rs.1.5 crore then the <table border="1" style="margin-left: 20px;"> <tbody> <tr> <td>a) late fee of maximum Rs 2,000 per return can only be charged (i.e Rs.1000 each for CGST and SGST).</td> </tr> <tr> <td>b) then the maximum late fee of Rs.5,000 per return can only be charged (i.e Rs. 2500 each for CGST and SGST).</td> </tr> <tr> <td>c) then late fee of maximum Rs.10,000 (i.e Rs. 5000 per CGST and SGST) can be charged.</td> </tr> </tbody> </table> If the turnover ranges between Rs.1.5 crore and Rs.5 crore If the turnover is more than Rs.5 crore 	a) late fee of maximum Rs 2,000 per return can only be charged (i.e Rs.1000 each for CGST and SGST).	b) then the maximum late fee of Rs.5,000 per return can only be charged (i.e Rs. 2500 each for CGST and SGST).	c) then late fee of maximum Rs.10,000 (i.e Rs. 5000 per CGST and SGST) can be charged.
a) late fee of maximum Rs 2,000 per return can only be charged (i.e Rs.1000 each for CGST and SGST).				
b) then the maximum late fee of Rs.5,000 per return can only be charged (i.e Rs. 2500 each for CGST and SGST).				
c) then late fee of maximum Rs.10,000 (i.e Rs. 5000 per CGST and SGST) can be charged.				

Late fee for filing annual return Sec 47(2)	<ul style="list-style-type: none"> For delayed filing is Rs 200 (100+100) per day or 0.50% [0.25+0.25] of the turnover of the registered person <p>Whichever is lower</p>
---	---

Ex 1: Taxpayer has filed GSTR-3B for the month of December 2024 on 23rd January 2025, where actual due date was 20th Jan 2025. Amount of late fees to be paid would be Rs.150 (Rs. 50 per day 3 days). The late fee would be Rs.75 under CGST and Rs.75 under SGST.

If the above return was a return with 'Nil' tax liability then late fees would be Rs. 60 (20 per day 3 days). The late fee would be Rs.30 under CGST and Rs.30 under SGST.

Ex 2: Mr. Akash obtains registration under regular scheme (Section 9). He asks Mr. Mohan, his tax manager, to pay GST on quarterly basis. However, Mr. Mohan advises Mr. Akash to pay GST on monthly basis. You are required to examine the validity of the advice given by Mr. Mohan. The advice given by Mr. Mohan is valid. A person registered under regular scheme (Section 9) is required to file a **monthly** return in form GSTR-3B. Due date for payment of tax in respect of the persons required to file GSTR-3B is linked with the due date for filing of such return. Therefore, a person registered under regular scheme is required to pay GST on monthly basis by the 20th of the succeeding month, which is the due date for filing of GSTR-3B. Quarterly payment of taxes can be made by persons registered under composition scheme. And w.e.f 01/01/21 quarterly payment has been made optional for persons with turnover of upto 5 crore

When interest is payable ? [Sec 50]

- i) The **payment of interest** in case of belated payment of tax **should be made voluntarily** i.e. even without a demand.
- ii) The interest payable under this section **shall be debited** to the **Electronic Liability Register**.
- iii) The liability for interest **can be settled by adjustment with balance in Electronic Cash Ledger but not** with balance in **electronic credit ledger**.
- iv) But till the return has not been filed the adjustment is not deemed to have made thus money lying in the ECrL or ECL will not be deemed to be deposited till it is adjusted against ELL at the time of GSTR 3B. So if GSTR 3B is not filed in time then interest for delay in return and payment of tax will be levied.

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Proviso to Sec 50 read with Rule 88B - does not have sufficient amount available in **electronic credit ledger** to pay the tax dues for a particular tax period and

- the registered person does not have sufficient money for making deposit of balance tax amount in **electronic cash ledger**
- In such a situation, GST common portal doesn't have a mechanism to allow a registered person to make *part payment* of taxes. Thus he might have to file a return late till he get enough cash to pay the GST liability.

In such a case if he is levied interest on the balance in the ECrL, then it will not be right.

For example If the due date is 20th of July 23

ELL = 60,000

ECrL = 20,000

ECL = Nil

Assessee files the return late on 25th of July 23 and pays 40,000 by ECL. In such a case the interest will be levied only on 40,000 for $5/365 \times 18\% = \text{Rs. } 99$

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Dec 21

PQR Ltd., have filed their GSTR-3B return for the month of August, 2024 within the due date i.e. 20.09.2024. It was noticed in October, 2024 that tax dues for the month of August, 2024 have been short paid by Rs 10,000. The shortfall of Rs 10,000 was paid through cash ledger and credit ledger amounting to Rs 7,500 and Rs 2,500 respectively while filing GSTR-3B of October, 2024 which was filed on 20.11.2024.

- i) **Examine and compute the interest payable if any under the CGST Act, 2017.**
- ii) **What would be your answer if, GSTR-3B for the month of August 2024 had been filed belatedly on 20.11.2024 as above.**

Note: Ignore the effect of the leap year. Electronic cash ledger and credit ledger carried sufficient balance for the above shortfall.(5 Marks)

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In case of delayed payment of tax, interest is payable @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

However, interest is payable only on the short-paid tax which is paid through electronic cash ledger if return under section 39 is furnished after the due date.

- (i) In the given case, PQR Ltd. has furnished the return for August 2024 by the due date. Hence, interest is payable on the entire amount of short payment of Rs 10,000, as under:

$$= \text{Rs } 10,000 \times 18\% \times 61/365 = \text{Rs } 300.82 \text{ or } 301 \text{ (rounded off)}$$

- (ii) If PQR Ltd. has furnished the return for August 2024 after the due date, interest is payable only on the short payment which is paid through electronic cash ledger, i.e.

Rs 7,500, as under:

$$= \text{Rs } 7,500 \times 18\% \times 61/365 = \text{Rs } 225.62 \text{ or } 226 \text{ (rounded off)}$$

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Role of GST Practitioner

To help taxpayers with their GST compliance, Goods and Services Tax Practitioners can undertake any or all of the following activities on behalf of a GST taxpayer

- (a) **File GST return** GSTR-1 and GSTR-2 with details of outward and inward supplies; However, **with effect from 01.10.2022**, rule 83(8)(a) has been amended. Now, a GST practitioner is only allowed to **furnish the details of only outward supplies and not inward supplies** on behalf of a registered person if so authorised by him. **[Notification No. 19/2022 CT dated 28.09.2022]**
- (b) File monthly, quarterly, annual or final GST return;
- (c) Make GST payment on behalf of the taxpayer for credit into the electronic cash ledger;
- (d) File a claim for GST refund;
- (e) File an application for amendment or cancellation of GST registration.

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May 24:

Ex. 1. GSTR 3B for the month of January 2025 has been filed by M/s Avisha Limited, a registered person, within the due date prescribed by the CGST Act 2017 which is on February 20th, 2025. It came to the notice of the Co. that tax due for the month of January, 2025 has been paid short by Rs 16,000. The short fall of Rs 16,000 has been paid through cash ledger and credit ledger at the time of filing GSTR 3B for the month of February 2025 on March 20th, 2025 in the following manner:

Particulars	Cash Ledger	Credit Ledger
Shortfall	Rs 12,000	Rs 4,000

Assume that electronic cash ledger and credit ledger carry sufficient balance for the above short fall.

- You are required to calculate the amount of interest payable if any under section 50 of the CGST Act 2017 and rule 88B of the CGST rules 2017.
- Give the effect if GSTR3B for the month of January 2025 had been filed belatedly on March 20, 2025 and all other conditions remaining same.

Calculation should be rounded off to nearest rupee. As 2024 is leap year, give effect of same.

(5 Marks)

Ans: (i) Rs 229 ; (ii) 172

Blocking of the following (summarise)

ECrL	E-way Bill	GSTR1 / IFF
<p>Rule 86A : Where ITC has been fraudulently claimed.</p> <p>Such restriction can be imposed for a period of upto 1 year from the date of imposing such restrictions</p>	<p>Where a composition dealer has not filed and paid GST for the last 2 quarters</p> <p>Normal Dealer: No GSTR 1 or GSTR 3B for the last 2 consecutive months or quarters</p>	<p>Where GSTR 3B has not been filed for the preceding month or quarter</p> <p>Rule 88C : where GSTR 1 & 3B differential is not paid is explained within 7 days</p> <p>Rule 88D: where GSTR 3B & 2B differential is not paid is explained within 7 days</p> <p>if he has not furnished the details of the bank account as per the provisions of rule 10A. [Notification No. 38/2023 CT dated 04.08.2023</p>

GSTR-1A - Amendment to GSTR 1

A registered person may, after furnishing the details of outward supplies of goods or service or both in Form GSTR-1 for a tax period but before filing of return in Form GSTR-3B for the said tax period, at his own option, amend or furnish additional details of outward supplies of goods or services or both in Form GSTR-1A for the said tax period [Proviso to rule 59(1)].

<p>What is Form GSTR-1A? Who is required to file Form GSTR-1A?</p>	<p>A taxpayer who needs to amend any supply record furnished in GSTR 1 or need to add any supply record of same tax period, the same can be done through GSTR 1A in the same month after filing of GSTR-1 and before filing of GSTR-3B.</p> <p>E.g. GSTR 1 for the month of August 2024 has been furnished by the taxpayer on 10th of September 2024. Taxpayer committed a mistake in 2 records and missed to report one record in its GSTR 1. Now GSTR 1A shall be opened for him/her on 10th of September or due date of GSTR 1 (i.e. 11th of September) whichever is later. The Taxpayer will be able to amend the incorrect record and shall also be able to add the missed record in Form GSTR 1A. The correct value shall be auto populated in its GSTR 3B.</p>
<p>When GSTR 1A will be available for filing?</p>	<p>GSTR -1A will be open for monthly filer from the later of the following two dates, till the actual filing of GSTR-3B of the same tax period:</p> <ol style="list-style-type: none"> Due date of filing of GSTR1 i.e., 11th of the following month or Date of actual filing of GSTR-1



(4) A supplier issued two invoices INV1 and INV2 in the month of January. Then, he furnished the details of the invoice INV1 on 8th Feb in Form GSTR-1. However, he misses one invoice INV2 and furnishes the details of the same in Form GSTR-1A on 15th Feb.

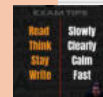
In this case, INV1 will go to Form GSTR-2B of the recipient for the month of January made available on 14th Feb. Further, INV2 will be made available in Form GSTR-2B of the recipient for the month of February made available on 14th March.



(5) A supplier issued two invoices INV 3 and INV 4 in the month of January. Then, he furnished the details of the invoice INV 3 on 15th Feb in Form GSTR-1.

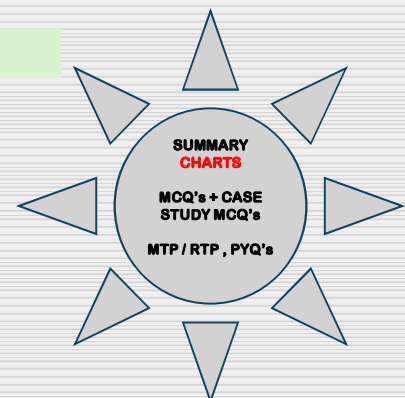
However, he declared INV 4 in Form GSTR-1A on 16th Feb. In this case, both INV3 and INV4 will be made available in Form GSTR-2B of the recipient for the month of February made available on 14th March.

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Module 3 : PART N

Accounts & Records



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Accounts & Records under GST

Sec 35	Accounts & Other Records
Sec 36	Period of retention of accounts
Rule 56	Maintenance of records for specific persons
Rule 58	Records to be maintained by owner or operator of godown or warehouse and transporters

Place of business includes [Sec 2(85)]:

- a place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, supplies or receives goods or services or both;
- a place where a taxable person maintains his books of account; or
- a place where a taxable person is engaged in business through an agent, by whatever name called.

Sec 35.(1)

- Books relating to **PPoB and ApoB** will be kept at the principal place as mentioned in the certificate of registration.
- 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.
- Unless proved otherwise, if any documents, registers, or any books of account belonging to a registered person are found at any premises **other than those mentioned in the certificate of registration**, they shall be presumed to be maintained by the said registered person

Sec 36. Every registered person required to keep and maintain books of account or other records in accordance with the provisions of Sec 35(1) shall retain them until the expiry of **72 months from the due date** of furnishing of **annual return** for the year pertaining to such accounts and records:

- a registered person, who is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or court, shall retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of one year after final disposal of such appeal or revision or proceedings or investigation, or for the period specified above, whichever is later

Additional Records: Maintenance of accounts by registered persons [Rule 56]

Stock of purchases / supplies of goods by every registered person, <i>other than</i> composition dealer.	shall maintain the accounts of stock in respect of goods received and supplied by him , and such accounts shall contain particulars of the <i>opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof.</i>
Advances received and adjusted :	Every registered person shall keep and maintain a separate account of advances received, paid and adjustments made thereto.
Tax payable details by every registered person, <i>other than</i> composition dealer	shall keep and maintain an account, containing the <i>details of tax payable</i> (including tax payable u/s 9(3) /(4) <i>tax collected and paid, input tax, input tax credit claimed,</i> together with a register of <i>tax invoice, credit notes, debit notes, delivery challan issued or received</i> during any tax period.
Name & address : Every registered person shall keep the particulars of	names and complete addresses of (1) suppliers from whom he has received the goods or services chargeable to tax under the Act; (2) the persons to whom he has supplied goods or services , where required under the provisions of this Chapter; (3) of the premises where goods are stored by him, including goods <i>stored during transit</i> along with the particulars of the stock stored therein.

Goods at other than a declared place of business :	If any <u>taxable goods</u> are found to be stored at any place(s) <i>other than</i> those declared under sub-rule (5) without the cover of any valid documents , the proper officer shall determine the amount of tax payable on such goods <i>as if such goods have been supplied by the registered person.</i>
PPoB & ApoB	Every registered person shall keep the books of account at the principal place of business and books of account relating to additional place of business mentioned in his certificate of registration and such books of account <i>shall include any electronic form of data stored on any electronic device.</i>
Erasing or overwriting of records:	Any entry in registers, accounts and documents shall not be erased, effaced or overwritten, <u>and</u> all incorrect entries, <i>otherwise than those of clerical nature</i> , shall be scored out under attestation and thereafter, the correct entry shall be recorded and where the registers and other documents are maintained electronically, <i>a log of every entry edited or deleted</i> shall be maintained.
Manual Books	Each volume of books of account maintained manually by the registered person <i>shall be serially numbered.</i>

Books & documents at other than a declared place of business	Unless proved otherwise, if any documents, registers, or any books of account <u>belonging to a registered person are found at any premises other than those mentioned in the certificate of registration</u> , they shall be presumed to be maintained by the said registered person.
Agents: Every agent referred to in clause (5) of section 2 shall maintain accounts depicting the,—	<p>(a) particulars of <u>authorisation received by him from each principal to receive or supply</u> goods or services on behalf of such principal separately;</p> <p>(b) <i>particulars</i> including description, value and quantity (wherever applicable) of <i>goods or services received</i> on behalf of every principal;</p> <p>(c) <i>particulars</i> including description, value and quantity (wherever applicable) of <i>goods or services supplied</i> on behalf of every principal;</p> <p>(d) details of <i>accounts furnished to every principal</i>; and</p> <p>(e) <i>tax paid on receipts or on supply of goods or services</i> effected on behalf of every principal.</p>
Manufacturer of goods :	Every registered person <u>manufacturing goods</u> shall maintain <p>(1) monthly production accounts showing <i>quantitative details of raw materials or services used in</i> the manufacture and</p> <p>(2) <i>quantitative details of the goods so manufactured including the waste and by products</i> thereof.</p>

Supplier of services :	Every registered person supplying services shall maintain the accounts showing <ul style="list-style-type: none"> • <i>quantitative details of goods used in the provision of services,</i> • details of <i>input services</i> utilised and the services supplied.
Every registered person executing works contract shall keep <u>separate accounts</u> for works contract showing—	<p>(a) the names and addresses of the persons on whose behalf the works contract is executed;</p> <p>(b) description, value and quantity (wherever applicable) of goods or services received for the execution of works contract;</p> <p>(c) description, value and quantity (wherever applicable) of goods or services utilized in the execution of works contract;</p> <p>(d) the details of payment received in respect of each works contract; and</p> <p>(e) the names and addresses of suppliers from whom he received goods or services.</p>
Electronic records	The records under the provisions of this Chapter may be maintained in electronic form and the record so maintained shall be <u>authenticated by means of a digital signature</u> . <ul style="list-style-type: none"> • Electronic backup of records to be maintained & preserved • Details of files their passwords & Explanation of codes and other info required for access

Period	Accounts maintained by the registered person together with all the invoices, bills of supply, credit and debit notes, and delivery challans relating to stocks, deliveries, inward supply and outward supply shall be preserved <p>(1) for the period as provided in section 36 and</p> <p>(2) shall, where such accounts and documents are maintained manually, be <i>kept at every related place of business mentioned in the certificate of registration</i> and shall be accessible at every related place of business where such accounts and documents are maintained digitally.</p>
Carrier:	Any person <i>having custody over the goods in the capacity of</i> <ul style="list-style-type: none"> • <i>a carrier</i> or • <i>a clearing and forwarding agent</i> for delivery or dispatch thereof to a recipient on behalf of any registered person shall maintain true and correct records in respect of such goods handled by him on behalf of such registered person and <i>shall produce the details thereof as and when required by the proper officer</i> . any person engaged in the business of transporting goods shall maintain records of <i>goods transported, delivered and goods stored in transit by him</i> alongwith the <i>Goods and Services Tax Identification Number of the registered consigner and consignee</i> for each of his branches . [Rule 58(4)(a)]

Demand :	Every registered person shall, <u>on demand, produce the books of account</u> which he is required to maintain under any law for the time being in force.
Imported or Exported goods / services or RCM : Every registered person shall keep and maintain, in addition to the particulars mentioned u/s 35(1)	a <u>true and correct account</u> of the 1) goods or services imported or exported or 2) of supplies attracting payment of tax on reverse charge along with the relevant documents, including <i>invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers</i> and <i>refund vouchers</i> .

Records to be maintained by owner or operator of godown or warehouse and transporters [Rule 58]	
Rule 58(1): Those required to maintain records if unregistered :	<p>Every person required to maintain records and accounts in accordance with the provisions of Sec 35(2), if not already registered under the Act, <u>shall submit</u> the details</p> <ol style="list-style-type: none"> 1) regarding his business <i>electronically</i> on the common portal in FORM GST ENR-01, either directly or through a Facilitation Centre notified by the Commissioner and, 2) upon validation of the details furnished, a unique enrolment number shall be generated and communicated to the said person. <p>The person enrolled under sub-rule (1)</p> <ol style="list-style-type: none"> (1) as aforesaid in any other State or Union territory shall be deemed to be enrolled in the State or Union territory [Rule 58(2)] (2) shall where required, amend the details furnished in FORM GST ENR-01 electronically on the common portal either directly or through a Facilitation Centre notified by the Commissioner. [Rule 58(3)]

Rule 58(1A): Unique common enrolment number for transporter registered in more than one state	<p>For the purposes of Chapter XVI of these rules, a transporter who is registered in more than one State or Union Territory having the same Permanent Account Number, he may apply</p> <ol style="list-style-type: none"> 1) for a unique common enrolment number by submitting the details in FORM GST ENR-02 <u>using any one</u> of his Goods and Services Tax Identification Numbers, and 2) upon validation of the details furnished, a unique common enrolment number shall be generated and communicated to the said transporter: <p>Provided that where the said transporter has obtained a unique common enrolment number, <u>he shall not be eligible to use</u> any of the Goods and Services Tax Identification Numbers for the purposes of the said Chapter XVI.</p>
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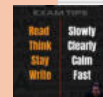
Rule 58(4) & (5): Owner & operator of warehouse

every owner or operator of a warehouse or godown shall maintain books of account with respect to the period for which particular goods remain in the warehouse, including the particulars relating to dispatch, movement, receipt and disposal of such goods.[Rule 58(4)(b)]

The owner or the operator of the godown shall store the goods in such manner that

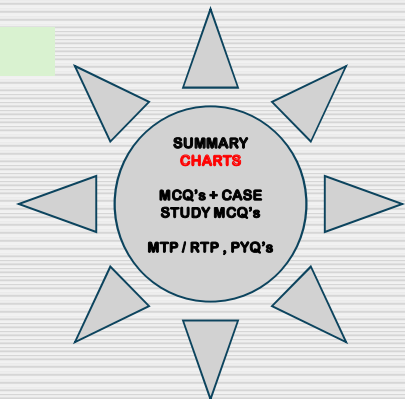
- 1) they can be identified item-wise and owner-wise and
- 2) by the proper officer on demand. [Rule 58(5)]

QR SLIDES



Module 3 : PART O

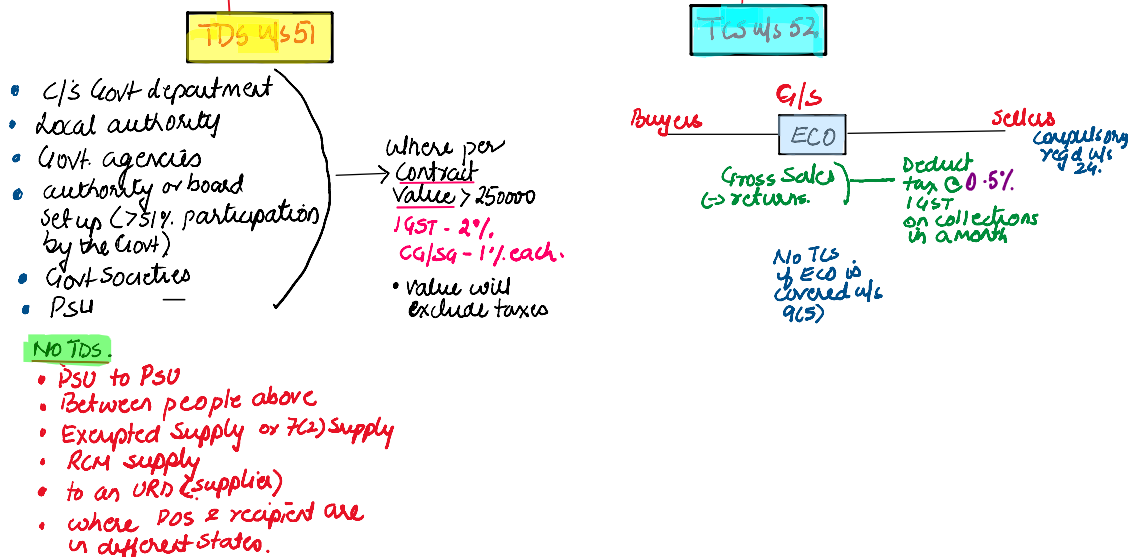
TDS u/s 51 & TCS u/s 52



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Overview



Tax deduction at source [Sec 51]

Situation	Which tax is leviable	Rate
Where Supplier as well as the place of supply are in a different state A (State 1) Sells to B (State 2) the place of supply is in State 2	then TDS would be Integrated Tax. [IGST] The deductor shall deduct tax from the payment made or credited to the supplier. The supplier can take credit of the TDS in his electronic cash ledger.	2% IGST
Where Supplier as well as the place of supply are in the same state A (State 1) Sells to B (State 1)	Then TDS (Central plus State tax) shall be deducted. It would be possible for the supplier (i.e. the deductee) to take credit of TDS in his electronic cash ledger.	1% CGST 1% SGST
Where Supplier as well as the place of supply are in the same state and the recipient is in a different state A (State 1) Sells to B (State 2) but sale is in State 1	The supply would be intra-State supply and Central tax and State tax would be levied. In such case, transfer of TDS (Central tax + State tax of State B) to the cash ledger of the supplier (Central tax + State tax of State A) would be difficult. So, in such cases, TDS would not be deducted	N.A.

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Other Points

- 1) TDS shall be paid to the credit of the Government **within 10 days** from the end of the month
- 2) A certificate shall be issued in form GSTR 7A - (TDS Certificate) require the deductor to give details of : TDS Certificate No.; GSTIN of deductor; Name of deductor; GSTIN of deductee; Legal name of the deductee; Trade name, if any; Tax period in which tax deducted and accounted for in GSTR-7; Details of supplies; Amount of tax deducted
- 3) The amount of tax deducted is reflected in Electronic Cash Ledger of deductee.
- 4) Return filed by deductor under section 39(3). [GSTR-7]
- 5) Sec 24(vi): Registration [Rule 12 of CGST Rules, 2017]
 - Any person *required to deduct tax* shall electronically submit a registration application on the common portal.
 - Within **3 days from the date of the application** the proper officer shall, after due verification, grant registration.

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Y Ltd of Delhi makes taxable supply worth Rs. 10,000 & exempted supply worth Rs. 20,000/- in the same invoice/bill of supply Govt. department of NOIDA (UP). Total contract value was 10,00,000/- (Rs.2,60,000 for taxable supply including GST and Rs.7,40,000 for exempted supply). The rate of GST is 18%. Is TDS liable to be deducted? If yes then at what rate?

Value of taxable supply in the contract= Rs.2,60, 000/- (including GST)

Value of such contract excluding tax= $260000 \times 100/118 = \text{Rs.}220340/-$ Since, the value of taxable supply in the contract does not exceed Rs.2.5 Lakh, deduction of tax is not required.

Mr B is a person registered under the composition scheme in Chandigarh who makes taxable supply worth Rs. 10,000/- to a Local Authority of Chandigarh where value of taxable supply under the contract is for Rs.2,75,000/-

Value of taxable supply under the contract is Rs.2, 75, 000 which is more than Rs.2.5 Lakh and hence deduction of tax is required.

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RTP May 24

Ramlala Enterprises, registered in Delhi, is engaged in supply of interior decoration services to Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh). The total contract value inclusive of GST is Rs 15,50,000 and payment for the same is due in October, 2023. You are required to determine amount of tax, if any, to be deducted in the above case assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively. Will your answer be different, if Ramlala Enterprises is registered under composition scheme?

Hint: Since the location of the supplier (Ramlala Enterprises) and the place of supply is Delhi and the State of registration of the recipient i.e. Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case. The answer will remain unchanged even if Ramlala Enterprises is registered under composition scheme

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Collection of tax at source [Sec 52]

Registration:	a) ECO: They must register under GST <i>in every state in which they operate</i> . b) Sellers through ECO: sellers of GOODS or SERVICES must compulsorily register under GST u/s 24. Penalty of 10,000 or tax amount w.e. is higher is levied by Finance Act 23 on ECO if they allow unregistered persons to sell through their platform E-Commerce operator has to obtain separate registration for TCS irrespective of the fact whether e-Commerce operator is already registered under GST as a supplier or otherwise and has GSTIN.
Rate of TCS:	Intra State = 0.25 % CGST + 0.25% SGST. Inter State = 0.5% IGST w.e.f 10/07/24 earlier it was 1%
However, no TCS is required to be collected in the following cases:-	(i) on supply of services notified under section 9(5) of the CGST Act, 2017. (ii) on exempt supplies (iii) on supplies on which the recipient is required to pay tax on reverse charge basis.

Mr. X is a supplier selling his own products through a web site hosted by him. Does he fall under the definition of an “electronic commerce operator”? Whether he is required to collect TCS on such supplies?

Mr. X will come under the definition of an “electronic commerce operator”. However, according to Section 52 of the Act *ibid*, TCS is required to be collected on the net value of taxable supplies made **through it by other suppliers** where the consideration is to be collected by the ECO. In cases, where someone is selling their own products through a website, there is no requirement to collect tax at source as per the provisions of this Section. These transactions will be liable to GST at the prevailing rates.

If Mr. A purchase goods from different vendors and in turn Mr. A, is selling them on his own website under his own billing, Is TCS required to be collected on such supplies?

No. According to Section 52 of the CGST Act, 2017, TCS is required to be collected on the net value of taxable supplies made through E-commerce operator by other suppliers where the consideration is to be collected by the ECO. In this case, there are two transactions - Mr. A purchase the goods from the vendors, and those goods are sold through his own website. For the first transaction, GST is leviable, and will need to be paid to vendor, on which credit is available to Mr. A. The second transaction is a supply on own account of Mr. A, and not by other suppliers and there is no requirement to collect tax at source. The transaction will attract GST at the prevailing rates.

Mr X is a trader who sells utensils online on Amazon India. He receives an order for Rs 10,000, inclusive of tax and commission. Amazon commission is Rs 500. And goods worth 1000 are returned. How much TCS will have to be deducted. Amazon would, therefore, need to deduct 1% tax (TCS) on the amount of 9,000. Thus 90 rupees will be deducted as TCS while making the payment to Mr X

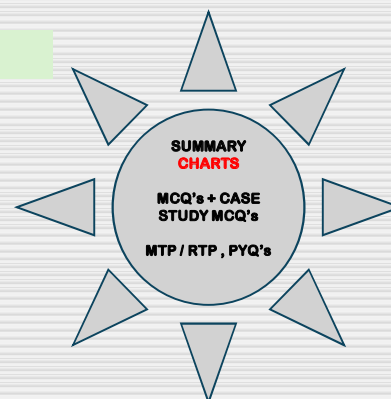
- Registration [Rule 12 of CGST Rules, 2017]** Any person required to deduct tax in accordance with the provisions of section 52 shall electronically submit a registration application in prescribed form through the common portal. The proper officer shall, after due verification, grant registration within 3 working days from the date of the application.
- Deposit :** Both the deposit of TCS and the monthly statement of TCS [GSTR 8] should be filed within 10 days from the end of the month
- Annual statement** in GSTR 9B by 31st of December of the following year
- If there is any **rectification or omission** that needs to be corrected in the statement then the same shall be rectified in the return for the month in which the error is found but not later than 30th of November 24 or the date of furnishing the annual return w.e. is earlier
- If there is a **mismatch between the statements filed by the ECO and the supplier** the same shall be intimated on the portal to both and the same shall need to be rectified by the supplier in the month in which the same was communicated to him then the same will be added to the output liability of the supplier along with interest.
- The **Authority may ask the ECO to furnish details of the**
 - Goods/services supplied through it &
 - Stock of goods held by the ECO in the godowns managed by the ECO

QR SLIDES



Module 3 : PART P

Place of Supply



'CA' - *Alphabets of trust*
Only for those who deserve.

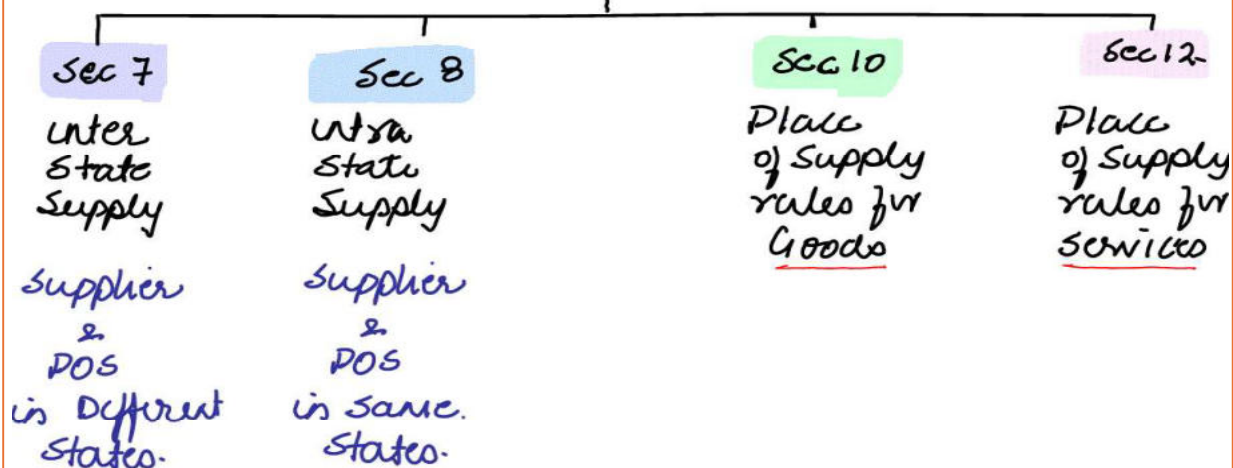


Place of Supply & Nature of Supply

Sec 10	Place of supply goods <i>other than</i> supply of <u>goods</u> imported into or exported from India
Sec 12	Place of supply of services where location of <u>supplier of service</u> and the location of the recipient of service is in India
Sec 7	<u>Inter State</u> Supply
Sec 8	<u>Intra State</u> Supply
Sec 9	Supplies in <u>territorial waters</u>

SUMMARY

PLACE OF SUPPLY

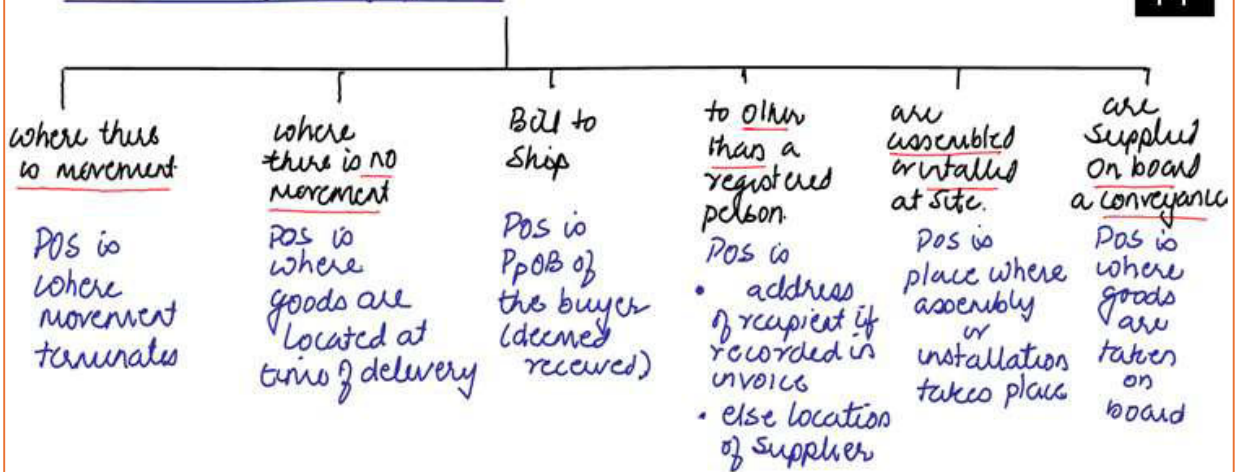


Sec 10 of the IGST Act.: Place of supply of **Goods**

PLACE OF SUPPLY OF GOODS OR SERVICES OR BOTH : Place of supply of goods other than supply of goods imported into, or exported from India.

Sec 10: Place of Supply of Goods

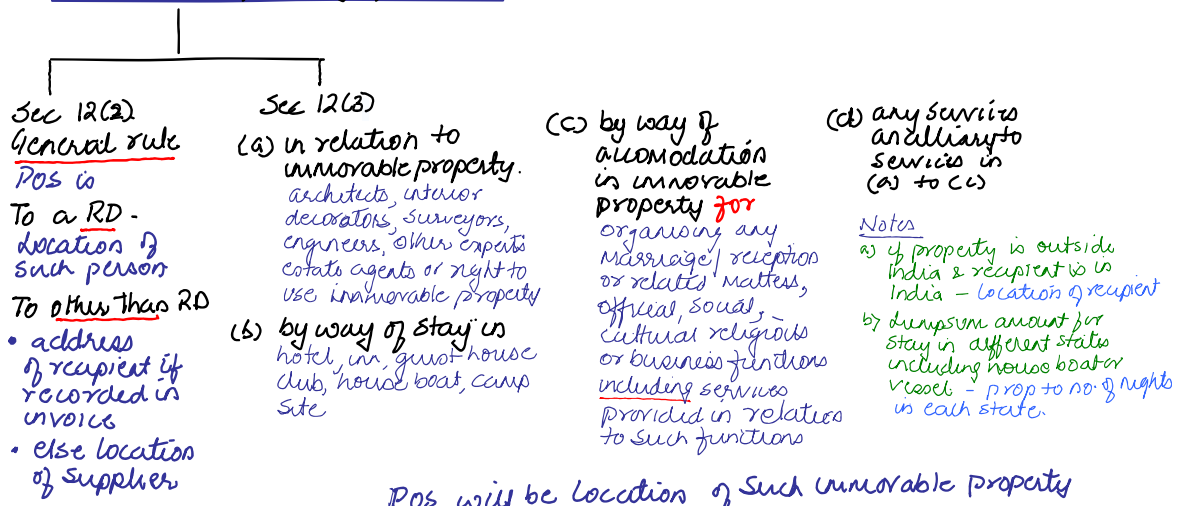
P1



where the supply involves movement of goods,	shall be the location of the goods at the time at which the movement of goods terminates
Bill to Ship	This is in case of Bill to Ship model. <ul style="list-style-type: none"> A (supplier) of Delhi sells goods to B (third person) in Gurugram, Haryana B (third person) sells goods to C (recipient) in Delhi But goods are sent by A to C directly.
where the supply does not involve movement of goods, -	shall be the location of such goods at the time of the delivery to the recipient
Finance Act 23 w.e.f 01/10/23 Where the supply of goods is made to a person other than a registered person,	For B2B sale to an unregistered dealer or B2C sale to end customer <ul style="list-style-type: none"> if address of recipient is recorded in the invoice, then place of supply will be such location where the address of recipient is not recorded in the invoice, the place of supplier is the place of supply
where the goods are assembled or installed at site,	the place of supply shall be the place of such installation or assembly;
where the goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle,	the place of supply shall be the location at which such goods are taken on board.

Sec 12 of the IGST Act. Place of Supply of **Service**

Sec 12: Place of Supply of Service



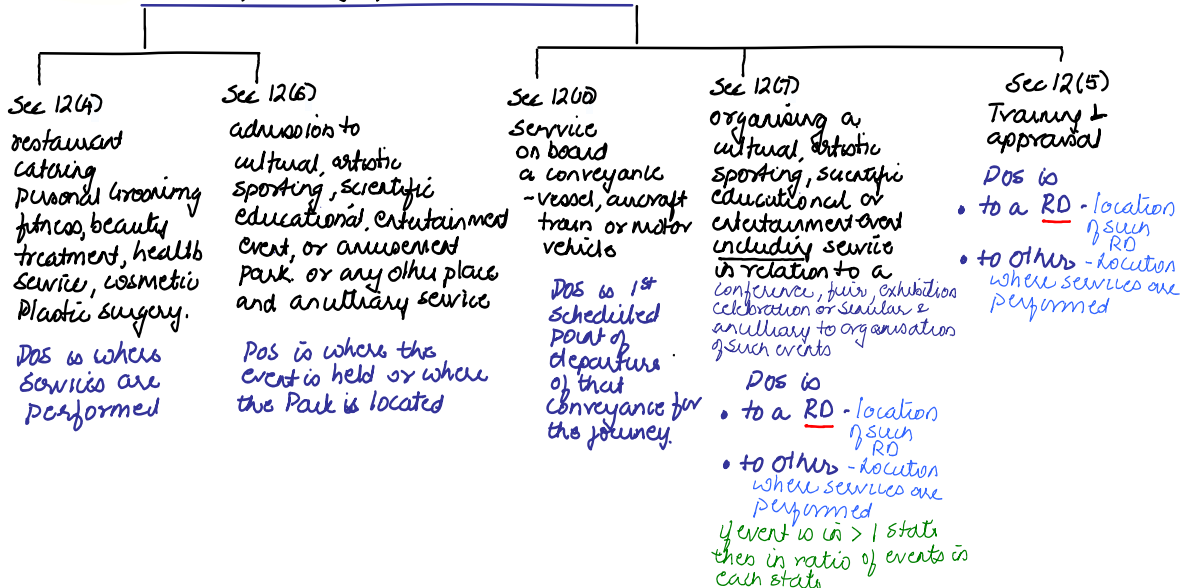
POS will be location of such immovable property

Sec 12 of the IGST Act. Place of Supply of **Service**

12(2)	The place of supply of services, except the services specified in sub-sections (3) to (14)	1. made to a registered person shall be the location of such person; 2. made to any person other than a registered person shall be,— i. the location of the recipient where the address on record exists; and ii. the location of the supplier of services in other cases.
12(3)	In relation to Immovable property 1. Making - <u>by architects, interior decorators, surveyors, engineers and other related experts or estate agents</u> 2. Staying - a <u>hotel, inn, guest house, home stay, club or campsite, a house boat or any other vessel</u> 3. Staying for - <u>marriage or reception or matters related thereto, official, social, cultural, religious or business function</u>	shall be the location at which the immovable property or boat or vessel, as the case may be, is located or intended to be located • if the location of the immovable property or boat or vessel is located or intended to be located outside India, the place of supply shall be the location of the recipient.

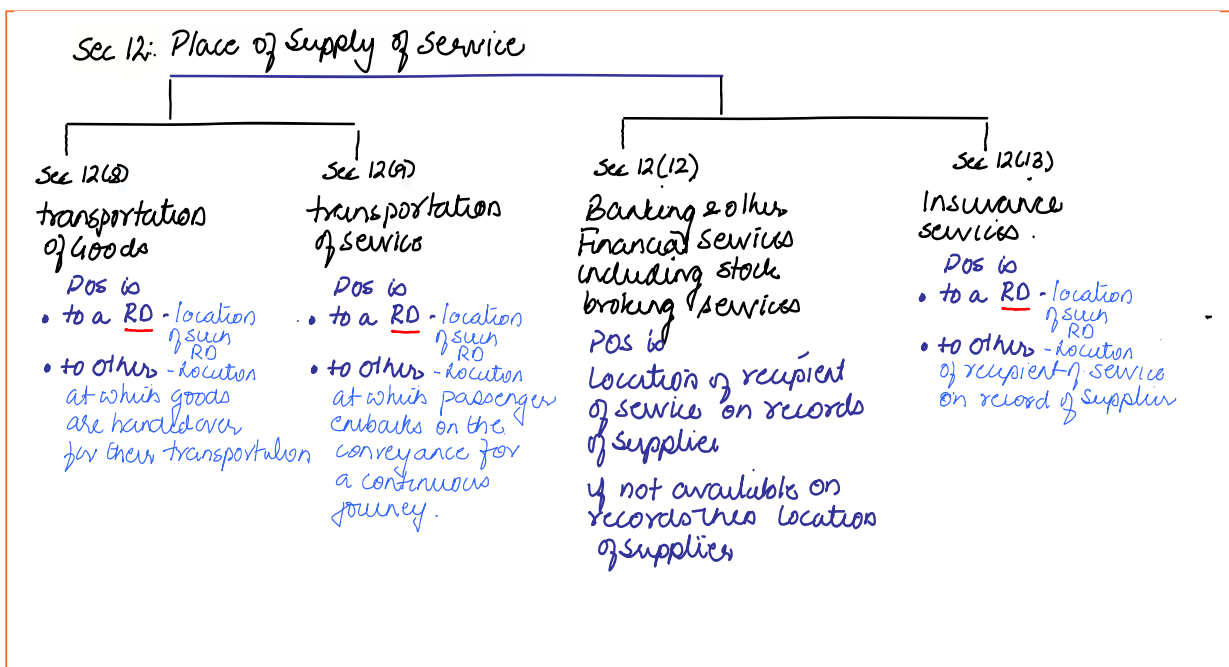
	Where the immovable property or boat or vessel is located in more than one State or Union territory,	the supply of services shall be treated as made in each of the respective States or Union territories, in proportion to the value for services separately collected
	For accommodation service in different states for one payment (other than a single property located in 2 or more adjoining states)	Number of nights in such property
	Where property area is located in more than one state	Area of the immovable property lying in each State /UT
	Services for lodging and accommodation in a house boat or vessel	Time spent by the boat or vessel in each state /UT to be determined on the basis of declaration by the service provider

Sec 12: Place of Supply of Service



12(4)	The place of supply of restaurant and catering services, personal grooming, fitness, beauty treatment, health service including cosmetic and plastic surgery.	shall be the location where the services are actually performed
12(6)	Sec 12(6) The place of supply of services provided by way of admission to a cultural, artistic, sporting, scientific, educational, entertainment event or amusement park or any other place and services ancillary thereto,	shall be the place where the event is actually held or where the park or such other place is located
12(10)	The place of supply of services on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle,	shall be the location of the first scheduled point of departure of that conveyance for the journey.

12(5)	The place of supply of services in relation to training and performance appraisal to,—	<ul style="list-style-type: none"> a registered person, shall be the location of such person; a person other than a registered person, shall be the location where the services are actually performed.
12(7)	organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events; or services ancillary to organisation of any of the events	<ul style="list-style-type: none"> a registered person, shall be the location of such person; a person other than a registered person, shall be the location where the services are actually performed. and if the event is held outside India, the place of supply shall be the location of the recipient.
<p>event is held in more than one State or Union territory and a consolidated amount is charged for supply of services relating to such event, - in each of the respective States or Union territories in proportion to</p> <ul style="list-style-type: none"> the value for services separately collected or determined else in the ratio of events held in each state <p>An event management company E has to organise some promotional events in States S1 and S2 for a recipient R. 3 events are to be organised in S1 and 2 in S2. They charge a consolidated amount of Rs.10,00,000 from R. The place of supply of this service is in both the States S1 and S2. Say the proportion arrived at by the application of generally accepted accounting principles is 3:2.</p>		



12(8)	<i>The place of supply of services by way of transportation of goods, including by mail or courier to,—</i>	<ul style="list-style-type: none"> a <u>registered person</u>, shall be the location of such person; a person <u>other than</u> a registered person, shall be the location <i>shall be the location at which such goods are handed over for their transportation.</i>
12(9)	<i>The place of supply of passenger transportation service to</i>	<ul style="list-style-type: none"> a <u>registered person</u>, shall be the location of such person; a person <u>other than</u> a registered person, shall be the location where <i>the passenger embarks on the conveyance for a continuous journey:</i>
	where the right to passage is given for future use and the point of embarkation is not known at the time of issue of right to passage – as per Sec 12(2)	

12(11)	<i>The place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person shall,—</i>	in cases other than below, be the address of the recipient as per the records of the supplier else shall be location of the supplier of services:
	<ul style="list-style-type: none"> fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna, 	be the location these are installed for receipt of services;
	<ul style="list-style-type: none"> mobile connection for telecommunication and internet services provided on post-paid basis 	be the location of billing address of the recipient of services on the record of the supplier of services
	<ul style="list-style-type: none"> where mobile connection for telecommunication, internet service and direct to home television services are provided on pre-payment basis pre-paid service is availed or the recharge is made <u>through internet banking or other electronic mode of payment,</u> 	the address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply the location of the recipient of services on the record of the supplier of services shall be the place of supply of such services
	<ul style="list-style-type: none"> leased circuit is installed in more than one State or Union territory and a consolidated amount is charged for supply of services 	In the ratio of the number of nodes (end or middle point) in the states

12(12)	<i>The place of supply of banking and other financial services, including stock broking services to any person shall be the</i>	location of the recipient of services on the records of the supplier of services: Provided that if the location of recipient of services is not on the records of the supplier, the place of supply shall be the location of the supplier of services.
12(13)	<i>The place of supply of insurance services shall,</i>	<ul style="list-style-type: none"> to a registered person, be the location of such person; to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services.

12(14)	The place of supply of <u>advertisement services to the Central Government, a State Government, a statutory body or a local authority</u>	shall be in proportion to the amount attributable to services provided by way of dissemination in the respective States or Union territories as may be determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, <u>on such other basis as may be prescribed.</u>
	• <u>newspapers and publications</u>	is the value of advertisement service attributable to the dissemination in such State or Union territory.
	• <u>printed material like pamphlets, leaflets, diaries, calendars, T-shirts etc</u>	is the value of advertisement service attributable to the dissemination in such State or Union territory, as the case may be.
	• <u>hoardings other than those on trains</u>	is the value of advertisement service attributable to the dissemination in each such State or Union territory
	• <u>case of advertisements placed on trains,</u>	The value of the supply in each of these States and Union territory attributable to the dissemination in these States will be in the ratio of the length of the track in each of these States and Union territory

12(14)	<u>advertisements on the back of utility bills of oil and gas companies etc</u> <u>advertisements on railway tickets</u>	will be in the ratio of the number of railway stations in each State as ascertained from the Railways or from the website www.indianrail.gov.in
	<u>of advertisements over radio stations</u>	is the value of advertisement service attributable to dissemination in such State or Union territory, as the case may be.
	<u>advertisement on television channels</u>	<u>basis of the viewership of such channel in such State</u> <ul style="list-style-type: none"> figures published for the <u>last week of a given quarter</u> shall be used for calculating viewership for the succeeding quarter and at the beginning where such channel viewership figures relate to a region comprising of more than one State or Union territory, the viewership figures for a State or Union territory of that region, shall be calculated by applying the <u>ratio of the populations</u> of that State or Union territory
	<u>advertisements at cinema halls</u>	is the value of advertisement service attributable to dissemination in such State or Union territory,

	<u>advertisements over internet</u>	<u>on the basis of the internet subscribers</u> in such State or Union territory <ul style="list-style-type: none"> figures published for the <u>last quarter of a given financial year</u> shall be used for calculating the number of internet subscribers for the succeeding financial year and at the beginning where such internet subscriber figures relate to a region comprising of more than one State or Union territory, the subscriber figures for a State or Union territory of that region, shall be calculated by applying the <u>ratio of the populations</u> of that State or Union territory
	<u>advertisements through short messaging service</u>	<u>number of telecom subscribers in a telecom circle</u> shall be ascertained from the figures published by the Telecom Regulatory Authority of India on its website www.trai.gov.in ; <ul style="list-style-type: none"> the figures published for a given quarter, shall be used for calculating subscribers for the succeeding quarter and at the beginning where such figures relate to a telecom circle comprising of more than one State, or Union territory, the subscriber figures for that State or Union territory shall be calculated by applying the ratio of the populations of that State or Union territory

May 24

- 1) Examine the following independent cases and determine the place of supply:
 - (a) Mr. Joy, an unregistered person of Kolkata, West Bengal sends a courier through Kolkata, West Bengal based Mohan Courier Agency to his sister in Mumbai, Maharashtra.
 - (b) Mr. Nitin, an unregistered person, resides at Rewa, Madhya Pradesh books a two way air journey ticket from Prayagraj, Uttar Pradesh to Jaipur, Rajasthan on 6 September and back. He leaves Prayagraj on 11 September in a morning flight and land in Jaipur the same day. He leaves Jaipur on 15 September in a late night flight and lands in Prayagraj the next day.
 - (c) Rimjhim Pvt. Ltd, located at Lucknow, Uttar Pradesh, purchases a manufacturing machine from Manav Steel Industries Ltd., located at Jaipur, Rajasthan, for being installed in its factory located at Haridwar, Uttarakhand. (5 Marks)

Ans: (a) Kolkata ; (b) Jaipur ; (c) Uttarakhand

RTP May 24

With reference to GST law, Determine the place of supply with reasons in the following independent circumstances:- Miss Kanika of Kolkata (West Bengal) visited to Jodhpur Law University (Rajasthan) and paid her college fees by purchasing a demand draft from a bank located in the University campus. Miss Kanika did not have any account with the bank.

Section 12(12) of the IGST Act, 2017 provides that the place of supply of banking and other financial services, including stock broking services to any person is the location of the recipient of services in the records of the supplier of services. However, if the location of recipient of services is not available in the records of the supplier, the place of supply is the location of the supplier of services. Therefore, since the location of recipient is not available in the records of the supplier, the place of supply is the location of the supplier of services, i.e. Rajasthan (or Jodhpur).

Mizu Machine Ltd., registered in the State of Andhra Pradesh, supplied a machinery to Keyan Wind Farms Ltd., registered in the State of Karnataka. However, this machinery was assembled and installed at the wind mill of Keyan Wind Farms Ltd., which was located in the State of Tamilnadu.

Section 10(1)(d) of the IGST Act, 2017 provides that if the supply involves goods which are to be installed or assembled at site, the place of supply is the place of such installation or assembly. Thus, the place of supply is the site of assembly of machine, i.e. Tamilnadu.