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GST

COMPACT

CA/CMA - INTER

APPLICABLE FOR MAY'25/JUNE'25/SEP'25/DEC'25/JAN'26

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Red - heading, Green - amendment, Other colour - key words

GST – 50 Marks

Section-wise weightage

Content	Section	Weightage
GST – an introduction	I	0% – 5%
Supply, Charge, Composition, Exemption, Place of supply, Time of supply, Value of supply, ITC, Computation of GST liability	II	50% – 80%
Registration, Tax invoice, debit note & credit note, E-way bill, Accounts and records, Payment of tax, Returns	III	20% – 45%

CHAPTER - 1: GST IN INDIA - A BRIEF INTRODUCTION

Tax - is a "pecuniary burden laid upon individuals or property owners to support the government, a payment exacted by legislative authority

	Direct Taxes	Indirect Taxes
(i)	Levied by persons	Levied on goods and services
(ii)	Amt of tax on the basis of income	Amt of tax is determined indirectly
(iii)	Tax incidence is borne by the same person who pays it	Tax passes on to ultimate consumer
(iv)	Higher collection cost	Less collection cost
(v)	Eg. Income tax	Eg. GST, custom duty

FEATURES

- ♣ Major source of revenue
- ♣ Levied on goods and services
- ♣ Shifting of incidence of tax
- ♣ Consumer do not feel direct pinch of such taxes
- ♣ Leads to inflation
- ♣ Widens the tax base
- ♣ Helps in promotion social welfare
- ♣ Regressive in nature

Goods and Services Tax (GST): *supply of goods or services or both. GST rolled out on 1st July 2017. France was the first country in 1954.*

CONCEPT OF GST:

- ❖ Value added tax
- ❖ Continuously flow of credits
- ❖ Tax incidence is to be ultimately borne by final consumer
- ❖ Mitigation of cascading/double taxation
- ❖ *Dual GST model is followed in India*

GST - A TAX ON GOODS AND SERVICES

- ✚ *Alcoholic liquor for human consumption not leviable to GST*
- ✚ *Petroleum crude, diesel, petrol, ATF and natural gas not liable to GST till notified*
- ✚ *Opium, Indian hemp and other narcotic drugs and narcotics GST is leviable.*

FUNCTIONS OF GSTN:

- ♦ *Facilitating registration*
- ♦ *Forward the return to central and state authorities*
- ♦ *Computation and settlement of IGST*

- ♦ *Matching of tax payment details with banking network*
- ♦ *Providing analysis of tax payer's profile*
- ♦ *Providing various MIS reports to the central and the state government based on the tax payer return information.*
- ♦ *Running the matching engine for matching, reversal and reclaim of input tax credit.*

BENEFITS OF GST

(1) Benefit to economy:

- *Creation of common national market*
- *Boost to 'Make in India' initiative*
- *Enhanced investment and employment*

(2) Simplified tax regime:

- *Ease of doing business*
- *Certainty in tax administration*

(3) Easy tax compliance

- *Automated procedures with greater use of IT*
- *Reduction in compliance costs*

(4) Advantages for trade and industry

- *Benefits to agriculture and industry*
- *Mitigation of ill effects of cascading*
- *Benefits to small traders and entrepreneurs*

CONSITITUTION 101st AMENDMENT ACT, 2016:

Sec.	Particulars	Analysis
1	Short title and commencement	-
2	Article 246A: special provisions with respect to goods and services tax.	• Concurrent Power: This article grants power to Centre and State Governments to make laws with respect to GST imposed by Centre or such State. • Inter state transactions - Exclusive power with Centre: Centre has the exclusive power to make laws with respect to GST in case of inter-State supply of goods and/or services. • Petroleum products Outside purview of GST till Notified Date: However, in respect to the following goods, the aforesaid provisions shall apply from

		the date recommended by the GST Council : (a) Petroleum Crude (b) High Speed Diesel (c) Motor Spirit (commonly known as Petrol (d) Natural Gas (e) Aviation Turbine Fuel • Overriding Effect: The provisions of Article 246A are notwithstanding anything contained in Articles 246 and Article 254 deals with the supremacy of the laws made by Parliament
3	Article 248: Residuary powers of legislation.	-
4	Article 249: Power of parliament to legislate with respect to a matter in the state list in the national interest	-
5	Article 250: Power of parliament to legislate with respect to any matter in the state List if a proclamation of emergency is in operation	-
6	Article 268: Duties levied by the union but collected and appropriated by the state	-
7	Omission of Article 268A: service tax levied by union and collected by the union and the states	-
9	Article 269A: levy and collection of goods and service tax in course of inter-state trade or commerce	• Levy of interstate GST • Imports subject to integrated tax • Cross utilization of IGST and SGST - not to form part of consolidated fund of India • Supply whether inter-state supply - principles to be formulated by parliament
10	Article 270: taxes levied and distributed between the union and the states	-
11	Article 271: surcharge on certain	-

	<i>duties and taxes for purposes of the union</i>	
12	Article 279A: GST council	-
13	Article 286: restriction as to imposition of tax on the sale or purchase of goods	-
14	Article 366: Definitions	-
15	Article 368: power of parliament to amend the constitution and procedure thereof	-

CHAPTER - 2: SUPPLY UNDER GST

TERM	DEFINATION
GOODS	Means every kind of movable property • Other than - Money, and Securities • But include - Actionable claim, Growing crops, grass and things attached to or forming part of the land which are agreed to be served before supply or under a contract of supply
Taxable supply	Means a supply of goods or services or both which is leviable to tax under the act
Taxable territory	Extend to whole of India including J&K
Supplier	In relation to any goods or services or both, shall mean - • The person supplying the said goods or services or both and shall include • An agent acting as such on behalf of such supplier in relation to the goods or services or both supplied.
Recipient	Of supply of goods or services or both, means - (a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration; (b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered, and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied. [Section 2(93)1
Service	Means anything - ➤ other than • goods, • money, and • securities ➤ but includes activities relating to -

	(a) the use of money, or (b) 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.
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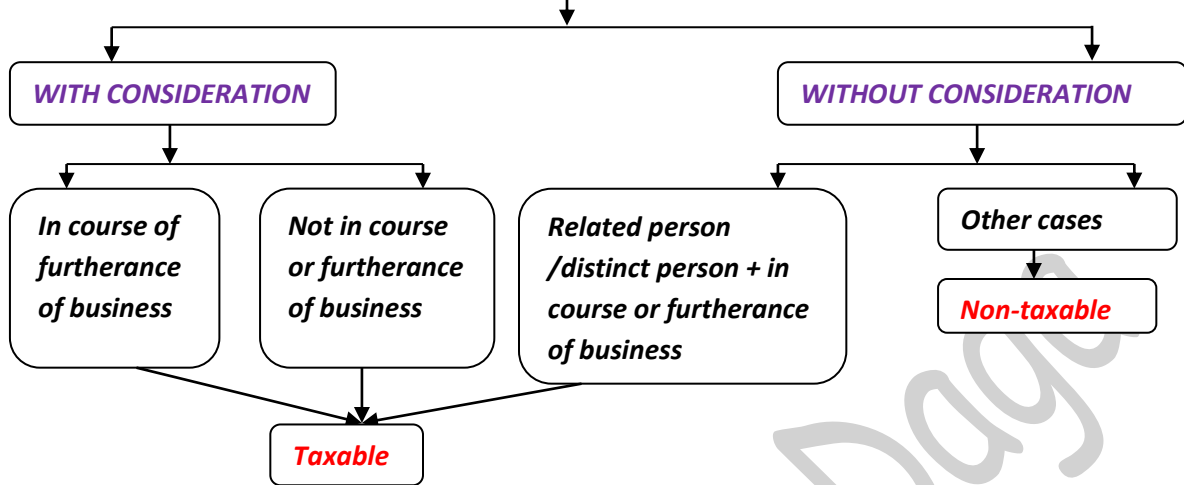
SCOPE OF SUPPLY [SECTION 7]

- ◆ Supply should be of **goods or services**.
- ◆ Supply should be made for a **consideration**
- ◆ Supply should be in **the course or furtherance of business**
- ◆ Supply should be made by **Taxable person**
- ◆ Supply should be a **taxable supply**

Notes:

- **Consideration** in relation to the supply of goods or services or both includes –
 - (a) Any **payment made or to be made, whether in money or otherwise**, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person **but shall not include and subsidy given by the central government or a state government;**
 - (b) The **monetary value of any act or forbearance**, in respect of, in response to, or for the inducement 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;**
Deposit not a consideration unless appropriated by supplier
- Supply should be in the course or furtherance of business: **activities of a race club including by way of totalisator or a licensee to book maker or activities of a licensed book maker in such club**
- Activities/transaction involving supply of goods or services by any person other than an individual to its members/constituents or vice-versa [section 7(1)(aa)]

IMPORT OF SERVICES COVERED IN SCOPE OF SUPPLY



SUPPLY WITHOUT CONSIDERATION [SCHEDULE I]

- (1) **Permanent transfer or disposal of business assets** where input tax credit has been availed on such assets.
- (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.
However, gifts not exceeding Rs 50,000 in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
- (3) **Supply of goods -**
 - (a) by a **principal to his agent** where the agent undertakes to supply such goods on behalf of the principal; or
 - (b) by an **agent to his principal** where the agent undertakes to receive such goods on behalf of the principal.
(agar principal ke naam pe hoga toh supply nahi hai and agent apne naam se karega toh supply hai)
- (4) **Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business.**

Note:

- ♣ Perquisite by employer to employee is outside the scope of GST
- ♣ Stock transfer and branch transfer main GST lagega (single registration main nahi lagega)
- ♣ Supply of used vehicles, seized and confiscated goods by the government - fall within the ambit of GST (supply to registered person then reverse charge, supply to unregistered person then government pay under forward charge)

ACTIVITIES OR TRANSACTIONS TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES.[Schedule II]

	ACTIVITIES/ TRANSACTION	TYPE	NATURE OF SUPPLY
1.	Transfer	(a) Transfer of the title in goods	Goods
		(b) Transfer of right (without title)	Services
		(c) Transfer of title upon future payment	Goods
2.	Land and building	(a) Lease, tenancy , easement, license to occupy land	Services
		(b) Lease or letting out , either wholly or partly, of the building including a commercial, industrial or residential complex for business or commerce	Services
3.	Treatment of process	Treatment or process	Services
4.	Transfer of business assets	(a) Goods forming part of the asset of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets	Goods
		(b) Goods held used for business are put to private use or are made available to any person for use for any purpose other than business , by or under the directions of the person carrying on the business, whether or not for a consideration	Services
		(c) Where any person ceases to be a taxable person, any goods forming part of the asset of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately	Goods
5.	♥ Renting of immovable property ♥ Construction of a complex, building, civil structure or a part thereof, including a complexor building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier ♥ temporary transfer or permitting the use or enjoyment of any intellectual property right. ♥ Development design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technonogy software ♥ Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act ♥ Trasnfer of the right to use any goods for any purpose for cash,		Service

	deferred payment or other valuable consideration.	
6.	Following composite supplies: ♦ Works contract ♦ 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.	Service

CIRCULARS:

- **Transfer of tenancy right** - supply of service and liable to GST
- GST is attracted even through **stamp duty and registration charges** is levied on such premium.
- Grant of tenancy rights in a residential dwelling against tenancy premium - **exempt from tax.**

ACTIVITIES NEITHER SUPPLY OF GOODS NOR SUPPLY OF SERVICES | SCHEDULE III 1

- (1) **Services by an employee to the employer** in the course of or in relation to his employment.
- (2) **Services by any court or Tribunal** established under any law for the time being in force. Explanation 1: The term "court" includes District Court, High Court and Supreme Court.
- (3)(a) **The functions performed by the Members** of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;
(b) The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
(c) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.
- (4) **Services of funeral, burial, crematorium or mortuary including transportation of the deceased.**
- (5) **Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.**
- (6) **Actionable claims, other than specified actionable claim.**
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;

- (7) Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
- (8)(a) Supply of warehoused goods to any person before clearance for home consumption;
- (b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption. The term "warehoused goods" shall have the same meaning as assigned to it in the Customs Act, 1962. [Explanation 2]
- (9) Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in co-insurance agreements, subject to the condition that the lead insurer pays the central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.
- (10) Services by insurer to the re-insurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the re-insurer on the gross reinsurance premium payable by the insurer to the re-insurer, inclusive of the said ceding commission or the reinsurance commission. [Inserted by the Finance Act (No. 2) Act, 2024 w.e.f. 01-11-2024]

NOTE:

- ◆ Services supplied outside employment for a consideration - **taxable**
- ◆ Services supplied on contract basis - **taxable**
- ◆ Amount received by an employee from the employer on premature termination of contract of employment - **not regarded as supply**
- ◆ Non-competing fees - **taxable**
- ◆ Independent directors, nominee directors or non-executive directors cannot be regarded as employee remuneration to them is liable to GST
- ◆ GST is not leviable on the fee or penalty or pre-deposit amount charged by consumer disputes redressal commission office.
- ◆ Remuneration paid to independent director/non-employee directors - covered under the ambit of supply - **liable to GST under RCM**
- ◆ Remuneration to employee director - if services are provided in course of employment - **liable to TDS under section 192** of the Income Tax Act, 1961 - covered in Schedule - III - not liable to GST. **Other services** - outside service contract of employment - liable for TDS under section 194J - covered in the scope of supply - **liable for GST under RCM.**

CIRCULARS:

- ✚ **Inter-state movement of various modes of conveyance**, carrying goods or passengers is not regarded as supply. However, if it is **or for repairs and maintenance**, it shall be regarded as supply.
- ✚ Inter-state transfer of aircraft engines, part and accessories for self use by airlines - **liable to GST**, however ITC admissible.
- ✚ Taxability of printing contracts
 - (i) **Content owned by publisher/ author** - paper and printing by printer - is supply of service
 - (ii) **Supply of printed envelopes, letter cards etc using design supplied by recipient** - is supply of goods
- ✚ Supply of services by JV to members - **regarded as supply**
- ✚ Supplies between JV and members or members inter se - **liable to GST**
- ✚ Cash calls/capital - mere flow of money - **taxable if by way of advance towards suppliers**.
- ✚ **Priority sector lending certificate (PSLCs)** are in nature of goods and liable to GST.
- ✚ **Retreading of tyres is a supply**. Supply of retreaded tyres is supply of goods (pre-dominant element is process of retreading which is a supply of service)
- ✚ **GST is applicable on payment of honorarium to the Guest Anchors**.
- ✚ Sale of land after levelling, laying down of drainage lines etc., is covered in Schedule III and is not taxable under GST [Circular No. 177/09/2022-TRU dated 03-08-2022]
- ✚ Perquisites provided in terms of contractual agreement to employee are not liable to GST.
- ✚ Supply of food and beverages at cinema halls taxable as restaurant service.
- ✚ **No Claim Bonus** cannot be considered as a consideration for any supply provided by the insured to the insurance company.

Clarification on the taxability of ESOP/ESPP/RSU provided by a company to its employees through its overseas holding company. — Circular No. 213/07/2024-GST dated 26-06-2024

Issue: It has been represented that some of the Indian companies provide the option to their employees for allotment of securities/shares of their foreign holding company as part of the compensation package as per terms of contract of employment. In such cases, on exercising the option by the employees of Indian subsidiary company, the securities/shares of foreign holding company are allotted directly by the holding company to the concerned employees of Indian subsidiary company, and the cost of such securities/shares is generally reimbursed by the subsidiary company to the holding company.

Doubts are being raised regarding taxability of such a transaction under GST, i.e. whether such transfer of shares/ securities by the foreign holding company directly to the employees of the Indian subsidiary company and subsequent re-imbursement of the cost of such shares/

securities by the Indian subsidiary company to the foreign holding company can be considered as import of financial services by the Indian subsidiary company from the foreign holding company and whether the same can be considered as liable to GST in the hands of Indian subsidiary company on reverse charge basis.

Clarification : The Board hereby clarifies the issues as under -

The companies are providing option of allotment of securities/shares to their employees as a means of incentivization and the same is commonly referred to as an Employee Stock Purchase Plan (ESPP) or Employee Stock Option Plan (ESOP) or Restricted Stock Unit (RSU). Such specific terminology usage depends on the agreed-upon compensation terms between the employer and the employee. ESPPs and ESOPs are typically presented as 'options' granted to employees, whereas RSUs take the form of awards or rewards contingent upon the employee meeting specific performance standards. Regardless of the terminology used, the fundamental essence of the transaction remains the same i.e. the allocation of securities or shares from the employer to employee as part of compensation package with the aim of motivating enhanced performance.

(a) A transaction involving transfer of ESOP/ESPP/RSU to the employees of domestic subsidiary by the foreign holding company appears to involve the following steps:

- ✚ The domestic subsidiary company gives option/ facility of ESOP/ESPP/RSU to its employees as part of compensation package as per terms of employment.
- ✚ The employees exercise their stock options, either by purchasing shares at the grant price or by holding the options until they vest.
- ✚ The foreign holding company of the domestic subsidiary company issues ESOP/ESPP/RSU, which are securities/shares listed on the foreign stock exchange, to the employees of the domestic subsidiary company.
- ✚ The foreign holding company transfers the shares directly to the employees of the subsidiary company.
- ✚ The domestic subsidiary company generally reimburses the cost of such shares to the foreign holding company on cost-to cost basis either through an actual remittance or through an equity transfer as prescribed by the relevant Indian Accounting Standard.
- ✚ The employees hold the shares and may sell them at a later date, if they so choose.

(b) The foreign holding company issues securities/shares as ESOP/ESPP/RSU to the employees of the domestic subsidiary company on the request of the said domestic subsidiary company. However, Securities under GST Law are considered neither goods nor services in terms of definition of "goods" under section 2(52) of CGST Act and in terms of definition of "services" under Section 2 (102) of the said section.

Further, securities include 'shares' as per definition of "securities" under section 2(h) of Securities Contracts (Regulation) Act, 1956. Accordingly, purchase or sale of securities/shares, in itself, is neither a supply of goods nor a supply of services. Therefore, in the absence of such transaction, falling under the supply of 'goods' or 'services' as per GST Act, GST is not leviable on said transaction of sale/purchase/transfer of securities/shares.

- (c) Further, the companies offer ESOP/ESPP/RSU to their employees to motivate them to perform better, and to retain the employees, by aligning the interest of employees with that of company. The ESOP/ESPP/RSU is a part of remuneration of the employee by the employer as per terms of employment. As per Entry 1 of Schedule III of the CGST Act, the services by an employee to the employer in the course of or in relation to his employment are treated neither as supply of goods nor as supply of services. Therefore, GST is not leviable on the compensation paid to the employee by the employer as per the terms of employment contract which involve transfer of securities/shares of the foreign holding company to the employees of domestic subsidiary company.
- (d) The foreign holding company directly transfers the shares/securities to the employees of the domestic subsidiary company on the request of the said domestic subsidiary company. Reimbursement of such securities/ shares is generally done by domestic subsidiary company to foreign holding company on cost-to-cost basis i.e. equal to the market value of securities without any element of additional fee, markup or commission. Since the said reimbursement by the domestic subsidiary company to the foreign holding company is for transfer of securities/shares, which is neither in nature of goods nor services, the same cannot be treated as import of services by the domestic subsidiary company from the foreign holding company and hence, is not liable to GST under CGST Act.
- (e) However, if the foreign holding company charges any additional fee, markup, or commission from the domestic subsidiary company for issuing ESOP/ESPP/RSU to the employees of the domestic subsidiary company, then the same shall be considered to be in nature of consideration for the supply of services of facilitating/ arranging the transaction in securities/ shares by the foreign holding company to the domestic subsidiary company. In this case, GST will be leviable on such amount of the additional fee, markup, or commission, charged by the foreign holding company from the domestic subsidiary for issuance of its securities/shares to the employees of the latter. The GST shall be payable by the domestic holding company on reverse charge basis on such import of services from the foreign holding company.
- (f) Accordingly, it is clarified that no supply of service appears to be taking place between the foreign holding company and the domestic subsidiary company where the foreign holding company issues ESOP/ESPP/RSU to the employees of domestic subsidiary company, and the domestic subsidiary company reimburses the cost of such securities/ shares to the foreign holding company on cost-to-cost basis. However, in cases where an additional amount over and above the cost of securities/shares is charged by the foreign holding company from the domestic subsidiary company, by whatever name called, GST would be leviable on such additional amount charged as consideration for the supply of services of facilitating/ arranging the transaction in securities/ shares by the foreign holding company to the domestic subsidiary company. The GST shall be payable by the domestic subsidiary company on reverse charge basis in such a case on the said import of services.
- (10) Clarification on taxability of salvage/ wreck value earmarked in the claim assessment of the damage caused to the motor vehicle. — Circular No. 215/9/2024-GST dated 26-06-2024
The insurance companies, which are engaged in providing general insurance services in respect of insurance of motor vehicles, insure the cost of repairs/ damages of motor vehicles incurred by the policyholders. Such damages to the insured vehicle are classified in two categories:

- (i) Total Loss/ Constructive Total Loss or Cash Loss; and
- (ii) Partial Loss Situation

Issue: Whether the insurance company is liable to pay GST on the salvage/ wreckage value earmarked in the claim assessment of the damage caused to the motor vehicle?

Clarification : Under GST law, supply is the relevant taxable event for levying tax. For an activity/transaction to be liable to GST, existence of 'supply' as defined under section 7 of CGST Act should be there.

Section 7 of CGST Act defines supply to mean 'all forms of supply of goods or services or both made or agreed to be made for a consideration by a person in the course or furtherance of business.'

In the instant case, insurance companies are providing service of insuring the vehicle/ automobile for any damages and in return, charging consideration in the form of premium charged from the owner of the vehicle. It is also noted that in respect of insurance services being provided by the insurance companies, it is the responsibility of the insurance company to get the damaged vehicle repaired or to compensate the insured person against the damage caused to the vehicle, to the extent covered under the terms of the insurance.

Any Deduction made by the insurance company from the final claim amount paid to the insured is in the form of deductibles which is pre-decided and mutually agreed by the insured and the insurer while signing the insurance contract. In cases where as per the policy contract, the insurance company's liability to pay the insured is limited to Insured's Declared Value (IDV) of the vehicle less the value of salvage/ wreck in cases of total loss to the vehicle, if the insurance claim is settled by the insurance company as per the terms of the insurance contract by deducting value of salvage/ wreckage from the claim settlement amount, the salvage/ wreckage does not become property of insurance company, and the ownership for such wreckage/ salvage remains with the insured.

However, in some cases, the insurance company may support sourcing of competitive quotes from various salvage/ wreckage buyers and the insured may select the best available offer for sale of wreckage or damaged car. The insured may also source quotes from open markets and dispose the wreckage or damaged car to such a buyer. In any case, the ownership of the wreckage vests with the insured and not with the insurance company. The same can be disposed by the insured either directly, or through the garage, or may not be disposed at all, as per his wish and choice. The deduction of the value of salvage from the insurance settlement amount, is as per the terms of the insurance contract, and cannot be said to be consideration for any supply being made by insurance company. Accordingly, in such cases, there does not appear to be any supply of salvage by insurance company and as such, there does not appear to be any liability under GST on the part of insurance company in respect of this salvage value.

However, in situations where the insurance contract provides for settlement of claim on full IDV, without deduction of value of salvage/ wreck, the insured will be paid for full claim

amount without any deductions on account of salvage value. In such a situation, the salvage becomes the property of Insurance Company after settling the claim for the full amount and the insurance company is obligated to deal with the same or dispose of the same. In such cases, the outward GST liability on disposal/sale of the salvage is to be discharged by the insurance companies.

Therefore, in cases where due to the conditions mentioned in the contract itself, general insurance companies are deducting the value of salvage as deductibles from the claim amount, the salvage remains the property of insured and insurance companies are not liable to discharge GST liability on the same. However, in cases, where the insurance claim is settled on full claim amount, without deduction of value of salvage/ wreckage (as per the terms of the contract), the salvage becomes the property of the insurance company and the insurance company will be obligated to discharge GST on supply of salvage to the salvage buyer.

(11) GST applicability on liquidated damages, compensation and penalty arising out of breach of contract or other provisions of law. —Circular No. 178/10/2022-GST dated 03-08-2022

Clarification: "Agreeing to the obligation to refrain from an act or to tolerate an act or a situation, or to do an act" 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.

GST applicability on liquidated damages, compensation and penalty arising out of breach of contract or other provisions of law.

1.	<u>"Agreeing to the obligation to refrain from an act or to tolerate an act or a situation, or to do an act"</u> has been specifically declared to be a supply of service in para 5 (e) of Schedule II of CGST Act if the same constitutes a "supply" within the meaning of the Act. The said expression has following three limbs:-	
	<u>Agreeing to the obligation to refrain from an act</u>	Example of activities that would be covered by this part of the expression would include non-compete agreements, where one party agrees not to compete with the other party in a product, service or geographical area against a consideration paid by the other party. Another example of such activities would be a builder refraining from constructing more than a certain number of floors, even though permitted to do so by the municipal authorities, against a compensation paid by the neighbouring housing project, which wants to protect its sunlight, or an industrial unit refraining from manufacturing activity during certain hours against an agreed compensation paid by a neighbouring school, which wants to avoid noise during those hours.

	<u>Agreeing to the obligation to tolerate an act or a situation</u>	Example - This would include activities such a shopkeeper allowing a hawker to operate from the common pavement in front of his shop against a monthly payment by the hawker or an RWA tolerating the use of loud speakers for early morning prayers by a school located in the colony subject to the school paying an agreed sum to the RWA as compensation.
	<u>Agreeing to the obligation to do an act</u>	Example - This would include the case where an industrial unit agrees to install equipment for the zero emission/discharge at the behest of the RWA of a neighbouring residential complex against a consideration paid by such RWA, even though the emission/discharge from the industrial unit was within permissible limits and there was no legal obligation upon the individual unit to do so.
2.	The description <u>"agreeing to the obligation to refrain from an act or to tolerate an act or a situation, or to do an act"</u> was intended to cover services such as described above. However, over the years doubts have persisted regarding various transactions being classified under the said description.	
	Some of the important examples of such cases are Service Tax GST demands on-	
	i)	<u>Liquidated damages</u> paid for breach of contract,
	ii)	<u>Cheque dishonor</u> fine/penalty charged by a power distribution company from the customers,
	iii)	<u>Penalty paid</u> by a mining company to State Government <u>for unaccounted stock</u> of river bed material:
	iv)	<u>Bond amount recovered</u> from an employee leaving the employment before the agreed period
	v)	<u>Late payment charges</u> collected by any service provider for late payment of bill
	vi)	<u>Fixed charges collected</u> by a power generating company from State Electricity Boards (SEB) or by SEBS/DISCOMS from individual customer for supply of electricity:
	vii)	<u>Cancellation charges</u> recovered by railways for cancellation of tickets, etc.)
3.	<u>Contractual agreement and consideration necessary to constitute supply :-</u> The service of agreeing to the obligation to refrain from an act or to tolerate an act or a situation, or to do an act is nothing but a contractual agreement. A contract to do something or to abstain from doing something cannot be said to have taken place unless there are two parties, one of which expressly or impliedly agrees to do or abstain from doing something and the other agrees to pay consideration to the first party for doing or abstaining from such an act. There must be a necessary and sufficient nexus between the	

	supply (i.e. agreement to do or to abstain from doing something) and the consideration. A perusal of the entry at serial 5(e) of Schedule II would reveal that it comprises the aforementioned three different sets of activities viz.: (a) the obligation to refrain from an act (b) obligation to tolerate an act or a situation and (c) obligation to do an act All the three activities must be under an "agreement" or a "contract" (whether express or implied) to fall within the ambit of the said entry. In other words, one of the parties to such agreement/contract (the first party) must be under a contractual obligation to either (a) refrain from an act, or (b) to tolerate an act or a situation or (c) to do an act. Further 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. Such contractual arrangement must be an independent arrangement in its own right. Such arrangement or agreement can take the form of an independent stand-alone contract or may form part of another contract. <u>Thus, a person (the first person) can be said to be making a supply by way of refraining from doing something or tolerating some act or situation to another person (the second person) if the first person was under an obligation to do so and then performed accordingly.</u>
4.	<u>Agreement to do or refrain from an act should not be presumed to exist:</u>
	<u>Every payment cannot be presumed to be for doing or refraining from an act:-</u> There has to be an express or implied agreement, oral or written, to do or abstain from doing something against payment of consideration for doing or abstaining from such act, for a taxable supply to exist. An agreement to do an act or abstain from doing an act or to tolerate an act or a situation cannot be imagined or presumed to exist just because there is a flow of money from one party to another. Unless there is an express or implied promise by the recipient of money to agree to do or abstain from doing something in return for the money paid to him, it cannot be assumed that such payment was for doing an act or for refraining from an act or for tolerating an act or situation. <u>Payments such as liquidated damages for breach of contract, penalties under the mining act for excess stock found with the mining company, forfeiture of salary or payment of amount as per the employment bond for leaving the employment before the minimum agreed period, penalty for cheque dishonour etc. are not a consideration for tolerating an act or situation. They are</u>

rather amounts recovered for not tolerating an act or situation and to deter such acts; such amounts are for preventing breach of contract or non-performance and are thus mere 'events' in a contract. Further, such amounts do not constitute payment (or consideration) for tolerating an act, because there cannot be any contract:

(a) for breach thereof, or

(b) for holding more stock than permitted under the mining contract. or

(c) for leaving the employment before the agreed minimum period or

(d) for doing something leading to the dishonour of a cheque.

As has already been stated, unless payment has been made for an independent activity of tolerating an act under an independent arrangement entered into for such activity of tolerating an act, such payments will not constitute 'consideration' and hence such activities will not constitute "supply" within the meaning of the Act.

Taxability of these transactions is discussed in greater detail in the following paragraphs.

TAXABILITY OF COMPOSITE AND MIXED SUPPLY

COMPOSITE SUPPLY

- ❖ Consists of two or more supplies
- ❖ *Naturally bundled*
- ❖ In conjunction with each other
- ❖ One of which is principal supply
- ❖ *Tax liability shall be rate of principal supply*

MIXED SUPPLY

- ❖ Consists of two or more supplies for single price
- ❖ *Not naturally bundled*
- ❖ Though can be supplied independently, but supplied together
- ❖ Tax liability shall be the rate applicable to the supply that attracts *highest rate of tax*

CHAPTER - 3: CHARGE OF GST & COMPOSITION LEVY

CATEGORIES OF SERVICES ON WHICH TAX WILL BE PAYABLE UNDER REVERSE CHARGE MECHANISM UNDER CGST ACT, 2017 [NOTIFICATION NO. 13/2017]

	CATEGORY OF SUPPLY OF SERVICES	SUPPLIER OF SERVICE	RECIPIENT OF SERVICE
1.	Supply of services by a Good Transport Agency (GTA) in respect of transportation of goods by road to - a) any factory register under or governed by the Factories Act, 1948; or b) any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India; or c) any Co-operative society established by or under any law; or d) any person registered under the CGS Act or the IGST Act or the SGST Act or the UTGST Act; or e) any body corporate established, by or under any law; or f) any partnership firm whether registered or not under any law including Association of persons; or g) any casual taxable person <u>RCM not applicable if recipient registered only for TDS :-</u> However, nothing contained in this	Goods Transport Agency (GTA)	a) Any factory registered under or governed by the factories Act, 1948; or b) Any society registered under the societies Registration Act, 1860 or under any other law for the time being in force in any part of India; or c) Any co-operative society established by or under any law; or d) Any person registered under the CGST Act or the IGST Act or the SGST Act or the UTGST Act; or e) Any body corporate established, by or under any law; or f) Any partnership firm whether registered or not under any law including association of persons; or g) Any casual taxable person; located in the taxable territory. However nothing contained in this entry shall apply where :- i. the supplier has taken registration under the CGST Act 2017 and

	entry shall apply to services provided by a goods transport agency, by way of transport of goods in a goods carriage by road, to, - a) A department or establishment of the central government or State government or Union Territory; or b) Local authority; or c) Governmental Agencies, which has taken registration under the CGST Act, 2017 only for the purpose of deducting tax u/s 51 and not for making a taxable supply of goods or services.		exercised the option to pay tax on the services of GTA in relation to transport of goods supplied by him under forward charge; and ii. the supplier has issued at tax invoice to the recipient charging Central Tax at the applicable rates and has made a prescribed declaration on such invoice issued by him.
2.	Services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services , directly or indirectly	<i>An individual advocate including a senior advocate or firm of advocates</i>	Any business entity located in taxable territory.
3.	Services supplied by an arbitral tribunal to a business entity	<i>An arbitral tribunal</i>	Any business entity located in the taxable territory
4.	Services provided by way of sponsorship to any body corporate or partnership firm	<i>Any person other than a body corporate [w.e.f. 16/1/2025]</i>	Any body corporate or partnership firm located in the taxable territory
5.	Services supplied by the Central Government, State Government, Union territory or local authority to a business entity <u>excluding</u> - (1) renting of immovable property, and (2) Services specified below:	Central Government, State Government, Union territory or local	Any business entity located in the taxable territory.

	a) services by the Department of Posts and the Ministry of Railways (Indian Railways) b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; c) transport of goods or passengers.	authority	
5A	Services supplied by the Central Government, excluding the Ministry of Railways (Indian Railways), State Government, Union territory or local authority by way of renting of immovable property to a person registered under the CGST Act, 2017	Central Government, State Government, Union territory or local authority	Any person registered under the CGST Act, 2017
5A A	Service by way of renting of residential dwelling to a registered person.	Any person	Any registered person
5A B	Services by way of renting of any immovable property other than residential dwelling	Any unregistered person	Any registered person other than a person who has opted to pay tax under composition levy [w.e.f. 16/1/2025]
5B	Services supplied any person by way of transfer of development rights or Floor Space Index (FSI) (including additional FSI) for construction of a project by a promoter.	Any person	Promoter
5C	Long term lease of land (30 years or more) by any person against consideration in the form of upfront amount (called as premium, salami, cost, price, development charges or by any other name) and/or periodic rent for construction of a project by a promoter.	Any person	Promoter

6.	Services supplied by a director of a company or a body corporate to the said company or the body corporate.	A director of a company or a body corporate	The company or a body corporate located in taxable territory
7.	Services supplied by an insurance agent to any person carrying on insurance business.	A insurance agent	Any person carrying on insurance business, located in the taxable territory
8.	Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company.	A recovery agent	A banking company or financial institution or a non-banking financial company, located in the taxable territory
9.	Supply of services by a music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under Section 13(1)(a) of the Copyright Act, 1957 relating to original dramatic, musical or artistic works to a music company, producer or the like	Music composer, photographer, artist, or the like	Music company, producer or the like, located in the taxable territory.
9A	*Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered u/s 13(1) (a) of the Copyright Act, 1957 relating to literary works to a publisher. original	Author	Publisher located in the taxable territory: however, nothing contained in this entry shall apply where - (I) the author has taken registration under the CGST Act, 2017 and filed a declaration, in the specified form before the commencement of financial year with the jurisdictional CGST or SGST Commissioner, as the case may be, that he exercises the option to pay central tax on such services in accordance with Section 9(1) of the

			CGST Act, 2017 under forward charge, and to comply with all the provisions of CGST Act, 2017 as they apply to a person liable for paying the tax in relation to the supply of any goods or services or both and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option; (II) the author makes a declaration regarding payment of tax on forward charge on the invoice issued by him in Form GST Inv-I to the publisher.
10	Supply of services by the members of Overseeing Committee to RBI	Members of overseeing committee constituted by the RBI	RBI
11	Services supplied by individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm to bank or non-banking financial company (NBFCs)	individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm	A banking company or a non-banking financial company, located in the taxable territory
12	Services provided by business facilitator (BF) to a banking company	Business facilitator (BF)	A banking company, located in the taxable territory

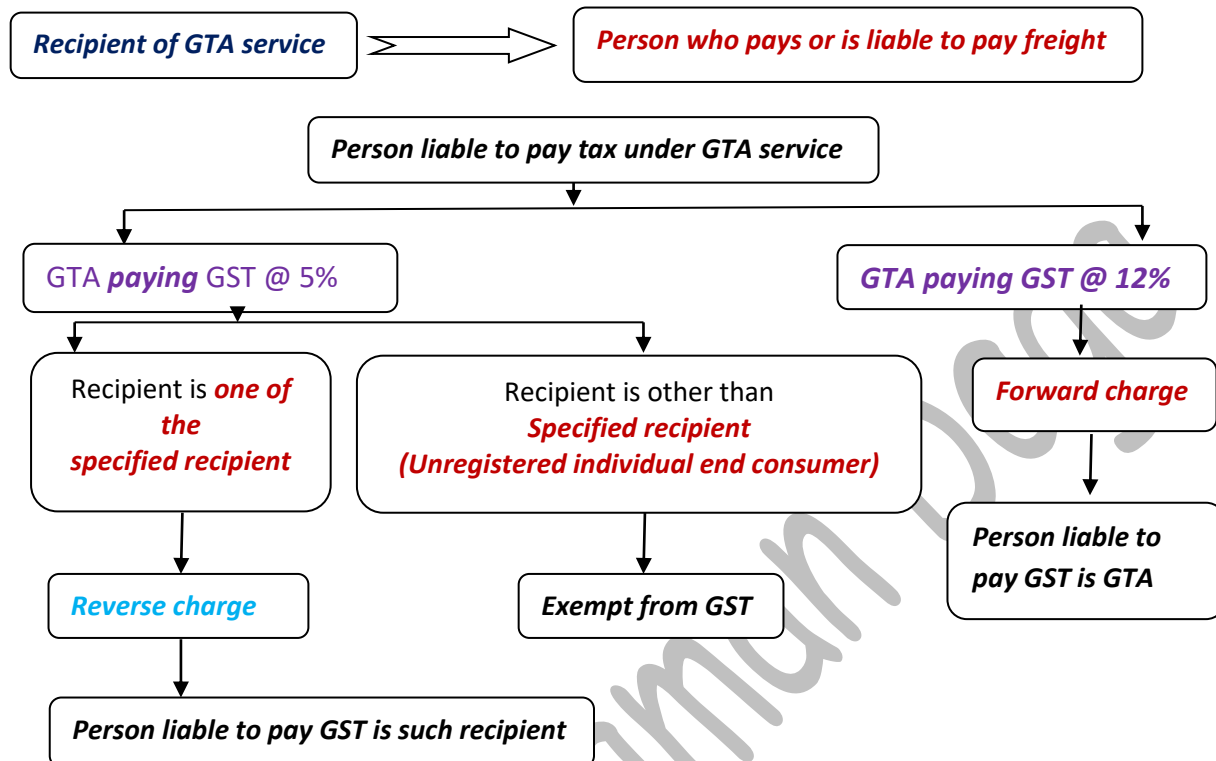
13	Services provided by an agent of business correspondent (BC) to business correspondent (BC)	An agent of business correspondent	A business correspondent located in taxable territory
14	Security services (services provided by way of supply of security personnel) provided to a registered person. RCM not applicable if recipient registered only for TDS and in case composition suppliers : However, nothing contained in this entry shall apply to, - (i) (a) a Department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies, which has taken registration under the CGST Act, 2017 only for the purpose of deducting tax u/s 51 of the said Act and not for making a taxable supply of goods or services; or (ii) a registered person paying tax under section 10 of the said Act.	Any person other than body corporate	A registered person, located in the taxable territory
15	Services provided by way of renting of a motor vehicle provided to a body corporate	Any person other than a body corporate, paying central tax at the rate of 2.5% on renting of motor vehicles with input tax credit only of input	Any body corporate located in the taxable territory

		service in the same line of business	
16	Services of lending of securities under Securities Lending Scheme, 1997 ("Scheme") of SEBI as amended.	Lender i.e. a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the Scheme of SEBI	Borrower i.e. a person who borrows the securities under the scheme through an approved intermediary of SEBI

CIRCULAR:

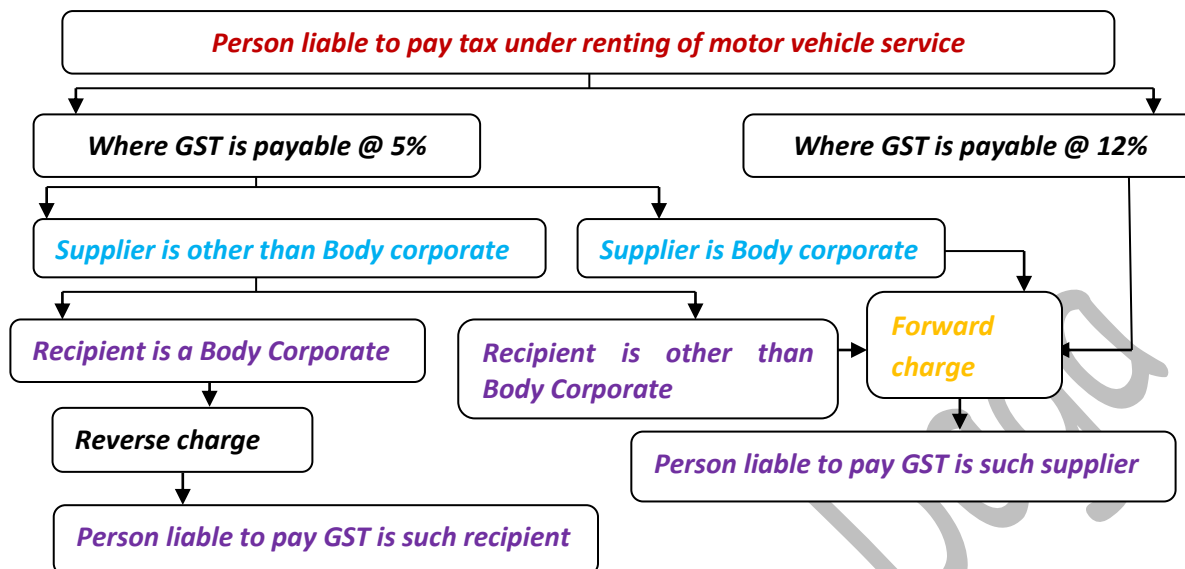
- ♣ supply of securities under securities lending scheme, 1997 by the lender is taxable under GST as lending of securities is not covered under disposal of securities, thus covered under the ambit of services. Lending fees charged by the lender from the borrower is liable to IGST under reverse charge mechanism.
- ♣ Tax on services by director of a company in his personal capacity such as renting of immovable property to the company/body corporate not payable under RCM

Provisions of this notification, in so far as they apply to the Central Government and State Governments, shall also apply to the Parliament, State Legislatures, **Courts and Tribunals.** [Amended w.e.f. 01-03-2023]



GST SERVICES ARE TAXABLE:

- ❖ @5% provided GTA has not taken the input tax credit on goods and services used in supplying GTA service. Such services are taxable under reverse charge mechanism. However, GTA can exercise the option to pay tax under forward charge mechanism. In such a case, GTA has to take registration under the CGST, 2017 has to issue tax invoice to the recipient charging GST@5% and has to make a prescribed declaration on such invoice issued by him.
- ❖ @12% provided GTA pays GST under forward charge. There is no restriction on availing ITC on goods and services used in supplying GTA services by GTA



Services **Services supplied by a director of a company or body corporate to the company or body corporate in his private or personal capacity are not taxable under RCM** - Circular No. 201/13/2023-GST dated 1-8-2023

Service of transport of passengers is distinct from service of renting of a vehicle that is used for Transport. Where the body corporate hires the motor vehicle (for transport of employees etc) for a period of time, during which the motor vehicle shall be at the disposal of the body corporate, it shall be liable to pay GST on the same under RCM.

E-COMMERCE OPERATOR

- ✦ ***E-commerce operator will be liable to pay GST*** in respect of service provided through E-commerce operator.
- ✦ No physical presence of E-commerce operator in the taxable territory - ***representative liable to GST***
- ✦ ***No representative in taxable territory*** - E-commerce operator shall appoint person and he shall be liable to pay.
- ✦ ***It is important to note that this exception is carved out only in respect of supply of services through an e-commerce operator and will not be applicable /relevant to supply of any goods through an e-commerce operator.***
- ✦ ***Categories of services the tax on intra-state supplies of which shall be paid by the electronic commerce operator.***
 - × ***Services by way of transportation of passengers*** by a radio-taxi, motorcab, maxicab, motor cycle, or any other motor vehicle except omnibus
 - × ***Services by way of transportation of passengers by an omnibus*** except where the person supplying such services through ECO is a company

- × Services by way of providing **accommodation in hotels**
- × Services by **house keeping**
- × **Supply of restaurant service** other than the services supplied by restaurant, eating joints etc. located at specified premises

"specified premises" means

- (a) A premises providing hotel accommodation service having declared tariff of any unit of accommodation above ₹7,500/- per unit per day or equivalent; or
- (b) A premises for which a registered person supplying 'hotel accommodation' service has filed a declaration, on or after the 1st of January and not later than 31st of March of the preceding financial year, declaring the said premises to be specified premises; or
- (c) A premises for which a person applying for registration has filed a declaration, within 15 days of obtaining acknowledgement for the registration application, declaring the said premises to be specified premises. [w.e.f 1/4/2025]

IGST to be paid on reverse charge by recipient on notified goods/services or both

	CATEGORY OF SUPPLY OF SERVICE	SUPPLIER OF SERVICE	RECIPIENT OF SERVICE
1.	Any service supplied by any person who is located in a non territory to any person other than non-taxable online recipient	Any person located in a non-taxable territory	Any person located in the taxable territory other than non-taxable online recipient

IGST is levied on export, supply to/by SEZ, import of services

COMPOSITION LEVY

[SECTION 10]

- ♣ **Optional scheme:** option available to taxable person
- ♣ **Eligibility:** a registered person, whose **aggregate turnover** in the **preceding F.Y** did not exceed **₹ 1.5 crore**, will be eligible.

Special category states (₹75 lakh)			
Arunachal Pradesh	Manipur	Meghalaya	Tripura
Mizoram	Nagaland	Sikkim	Uttarakhand
Assam, Himachal Pradesh and Jammu and Kashmir, the turnover limit will be ₹ 1.5 crore			

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 a reverse charge basis**),
- Exempt supplies, (**excluding value of exempt supply of services by way of extending loans, deposit and advances in so far consideration is represented by way of interest or discount**)
- Export of goods or services or both, and

➤ **Inter-state supplies**

Of persons having the **same PAN**, to be computed on all India basis,

But **excludes** -

➤ Central tax, state tax, union territory tax, integrated tax, and cess.

♣ Scheme will be applicable for all goods and restaurant services.

♣ **Rates of composition tax**

S. N O.	Eligible person	Rate of Tax cannot exceed (% of turnover)		Total rate of tax cannot exceed
		CGST	SGST	
(a)	Manufacturer	0.5% of the turnover of the state or union territory	0.5% of the turnover of the state or union territory	1 % of the turnover of the state or union territory
(b)	Restaurant service	2.5% of the turnover of the state or union territory	2.5% of the turnover of the state or union territory	5% of the turnover of the state or union territory
(c)	Other supplies	0.5% of the turnover of the taxable supplies of goods and services state or union territory	0.5% of the turnover of the taxable supplies of goods and services state or union territory	1 % of the turnover of the taxable supplies of goods and services state or union territory

Services can be supplied by the composition suppliers: A person who opts to pay tax under (a) or clause (b) or clause (c) may supply services (other than those referred to in clause (b) of paragraph 6 of schedule II i.e. restaurant services), of value -

(a) Not exceeding 10% of turnover in a state or union territory in the preceding F.Y or

(b) Rs 500000

Whichever is higher.

♣ **Persons not eligible to opt for composition scheme**

✚ Supplier of services other than those mentioned above.

✚ Supplier of goods which are **not taxable** under GST

✚ An **inter-state** supplier of goods

✚ Person supplying goods through an **electronic commerce operator**

✚ Manufacturer of certain notified goods (ineligible manufacturer)

S.no	Tariff item, subheading, heading or chapter	Description
1.	21050000	Ice cream and other edible ice, whether or not

		containing cocoa
2.	21069020	Pan masala
2A.	22021010	Aerated water
3.	24	All goods, i.e. Tobacco and manufactured tobacco substitutes
4.	6815	Fly ash bricks; Fly ash aggregates; Fly ash blocks
5.	69010010	Bricks of fossil meals or similar siliceous earths
6.	69041000	Building bricks
7.	69051000	Earthen or roofing tiles

There is no restriction on composition supplier to procure goods from inter-state supplies.

- ♣ *Applicable for all transactions of registered person with same PAN*
- ♣ *Option lapses if aggregate turnover exceeds Rs 1.5 crore/ Rs 75 lakh*
- ♣ *Composition tax not to be collected from recipients*
- ♣ *Input tax credit cannot be availed*
- ♣ *Composition scheme not applicable for tax payable under reverse charge mechanism*
- ♣ *Customer not entitled to tax credit of composition scheme.*

PRESUMPTIVE SCHEME FOR SERVICES SUPPLIERS AND MIXED SUPPLIES (Section 10(2A))

- *New scheme in GST dated 07-03-2019 in which a tax payer has been allowed to pay **GST on a presumptive basis at the rate of 6%** (3% CGST and 3% SGST).*
- *Benefit of this scheme is available on or after 01-04-2019 only in respect of intra-state supplies of goods or services or both*
- *Traders, manufacturer, restaurant service providers who are eligible for composition scheme (even if not opted) will not avail this benefit.*
- **Conditions:**
 - ✚ *Aggregate turnover in preceding F.Y does not exceed Rs 50 lakh. In aggregate turnover loan and deposit wali exemption ko nahi lenge exempt supply ko include karte time.*
 - ✚ *He is not eligible to pay tax under composition scheme*
 - ✚ *He is not engaged in making any inter-state outward supply - neither of goods nor of services.*
 - ✚ *He is not engaged in the business of making any supplies on which GST is not leviable under this act(i.e. petroleum product and alcoholic liquor for home consumption)*
 - ✚ *He is neither casual taxable person nor a non-resident taxable person.*
 - ✚ *He is not engaged in supply through E-commerce operator.*

✚ He is **not engaged in making supplies of goods** being (icre-cream and other edible ice, whether or not containing cocoa, pan masala, tobacco and manufactured tobacco substitutes)

- **Applicable for** all transactions of registered person with same PAN
- **Presumptive tax not to be collected from recipient and ITC not admissible**
- **Bill of supply to be issued** instead of tax invoice
- **Tax is to be paid @6% on all outward supplies i.e. goods or services**
- **Presumptive scheme not applicable** for tax payable under reverse charge
- **ITC to be reversed on switching to presumptive income.**
- **Rate of tax:**

Description of supply	Rate of Tax cannot exceed (% of turnover)		Total rate of tax cannot exceed
	CGST	SGST	
First supplies of goods or services or both upto an aggregate turnover of Rs 50 lacs made on or after 1st day of April in any financial year, by a registered person	3% of the aggregate turnover in the state or union territory	3% of the aggregate turnover in the state or union territory	6% of the aggregate turnover in the state or union territory

Meaning of first supplies of goods or services or both -

(a) For the purpose of determining the eligibility of presumptive levy: **From the 1st day of April of a F.Y to the date from which he becomes liable for registration**

(b) For the purpose of payment tax: **shall be after the date of registration.**

RULES RELATING TO COMPOSITION AND PRESUMPTIVE LEVY

- **Deemed intimation** for composition in Part B of **FORM GST REG-01**
- Composition levy shall be **effective from the beginning of the F.Y**
- **Furnish ITC declaration with 60days [GST ITC - 03]**
- **Details of stock to be furnished within 90 days from the date of option [GST CMP - 03]**
- **Person exercising the option to pay tax under composition shall comply with following conditions:**
 - (a) **neither a casual taxable person nor a non-resident taxable person**
 - (b) **goods held in stock by him have not been purchased from an unregistered supplier and if purchased the he should in reverse charge basis.**
 - (c) **Pay tax on reverse charge basis**
 - (d) **Not engaged in supply of notified goods**
 - (e) **Not eligible to collect tax on supplies**
 - (f) **Composition taxable person on every notice or sign board**

- Option valid till cessation
- *Mandatory cessation of composition levy* on violation of conditions in *FORM GST CMP-04* within 7 days
- Application for withdrawal from scheme in *FORM GST CMP-04*
- Denial of option to pay tax under the composition scheme by tax authorities - *issuance of SCN in FORM GST CMP-05* within 15 days
- Reply to SCN in *FORM GST CMP-06*. Final order within 30 days of reply in FORM GST CMP-07
- Details of stock to be furnished on opting out of such scheme - details of the stock to be furnished *within a period of 30 days*
- *Composition/presumptive to file return annually (GSTR 4) on or before 30th day of June following the end of the F.Y and make payment quarterly (GST CMP-08) by 18th day of the month succeeding such quarter.*

CHAPTER - 4: PLACE OF SUPPLY

4.2 RELEVANT DEFINITIONS

Term	Definitions
Place of supply	It means the place of supply as referred to in Chapter V of the Integrated Goods and Services Tax Act. [Section 2(86)]
Location of the supplier of services	It means, - (a) where a supply is made from a place of business for which the registration has been obtained, the location of such place of business; (b) where a supply is made from a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment; (c) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provisions of the supply; and (d) in absence of such places, the location of the usual place of residence of the supplier. Broadly, it is the registered place of business or the fixed establishment of the supplier from where the supply is made. Sometimes, a service provider has to go to a client location for providing service. However, such place would not be considered as the location of the supplier. It has to be either a regular place of business or a fixed establishment, which is having sufficient degree of permanence and suitable structure in terms of human and technical resources. Note: It must be noted that the term 'location of supplier of goods' has not been defined in the Act.
Location of the recipient of services	It means, - (a) where a supply is received at a place of business for which the registration has been obtained, the location of such place of business; (b) where a supply is received at a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment; (c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the

	receipt of the supply; and (d) in absence of such places, the location of the usual place of residence of the recipient. Note: it must be noted that the term 'location of recipient of goods' has not defined in the Act.
Place of business	Includes- (a) 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; or (b) a place where a taxable person maintains his books of account; or (c) a place where a taxable person is engaged in business through an agent, by whatever name called. [Section 2(85)] Note: This is an inclusive definition and is applicable for both goods and services.
Fixed establishment	It means a place (other than the registered place of business) which is characterised by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services, or to receive and use services for its own needs. Thus, following points are relevant- (i) it is a place other than the registered place of business; (ii) it has sufficient human and technical resources to supply and receive services, thus it is also a place of business; (iii) temporary presence of staff by way of a short visit at a place cannot be called as fixed establishment; (iv) the number of staff at a location is irrelevant and only the adequacy of the arrangement of human and technical resources to carry out the activities is to be considered; (v) permanent nature of the arrangement and location need to be considered.
Usual place of residence	It means- (a) in case of an individual, the place where he ordinarily resides; (b) in other cases, the place where the person is incorporated or otherwise legally constituted. [Section 2(113)]
Address of delivery	It means the address of the recipient of goods or services or both indicated on the tax invoice issued by a registered person for delivery of such goods or services or both. [Section 2(2)]
Address on record	It means the address of the recipient as available in the records of the supplier [Section 2(3)]

4.3 INTER-STATE SUPPLIES [SECTION 7 OF THE IGST ACT, 2017]

According to **Section 7 of the IGST Act, 2017**, the broad principles for determining the supply of goods and services in the course of inter state trade or commerce are:

(1) **With reference to goods:**

Where 'location of the supplier' and 'place of supply' are in different States/ Union territories - Inter-State

Supply [Section 7(1):

- 'location of the supplier' and
- Supply of goods where-
- 'place of supply'

are in-

- (a) two different States;
- (b) two different Union territories; or
- (c) a State and a Union territory,

shall be treated as a supply of goods in the course of **inter-State trade or commerce**.

Section 7(1) is subject to the provisions of Section 10: Section 7(1) is subject to the provisions of Section 10, it implies that the place of supply of goods shall be determined as per Section 10 of the IGST Act and thereafter, Section 7(1) would be applied.

Import of goods - Deemed to be inter-State Supply [Section 7(2)]: Supply of goods imported into the territory of India, till they cross the **customs frontiers of India**, shall be treated to be a supply of goods in the course of inter-State trade or commerce.

Location of supplier of goods: Unlike in the case of services, location of supplier of goods is a term that is not defined in the law. This is not an oversight of the draftsmen but a deliberate intention of the lawmakers to leave it to the facts of each case to determine the 'location of supplier of goods'.

The **location of supplier** of goods is more accurately determined by the physical point where the goods are located under the control of the person wherever incorporated or registered, ready to be supplied instead of relying on a superfluous fact of the registered place of business.

(2) **With reference to services:**

Where 'location of the supplier' and 'place of supply' are in different States/ Union territories - Inter-State Supply [Section 7(3):

Supply of services where-

- the location of the supplier, and
- the place of supply

are in-

- (a) two different States;
- (b) two different Union territories; or
- (c) a State and a Union territory.

shall be treated as a supply of services in the course of inter-State trade or commerce.

Section 7(3) is subject to the provisions of Section 12: Section 7(3) is subject to the provisions of Section 12, it implies that the place of supply of services shall be determined as per Section 12 of the IGST Act and thereafter, Section 7(3) would be applied.

Import of service - Deemed to be inter-State supply [Section 7(4)]: Supply of services imported into the territory of India shall be treated to be a supply of services in the course of inter-State trade or commerce.

(3) Supply of goods where supplier located in India and the place of supply outside India - Deemed to be inter-State supply [Section 7(5)(a)]: Supply of goods and/or services, when the supplier is located in India and the place of supply is outside india, shall be deemed to be a supply of goods and/or services in the course of inter-State trade or commerce.

(4) Supply of goods/ and or services - to/by SEZ developer/ unit - Deemed to be inter-State supply [Section 7(5)(b)]: Supply of goods and/or services to or by a SEZ developer or an SEZ unit, shall be deemed to be a supply of goods and/or services in the course of inter-State trade or commerce.

(5) Supply of goods/ and or services - Not being an intra-State supply - Deemed to be inter-State supply [Section 7(5)(c)] : Supply of goods or services or both, in the taxable territory, not being an intra-State supply and not covered elsewhere in this Section, shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.

- **Services of short-term accommodation, conferencing, banqueting etc. provided to a SEZ developer/ SEZ unit will be treated as an inter-State supply.**
- **Supply of goods/ and or services - Not being an intra-State supply - Deemed to be inter-State Supply:** As per section 7(5)(b) of the IGST Act, the supply of goods or services or both to a SEZ developer or a SEZ unit shall be treated to be a supply in the course of inter-State trade or commerce.
- **Services supplied in relation to immovable property - POS will be location of**

immovable property: However, as per section 12(3)(c) of the IGST Act, the place of supply of services by way of accommodation in any immovable property for organising any functions shall be the location at which the immovable property is located. Thus, in such cases, if the location of the supplier and the place of supply is in the same State/ Union territory, it would be treated as an intra-State supply.

- **Specific provision to prevail over general provision:** It is an established principle of interpretation of statutes that in case of an apparent conflict between two provisions, the specific provision shall prevail over the general provision. In the instant case, section 7(5)(b) of the IGST Act is a specific provision relating to supplies of goods
- or services or both made to a SEZ developer or a SEZ unit, which states that such supplies shall be treated as inter-State supplies. It is therefore, clarified that services of short term accommodation, conferencing, banqueting etc., provided to a SEZ developer or a SEZ unit shall be treated as an inter-State supply.
- Circular No. 48/22/2018 GST dated 14-06-2018

4.4 INTRA-STATE SUPPLIES [SECTION 8 OF IGST ACT 2017]

As per **Section 8 of the IGST Act, 2017**, the broad principles for determining the supplies of goods and/or services in the course of intra-State trade or commerce are:

(1) With reference to supply of goods:

Where the location of the supplier and the place of supply are in the same State or Union territory - Intra-State Supply [Section 8(1):

Supply of goods where-

- the location of the supplier, and
 - the place of supply of goods are in the same State or same Union territory
- shall be treated as intra-State supply.

Section 8(1) is subject to the provisions of Section 10: Section 8(1) is subject to the provisions of Section 10, it implies that the place of supply of goods shall be determined as per Section 10 of the IGST Act and thereafter, Section 8(1) would be applied.

Intra-State supply - Exceptions: The following supply of goods shall not be treated as intra-State supply, namely-

- (i) supply of goods to or by a Special Economic Zone developer or a Special Economic Zone unit;
- (ii) goods imported into the territory of India till they cross the customs frontiers of India; or
- (iii) supplies made to a tourist referred to in Section 15.

(2) With reference to supply of services:

Where 'location of the supplier' and 'place of supply' are in same State/ Union territory - Intra- State supply [Section 8(2)]:

Supply of services where-

- the location of the supplier; and
- the place of supply of services

are in the same State or same Union territory shall be treated as intra-State supply.

Section 8(2) is subject to the provisions of Section 12: Section 8(2) is subject to the provisions of Section 12, it implies that the place of supply of services shall be determined as per Section 12 of the IGST Act and thereafter, Section 8(2) would be applied.

Exception: The intra-State supply of services shall not include supply of services to or by a Special Economic Zone developer or a Special Economic Zone unit.

4.5 SUPPLIES IN TERRITORIAL WATERS [SECTION 9 OF IGST ACT, 2017]

Notwithstanding anything contained in this Act, -

(a) where the location of the supplier is in the territorial waters, the location of such supplier; or

(b) where the place of supply is in the territorial waters, the place of supply, shall, for the purposes of this Act, be deemed to be in the coastal State or Union territory where the nearest point of the appropriate baseline is located.

4.6 PLACE OF SUPPLY OF GOODS OTHER THAN SUPPLY OF GOODS IMPORTED INTO OR EXPORTED FROM INDIA [SECTION 10]

Section	Nature of Transaction	Place of Supply
Place of supply of goods in domestic transactions i.e within India: The place of supply of goods, other than supply of goods imported into, or exported from India, shall be as under, -		
10(1)(a)	Where the supply involves MOVEMENT OF GOODS , whether by the supplier or by the recipient or by any other person,	Location of the goods at the time at which the movement of goods terminates for delivery to the recipient. Note: Thus, irrespective of the number of states the goods pass through during the course of its journey, the state in which the movement of goods terminates for delivery to the recipient is the place of supply of goods.
10(1)(b)	Where the goods are delivered by	➤ It shall be deemed that the said

	the supplier to a recipient or any other person on the direction of a third person , whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise,	third person has received the goods; and ➤ The place of supply of such goods shall be the principal place of business of such person. These transactions are also known as Bill to Ship transactions.
10(1)(c)	Where the supply does not involve movement of goods, whether by the supplier or the recipient,	Location of such goods at the time of delivery to the recipient.
10(1)(ca)	Where the supply of goods is made to a person other than a registered person, the place of supply, notwithstanding anything contrary contained in clause (a) or (c) (i) Where the address of the unregistered person is recorded in the invoice (ii) Where the address of the unregistered person is not recorded in the invoice	POS is location as per address of unregistered person recorded in the invoice POS is location of the supplier
10(1)(d)	Where the goods are assembled or installed at site,	Place of such installation or assembly.
10(1)(e)	Where the goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle,	Location at which such goods are taken on board.
10(2)	Where the place of supply of goods cannot be determined,	Shall be determined in such manner as may be prescribed.

It must be kept in mind that the provisions of section 10 discussed hereunder are all in relation to domestic supply of goods.

4.7 PLACE OF SUPPLY OF SERVICES WHERE LOCATION OF SUPPLIER AND RECIPIENT IS IN INDIA [SECTION 12 OF THE IGST ACT, 2017]

Section	Nature of Transaction	Place of Supply
12(1)	Determination of the place of supply of services where the location of supplier of services and the location of the recipient of services is in India.	
12(2)	General provisions: The place of supply of services, -	
	(a) made to a registered person	location of such person;
	(b) made to any person other than a registered person-	

	(a) a registered person,	Location of such person;
	(b) a person other than a registered person,	Location where the services are actually performed.
12(6)	Services provided by way of admission to a culture, artistic, sporting, scientific, education, entertainment event or amusement park and services ancillary thereto	Place where the event is actually held or where the park or such other place is located
12(7)	Services provided by way of, -	
	(a) 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	
	(b) services ancillary to organisation of any of the events or services referred to in clause (a), or assigning of sponsorship to such events .-	
	(i) to a registered person,	Location of such person;
	(ii) to a person other than a registered person,	
	➤ If event is held in India	Place where event is actually held
	➤ If event is hold outside India	Location of the recipient
	Explanation: Where the 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, the place of supply of such services shall be taken as being in each of the respective States or Union territories in proportion to the value for services separately collected or determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.	
12(8)	Services by way of transportation of goods , including by mail or courier to, -	
	(a) to a registered person,	Location of such person;
	(b) to a person other than a registered person,	Location at which such goods are handed over for their transportation.
12(9)	Passenger transportation service to, -	
	(a) to a registered person,	Location of such person;
	(b) to a person other than a registered person,	Place where the passenger embarks on the conveyance for a continuous journey.

	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,	
	(a) made to a registered person	location of such person;
	(b) made to any person other than a registered person-	
	(i) where the address on record exists,	the location of the recipient
	(ii) in other cases.	the location of the supplier of services
	Return Journey to be treated as a separate journey: The return journey shall be treated as a separate journey, even if the right to passage for onward and return journey is issued at the same time. (Explanation) "Continuous journey" means a journey for which a single or more than one ticket or invoice is issued at the same time, either by a single supplier of service or through an agent acting on behalf of more than one supplier of service, and which involves no stopover between any of the legs of the journey for which one or more separate tickets or invoices are issued. [Section 2(3) of IGST Act, 2017] "Stopover" means a place where a passenger can disembark either to transfer to another conveyance or break his journey for a certain period in order to resume it at a later point of time. [Explanation]	
12(10)	Services on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle,	Location of the first scheduled point of departure of that conveyance for the journey.
12(11)	Telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person shall, -	
	(a) in case of services by way of fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna,	Location where the telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services;
	Where the leased circuit is installed in more than one State or Union territory and a consolidated amount is charged for supply of services relating to such circuit, the place of supply of such services shall be taken as being in each of the respective States or Union territories in proportion to the value for services separately collected or determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as	

	may be prescribed. [Explanation]	
	(b) in case of mobile connection for telecommunication and internet services provided on post- paid basis	Location of billing address of the recipient of services on the record of the supplier of service,
	(c) in cases where mobile connection for telecommunication, internet service and direct to home television services are provided on pre- payment basis through a voucher or any other means, -	
	(i) through a selling agent or a re-seller or a distributor of subscriber identity module card or re-charge voucher,	Address if the selling agent or re-seller or distributor as per the record of the supplier at the time of supply ,or
	(ii) by any person to the final subscriber,	Location where such prepayment is received or such voucher are sold;
	If such pre-paid service is availed or the recharge is made through internet banking or other electronic mode of payment,	Location of the recipient of services on the record of the supplier of service
	(d) in other cases,	
	(i) If address of the recipient as per the records of the supplier of services is available	Address of the recipient as per the record of the supplier of services and
	(ii) where such address is not available,	Place of supply shall be location of the supplier of services.
Where the address of the recipient as per the records of the supplier of services is not available, the place of supply shall be the location of the supplier of services. [Applicable for 12(11) (a) to (d) above]		
"Telecommunication service" means service of any description (including electronic mail, voice mail, data services, audio text services, video text services, radio paging and cellular mobile telephone services) which is made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature, by wire, radio, visual or other electromagnetic means. [Section 2(110) of CGST Act, 2017]		
12(12)	Banking and other financial services , including stock broking services to any person	Location of the recipient of services on the records of the supplier of services:
	If the location of recipient of services is not on the records of the supplier,	Location of the supplier of services.

12(13)	Insurance services, -	
	(a) to a registered person,	Location of the such person
	(b) to a person other than a registered person,	Location of the recipient of service on the record of the supplier of service
12(14)	Advertisement services to the Central Government, a State Government, a statutory body or a local authority meant for the States or Union territories identified in the contract or agreement	✚ Place of supply shall be taken as being in each of such States or Union territories ✚ Value of such supplies specific to each State or Union territory shall be in proportion to: - 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 regard, or - in the absence of such contract or agreement, on such other basis as may be prescribed. into in this

It must be kept in mind that the provisions of section 12 discussed hereunder are all in relation to the domestic supply of services.

Clarification -

(1) place of supply of service provided by way of supply of sale of space on hoarding/structure for advertising or for grant of rights to use the hoarding/structure for advertising in this case would be the location where such hoarding/structure is located.

(2) Service provided by the vendor to advertising company are purely in the nature of advertising services in respect of which place of supply shall be determined in terms of section 12(2) of IGST Act.

Clarification on the provisions of Section 10(1)(ca) of the IGST Act, 2017 relating to place of supply of goods to unregistered persons. - Circular No.209/3/2024-GST dated 26-06-2024

Place of supply of goods (particularly being supplied through e-commerce platform) to unregistered persons where billing address is different from the address of delivery of goods -

Issue	Clarification
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Mr. A (unregistered person) located in X State places an order on an ecommerce platform for supply of a mobile phone, which is to be delivered at an address located in Y State. Mr. A, while placing the order on the ecommerce platform, provides the billing address located in X state. In such a scenario, what would be the place of supply of the said supply of mobile phone, whether the State pertaining to the billing address i.e. State X or the State pertaining to the delivery address i.e. State Y?

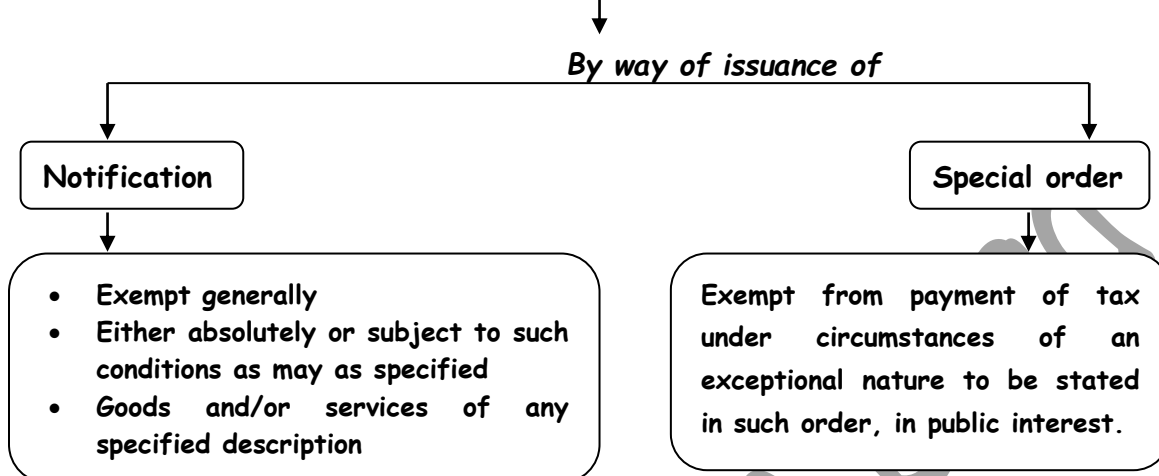
As per the provisions of section 10(1)(ca) of IGST Act, where the supply of goods is made to an unregistered person, the place of supply would be the location as per the address of the said person recorded in the invoice and the location of the supplier where the address of the said person is not recorded in the invoice.

Further, as per Explanation to the said clause, recording the name of the State of the said unregistered person on the invoice shall be deemed to be the recording of the address of the said person. Accordingly, it is clarified that in such cases involving supply of goods to an unregistered person, where the address of delivery of goods recorded on the invoice is different from the billing address of the said unregistered person on the invoice, the place of supply of goods in accordance with the provisions of section 10(1)(ca) of IGST Act, shall be the address of delivery of goods recorded on the invoice i.e. State Y in the present case where the delivery address is located.

Also, in such cases involving supply of goods to an unregistered person, where the billing address and delivery address are different, the supplier may record the delivery address as the address of the recipient on the invoice for the purpose of determination of place of supply of the said supply of goods.

CHAPTER – 5: EXEMPTION FROM GST

POWER OF GOVT [SECTION 11 OF CGST/ SECTION 6 OF IGST]



LIST OF SERVICES EXEMPT FROM GST [NOTIFICATION NO. 12/2017]

S.NO.	LIST
	SERVICES BY CHARITABLE INSTITUTION
(1)	Services by charitable entity [entry 1] ♣ Charitable activities by entity registered under 12AA or 12AB [Amended by Finance Act 2021]. ♣ Advancement of any other object of general public utility - not charitable purpose ♣ GST on services provided to charitable trusts ♣ Service of display of name or placing of name plates of the donor in the premises of charitable organisations receiving donations or gifts from individual donors - if the same is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, it will not be leviable to GST.
(2)	Recreational Training Or Coaching [Entry 80] Services by way of training or coaching in - a) Recreational activities relating to arts or culture, by an individual, or b) Sports by charitable entities registered under section 12AB of the Income Tax Act, are exempt from tax.
(3)	Import of services by charitable entity [Entry 10]
(4)	Services by an old age home [Entry 9D] ♥ to a resident aged 60 years or more upto ₹ 25000 per month per member.

	RELIGIOUS SERVICES
(5)	Religious service [Entry 13] Services by a person by way of - a. conduct of any religious ceremony; b. renting of precincts of religious place meant for general public, owned or managed by - (i) an entity registered as a charitable or religious trust u/s 12AA of the Income-tax Act, 1961; or (ii) a trust or an institution registered under Section 10(23C)(v) of the Income-tax Act; or (iii) a body or an authority covered under Section 10(23BBA) of the said Income-tax Act, are exempt. However, nothing contained in entry (b) of this exemption shall apply to, - ❖ renting of rooms where charges are ₹ 1,000 or more per day, ❖ renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ₹ 10,000 or more per day; ❖ renting of shops or other spaces for business or commerce where charges are ₹ 10,000 or more per month.
(6)	Services by a specified organisation in respect of a religious pilgrimage [Entry 60] Specifies organisation means Kumaon Mandal vikas nigam limited, Haj committee
	SERVICE RELATING TO AGRICULTURE OR AGRICULTURE PRODUCE
(7)	Services relating to agriculture or agriculture produce [Entry 54] ♣ Sab exempt except rearing of horses ♣ Processed tea, coffee, jiggery and pluses - not agriculture produce- not exempt
(8)	Carrying out an intermediary production process in relation to cultivation of plant and rearing of all forms of animals [Entry 55] ❖ Except the rearing of horses ❖ Milling of paddy into rice - not eligible for exemption - liable to GST
(9)	Artificial insemination of livestock (other than horses) [Entry 55A]
(10)	Loading, unloading packing, storage or warehousing of rice [Entry 24]
(11)	Warehousing of minor forest produce [Entry 24A]
(12)	STORAGE OR WAREHOUSING OF CEREALS, PULSES ETC [Entry 24B] Services by way of storage or warehousing of cereals, pulses, fruits and vegetables are exempt.
(13)	Services in relation to fruits and vegetables [Entry 57]
(14)	Services provided by NCCD by way of cold chain knowledge dissemination [Entry 58]

	EDUCATIONAL SERVICES
(15)	Services to or by educational institution [Entry 66] ✚ Services provided by boarding schools - exempt ✚ Services provided by international school - exempt ✚ Private tuitions - taxable ✚ Placement services provided to educational institutions - taxable ✚ Campus recruitment fees - taxable ✚ Institutions preparing students for competitive exams - taxable ✚ Postal coaching covered - taxable ✚ Foreign courses conducted by private institutes - taxable ✚ Personality development institutes - liable to GST ✚ College hostel mess - <i>if provided by educational institution then exempt catering services by third person is taxable</i> ✚ Services provided by industrial training institutes (ITI) is exempt. ✚ DG shipping approved maritime courses conducted by maritime training institute of India - exempt from GST ✚ Services provided by IIM - short term courses (1 year) taxable, long term courses - exempt. ✚ Supply of food in Anganwadis and Schools - exempt from tax ✚ Services of various services by National Board of Examination - - services related to conduct of examination - exempt - other services - taxable ✚ Applicability of GST on application fee charged for entrance for the fee charged for issuance of eligibility certificate for admission or for issuance of migration certificate by educational institutions. Accordingly, such activities of educational institution are also exempt. ✚ NTA to be treated as Educational Institution AFFILIATION SERVICES PROVIDED TO SCHOOLS BY CBSE/SEB ETC [ENTRY 66A] <i>Services of affiliation provided by a Central or State Educational Board or Council or any other similar body, by whatever name called, to a school established, owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity are exempt.</i>
	HEALTH CARE SERVICES
(16)	Health care services [Entry 74]: Services by way of :- a) health care services by a clinical establishment, an authorised medical practitioner or para-medics; However, the above exemption shall not apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU) Critical Care Unit (CCU) Intensive Cardiac Care Unit (ICCU) Neonatal Intensive Care Unit (NICU) having room charges exceeding 5000 per

	day to a person receiving health care services. b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above are exempt. <u>Services in form of Assisted Reproductive Technology (ART)/ In vitro Fertilization (IVF) are exempt from GST.</u> GST is not leviable on consultancy charges payable to doctor, consultant etc., retention money and food supplies to patient as advised by doctor. Other supplies of food by a hospital to patients (not admitted) or their attendants or visitor are liable to GST
(17)	Services by recognised rehabilitation professionals [Entry 74A]
(18)	Veterinary services [Entry 46]
	<u>SERVICES PROVIDED BY GOVERNMENT</u>
(19)	Services by government authority in relation to municipality functions [Entry 4] Applicability of GST on the statutory collections made by the Real Estate Regulatory Authority (RERA) in accordance with the Real Estate (Regulation and Development) Act, 2016. — Circular No. 228/22/2024-GST dated 15-07-2024 Issue: Whether GST is applicable on the statutory collections made by the Real Estate Regulatory Authority (RERA). Clarification: RERA is constituted under the Real Estate (Regulation and Development) Act, 2016. RERA performs function of regulating the real estate development and construction of the building entrusted to them which fall under Entry No. 1 and 2 of the Twelfth Schedule of the Indian Constitution. RERA is a 'governmental authority' as per the definition in the exemption notification No.12/2017-CT(R) dated 28-06-2017 and is covered under the scope of entry at Sl. No. 4 of notification No. 12/2017-CT(R) dated 28-06-2017. Thus, it is hereby clarified that statutory collections made by RERA are covered under the Sl. No. 4 of notification No. 12/2017-CT(R) dated 28-06-2017 and hence exempt from tax.
(20)	Services by government authority in relation to panchayat functions [entry 5]
(21)	SOVEREIGN SERVICES BY THE CENTRAL GOVERNMENT STATE GOVERNMENT UNION TERRITORY OR LOCAL AUTHORITY [Entry 6]: Services by the Central Government, State Government, Union Territory or local authority excluding the following services :- a) Services by the Department of posts and the Ministry of Railways (Indian Railways) b) Services in relation to an aircraft or a vessel, inside or outside the

- precincts of a port or airport;
- c) **Transport of goods or passenger**; or
- d) Any service, **other than** services covered under entries (a) to (C) above, **provided to business entities, are exempt.**

Services provided by Department of Post :

Exempt services :- the following services provided by the Department of posts are not liable to tax-

- basic mail services by the Department of Post by way of post card, inland letter, book post and ordinary post (**envelopes weighing less than 10 grams**) to meet the universal postal obligations vide entry 24C of Notification No. 12/2017- CT (Rate).
- Transfer of money through money order, operation of savings accounts, issue of postal order, pension payments and other such services.

Registered post, Speed Post etc. - **Taxable** :- The services by way of ordinary post (**envelopes weighing 10 grams or more**), **registered post**, Speed Post, Express parcel post, life insurance and Agency services provided to a person other than the Government or union territory are not exempt. In respect of these services the Department of Posts is liable to pay tax without application of reverse charge.

Agency services - **Taxable**: The Department of Posts also provides services like distribution of mutual funds, bonds, passport applications, collection of telephone and electricity bills on commission basis. The services are in the nature of intermediary and generally called agency services. In these cases, the Department of posts is liable to pay tax without application of reverse charge.

Applicability of GST on accommodation services supplied by Air Force Mess and other similar messes to its personnel. - Circular No. 190/02/2023- GST dated 13-1-2023

Issue	Clarification
Is GST leviable on accommodation services supplied by Air Force Mess to its personnel	It is hereby clarified that 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 Sl. No. 6 of Notification No. 12/2017-CT (Rate), dated 28-6-2017 provided the services supplied by such messes qualify to be considered as services supplied by

	Central Government, State Government, Union Territory or local authority.
(22)	SERVICES PROVIDED BY GOVERNMENT/UT OR A LOCAL AUTHORITY TO A BUSINESS ENTITY HAVING AGGREGATE TURNOVER BELOW THE THRESHOLD LIMIT IN PRECEDING FY - EXEMPT [Entry 7] : Services provided by the Central Government, State Government, Union Territory or local authority to a business entity with an aggregate turnover of up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017 are exempt. Explanation : The provisions of this entry shall not be applicable to - a) Services, - - by the Department of posts and the Ministry of Railways (Indian Railways) - in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport ; - or transport of goods or passenger ; and b) Services by way of renting of immovable property.
(23)	SERVICES PROVIDED BY GOVERNMENT OR A LOCAL AUTHORITY TO ANOTHER GOVERNMENT OR A LOCAL AUTHORITY [Entry 8]: Services provided by the Central Government, State Government, Union Territory or local authority to another Central Government, State Government, union territory or local authority are exempt. However, nothing contained in this entry shall apply to services - ✚ by the Department of posts and the Ministry of Railways (Indian Railways) ✚ in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport ; ✚ or transport of goods or passenger.
(24)	SERVICES PROVIDED BY GOVERNMENT OR UT OR LOCAL AUTHORITY WHERE THE CONSIDERATION FOR SUCH SERVICES DOES NOT EXCEED ₹.5000 [Entry 9]: Services provided by Central Government, State Government, Union Territory or local authority where the consideration for such services does not exceed ₹ 5000 are exempt. However, nothing contained in this entry shall apply to :-

	- Services by the Department of posts and the Ministry of Railways (Indian Railways) - in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport ; - or transport of goods or passenger. Continuous supply of service : In case where continuous supply of service, as defined in section 2(33) of the CGST Act, 2017, is provided by the Central Government, State Government, Union Territory or local authority, the exemption shall apply only where the consideration charged for such services does not exceed ₹5000 in a financial year.
(26)	SERVICES BY MINISTRY OF RAILWAYS (INDIAN RAILWAYS) TO INDIVIDUALS [ENTRY 9E] [Inserted by notification no. 04/2024-CT (rate) dated 12/7/2024 w.e.f. 15/7/2024] Services provided by Ministry of Railways (Indian Railways) to individuals by way of— (a) sale of platform tickets; (b) facility of retiring rooms/waiting rooms; (c) cloak room services; (d) battery operated car services, are exempt.
(27)	INTER ZONE/ DIVISION SERVICES UNDER MINISTRY OF RAILWAYS (INDIAN RAILWAYS) [ENTRY 9F] [Inserted by notification no. 04/2024-CT (rate) dated 12/7/2024 w.e.f. 15/7/2024] Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/ division(s) under Ministry of Railways (Indian Railways) are exempt.
(28)	SERVICES PROVIDED BY SPVS TO MINISTRY OF RAILWAYS (INDIAN RAILWAYS) [ENTRY 9G] [Inserted by notification no. 04/2024-CT (rate) dated 12/7/2024 w.e.f. 15/7/2024] Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration are exempt.
(29)	SERVICES OF POSTCARD INLAND LETTER ETC. BY POSTAL DEPARTMENT [Entry 24C]: Services by the Department of posts by way of postcard, Inland Letter, book post and ordinary post (envelopes weighing less than 10 grams) are exempt from tax.

(30)	Services by way of guaranteeing of loans taken by government undertaking or PSU's from the banking companies and FI's [Entry 34A]
(31)	Services provided by government or UT or local authority by way of registration Etc. [Entry 47] (registration under any law, testing, calibration, safety check or certification)
(32)	Services provided to individuals - issuance of passport, visa, driving certificate, birth certificate, death certificate etc. [Entry 61]
(33)	Services by way of granting National Permit to a goods carriage to operate through-out India/ contiguous states [Entry 61A]
(34)	Services by way of tolerating non performance of a contract [Entry 62] (fines or liquidated damages)
(35)	Services by way of assignment of right to use natural resources to an individual farmer for the purpose of agriculture [Entry 63] Royalty payable to the government for assignment of rights to use natural resources is covered under GST
(36)	Merchant overtime charges [Entry 65]
(37)	State government services to excess royalty collection contractor [Entry 65B]
	SERVICES PROVIDED TO GOVERNMENT
(38)	Pure services to government/UT/local authority in relation to panchayat functions/municipal function [Entry 3]
(39)	Composite supply to government/UT/Local authority in relation to panchayat functions/municipal functions - exempt if value of goods is not more than 25% of total value [Entry 3A] Sanitation and Conservancy services supplied to Army and other Central and State government departments liable to GST.
(40)	Services provided to a government authority by way of [Entry 3B] - (a) water supply; (b) public health; (c) sanitation conservancy; (d) solid waste management; and (e) slum improvement and upgradation.
(41)	Supply of service by a government entity to government, UT, Local authority in form of grants [Entry 9C]
(42)	Service provided by fair price shops to government/UT [Entry 11A]
(43)	Services provided to government/UT's under any insurance scheme for which total premium is paid by the government or UT's[Entry 40]
(44)	Service provided to government to government/UT's under any training programme for which 75% or more of the total expenditure is borne by the government/UT's [Entry 72]

	Coaching services supplied by coaching institutions and NGOs under the central sector scheme of 'Scholarships for students with Disabilities' are exempt from GST
	<u>CONSTRUCTION SERVICES</u>
(45)	Pure labour contracts pertaining to the beneficiary-LED individual house construction or enhancement under the housing for all the (URBAN) mission or pradhan mantri awas yojana [Entry 10]
(46)	Services supplied by electricity distribution utilities for extending electricity distribution network upto the tube well of the farmer or agriculturalist for agriculture use [Entry 10A]
(47)	Pure labour contract pertaining to a single residential unit [Entry 11] (otherwise than as a part of residential complex)
(48)	Transfer of development rights and FSI for construction of residential apartments [Entry 41] ✚ Before completion certificate toh exempt ✚ After completion raha toh promoter ko reverse charge me pay karna hoga on unsold flat.
(49)	Long term lease for construction of residential apartment [Entry 41B] ✚ Before completion certificate toh exempt ✚ After completion raha toh promoter ko reverse charge me pay karna hoga on unsold flat.
	<u>PASSENGER TRANSPORTATION SERVICES</u>
(50)	TRANSPORT OF PASSENGER BY DIFFERENT MODES [Entry 15] Transport of passenger, with or without accompanied belongings, by - a) air in economy class , embarking from or terminating in an Airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim or Tripura or at Bagdogra located in West Bengal ; or b) non-air conditioned contract carriage other than radio taxi, for transportation of passenger, excluding tourism, conducted tour, charter or hire; or c) stage carriage other than air-conditioned stage carriage are exempt. However, nothing contained in (B) and (C) above shall supplied through an electronic Commerce operator, and notified u/s 9(5) of the CGST Act, 2017. However, nothing contained in items (b) and (c) above shall apply to services supplied through an electronic commerce operator (ECO), and notified under section 9(5) of the CGST, 2017. Services referred herein are the services by way of transportation of passenger by a radio-taxi, motarcab, maxicab, motor cycle, omnibus or any other motor vehicle, the tax on supplies of

	which shall be paid by the CEO if such services are supplied through ECO. Where transportation takes place over pre-determined route on a pre-determined scheduled in non air conditioned contract carriage same will be exempt from GST.
(51)	VG funding amount received by airline operator under RCS [Entry 16]
(52)	Transportation of passenger by different modes [Entry 17] Service of transportation of passenger, with or without accompanied belongings, by- (a) railways in a class other than - (i) first class; or (ii) an air-conditioned coach; (b) metro, monorail or tramway; (c) inland waterways; (d) public transport, other than predominantly for tourism purpose, in vessel between places located in India and (e) metered cabs or auto rickshaws (including e-rickshaws) are exempt. ▪ Services provided by leisure or charter vessels or a cruise ship - taxable ▪ Transport of passenger by ropeway, cable car or aerial tramway is liable to GST. ▪ GST is exempt on tickets purchased for transportation from one point to another irrespective of whether the ferry is owned or operated by a private sector enterprise or by a PSU/ Government. However, nothing contained in items (b) and (c) above shall apply to services supplied through an electronic commerce operator (ECO), and notified under section 9(5) of the CGST, 2017. Services referred herein are the services by way of transportation of passenger by a radio-taxi, motarcab, maxicab, motor cycle, omnibus or any other motor vehicle, the tax on supplies of which shall be paid by the CEO if such services are supplied through ECO
	<u>GOODS TRANSPORT AGENCY</u>
(53)	Transportation of goods by different modes [Entry 18] Services by way of transportation of goods - (a) By road except the services of - (i) A GTA (ii) A courier agency (express cargo service, angadia) (b) By inland waterways Are exempt.
(54)	Services by way of transportation of goods by an aircraft [Entry 19] From a place outside india to custom port in India
(55)	Air freight for export goods [Entry 19A]

	<i>Nothing contained in this entry shall apply after 30-9-2022</i>
(56)	Sea freight for export goods [Entry 19B] <i>Nothing contained in this entry shall apply after 30-9-2022</i>
(57)	SATELLITE LAUNCH SERVICES [ENTRY 19C] Satellite launch services are exempt
(58)	TRANSPORTATION OF CERTAIN GOODS BY RAIL OR VESSEL [Entry 20] Services by way of transportation by rail or a vessel from one place in India to another of the following goods- a) relief materials meant for victims of natural or man-made disaster, calamities, accidents or mishaps; b) defence or military equipments ; c) newspaper or magazines registered with the Registrar of Newspaper; d) agricultural produce ; e) milk, salt and food grain including flour, pulses and rice; and f) organic manure are exempt.
(59)	SERVICES PROVIDED BY A GOODS TRANSPORT AGENCY [Entry 21] Services provided by a goods transport agency, by way of transport in a goods carriage of - a) agricultural produce; b) milk, salt and food grain including flour, pulses and rice; c) organic manure; d) newspaper or magazines registered with the Registrar of Newspaper; e) relief materials meant for victims of natural or man-made disaster, calamities, accidents or mishap; or f) defence or military equipments are exempt. Transport of minerals from mining pit head to railway siding, beneficiation plant etc., by vehicles deployed with driver for a specific duration of time - liable to GST under Rental services of transport vehicles with operator.
(60)	Services provided by a GTA to an unregistered person [Entry 21A] <i>Other than</i> (a) Any factory registered under factories act (b) Any society registered under society registration act (c) Any co-operative society (d) Any person registered under GST

	(e) Any body co-operative (f) Any partnership firm including AOP (g) Any casual taxable person <i>Are exempt</i>
(61)	Service provided by a GTA to persons registered for TDS [Entry 21B]
	BANKING AND FINANCIAL SERVICES
(62)	Services by way of extending deposits, loans or advances/inter se sale or purchase of foreign currency amongst banks or authorized dealer [Entry 27] • interest involved in credit card services is taxable • Service charges or administrative charges is taxable • Charges for late payment of outstanding dues on credit card is taxable • Processing fees is liable for gst • Interchange fees on card settlement is liable for gst Clarification regarding taxability of the transaction of providing loan by an overseas affiliate to its Indian affiliate or by a person to a related person. — Circular No.218/12/2024-GST dated 26-06-2024 Issue: Whether the activity of providing loans by an overseas affiliate to its Indian affiliate or by a person to a related person, where there is no consideration in the nature of processing fee/ administrative charges/ loan granting charges etc., and the consideration is represented only by way of interest or discount, will be treated as a taxable supply of service under GST or not. Clarification: (i) As per Section 7(1)(c) of the CGST Act, read with Schedule I of CGST Act, supply of goods or services or both between related persons, when made in the course or furtherance of business, shall be treated as supply, even if made without consideration. Therefore, it is evident that the service of granting loan/ credit/ advances by an entity to its related entity is a supply under GST. (ii) Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services) are exempted under sub entry (a) of entry 27 of Notification No. 12/2017Central Tax (Rate). Therefore, it is clear that the supply of services of granting loans/ credit/ advances, in so far as the consideration is represented by way of interest or discount, is fully exempt under GST. (iii) It is mentioned that overseas affiliates or domestic related persons are generally charging no consideration in the form of processing fee/ service fee, other than the consideration by way of interest or discount on the loan amount. Doubts are being raised regarding the taxability of the services of processing/ administering/ facilitating the loan in such cases, by deeming the

same as supply as per Section 7(1)(c) of the CGST Act, read with Schedule I of CGST Act. The processing fee/ service fee is generally a one-time charge that lenders levy on applicants when they apply for a loan. This fee is generally non-refundable and is used to cover the administrative cost of processing the loan application. Charges of any other nature in respect of loan, other than by way of interest or discount, would represent taxable consideration for providing the facilitation/ processing/ administration services for the loan and hence would be liable to GST.

- (iv) It is significant to note that the processing/ service fee is generally charged by the bank/ financial institution from the recipient of the loan in order to cover the administrative cost of processing the loan application. An independent lender may carry out a thorough credit assessment of the potential borrower to identify and evaluate the risks involved and to consider methods of monitoring and managing these risks. Such credit assessment may include understanding the business of the applicant, as well as the purpose of the loan, financial standing and credibility of the applicant, how it is to be structured and the source of its repayment which may include analysis of the borrower's cash flow forecasts, the strength of the borrower's balance sheet, and where any collateral is offered, due diligence on the collateral offered may also be required to be carried out. To cover such costs, the independent lender generally collects a fee that is in the nature of processing fee/ administrative charges/ service fee/ loan granting charges, which is leviable to GST.
- (v) However, when an entity is extending a loan to a related entity, it may not require to follow such processes as are followed by an independent lender. For example, it may not need to go through the same process of information gathering about the borrower's business, his financial standing and credibility and other details, as the required information may already be readily available within the group, or between related persons. The lender may not also take any collateral from the borrower. Accordingly, in case of loans provided between related parties, there may not be the activity of 'processing' the loan, and no administrative cost may be involved in granting such a loan. Therefore, it may not be desirable to place the services being provided for processing the loans by banks or independent lenders vis-a-vis the loans provided by a related party, on equal footing.
- (vi) Even in case of loans provided between unrelated parties, there may not be any processing fee/ administrative charges/ loan granting charges etc., based on the relationship between the bank/ independent lender and the person taking the loan. The lender might waive off the administrative charges in full, based on the nature and amount of loan granted, as well as based on the relationship between the lender and the concerned person taking the loan.
- (vii) Accordingly, in the cases, where no consideration is charged by the person from the related person, or by an overseas affiliate from its Indian party, for extending loan or credit, other than by way of interest or discount, it cannot be said that any supply of service is being provided between the said related persons in the form of processing/ facilitating/ administering the loan,

	by deeming the same as supply of services as per Section 7(1)(c) of the CGST Act, read with Schedule I of CGST Act. Accordingly, there is no question of levy of GST on the same by resorting to open market value for valuation of the same as per rule 28 of CGST Rules, 2017. (viii) However, in cases of loans provided between related parties, wherever any fee in the nature of processing fee/ administrative charges/ service fee/ loan granting charges etc. is charged, over and above the amount charged by way of interest or discount, the same may be considered to be the consideration for the supply of services of processing/ facilitating/ administering of the loan, which will be liable to GST as supply of services by the lender to the related person availing the loan.				
(63)	Services provided to BSBD A/C holder under PMJDY [Entry 27A]				
(64)	Credit card, debit card, charge card or other payment card service - exempt upto ₹ 2000 per transaction [Entry 34]				
(65)	Services provided by financial intermediaries located in IFSC SEZ [Entry 39A]				
	<u>LIFE INSURANCE SERVICES</u>				
(66)	Life insurance services under NPS [Entry 28]				
(67)	Life insurance services to member of the ARMY, NAVY and AIR FORCE [Entry 29]				
(68)	Life insurance services to coast guard personnel [Entry 29A]				
(69)	Life insurance services to central armed police force [Entry 29B]				
(70)	Life insurance services [Entry 36] ✦ Life Micro insurance product maximum amount of ₹ 200000				
	<u>SERVICES PROVIDED BY SPECIFEID BODIES</u>				
(71)	ESI services [Entry 30]				
(72)	EPF services [Entry 31]				
(73)	Services by coal mines provident fund organisation [Entry 31A]				
(74)	Services by national pension fund (NPS) trust [Entry 31B]				
	<u>GENERAL INSURANCE SERVICES</u>				
(75)	General insurance services [Entry 35]				
(76)	Re-insurance services [Entry 36A]				
	Applicability of GST on retrocession services. — Circular No. 228/22/2024-GST dtd 15-7-2024				
	<table><tr><th>Issue</th><th>Clarification</th></tr><tr><td>Whether the term 'reinsurance' as mentioned in Sl. No. 36A of Notification No. 12/2017-CT(R) dated 28-06-2017 includes</td><td>As per the IRDAI (Re-insurance) Regulations, 2018, 'Retrocession' means a re-insurance transaction whereby a part of assumed reinsured risk is further ceded to another Indian Insurer or a CBR (Cross Border Reinsurer). It is hereby clarified that the term 'reinsurance' as mentioned in Sl. No. 36A of</td></tr></table>	Issue	Clarification	Whether the term 'reinsurance' as mentioned in Sl. No. 36A of Notification No. 12/2017-CT(R) dated 28-06-2017 includes	As per the IRDAI (Re-insurance) Regulations, 2018, 'Retrocession' means a re-insurance transaction whereby a part of assumed reinsured risk is further ceded to another Indian Insurer or a CBR (Cross Border Reinsurer). It is hereby clarified that the term 'reinsurance' as mentioned in Sl. No. 36A of
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	'retrocession'.	notification No. 12/2017CT(R) dated 28.06-2017 includes 'retrocession' services.
	INSURANCE SERVICES PROVIDED MOTOR VEHICLE ACCIDENT FUND [ENTRY 36B] <u>Services of insurance provided by the motor vehicle accident fund, constituted u/s 164B of the Motor Vehicle Act, 1988, against contributions made by insurers out of the premiums collected for third party insurance of motor vehicles is exempt.[w.e.f 16/1/2025]</u>	
	PENSION SCHEMES	
(77)	Collection of contribution under ATAL PENSION YOJANA (ATY) [Entry 37]	
(78)	Collection of contribution under pension scheme of state government [Entry 38]	
	BUSINESS FACILITATOR/CORRESPONDENT	
(79)	Business facilitator/ correspondent [Entry 39] Services by the following persons in respective capacities (a) business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch ; (b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or (c) business facilitator or a business correspondent to an insurance company in a rural area are exempt.	
	LEASING SERVICES	
(80)	Upfront amount payable in respect or service by way of granting of long term lease of industrial plots or plots for development of infrastructure for financial business [Entry 41]	
	LEGAL SERVICES	
(81)	Legal services [Entry 45] Service provided by - (a) An arbitral tribunal to	
		✓ any person other than a business entity; or ✓ a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017; or ✓ the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;

	(b) A partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to - (c) A senior advocate by way of legal services to -	➤ an advocate or partnership firm of advocates providing legal services; ➤ any person other than a business entity; or ➤ a business entity with an aggregate turnover up to such amount in the preceding financial year as <u>makes it eligible for exemption from registration under the CGST Act, 2017</u>; or ➤ the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity; ❖ any person other than a business entity; or ❖ a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017; ❖ the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;
	Are exempt.	
(82)	<u>SPONSORSHIP OF SPORTS</u>	
	Services by way of sponsorship of sporting events organised are exempt	
	<u>SKILL DEVELOPMENT SERVICES</u>	
(83)	Services provided by national skill development corporation/sector skill council/assessment agency/training partner [Entry 69] (f) a training partner approved by the national skill development corporations [w.e.f 16.1.2025]	
(84)	Services provided by assessing bodies by way of assessments under the skill development initiative scheme [Entry 70]	
(85)	Services provided by training provider under DEEN DAYAL UPADHYAYA	

	GRAMEEN KAUSHALYA YOJANA [Entry 71]
	<u>PERFORMANCE BY ARTIST</u>
(86)	Art related services [Entry 78] Performance in folk or classical art forms of music, dance, theatre, if consideration does not exceed ₹ 150000 . But does not include brand ambassador services.
	<u>RIGHT TO ADMISSION TO VARIOUS EVENTS</u>
(87)	Services by way of admission to museum, national park, wildlife sanctuary, tiger reserve, zoo [Entry 79]
(88)	Services by way of admission to protected monument [Entry 79A]
(89)	Admission to entertainment events or access to amusement facilities [Entry 81] Not more than ₹ 500 per person ✚ Valuation in case of entry to casinos and gambling services, GST is leviable. ✚ Elephant/ camel joy rides - not covered under passenger transportation service hence taxable
	<u>SERVICES BY UNINCORPORATED BODY OR NON-PROFIT ENTITY</u>
(90)	Services by an unincorporated body or a non-profit entity to member [Entry 77] Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own member by way of reimbursement of charges or share of contribution. (a) as a trade union; (b) for the provision of carrying out any activity which is exempt from the levy of Goods and service tax; or (c) up to an amount of ₹ 7,500 per month per member for sourcing of goods or services from a third person for the common use of its member in housing society or a residential complex, are exempt. [RWA ka agar aggregate turnover ₹ 20 lakh or less hai and contribution ₹ 7500 se jayada hai toh GST lagega]
(91)	Services by an unincorporated body or a non-profit entity to member [Entry 77A] Agriculture se related hai and ₹ 1000 per member per year are exempt.
	<u>OTHER EXEMPT SERVICES</u>
(92)	Transfer of going concern [Entry 2]
(93)	SUPPLY OF SERVICES ASSOCIATED WITH TRANSIT CARGO TO NEPAL AND BHUTAN (LANDLOCKED COUNTRIES) [Entry 9B] Supply of services associated with transit cargo to Nepal and Bhutan

	(landlocked countries) are exempt. Whether exemption under Sl. No. 9B of Notification No. 12/2017-CT (Rate) dated 28-06-2017 cover services associated with transit cargo both to and from Nepal and Bhutan <table border="1"> <thead> <tr> <th>Issue</th><th>Clarification</th></tr> </thead> <tbody> <tr> <td>Applicability of GST on transportation of empty container returning from Nepal and Bhutan after delivery of transit cargo, to India.</td><td>It is also clarified that movement of empty container from Nepal and Bhutan, after delivery of goods there, is a service associated with the transit cargo to Nepal and Bhutan and is therefore covered by the exemption.</td></tr> </tbody> </table>	Issue	Clarification	Applicability of GST on transportation of empty container returning from Nepal and Bhutan after delivery of transit cargo, to India.	It is also clarified that movement of empty container from Nepal and Bhutan, after delivery of goods there, is a service associated with the transit cargo to Nepal and Bhutan and is therefore covered by the exemption.
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(94)	RENTING OF RESIDENTIAL DWELLING FOR USE AS RESIDENCE [Entry 12] Services by way of renting of residential dwelling for use as residence except where the residential dwelling is rented to a registered person are exempt. Explanation: 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 shall be exempt. Shall be exempt. 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. [inserted by notification no. 04/2024-CT (rate) dated 12/7/2024 w.e.f. 15/7/2024] Note: tax on renting of residential dwelling to a registered person is payable by the registered person under reverse charge whether such residential dwelling is being used for commercial purposes or residential purposes.				
(95)	SUPPLY OF ACCOMMODATION SERVICES [ENTRY 12A] [inserted by notification no. 04/2024-CT (rate) dated 12/7/2024 w.e.f. 15/7/2024] Supply of accommodation services having value of supply less than or equal to ₹ 20,000 per person per month provided that the accommodation service is supplied for a minimum continuous period of 90 days are exempt.				

(96)	Hiring of means of transport of passenger and goods [Entry 22] ▪ To GTA ▪ To state transport undertaking meant to carry more than 12 passenger ▪ To a local authority, an <i>electrically operated vehicle</i> meant to carry more than 12 passenger ▪ To transport of student, faculty, staff
(97)	Access to a road or a bridge on payment of toll charges [Entry 23] Overloading charges at toll plaza - same is exempt from GST Additional toll fees collected in the form of higher toll charges from vehicles not having fastag is exempt from GST.
(98)	Transmission or distribution of electricity by an electricity transmission or distribution utility [Entry 25]
(99)	Technology business incubate services [Entry 44] Turnover not exceeding ₹ 50 lakh and period of 3 year has not elapsed
(100)	Services by TBI/STEP/BIO-INCUBATOR [Entry 48]
(101)	News agency service [Entry 49]
(102)	Service of public libraries [Entry 50]
(103)	Organising business exhibition outside India [Entry 52]
(104)	Services by foreign diplomatic mission [Entry 59]
(105)	Information under RTI Act [Entry 65A]
(106)	Sports related services [Entry 68] Individual as player, referee, coach or team manager and another recognized sports body.
(107)	Public conveniences [Entry 76]
LIST OF SERVICES EXEMPT FROM IGST	
(108)	Import of services [Entry 10]
(109)	Services received by RBI from outside India in relation to management of foreign exchange reserves [Entry 42]
(110)	TOUR OPERATOR SERVICES SUPPLIED TO FOREIGN TOURIST [Entry 52A] 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 shall be exempt from tax. Value of services performed outside India: Value of the tour operator service performed outside India shall be lower of the following- a) $\text{Total consideration charged for the entire tour} \times \text{Number of days for which the tour is performed outside India} \div \text{Total number of days comprising the tour, or}$

	b) 50% of the total consideration charged for the entire tour. In making the above calculations, any duration of time equal to or exceeding 12 hour shall be considered as one full day and any duration of time less than 12 hour shall be taken as half a day. "Foreign tourist" means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes. Illustrations: A tour operator provides a tour operator service to a foreign tourist as follows:- a) 3 days in India, 2 days in Nepal; Consideration Charged for the entire tour: 1,00,000. Exemption: ₹ 40,000 ($₹1,00,000 \times 2 \div 5$) or, 50,000 (50% of ₹ 1,00,000) whichever is less, i.e. 40,000. Taxable value: ₹ 60,000. b) 2 days in India, 3 nights in Nepal; Consideration Charged for the entire tour: ₹ 1,00,000. Exemption: ₹ 60,000 ($₹ 1,00,000 \times 3 \div 5$) or ₹50,000 (50% of ₹1,00,000) whichever is less, i.e. 50,000. Taxable value: ₹ 50,000. c) 2.5 days in India, 3 days in Nepal; Consideration Charged for the entire tour: ₹1,00,000. Exemption: 54,545 ($₹ 1,00,000 \times 3 \div 5.5$) or, ₹ 50,000 (50% of ₹ 1,00,000) whichever is less, i.e. ₹ 50,000. Taxable value: ₹ 50,000 .
(111)	Export of services to own establishment outside India provided place of supply outside India [Entry 10 F]
(112)	Import of services by UN or specified international organisation [Entry 10G]
(113)	Import of services by foreign diplomatic mission or consular post in India [Entry 10H]
(114)	Intermediaries services [Entry 12AA]
	OTHER EXEMPTIONS
(116)	Intra-state supplies received by a tax deductor from any unregistered supplier exempt from CGST
(117)	Services imported by Unit/developer in SEZ exempt from IGST
(118)	Government share of profit from grant of licence/lease to explore or mine petroleum crude or natural gas - exemption from tax
(119)	Royalty and licence fee included in transaction value under rule 10(1)(c) of custom valuation rules - exemption from IGST

Clarifications:-

- GST on delayed payment charges in case of late payment of Equated Monthly Installments (EMI):** - transaction of levy of additional/penal interest does not fall within the entry 5(e) of schedule II of the CGST Act as this levy of

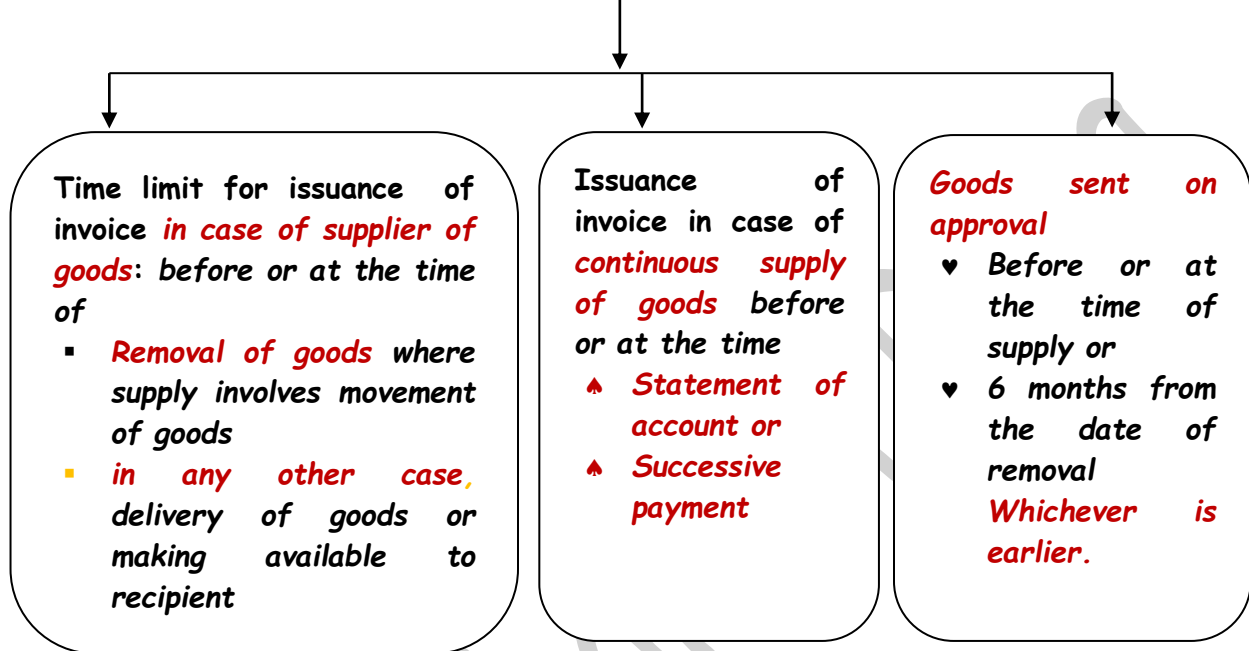
additional/ penal interest satisfies the definition of "interest" as contained in exemption notification.

CA Vardhaman Daga

CHAPTER - 6: TIME OF SUPPLY

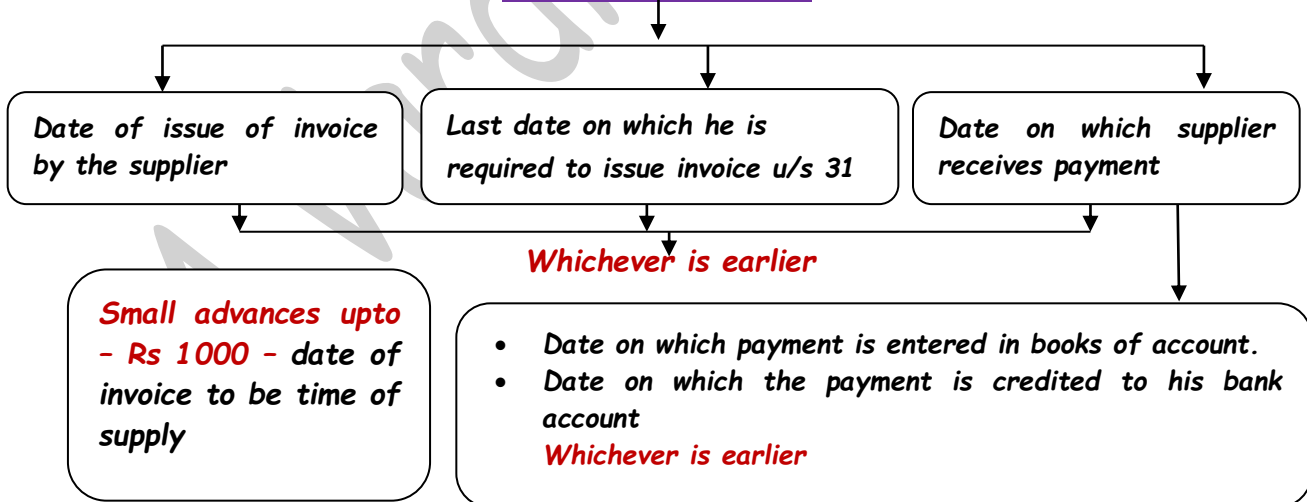
TIME OF SUPPLY OF GOODS

[INVOICE PROVISION (SECTION 31)]



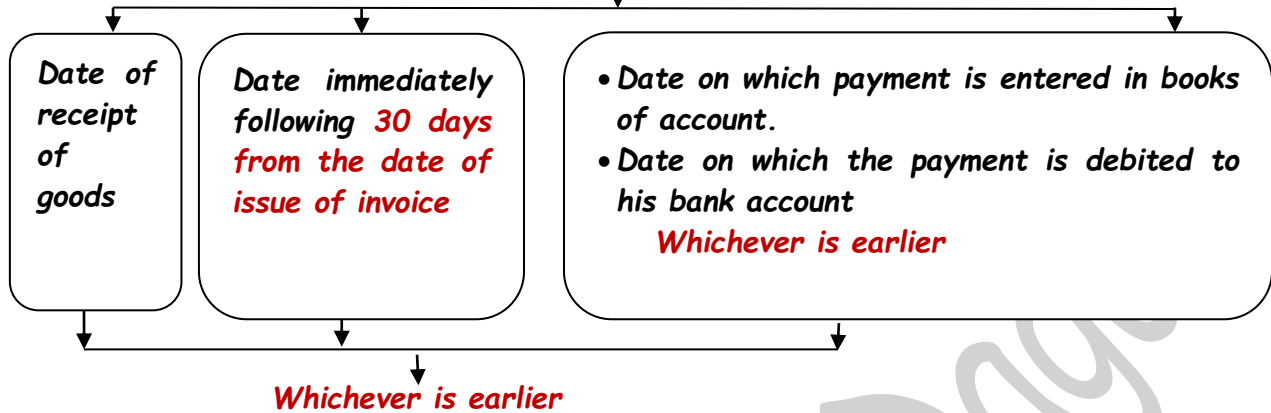
TIME OF SUPPLY OF GOODS [SECTION 12]

FORWARD CHARGE



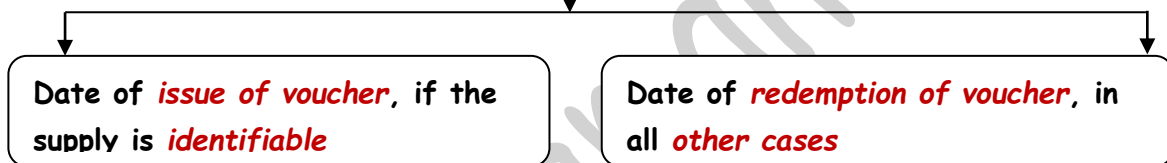
Exemption to all taxpayers from payment of tax on advances received in case of supply of goods - **tax on supply of goods is to be paid on invoice basis and receipt basis is not applicable**

REVERSE CHARGE

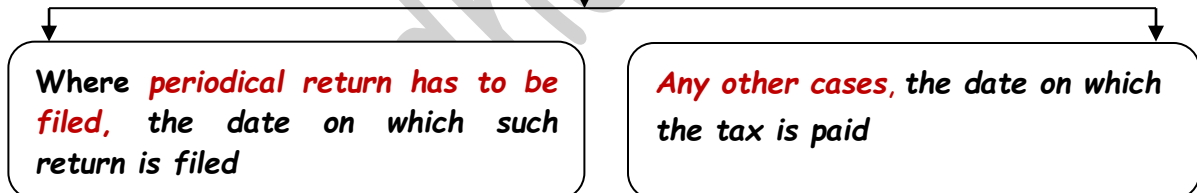


If TOS cannot be determined as above - TOS is date of entry in the books of account of the recipient of supply

VOUCHERS



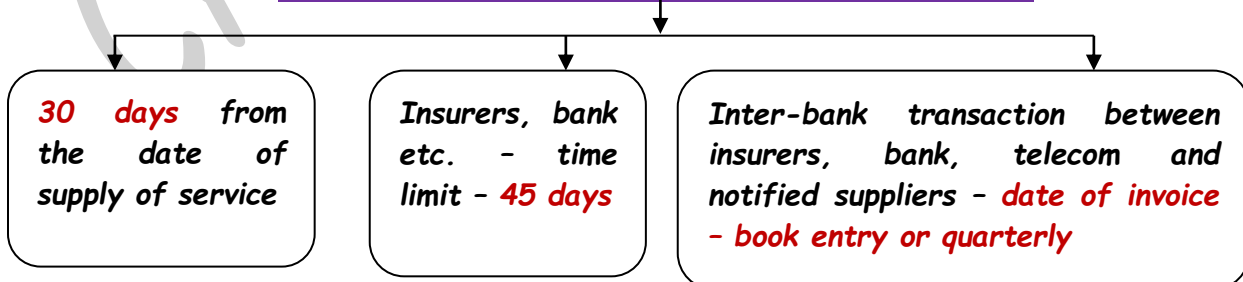
RESIDUAL CASES



Special charges like interest, late fees etc. - TOS is date of receipt of additional amount.

TIME OF SUPPLY OF SERVICES

TIME LIMIT FOR ISSUE OF INVOICE [RULE 47]



Cessation of supply of services - invoice to be issued at the time when supply ceases.

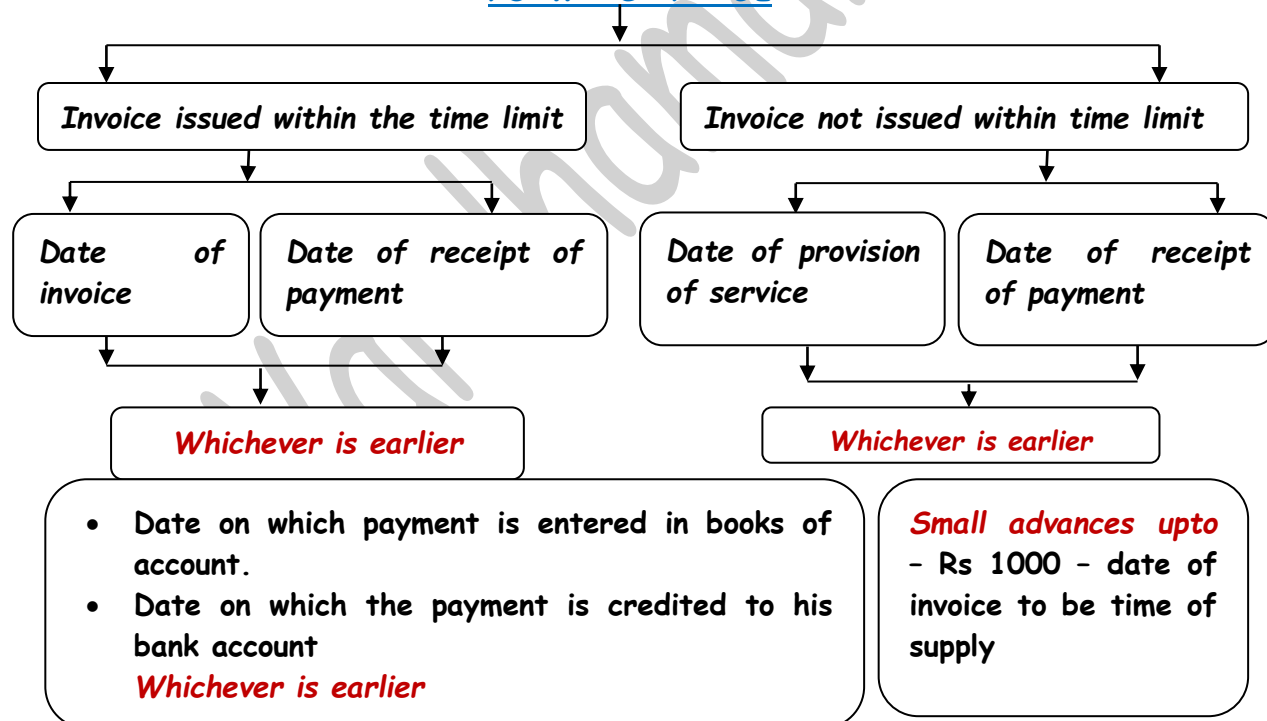
CONTINUOUS SUPPLY OF SERVICES [period exceeding 3 months]

(1)	Where the due date of payment is ascertainable from the contract	The invoice shall be issued on or before the due date of payment
(2)	Where the due date of payment is not ascertainable from the contract	The invoice shall be issued before or at the time when the supplier of service received the payment
(3)	Where the payment is linked to the completion of an event	The invoice shall be issued on or before the date of completion of that event

Time limit for issuing tax invoice in cases where recipient is required to issue invoice [Rule 47A]: where an invoice is required to be issued u/s 31(3)(f) by a registered person, who is liable to pay tax u/s 9(3)/section 9(4) (i.e. when services liable to be taxed under RCM are received from unregistered person), he shall issue the said invoice within a period of 30 days from the date of receipt of the said supply of goods or services, or both, as the case may be. [w.e.f. 1/11/2024]

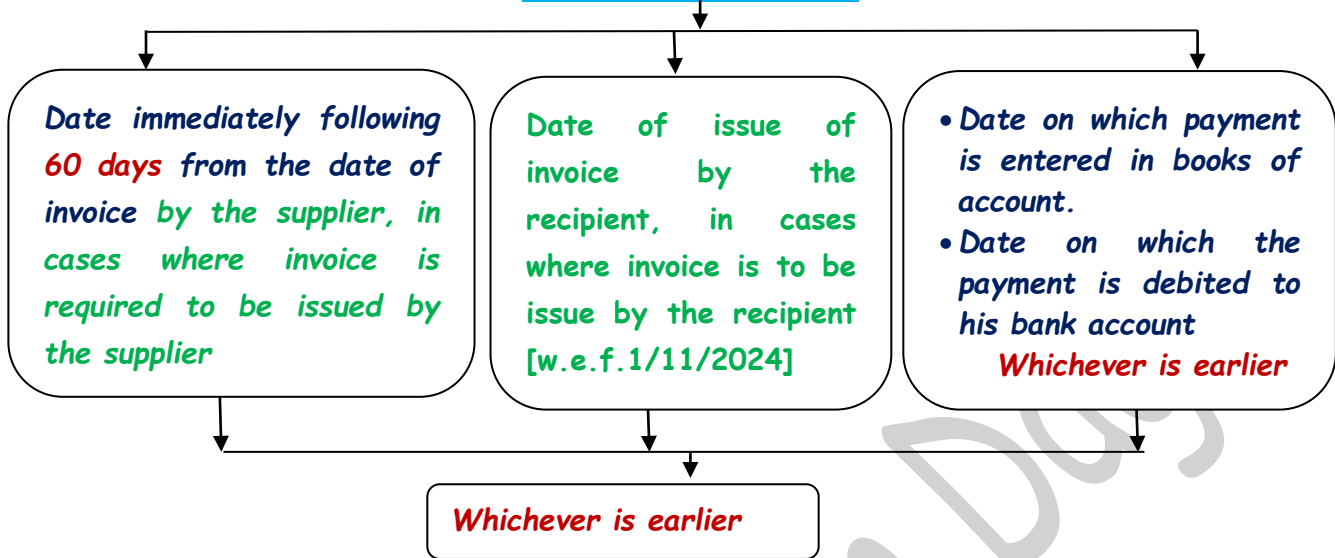
TIME OF SUPPLY OF SERVICE [SECTION 13]

FORWARD CHARGE



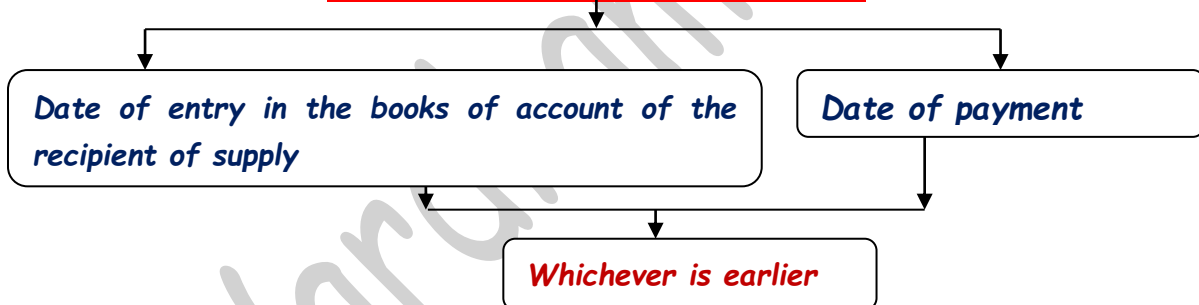
TOS in case of TDR, FSI and long term lease for construction of residential commercial apartments - TOS shall arise on the date of issuance of completion certificate or on its first occupation, whichever is earlier.

REVERSE CHARGE



Time of supply in other cases - TOS - date of entry in the books of account of the recipient of supply.

ASSOCIATED ENTERPRISES



Clarification on time of supply in respect of supply of services of construction of road and maintenance thereof of National Highway Projects of National Highways Authority of India (NHAI) in Hybrid Annuity Mode (HAM) model. — Circular No. 221/15/2024-GST dated 26-06-2024

Issue : Under HAM model of National Highways Authority of India (NHAI), the concessionaire has to construct the new road and provide Operation & Maintenance of the same which is generally over a period of 15-17 years and the payment of the same is spread over the years. What is the time of supply for the purpose of payment of tax on the said service under the HAM model?

Clarification :

- (i) Under the Hybrid Annuity Model (HAM) of concession agreements, the highway development projects are under Design, Build, Operate and Transfer model (DBOT), wherein the concessionaire is required to undertake new construction of Highway, as well as the Operation and Maintenance (O&M) of Highways. The payment terms for the

construction portion as well as the O&M portion of the contract are provided in the agreement between National Highways Authority of India (NHAI) and the concessionaire.

- (ii) A HAM contract is a single contract for construction as well as operation and maintenance of the highway. The payment terms are so staggered that the concessionaire is held accountable for the repair and maintenance of the highway as well. The contract needs to be looked at holistically based on the services to be performed by the concessionaire and cannot be artificially split into two separate contracts for construction and operation and maintenance, based on the payment terms. The concessionaire is bound contractually to complete not only the construction of the highway but also to operate and maintain the same.

In HAM contract, the payment is made spread over the contract period in installments and payment for each installment is to be made after specified periods, or on completion of an event, as specified in the contract. The same appears to be covered under the 'Continuous supply of services' as defined under section 2(33) of the CGST Act.

As per Section 13(2)(a) of CGST Act, the time of supply in respect of a supply of services shall be the date of issue of Invoice, or date of receipt of payment, whichever is earlier, in cases where invoice is issued within the period prescribed under section 31 of CGST Act. Further, as per Section 13(2)(b) of CGST Act, in cases where invoice is not issued within the period prescribed under section 31, the time of supply of service shall be date of provision of the service or date of receipt of payment, whichever is earlier. However, as per section 31(5) of CGST Act, in cases of continuous supply of services, where the payment is made periodically, either due on a specified date or is linked to the completion of an event, the invoice is required to be issued on or before the specified date or the date of completion of that event.

Accordingly, as per section 13(2) of CGST Act, read with section 31(5) of CGST Act, time of supply of services under HAM contract, including construction and O&M portion, should be the date of issuance of such invoice, or date of receipt of payment, whichever is earlier, if the invoice is issued on or before the specified date or the date of completion of the event specified in the contract, as applicable. However, in cases, where the invoice is not issued on or before the specified date or the date of completion of the event specified in the contract, as per section 13(2)(b), time of supply should be the date of provision of the service, or date of receipt of payment, whichever is earlier. In case of continuous supply of services, the date of provision of service may be deemed as the due date of payment as per the contract, as the invoice is required to be issued on or before the due date of payment as per the provisions of Section 31(5) of CGST Act.

- (iii) In the light of above, it is clarified that the tax liability on the concessionaire under the HAM contract, including on the construction portion, would arise at the time of issuance of invoice, or receipt of payments, whichever is earlier, if the invoice is issued on or before the specified date or the date of completion of the event specified in the contract, as applicable. If invoices are not issued on or before the specified date or the date of completion of the event specified in the contract, tax liability would arise on the

date of provision of the said service (i.e., the due date of payment as per the contract), or the date of receipt of the payment, whichever is earlier.

- (iv) It is also clarified that as the installments/annuity payable by NHAI to the concessionaire also includes some interest component, the amount of such interest shall also be includible in the taxable value for the purpose of payment of tax on the said annuity/installment in view of the provisions of section 15(2)(d) of the CGST Act.

Clarification on time of supply of services of spectrum usage and other similar services under GST. — Circular No.-222/16/2024-GST dated 26-06-2024

Issue : In cases of spectrum allocation where the successful bidder (i.e. the 'telecom operator') opts for making payments in instalments as mentioned in the Notice Inviting Application (NIA) and Frequency Assignment Letter (FAL) issued by Department of Telecommunications (DoT), Government of India, what will be the time of supply for the purpose of payment of GST on the said supply of spectrum allocation services.

Classification :

- (i) Under the spectrum allocation model followed by DoT, bidder (the telecom operator) bids for securing the right to use spectrum offered by the government. Here, service provider is the Government of India (through DoT) and service recipient is the bidder/ telecom operator. The GST is to be discharged on the supply of spectrum allocation services by the recipient of services (the telecom operator) on reverse charge basis [Notification No. 13/2017-CT (Rate) dated 28th June, 2017 referred].
- (ii) In respect of the said supply of spectrum allocation services, if the telecom operator chooses the option to make payment in installments, the payment has to be made spread over the contract period in installments and payment for each installment is to be made after specified periods, as specified in the Frequency Assignment Letter of DoT, which is in the nature of contract. The same is a 'continuous supply of services' as defined under section 2(33) of the CGST Act, since the supply of services (spectrum usage) is agreed to be provided by the supplier (DoT) to the recipient (telecom operator) continuously for a period which is exceeding three months with periodic payment obligations.

As per section 13(1) of CGST Act, the liability to pay tax on supply of services shall arise at the time of supply. In case of forward charge supplies, the time of supply of services is governed by section 13(2) of CGST Act, which is the earlier of date of issue of invoice by the supplier or date of provision of service or the date of payment, as the case maybe.

However, in respect of supply of services, on which tax is paid or liable to be paid on reverse charge basis, as per Section 13(3) of CGST Act, 2017, the time of supply of services 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.

Some of the field formations are considering the Frequency Assignment Letter issued by DoT as akin to any other document, by whatever name called, in lieu of an invoice

mentioned in section 13(3)(b) of CGST Act and are demanding interest on instalments paid after 60 days from the date of issue of the same.

It is observed that Frequency Assignment Letter is in the nature of a bid acceptance document intimating the telecom operator that the result of the auction has been accepted by the competent authority and the details of blocks and spectrum allotted to the telecom operator. The Frequency Allotment Letter also mentions the options and the amounts to be paid by the telecom operator in each of the two options.

Further, as per section 31(5)(a) of CGST Act, in cases of continuous supply of services, where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before such due date of payment. In the instant case, the date of payment to be made by the telecom operator to DoT is clearly ascertainable from the Notice Inviting Applications read with the Frequency Assignment Letter. Accordingly, tax invoice will be required to be issued in respect of the said supply of services, on or before such due date of payment as per the option exercised by the telecom operator.

- (iii) In the light of above, it is clarified that in case where full upfront payment is made by the telecom operator, GST would be payable when the payment of the said upfront amount is made or is due, whichever is earlier, whereas in case where deferred payment is made by the telecom operator in specified installments, GST would be payable as and when the payments are due or made, whichever is earlier.
- (iv) It is also clarified that the similar treatment regarding the time of supply, as is discussed in the above paras, may apply in other cases also where any natural resources are being allocated by the government to the successful bidder/ purchaser for right to use the said natural resource over a period of time, constituting continuous supply of services as per the definition under section 2(33) of the CGST Act, with the option of payments for the said services either through an upfront payment or in deferred periodic installments over the period of time.

CHAPTER - 7: VALUE OF SUPPLY

VALUE OF TAXABLE SUPPLY [section 15(1)]

(1) Value of taxable supply to be **transaction value**:

- ❖ **Price actually paid or payable** for the said supply
- ❖ **Supplier and recipient are not related and**
- ❖ **Price is the sole consideration** for the supply

(2) **Inclusions**:

- ✚ **Taxes, duties, cesses, fees and charges except CGST, SGST, UTGST & GST compensation cess. (if charged separately). TCS under Income Tax not included.**
- ✚ **Amount incurred by recipient on behalf of the supplier.** (agar customer direct payment bhi karega third party ko toh bhi include karenge). **Payment made on own account of recipient - not to be included.**
- ✚ **Incidental expenses** and amount charged for activities done **before delivery** (commission, packing, inspection or certification charges, installation and testing charges, outward freight, transit insurance)
- ✚ **Charges for delayed payment of consideration.**
- ✚ **Subsidies** (govt wali exclude karenge and private wali include)

(3) **Exclusions**:

- ♣ **Discounts**:
 - ♠ **Discount given on or before supply**
 - ♠ **Post supply discount**:
 - Specially linked to relevant invoices and
 - Input tax credit as is attributable has to be reversed.
 - ♠ **Non deductible discount** (year end discount after reviewing dealer performance)

CIRCULARS

- 🌀 **Free samples and gifts**: not regarded as supply and ITC not admissible.
- 🌀 **Buy one get one free offer**: value already included and ITC admissible.
- 🌀 **Staggered discount/volume discount** - deductible.
- 🌀 **Secondary discount** not deductible.
- 🌀 **Valuation of supply made by a component manufacturing using moulds and dies owned by original equipment manufacturers (OEM) sent free of cost to him** - value of such moulds and dies not to be added to the value of supply made by component manufacturer. If under obligation of component manufacturer such moulds and dies supplied by OEM, then amortized value to be added in value of component.

If value cannot be determined on the above basis then shall be determined on basis of rules

Issue	clarification
Whether No Claim Bonus provided by the insurance company to the insured can be considered as an admissible discount for the purpose of determination of value of supply of insurance service provided by the insurance company to the insured?	Accordingly, where the deduction on account of No claim bonus is provided in the invoice issued by the insurer to the insured, GST shall be leviable on actual insurance premium amount, payable by the policy holders to the insurer, after deduction of No Claim Bonus mentioned on the invoice.

Applicability of GST on the incentive amount shared by acquiring banks with other stakeholders in the digital payment ecosystem under the notified Incentive Scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions. — Circular No. 228/22/2024-GST dated 15-07-2024

Issue : Whether GST is applicable on the incentive amount shared by acquiring banks with other stakeholders in the digital payment ecosystem under the notified Incentive Scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions.

Clarification :

The Gazette Notifications dated 17th December, 2021 and 14th January, 2023 issued by MeitY state that the incentives will be shared by the acquiring banks with other payment system participants and the payment system operator, in the proportion and manner decided by the National Payments Corporation of India (NPCI) in consultation with the participating banks. MeitY pays the incentive to the acquiring bank and it is further shared by the acquiring bank with the issuer bank. Issuer bank further shares the incentive with the Payer Payment Service Provider (PSP), which are typically banks, and the UPI app.

The share of incentive paid by the acquiring bank to the issuer bank and further shared by the issuer bank to the Payer PSPs and the UPI app are decided by the NPCI in consultation with participating banks. Payer PSPs may choose to further share this incentive with Third Party App Providers (TPAP). However, the proportion of the incentive shared by Payer PSPs with TPAPs is not being decided by NPCI in consultation with the participating banks for Financial Years 2021-22 and 2022-23 and was determined by the business agreement between the Payer PSPs and TPAP.

GST Council in its 53rd meeting held on 22nd June, 2024 has recommended to clarify that further sharing of the incentive amount by the acquiring bank with other stakeholders, up to the point where the incentive is distributed in the proportion and manner as decided by NPCI in consultation with the participating banks under the notified Incentive Scheme, is in the nature of a subsidy and thus, not taxable.

Thus, it is hereby clarified that further sharing of the incentive amount by the acquiring bank with other stakeholders, up to the point where the incentive is distributed in the proportion and manner as decided by NPCI in consultation with the participating banks under the notified Incentive Scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions, is in the nature of a subsidy and is thus, not taxable.

Mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) of the CGST Act, 2017 by the suppliers. — Circular No. 212/6/2024-GST dated 26-06-2024

Issue : In cases where the discounts are offered by the suppliers through tax credit notes, after the supply has been effected, the said discount is not to be included in the taxable value only if the condition of section 15(3)(b)(ii) of the CGST Act, for reversal of the input tax credit attributable to the said discount by the recipient, is satisfied. Representations have been received from the trade and the field formations mentioning that there is presently no facility available to the supplier as well as the tax officers on the common portal to verify whether the input tax credit attributable to the said discount has been reversed by the recipient or not. Request has been made to provide a suitable mechanism for enabling the suppliers as well as tax officers to verify fulfilment of the condition of section 15(3)(b)(ii) of the CGST Act regarding proportionate reversal of input tax credit by the recipients in respect of such discounts given by the supplier by issuing tax credit notes after the supply has been effected.

Clarification : The Board, in exercise of its powers conferred by section 168 (1) of the CGST Act, hereby clarifies the issues as under:

- (a) Wherever any discount is offered by the supplier to the recipient, by issuance of a tax credit note as per section 34 of the CGST Act, after the supply has been effected, the said discount can be excluded from the value of taxable supply only if the conditions of section 15(3)(b) of the CGST Act are fulfilled. Such conditions inter alia includes the requirement of reversal of input tax credit by the recipient attributable to the said discount.
- (b) However, there is no system functionality/ facility presently available on the common portal to enable the supplier or the tax officer to verify the compliance of the said condition of proportionate reversal of input tax credit by the recipient.
- (c) In view of the above, till the time a functionality/ facility is made available on the common portal to enable the suppliers as well as the tax officers to verify whether the input tax credit attributable to such discounts offered through tax credit notes has been reversed by the recipient or not, the supplier may procure a certificate from the recipient of supply, issued by the Chartered Accountant (CA) or the Cost Accountant (CMA), certifying that the recipient has made the required proportionate reversal of input tax credit at his end in respect of such credit note issued by the supplier.
- (d) The said CA/CMA certificate may include details such as the details of the credit notes, the details of the relevant invoice number against which the said credit note has been issued, the amount of ITC reversal in respect of each of the said credit notes along with the details of the FORM GST DRC-03/ return/ any other relevant document through which such reversal of ITC has been made by the recipient.
- (e) Such certificate issued by CA or CMA shall contain UDIN (Unique Document Identification Number). UDIN of the certificate issued by CAs can be verified from ICAI website <https://udin.icai.org/search-udin>. and that issued by CMAs can be verified from ICAI website <https://eicmai.in/udin/VerifyUDIN.aspx>.
- (f) In cases, where the amount of tax (CGST + SGST + IGST and including compensation cess, if any) involved in the discount given by the supplier to a recipient through tax

credit notes in a Financial Year is not exceeding ₹ 5,00,000, then instead of CA/CMA certificate, the said supplier may procure an undertaking/ certificate from the said recipient that the said input tax credit attributable to such discount has been reversed by him, along with the details mentioned above.

- (g) Such certificates issued by the CA/CMA or the undertakings/ certificates issued by the recipient of supply, as the case may be, shall be treated as a suitable and admissible evidence for the purpose of section 15(3)(b)(ii) of the CGST Act, 2017. The supplier shall produce such certificates/ undertakings before the tax officers, if required, during any proceedings such as scrutiny, audit, investigations, etc. Even for the past period, where ever any such evidence as per section 15(3)(b)(ii) of CGST Act in respect of credit note issued by the supplier for post-sale discounts is required to be produced by him to the tax authorities, the concerned taxpayer may procure and provide such certificates issued by CA/CMA or the undertakings/ certificates issued by the recipients of supply, as the case may be, to the concerned investigating/ audit/ adjudicating authority as evidence of requisite reversal of input tax credit by his recipients.

CHAPTER-8: INPUT TAX CREDIT

ELIGIBILITY AND CONDITIONS FOR TAKING INPUT TAX CREDIT [SECTION 16]

(1) Only **registered person** eligible to take ITC.

(2) Conditions to be satisfied for taking ITC:

(a) Possession of tax paying documents

(i)

Documents on basis of which ITC can be availed (Rule 36(1))

1. An invoice issued by the supplier of goods or services or both
2. Invoice issued by the recipient along with proof of payment of tax in case of reverse charge;
3. A debit note issued by the supplier as per sec 34
4. A bill of entry or any similar document prescribed under custom act, 1962
5. An input service distributor invoice or input service distributor credit note or any document issued by an ISD

(ii) Document must contain prescribed particulars and relevant information to be furnished by registered person.

(iii) ITC cannot be availed on tax demands on account of fraud etc.

(aa) the details of the invoice or debit note referred above has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37.

Restriction on availment of ITC [rule 36(4)] : No input tax credit shall be availed by a registered person in respect of invoices or debit notes the details of which are required to be furnished under section 37(1) unless:-

- (i) The details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in **FORM GSTR-1**, as amended in **FORM GSTR-1A** if any [inserted vide notification no. 12/20204-CT dated 10/7/2024] or using the IFF; and
- (ii) The details of input tax credit in respect of such invoices or debit notes have been communicated to the registered persons in **FORM GSTR-2B** under Rule 60(7).

(b) Receipt of goods and services [delivery of goods or services at registered persons direction is valid receipt of goods or services]

(ba) **ITC must not to be restricted:** The details of input tax credit in respect of the said supply communicated to such registered person u/s 38 has not been restricted.

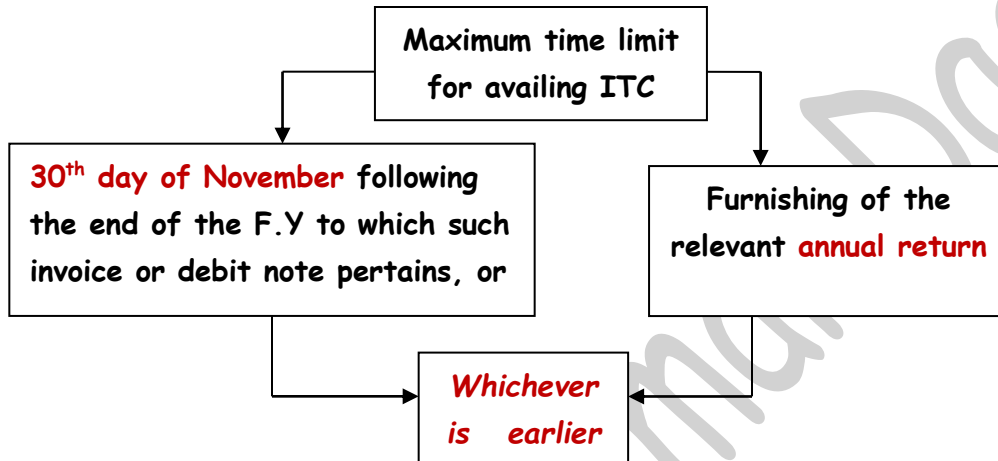
(c) Tax charged is actually paid to the government

(d) Furnishing of return.

(3) ITC not admissible if depreciation claimed on tax component

(4) **Burden of proof** - persons taking the credit.

TIME LIMIT FOR AVAILING ITC [Section 16(4)]



Exception: it must be further noted that the time limit under section 16(4) **does not apply to claim for re-availing of credit** that had been reversed earlier

Time limit for availment of ITC on restoration of registration [Section 16(6)]: **Where registration of a registered person is cancelled u/s 29 and subsequently the cancellation of registration is revoked by any order, either u/s 30 or pursuant to any order made by the Appellate Authority or the Appellate Tribunal or court and where availment of input tax credit in respect of an invoice or debit note was not restricted u/s 16(4) on the date of order of cancellation of registration, the said person shall be entitled to take the input tax credit in respect of such invoice or debit note for supply of goods or services or both, in a return under section 39, -**

(a) **filed up to 30th November following the financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier; or**

(b) **for the period from the date of cancellation of registration or the effective date of cancellation of registration, as the case may be, till the date of order of revocation of cancellation of registration, where such return is filed within 30 days from the date of order of revocation of cancellation of registration,**

whichever is later. [Insert by the finance (No.2) Act, 2024 w.e.f. 01-07-2017]

No refund of tax paid or input tax credit reversed [Section 151]: No refund shall be made of all the tax paid or the input tax credit reversed, which would not have been so paid, or not reversed, had the above provisions been in force at all material times. [Amended by the Finance (No.2) Act, 2024 w.e.f.01-11-2024]

Clarification on time limit under Section 16(4) of CGST Act, 2017 in respect of RCM supplies received from unregistered persons. - Circular No. 211/5/2024-GST dated 26-06-2024

- (1) **Issue:** It has been represented that in some cases, where tax is payable on reverse charge basis by the recipient, such as, where an activity is performed by the overseas related person for the entity located in India and no consideration is involved, such an activity may not be considered as supply of services by the concerned recipient in India and accordingly, no invoice is issued as well as no tax is paid by the said recipient under RCM in respect of the same. However, later on, either on their own on the basis of some clarification issued by the department or on the basis of some court judgment or on being pointed out by the tax authorities during scrutiny or audit or otherwise, the said recipient issues the invoice and pays the tax under RCM, along with interest, and claims input tax credit on such tax paid.

It has been represented that some of the field formations are taking the view that in such cases, the relevant year of the invoice for the purpose of section 16(4) of CGST Act is the year in which the said supply was received and accordingly, the time limit for availment of ITC under section 16(4) of CGST Act is only upto the September/ November of the following financial year, i.e. the financial year following the financial year in which the said services was received.

On the other hand, industry has represented that as the invoice in respect of such supplies received from unregistered supplier, where tax has to be paid by the recipient on RCM basis, is to be issued by the recipient as per section 31(3)(f) of CGST Act, the relevant year of invoice for the purpose of section 16(4) of CGST Act is the financial year in which such invoice has been issued and accordingly, ITC should be available on the said invoice under section 16(4) of CGST Act till the September/ November of the financial year following the financial year in which such invoice has been issued. Request has been made to issue clarification in the matter to avoid litigation.

- (2) **Clarification :** The Board, in exercise of its powers conferred under section 168(1) of the CGST Act, hereby clarifies the issue as follows :
- (a) As per section 16(2)(a) of CGST Act, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed.
 - (b) Rule 36(1)(b) of the CGST Rules prescribes that input tax credit shall be availed by a registered person inter-alia on the basis of an invoice issued in accordance with the provisions of section 31(3)(f) of CGST Act, subject to the payment of tax.
 - (c) Further, section 31(3)(f) of CGST Act provides that a registered person, who is liable to pay tax under section 9(4)/(3), shall issue an invoice in respect of goods or

services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both. Accordingly, where the supplier is unregistered and recipient is registered, and the recipient is liable to pay tax on the said supply on RCM basis, the recipient is required to issue invoice as per section 31(3)(f) of CGST Act and pay the tax in cash on the same under RCM.

- (d) It can be seen that section 16(4) of CGST Act links the time limit for ITC availment with the financial year to which the invoice or debit note pertains. In case of supplies where the supplier is unregistered and recipient is registered and the tax has to be paid by the recipient on RCM basis, the recipient is required to issue invoice in terms of the provisions of section 31(3)(f) of CGST Act and pay the tax on the same in cash under RCM.

Further, ITC cannot be availed by a registered person in respect of any supply of goods or services or both received by him, as per the provisions of section 16(2)(a) of CGST Act, unless he is in possession of a tax invoice or debit note or such other tax paying documents as may be prescribed.

- (e) A combined reading of the above provisions leads to a conclusion that as ITC can be availed by the recipient only on the basis of invoice or debit note or other duty paying document, and as in case of RCM supplies received by the recipient from unregistered supplier, invoice has to be issued by the recipient himself, the relevant financial year, to which invoice pertains, for the purpose of time limit for availment of ITC under section 16(4) of CGST Act in such cases shall be the financial year of issuance of such invoice only. In cases, where the recipient issues the said 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.
- (f) Accordingly, 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 CGST Act, the relevant financial year for calculation of time limit for availment of input tax credit under the provisions of section 16(4) of CGST Act 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 CGST Act. 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 122 of CGST Act.

Payment for the invoice to be made within 180 days [Second proviso to section 16(2)]

(i) Payment is not made within 180 days from date of invoice - ITC availed is to be paid along with interest:

As per Second Proviso to Section 16(2), where a recipient fails to pay-

- to the supplier of goods or services or both,
- the amount towards the value of supply along with tax payable thereon.

➤ **within a period of 180 days from the date of issue of invoice** by the supplier, an amount equal to the input tax credit availed by the recipient shall be **paid by him along with interest payable u/s 50 thereon (i.e. 18% p.a.)**, in such manner as may be prescribed.

(ii) **Re-credit when payment is made subsequently:** However, the recipient shall be entitled to avail of the credit of input tax on payment made by him **to the supplier** of the amount towards the value of supply of goods or services or both along with tax payable thereon. In case part payment has been made to the supplier, proportionate credit would be allowed.

(iii) **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 Le. value of supplies made without consideration as specified in Schedule I of the said Act.

(c) The value of supplies on account of any amount added in accordance with the provisions Section 15(2)(b) shall be deemed to have been paid for the purposes of the second proviso to Section 16(2), i.e. additions made to the value of supplies on account of supplier's liability, in relation to such supplies, being incurred by the recipient of the supply.

Note: Under situations given in points (b) & (c), the value of supply is deemed to have been paid.

Reversal of ITC in case of non-payment of consideration [Rule 37]: The procedural requirements are discussed as under-

- 1) **Payment is not made within 180 days from date of invoice** - ITC availed is to be paid along with interest: A registered person, who has availed of input tax credit on any inward supply of goods or services or both, but fails to pay to the supplier thereof, the amount towards the value of such supply **whether wholly or partly along with the tax payable thereon**, within 180 days from the date of invoice, **shall pay an amount equal to the input tax credit availed in respect of such supply along with interest payable thereon under section 50**, while furnishing the return in **FORM GSTR-3B** for the tax period immediately following the period of 180 days from the date of the issue of the invoice.
- 2) **Re-credit when payment is made subsequently [Rule 37(2)]:**
- 3) **Re-availing of credit reversed earlier** - time limit provisions for taking credit not applicable

Reversal of input tax credit in the case of non-payment of tax by the supplier and

re-availment thereof [Rule 37A]

(1) Reversal of ITC in case GSTR-3B has not been furnished by his supplier:

Where input tax credit has been availed by a registered person in the return in **FORM GSTR-3B** for a tax period in respect of such invoice or debit note, the details of which have been furnished by the supplier in the statement of outward supplies in **FORM GSTR-1**, as amended in **FORM GSTR-1A** if any [inserted vide notification no. 12/20204-CT dated 10/7/2024] or using the invoice furnishing facility, but the return in **FORM GSTR-3B** for the tax period corresponding to the said statement of outward supplies has not been furnished by such supplier till the 30th September following the end of financial year in which the input tax credit in respect of such invoice or debit note has been availed, the said amount of input tax credit shall be reversed by the said registered person, while furnishing a return in **FORM GSTR-3B** on or before the 30th November following the end of such financial year.

(2) Interest liability for non reversal of ITC by 30th November: Where the said amount of input tax credit is not reversed by the registered person in a return in **FORM GSTR-3B** on or before the 30th November following the end of such financial year during which such input tax credit has been availed, such amount shall be payable by the said person along with interest @ 18% p.a.

(3) Re-availment of ITC: Where the said supplier subsequently furnishes the return in **FORM GSTR-3B** for the said tax period, the said registered person may re-avail the amount of such credit in the return in **FORM GSTR-3B** for a tax period thereafter.

APPORTIONMENT OF CREDIT AND BLOCKED CREDIT

(1) Ineligible inputs/capital goods/input services - blocked credits [section 17 (5)]

(2) Items ineligible for credit [section (5)]: ITC shall not be available in respect of following:

(a)	Motor vehicle for transportation passenger	for of	Motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver) . However, credit will be available when they are used for making the following taxable supplies, namely: (A) further supply of such motor vehicles; or (B) transportation of passengers; or (C) imparting training on driving such motor vehicles.
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(aa)	Vessel and aircraft	Vessels and aircraft However, credit will be available when they are used - (i) for making the following taxable supplies, namely: (a) further supply of such vessels or aircraft; or (b) transportation of passengers; or (c) imparting training on navigating such vessels; (d) imparting training on flying such aircraft; (ii) for transportation of goods.
(ab)	Insurance, repairs and maintenance of motor vehicles, vessels and aircraft	Services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa). However, the input tax credit in respect of such services shall be available (i) where the motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) are used for the purposes specified therein; (ii) where received by a taxable person engaged - (a) in the manufacture of such motor vehicles, vessels or aircraft; or (b) in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him;
(b)	Food & beverages outdoor catering beauty treatment etc.	(i) the following supply of goods or services or both- ⦿ food and beverages, ⦿ outdoor catering, ⦿ beauty treatment, ⦿ health services, ⦿ cosmetic and plastic surgery, ⦿ leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) above except when used for the purposes specified therein,

		⦿ life insurance, and ⦿ health insurance. However, the input tax credit in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply; (ii) membership of a club, health and fitness centre; and (iii) travel benefits extended to employees on vacation such as leave or home travel concession. However, the input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force.
(c)	Works contract	Works contract services when supplied for construction of an immovable property. However, credit is allowed - (i) Where it is an input service for further supply of works contract service. (ii) Where it is supplied for construction of plant and machinery. Explanation: (1) "Plant and machinery" means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes- (i) land, building or any other civil structures; (ii) telecommunication towers; and (iii) pipelines laid outside the factory premises. (2) "Construction" includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property.

(d)	Input and input services for construction of immovable property	Goods or services or both received by a taxable person for construction of an immovable property on his own account including when such goods and services or both are used in the course or furtherance of business. However, credit is allowed if they are supplied for construction of plant and machinery.
(e)	Input under composition scheme	-
(f)	Inputs by NR	Goods and services or both received by a non-resident taxable person except on goods imported by him
(fa)	Goods or services for CSR expenditure	Goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the companies act 2013 [Finance act, 2023]
(g)	Personal consumption	-
(h)	Lost, stolen goods etc.	-
(i)	Evasion, confiscation etc.	-

Entitlement of ITC by the insurance companies on the expenses incurred for repair of motor vehicles in case of reimbursement mode of insurance claim settlement-reg. - Circular No. 217/11/2024-GST dated 26-06-2024

	Issue	Clarification
(i)	The insurance companies, which are engaged in providing general insurance services in respect of insurance of motor vehicles, insure the cost of repairs/ damages of motor vehicles incurred by the policyholders and settle the claims in two modes i.e., Cashless or Reimbursement. Whether ITC is available to insurance companies in respect of repair expenses reimbursed by the insurance company in case of reimbursement mode of claim settlement.	Under reimbursement mode of claim settlement, the insured avails repair services from non-network garages with which the insurance companies do not have routine business relationship. The said garages issue the invoice in the name of the insurance company while not extending credit facility for the repair costs. Accordingly, the policy holder/ insured makes payment of such repair services, and subsequently, the insurance company reimburses the approved claim cost to the insured. Section 17(5) of the CGST Act provides that ITC in respect of services of repair of motor vehicles shall be available where received by a taxable person engaged in the supply of general insurance services in respect of motor

	vehicles insured by him. Section 16 of CGST Act provides that every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49 of the said Act, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person. Further, section 2(93) of CGST Act defines "recipient" of supply of goods or services or both, as the person who is liable to pay the consideration, where such consideration is payable for the said supply of goods or services or both. Moreover, as per section 2(31) of CGST Act, "consideration" includes any payment made or to be made in relation to supply of the goods or services or both, whether by the recipient or by any other person. In reimbursement mode of claim settlement, the payment is made by the insurance company for the approved cost of repair services through reimbursement to the insured. Further, irrespective of the fact that the payment of the repair services to the garage is first made by the insured, which is then reimbursed by the insurance company to the insured to the extent of the approved claim cost, the liability to pay for the repair service for the approved claim cost lies with the insurance company, and thus, the insurance company is covered in the definition of "recipient" in respect of the said supply of services of vehicle repair provided by the garage under section 2(93) of CGST Act, to the extent of approved repair liability. Moreover, availment of credit in respect of input tax paid on motor vehicle repair services received by the insurance company for outward supply of insurance services for such motor vehicles is not barred under
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		section 17(5) of CGST Act. Accordingly, it is clarified that ITC is available to Insurance Companies in respect of motor vehicle repair expenses incurred by them in case of reimbursement mode of claim settlement.
(ii)	Where the invoice raised by the garage also includes an amount in excess of the approved claim cost, the insurance company only reimburses the approved claim cost to the garage after considering the standard deductions viz. the compulsory deductibles to be borne by the insured, depreciation, improvements outside the coverage, value of salvage of the damaged parts of the motor vehicles, etc. The remaining amount is to be paid by the insured to the garage. What is the extent of ITC available to the insurer in such cases?	In cases where the garage issues two separate invoices in respect of the repair services, one to the insurance company in respect of approved claim cost and second to the customer for the amount of repair service in excess of the approved claim cost, input tax credit may be available to the insurance company on the said invoice issued to the insurance company subject to reimbursement of said amount by insurance company to the customer. However, if the invoice for full amount for repair services is issued to the insurance company while the insurance company makes reimbursement to the insured only for the approved claim cost, then, the input tax credit may be available to the insurance company only to the extent of reimbursement of the approved claim cost to the insured, and not on the full invoice value.
(iii)	Whether ITC is available to the insurer where the invoice for the repair of the vehicle is not in name of the insurance company	In such a case, condition of clause (a) and (aa) of section 16(2) of CGST Act is not satisfied and accordingly, input tax credit will not be available to the insurance company in respect of such an invoice.

Clarification on availability of input tax credit on ducts and manholes used in network of optical fiber cables (OFCs) in terms of section 17(5) of the CGST Act, 2017. — Circular No. 219/13/2024-GST dated 26-06-2024

Issue	Clarification
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 section 17(5)(c)/(d) of the CGST Act, read with Explanation to section 17 of CGST Act ?	(1) Section 17(5) of the CGST Act provides that input tax credit shall not be available, inter alia, in respect of the following: (i) works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service; or

	(ii) goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business. (2) Explanation in section 17 of CGST Act provides that the expression "plant and machinery" means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes land, building or any other civil structures; telecommunication towers; and pipelines laid outside the factory premises. (3) 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, 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 CGST Act, as they are neither in nature of land, building or civil structures nor are in
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	nature of telecommunication towers or pipelines laid outside the factory premises. (4) 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 u/s 17(5)(c)/(d) of CGST Act.
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Clarification on availability of input tax credit in respect of demo vehicles. — Circular No. 231/25/2024-GST dated 10-09-2024

The demo vehicles are the vehicles which the authorised dealers for sale of motor vehicles are required to maintain at their sales outlet as per dealership norms and are used for providing trial run and for demonstrating features of the vehicle to the potential buyers. These vehicles are purchased by the authorised dealers from the vehicle manufacturers against tax invoices and are typically reflected as capital assets in books of account of the authorized dealers. As per dealership norms, these vehicles may be required to be held by the authorized dealers as demo vehicle for certain mandatory period and may, thereafter, be sold by the dealer at a written down value and applicable tax is payable at that point of time.

Reference has been received to issue clarification regarding availability of input tax credit in respect of demo vehicles on the following issues:

	Issue	Clarification
1.	Availability of input tax credit on 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 section 17(5)(a) of CGST Act.	Section 17(5)(a) of CGST Act provides that input tax credit shall not be available in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), except when they are used for making following taxable supplies, namely: (A) further supply of such motor vehicles; or (B) transportation of passengers; or (C) transportation of passengers; or The intention of law, as it appears from the use of expression 'when they are used for making the following taxable supplies' in section 17(5)(a) of CGST Act, is to exclude certain cases (based on the nature of outward taxable supplies being made using the said motor vehicle) from the restriction on availment of input tax credit in respect of the specified motor vehicles i.e. motor vehicles for transportation of persons having approved seating capacity of not more than

	13 persons (including the driver). The taxable supplies, permitted for the purpose of being excluded from the blockage of input tax credit as per provisions of section 17(5)(a) of CGST Act, being further supply of such motor vehicles, transportation of passengers and imparting training on driving such motor vehicles. As demo vehicles are used by authorized dealers to provide trial run and to demonstrate features of the vehicle to potential buyers, it is quite apparent that demo vehicles cannot be said to be used by the authorized dealer for providing taxable supply of transportation of passengers or imparting training on driving such motor vehicles. Therefore, demo vehicles are not covered in the exclusions specified in sub-clauses (B) and (C) of section 17(5)(a) of CGST Act. Accordingly, it is to be seen whether or not the Demo vehicles in question can be said to be used for making "further supply of such motor vehicles", as specified in the sub-clause (A) of section 17(5)(a) of CGST Act. Regarding the provision for blockage of input tax credit in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), the usage of the words "such motor vehicles" instead of "said motor vehicle", in sub-clause (A) of section 17(5)(a) of CGST Act, implies that the intention of the lawmakers was not only to exclude from the blockage of input tax credit, the motor vehicle which is itself further supplied, but also to exclude from the blockage of input tax credit, the motor vehicle which is being used for the purpose of further supply of similar type of motor vehicles. 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
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	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 section 17(5)(a) of CGST Act, as it is excluded from such blockage in terms of sub-clause (A) of the said clause. There may be some cases where motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver) are used by an authorized dealer for purposes other than for making further supply of such motor vehicles, say for transportation of its staff employees/ management etc. In such cases, the same cannot be said to be used for making 'further supply of such motor vehicles' and therefore, input tax credit in respect of such motor vehicles would not be excluded from blockage in terms of subclause (A) of section 17(5)(a) of CGST Act. Further, there may be cases where the authorized dealer merely acts as an agent or service provider to the vehicle manufacturer for providing marketing service, including providing facility of vehicle test drive to the potential customers of the vehicle on behalf of the manufacturer and is not directly involved in purchase and sale of the vehicles. In such cases, the sale invoice for the vehicle is directly issued by the vehicle manufacturer to the customer. For providing facility of vehicle test drive to the potential customers of the vehicle, the dealer purchases demo vehicle from the vehicle manufacturer. The dealer may sell the said demo vehicle to a customer after a specified time or kilometres as per agreement with the vehicle manufacturer on payment of applicable GST. In such a case,
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		the authorized dealer is merely providing marketing and/or facilitation services to the vehicle manufacturer and is not making the supply of motor vehicles on his own account. Therefore, the said demo vehicle cannot be said to be used by the dealer for making further supply of such motor vehicles. Accordingly, in such cases, input tax credit in respect of such demo vehicle would not be excluded from blockage in terms of sub-clause (A) of section 17(5) (a) of CGST Act and therefore, input tax credit on the same would not be available to the said dealer.
2.	Availability of input tax credit on demo vehicles in cases where such vehicles are capitalized in the books of account by the authorized dealers.	As per provisions of section 16(1) of CGST Act, every registered taxpayer is entitled to take input tax credit charged on any supply of goods and services made to him, where such goods or services are used in the course or furtherance of business of such person, subject to such conditions and restrictions as may be prescribed and in the manner which is specified. Further, "goods" has been defined in section 2(52) of CGST Act, as, "goods" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply. Also, section 2(19) of CGST Act defines "capital goods" as, "capital goods" means goods, the value of which is capitalized in the books of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business. As mentioned in paras above, as the demo vehicles are used by the authorized dealers to promote further sale of motor vehicles of the similar type and therefore, such vehicles appear to be used in the course or furtherance of business of the authorized dealers. Where such vehicles are capitalized in the books of accounts by the authorized

	dealer, the said vehicle falls in the definition of "capital goods" under section 2(19) of CGST Act. As per provision of section 16(1) of CGST Act, subject to such conditions and restrictions as may be prescribed, a recipient of goods is entitled to take input tax credit in respect of tax charged on the inward supply of any goods, which as per definition of "goods" under section 2(52) of CGST Act, includes even capital goods. Further, section 2(19) of CGST Act also recognizes that capital goods are used or intended to be used in the course or furtherance of business. Accordingly, availability of input tax credit on demo vehicles is not affected by way of capitalization of such vehicles in the books of account of the authorized dealers, subject to other provisions of the Act. However, it is to be mentioned that in case of capitalization of demo vehicles, availability of input tax credit would be subject to provisions of section 16(3) of CGST Act, which provides that where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the Income-tax Act, 1961, the input tax credit on the said tax component shall not be allowed. It is further mentioned that in case demo vehicle, which is capitalized, is subsequently sold by the authorized dealer, the authorized dealer shall have to pay an amount or tax as per provisions of section 18(6) of CGST Act read with rule 44(6) of the CGST Rules, 2017.
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Clarification on availability of ITC in respect of warranty replacement of parts and repair services during warranty period. - Circular No. 195/07/2023-GST dated 17-07-2023 Circular No. 216/10/2024 GST dated 26.06.2024

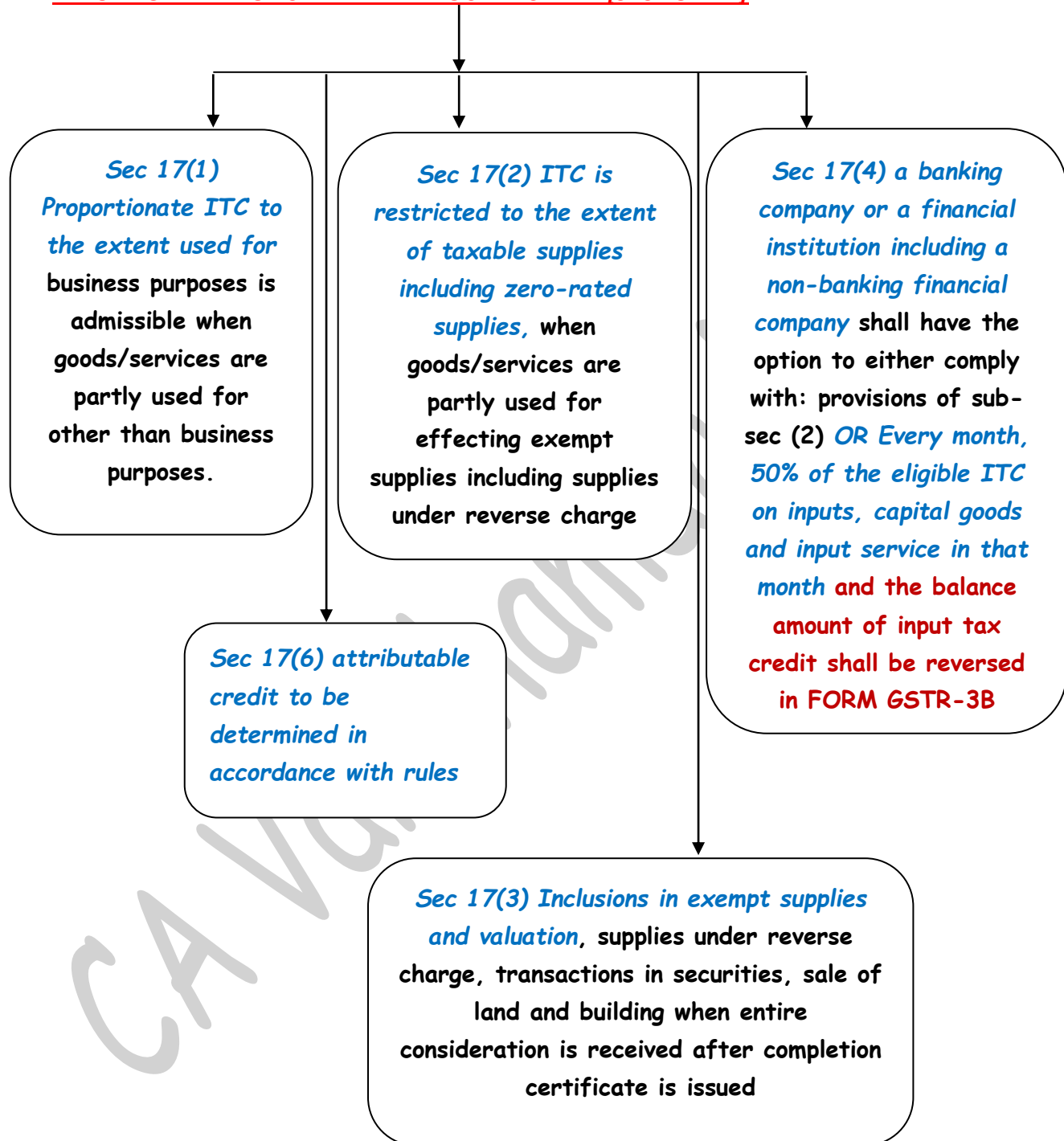
	Issue	Clarification
1	There are cases where the original equipment manufacturer offers warranty	In such cases, the value of original supply of goods (provided along with warranty) by the manufacturer to the customer includes the likely

	for the goods supplied by him to the customer and provides replacement of goods or its parts and/ or repair services to the customer during the warranty period, without separately charging any consideration at the time of such replacement/ repair services. Whether in such cases, the manufacturer is required to reverse the input tax credit in respect of such replacement of goods or its parts, as the case may be or supply of repair services as part of warranty, in respect of which no additional consideration is charged from the customer?	cost of replacement of goods or its parts, as the case may be and/or repair services to be incurred during the warranty period. Therefore, these supplies cannot be considered as exempt supply and accordingly, the manufacturer, who provides replacement of goods or its parts, as the case may be and/or repair services to the customer during the warranty period, is not required to reverse the ITC in respect of the said replacement of goods or its parts, as the case may be or on the repair services provided.
2	Where the distributor provides replacement of parts to the customer as part of warranty on behalf of the manufacturer, whether the distributor would be required to reverse the ITC in respect of such replacement of parts?	There can be 4 instances as discussed below:- (a) There may be cases where the distributor replaces the part(s) to the customer under warranty either by using his stock or by purchasing from a third party and charges the consideration for the part(s) so replaced from the manufacturer, by issuance of a tax invoice, for the said supply made by him to the manufacturer. In such a case, GST would be payable by the distributor on the said supply by him to the manufacturer and the manufacturer would be entitled to avail the input tax credit of the same, subject to other conditions of the CGST Act, 2017. In such case, no reversal of ITC by the distributor is required in respect of the same. (b) There may be cases where the distributor raises a requisition to the manufacturer for the part(s)

	to be replaced by him under warranty and the manufacturer then provides the said part(s) to the distributor for the purpose of such replacement to the customer as part of warranty. In such a case, where the manufacturer is providing such part(s) to the distributor for replacement to the customer during the warranty period, without separately charging any consideration at the time of such replacement, no GST is payable on such replacement of parts by the manufacturer. Further, no reversal of ITC is required to be made by the manufacturer in respect of the parts so replaced by the distributor under warranty (c) There may be cases where the distributor replaces the part(s) to the customer under warranty out of the supply already received by him from the manufacturer and the manufacturer issues a credit note in respect of the parts so replaced subject to provisions of section 34(2) of the CGST Act, 2017. Accordingly, the tax liability may be adjusted by the manufacturer, subject to the condition that the said distributor has reversed the ITC availed against the parts so replaced. (d) There may be cases where the distributor replaces the goods or its parts to the customer under warranty by using his stock and then raises a requisition to the manufacturer for the goods or the parts, as the case may be. The manufacturer then provides the said goods or the parts, as the case may be, to the distributor through a delivery challan, without separately charging any consideration at the time of such replenishment. In such a case, no GST is payable on such replenishment of goods or the parts, as the case may be. Further, no reversal of ITC is required to be made by the manufacturer in
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		respect of the goods or the parts, as the case may be, so replenished to the distributor
3	Where the distributor provides repair service, in addition to replacement of parts or otherwise, to the customer without any consideration, as part of warranty, on behalf of the manufacturer but charges the manufacturer for such repair services either by way of issue of tax invoice or a debit note, whether ITC is available on such activity?	In such scenario, there is a supply of service by the distributor and the manufacturer is the recipient of such supply of repair services in accordance with the provisions of section 2(93)(a) of the CGST Act, 2017. Hence, GST would be payable on such provision of service by the distributor to the manufacturer and the manufacturer would be entitled to avail the ITC of the same, subject to other conditions of the CGST Act, 2017.

APPORTIONMENT OF CREDIT AND BLOCKED CREDIT [SECTION 17]



UTILIZATION OF INPUT TAX CREDIT

Availment of input tax credit [Section 41(1)] [Amended by Finance Act, 2022 w.e.f. 01-10-2022]: Every registered person shall, subject to such conditions and restrictions as may be prescribed, be entitled to avail the credit of eligible input tax, as self-assessed, in his return and such amount shall be credited to his electronic credit ledger.

Reversal of credit if tax has not been paid by the supplier [Section 41(2)]: The credit of input tax availed by a registered person in respect of such supplies of goods or services or both, the tax payable whereon has not been paid by the supplier, shall be reversed along with applicable interest, by the said person in such manner as may be prescribed.

Re-availment of ITC when tax deposited by the supplier: Where the said supplier makes payment of the tax payable in respect of the aforesaid supplies, the said registered person may re-avail the amount of credit reversed by him in such manner as may be prescribed.

CGST credit - CGST and uske baad IGST se use ho sakti hai
SGST credit - SGST and uske baad IGST se use ho sakti hai
IGST credit - IGST uske baad CGST and uske baad SGST se use ho sakti hai
CGST credit - SGST se use nahi ho sakti hai
SGST credit - CGST se use nahi ho sakti hai

Clarification in respect of utilization of input tax credit under GST (circular no. 98/17/2019-GST dated 23-04-2019) -

ITC of integrated tax can be utilized towards the payment of central tax and state tax/Union territory tax, in any order subject to the condition that the entire ITC on account of integrated tax is completely exhausted first before the input tax credit on account of central tax or state tax/ union territory tax can be utilized.

Rule 86A - conditions of use of amount available in electronic credit ledger

(1) Restriction on utilization of balance in ErcL - Conditions:

- (a) The credit of input tax has been availed on the strength of tax invoices or debit notes or any other document
 - (i) Issued by a registered person who has been found non-existent or not to be conducted any business from any place for which registration has been obtained; or
 - (ii) Without receipt of goods or services or both; or
- (b) Tax has not been paid to the government

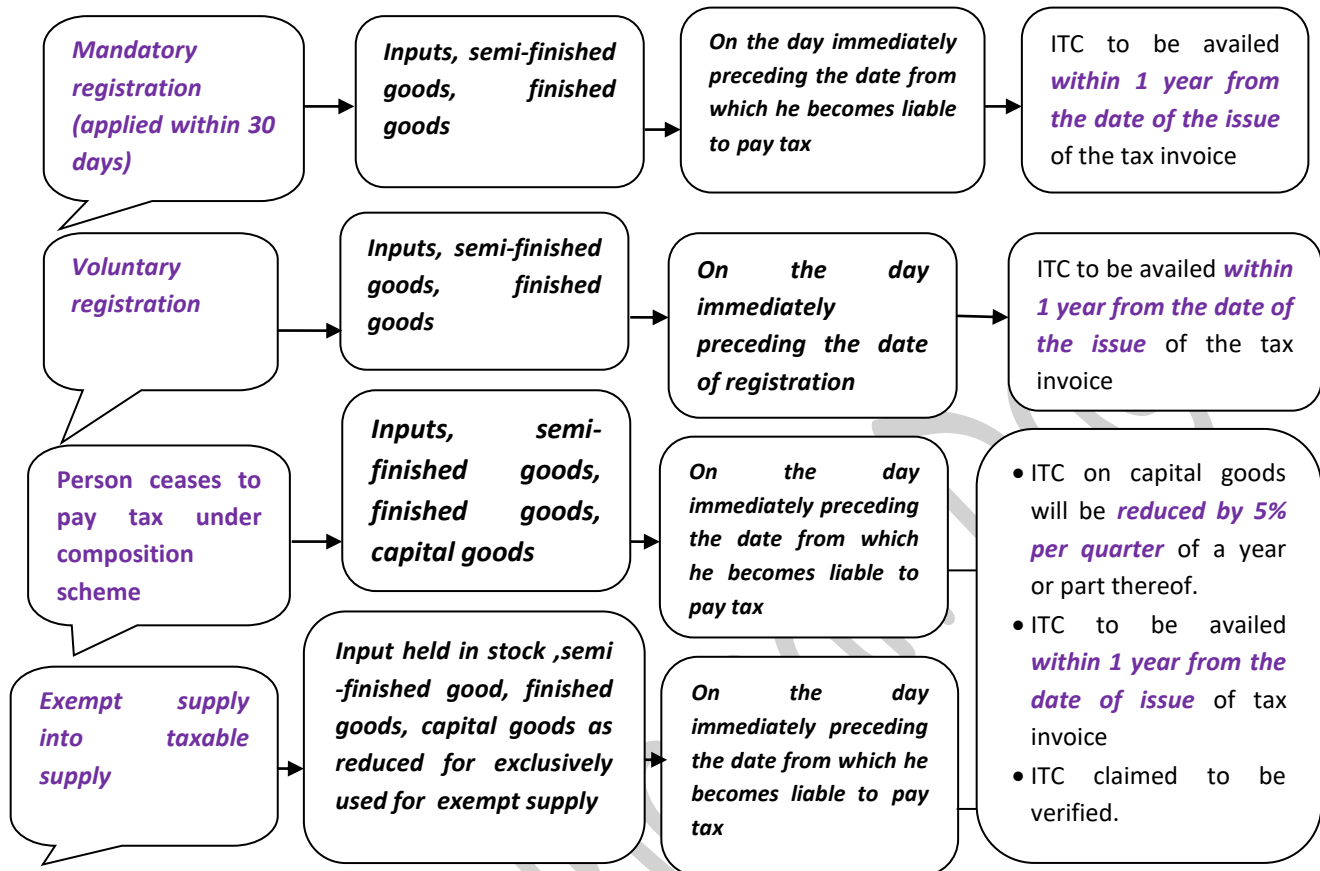
(c) Registered person availing any credit of input tax is not in possession of a tax invoice or debit note or any other document.

(2) Maximum period of restriction - one year

Rule 86B - Restrictions on use of amount available in electronic credit ledger

- + **Applicability of Rule 86B** - registered person having value of taxable supply (other than exempt supply and zero-rated supply) in a month exceeding ₹ 50 lakh.
- + **Nature of restriction imposed** - ITC to be utilized to the extent of 99% of the output tax liability.
- + **Non applicability** -
 - a) **Payment of income tax of more than ₹ 1,00,000** - registered person, proprietor or karta or the managing director, any of its tow partners, whole-time directors, members of managing committee of association or board of trustees, as the case may be in **each of the two financial year** for which time limit to file return of income has expired under section 139(1).
 - b) **Refund of ITC of more than ₹ 1,00,000** - on account of zero rated supply or on account of inverted tax structure.
 - c) **Cumulative discharge of tax liability of more than 1% during the financial year.** (reverse charge liability not included)
 - d) **Specified registered person** - government department, a public sector undertaking, local authority, statutory body.

AVAILABILITY OF CREDIT IN SPECIAL CIRCUMSTANCES (Section 18)



- Time limit for filing declaration within 30 days
- Certification by CA/CMA if the claim of ITC exceed ₹ 200000.
- verification of ITC claimed with details furnished by supplies - in GSTR-1 and in FORM GSTR-1A if any [inserted vide notification no. 12/20204-CT dated 10/7/2024]

Manner of claiming credit in special circumstances (Rule 40)

Capital Goods Sec 18(1)(c) &(d)	▪ ITC shall be claimed after reducing tax paid by 5% points per quarter of a year or part thereof ▪ From date of invoice or such other documents.
E form & Time limit	▪ Within 30 days from date of becoming eligible to avail ITC u/s.18(1) or as extended ▪ Declaration in Form GST ITC 01

MANNER OF REVERSAL OF CREDIT UNDER SPECIAL CIRCUMSTANCES [Rule 44]

(1) Reversal of ITC [Rule 44(1)]:

- (a) **For inputs** - credit to be calculated proportionately on the basis of corresponding invoices
- (b) **For capital goods** - credit to be calculated on pro rata basis taking useful life of capital goods **5 years**
- (2) **Tax invoice of inputs not available** - credit amount to be estimated on basis of market price.
- (3) **Furnishing of details of credit** - FORM GST ITC-03

ITC IMPLICATIONS ON SUPPLY OF CAPITAL GOODS OR PLANT AND MACHINERY ON WHICH ITC HAS BEEN TAKEN [section 18(6) read with rule 40(2) of CGST rules, 2017]

- (1) supply of plant and machinery after use - shall pay higher of the following amount:
 - * an amount equal to the ITC taken on the said capital goods or plant and machinery **reduced @ 5% points for every quarter or part thereof** from the date of issue of invoice or
 - * the **tax on the transaction value**
- (2) **refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap** - tax leviable on transaction value is to be paid
- (3) **amount determined is greater than tax on transaction value** - to be added to output tax liability.

CHANGE IN CONSTITUTION SEC 18(3)

Change in constitution of registered taxable person

On account of

- Sale
- Merger
- Demerger
- Amalgamation
- Lease
- Transfer of business

Transfer of unutilized ITC in the books allowed to such :

- Sale
- Merger
- Demerger
- Amalgamation
- Lease
- Transfer of business

RULE 41

TRANSFER OF CREDIT ON SALE, MERGER, AMALGAMATION, LEASE OR TRANSFER OF BUSINESS

E- FORM

- Transfer of unutilized ITC lying in Electronic Credit Ledger to transferee
- Form **GST ITC- 02**
- In case of Demerger ITC shall be apportioned in ratio of value of assets as over scheme.
- Value of assets means value of entire assets of business whether ITC availed or not.

CERTIFICATE

- Certificate by practicing Chartered Accountant or Cost Accountant
- Certifying transfer of business has been done with a specific provision for the transfer of liabilities.

ACCEPTANCE

- Post filing of **GST ITC -02**
- Transferee shall accept in common portal details furnished by transferor

ACCOUNTING

- Inputs and capital goods so transferred shall be duly accounted by the transferee in his books of accounts.

RULE 41 A

- Transfer of credit on obtaining separate registration for multiple places of business within a state or UT
- ITC in electronic credit ledger to newly registered unit
- Within 30 days from obtaining registration
- **Form GST ITC-02**
- Acceptance by transferee

TRANSFER OF CREDIT ON OBTAINING SEPARATE REGISTRATION FOR MULTIPLE PLACES OF BUSINESS WITHIN A STATE OR UNION TERRITORY [Rule 41A]

- (1) Details of transfer of ITC to be furnished on account of separate registration for multiple places of business - **FORM GST ITC - 02A**
- (2) Transfer details to be accepted by transferee.

CHAPTER - 9: REGISTRATION

NEED FOR REGISTRATION

1. Advantages of registration:

- ✚ Legally recognized as supplier of goods or services.
- ✚ Proper accounting of taxes paid
- ✚ Legally authorized to collect tax

2. No centralized registration

3. No tax specific registration

PERSON LIABLE FOR REGISTRATION [SECTION 22]

Threshold limit for registration:

<i>States with threshold limit of Rs 10 lakh for both goods and services</i>	<i>States with threshold limit of Rs 20 lakh for both goods and services</i>	<i>States with threshold limit of Rs 20 lakh for services and Rs 40 lakh for goods (i.e persons engaged exclusively in supply of goods)</i>
<i>Manipur, Mizoram, Nagaland, Tripura</i>	<i>Arunachal Pradesh, Meghalaya, Sikkim, Uttarakhand, Puducherry, Telangana</i>	<i>Jammu and Kashmir, Assam, Himachal Pradesh, All other states</i>

Analysis of aggregate turnover:

1. Aggregate turnover to include total turnover of all branches with same PAN.
2. Outward supplies taxed on reverse charge basis - to be included in turnover of the supplier.
3. Aggregate turnover to include all supplies made on behalf of principal
4. Supply of goods by job worker to be included in supplies of principal

PERSONS NOT LIABLE FOR REGISTRATION - SEC 23

Aggregate Turnover < 20 L/10L —————> No registration in following cases

Persons not liable for registration in GST



- ✓ Person exclusively engaged in the business of supplying goods/ services that are **not liable to tax**.
- ✓ Persons exclusively engaged in the business of supplying goods/services that are **wholly exempt from tax**
- ✓ **Agriculturist**, to the extent of supply of produce out of cultivation of land

Sec. 23(2)

The Government may, on the recommendations of the council, by notification, specify the category of persons who may be exempted from registration under this act.

Persons making reverse charge supply e.g. Advocates, GTA.

Persons supplying through E-commerce

Supplier of goods having aggregate turnover not exceeding 40L

Persons making interstate supplies of taxable services having aggregate turnover not exceeding 20L

Persons making interstate taxable supplies of notified handicraft goods upto Rs 20L (Rs 10L in case of special category)

Job-workers engaged in making interstate supply of services-exempt from obtaining registration

EXCEPT

- Persons required to get compulsory registration
- Supplier of Ice cream , pan masala , Tobacco, fly ash bricks or fly ash aggregate, fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks and earthen or roofing tiles
- Persons engaged in making intra state supply in special category states.
- Persons exercising options of voluntary registration. Sec.25(3)
- Registered persons who intend to continue with their registration.

Services provided by the commission agent for sale/purchase of agriculture produce:

A commission agent making supplies on behalf of such an agriculturist - not a taxable person - is not liable for compulsory registration. However, where a commission agent is liable to pay tax under reverse charge, such an agent will be required to get registered compulsory.

Aggregate Turnover means the aggregate value of all taxable supplies (excluding the Value of inward supplies, on which tax is payable on reverse charge basis), exempt

supplies, export of goods or services or both or inter-state supplies of people having same permanent account Number, to be computed in all India basis but excludes central tax, state tax, Union territory tax, Integrated tax and cess.

Exemption to persons making supply of goods through e-commerce operator subject to fulfillment of specified conditions:

The Central Government has exempted the persons making supplies of goods through an electronic commerce operator who is required to collect tax at source u/s 52 of the said Act and having an aggregate turnover in the preceding financial year and in the current financial year not exceeding the amount of aggregate turnover above which a supplier is liable to be registered in the State or Union territory in accordance with the provisions of Section 22(1) of the said Act, from obtaining registration under the said Act, subject to the following conditions, namely:

- (i) such persons shall not make any inter-State supply of goods;
- (ii) such persons shall not make supply of goods through electronic commerce operator in more than one State or Union territory;
- (iii) such persons shall be required to have a Permanent Account Number issued under the Income-tax Act, 1961;
- (iv) such persons shall, before making any supply of goods through electronic commerce operator, declare on the common portal their Permanent Account Number issued under the Income-tax Act, 1961, address of their place of business and the State or Union territory 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 Permanent Account Number;
- (vi) such persons shall not be granted more than one enrolment number in a State or Union territory;
- (vii) no supply of goods shall be made by such persons through electronic commerce operator 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 of the said Act, the enrolment number shall cease to be valid from the effective date of registration.

- Notification No. 34/2023- CT dated 31-7-2023 w.e.f 01-10-2023 J

COMPULSORY REGISTRATION UNDER CERTAIN CASES [SECTION 24]

- (i) **Persons making any inter-state taxable supply:** (C.G has granted exemption from registration to person making interstate supplies of taxable services

having aggregate turnover not exceeding up to Rs 20 lakh/Rs 10 lakh in special category states)

- (ii) **Casual Taxable persons making taxable supply:** [Sec2(20) "Casual taxable person" means a persons who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as a principal agent or in any other capacity, in a state or a Union Territory where he has no fixed place of business.] C.G has granted exemption from interstate registration up to Rs 20 lakh/Rs 10 lakh in special category states.

Compulsory Registration u/s 25 (without any turnover limit)

1.	Persons liable to pay tax under RCM
2.	Electronic commerce Operator [covered un section 9(5)]
3.	Non - resident taxable person
4.	Persons required to deduct tax u/s 51
5.	Supplier of goods on behalf of other taxable person whether as agent or otherwise
6.	Input service distributor
7.	Person who Supplies Goods/services through E-commerce Operator who are required to collect TCS. (however person who are suppliers of service and supplying services through e-commerce operator are not required to get registered if there aggregate turnover does exceed the limit specified) other than section 9(5)
8.	Every E-commerce operator required to deduct TCS u/s 52
9.	Every person supplying OIDAR services outside India, other than registered person
10.	Any person or class of person notified by CG

PROCEDURE FOR REGSITRATION [SECTION 25]

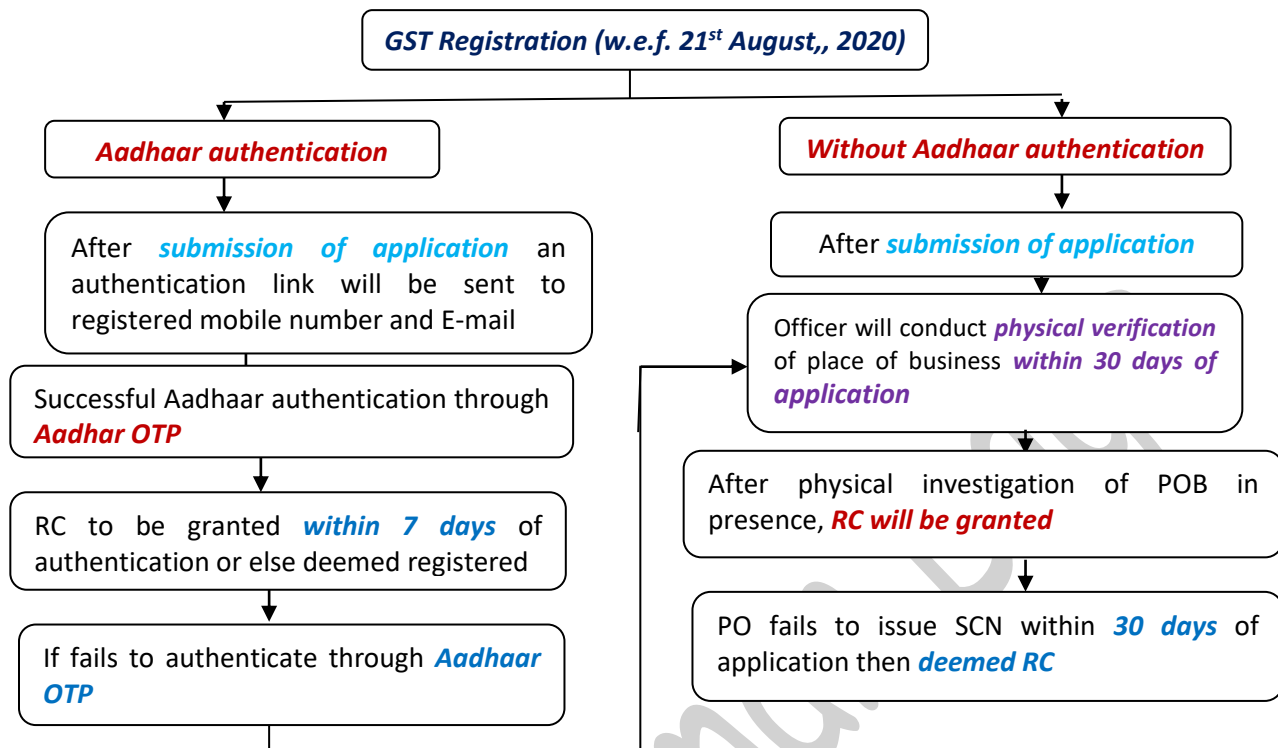
- (1) Application to be made **within 30 days** in every state/ UT in which such **person is liable for registration.**
Supplier making supply from territorial water of India (TWI) - registration to be obtained from nearest costal state or union territory
Separate registration of SEZ units and NON - SEZ units.
- (2) **One registration per state:** we declare one place as Principal place of business (PPOB) and branches as Additional place of business (APOB) for single registration within state. However separate registration can be obtained for multiple place of business in a state/UT.
- (3) **Voluntary registration - all provisions of registration applicable.**
- (4) **Person having more than one registration - each registration to be treated as distinct persons.**
- (5) **Premises in separate states - deemed distinct person.**

- (6) **PAN mandatory for registration**, however TAN is required by a person who is required to deduct tax u/s 51
- (7) **Non-resident taxable person** - registration can be granted on basis of other documents.
- (8) **Failure to obtain registration** - then officer may compel to mandatory register.
- (9) **UIN to be granted to specialized agency of UNO/consulate/embassy of foreign country/other notified persons.**
- (10) **RC/UIN to be granted or rejected after due verification within 3 days.**
- (11) **RC to be issued in prescribed form.**
- (12) **RC/UIN nor granted within prescribed period - deemed to be granted.**
- (13) **Aadhaar Authentication of registered person:** every person shall undergo authentication, or furnish proof of possession of Aadhar number. Alternate means of authentication if Aadhar number not assigned. If authentication failed then registration invalid.
- (14) **Non-individuals - authentication by Aadhaar number of authorised persons**
The central government as the date from which the -
 - (a) Authorised signatory of all types;
 - (b) Managing and authorised partners of a partnership firm; and
 - (c) Karta of an hindu undivided family,Shall undergo authentication of possession of Aadhaar number, as specified in rule 8 of the CGST rules, 2017, in order to be eligible for registration under GST
- (15) **Non-applicability [section 25(6D)]:**
Persons exempted from Aadhaar authentication: the central government, on the Recommendations of the council, hereby notifies that Aadhaar authentication provisions shall not apply to a person who is not a citizen of India or to a class of persons other than the following class of persons, namely -
 - (a) Individual;
 - (b) Authorised signatory of all types;
 - (c) Managing and authorised partner; and
 - (d) Karta of an hindu undivided family

Application for registration [Rule 8 of CGST Rules, 2017]

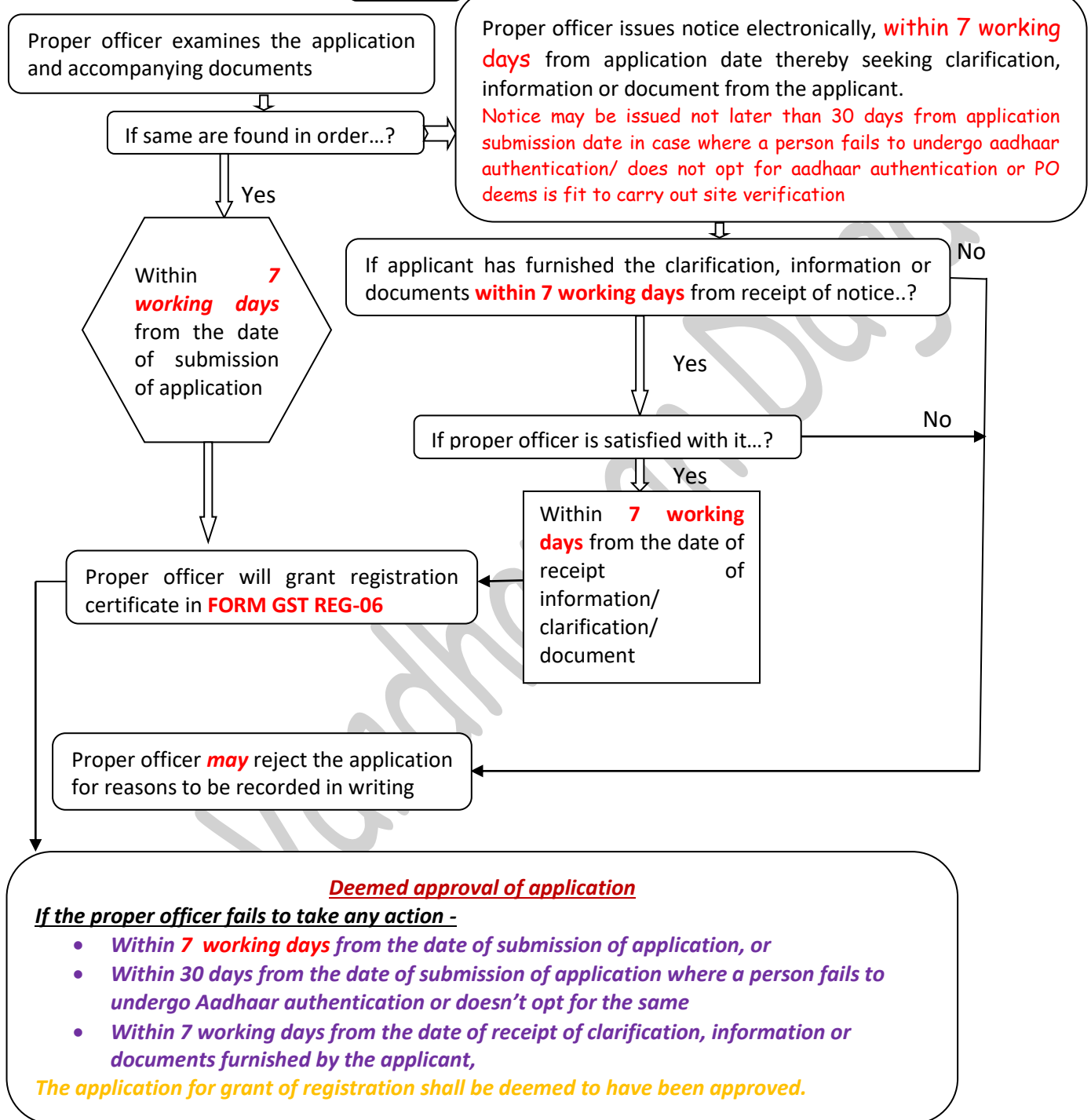
- **Aadhaar authentication [Rule 8(4A)]:** where an applicant, other than a person notified under section 25(6D), opts for authentication of Aadhar number, he shall, while submitting the registration application, w.e.f 21-8-2020, undergo authentication of Aadhar number and the date of submission of the application in such cases shall be the date of authentication of the Aadhar number, or **15 days** from the submission of the application in **Part B** of **FORM GST REG-01**, whichever is earlier.

AADHAAR BASED GST REGISTRATION PROCEDURE



Note: if Tax official raises SCN within 30 days working days , then applicant will have to reply within 7 working days. Tax official can take further action on that reply within 7 working days. If Tax official doesn't take any action within 7 working days, then application will be deemed approved after 7 working days.

PART II



Application for registration [Rule 8 of CGST Rules, 2017]:



Aadhaar Authentication [Rule 8(4A) & (4B)]: Where an applicant, other than a person exempt from Aadhar authentication, opts for authentication of

Aadhaar number, he shall, while submitting the application, undergo authentication of Aadhaar number.

The date of submission of the application in such cases shall be -

- (a) the date of authentication of the Aadhaar number, or
- (b) **15 days** from the submission of the application in **Part B of FORM GST REG-01**,

whichever is earlier:

Biometric-based Aadhaar authentication: Every application made under by a person, other than a person exempt from Aadhaar authentication, 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 of the applicant where the applicant is an individual or of such individuals in relation to the applicant as notified u/s 25(6C) 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 Centers and the application shall be deemed to be complete only after completion of the said process.

The Central Government may notify the States or Union territories wherein the provisions of biometric-based Aadhaar authentication will not apply.

It has been further provided that every application made under Rule 8(4) by a person, other than a person exempt from Aadhaar authentication, who has not opted for authentication of Aadhaar number, shall be followed by taking photograph of the applicant where the applicant is an individual or of such individuals in relation to the applicant as notified under Section 25(6C) 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 Facilitation Centers notified by the Commissioner for the purpose of this sub-rule and the application shall be deemed to be complete only after successful verification as specified here.

[Inserted vide Notification No. 12/2024-CT dated 10-07-2024 w.e.f. yet to be notified]

Verification of the application and approval [Rule 9 of CGST Rules, 2017]:

- (1) **Application found in order** - Approval to grant RC within 7 working days [Rule 9(1)]: The application shall be forwarded to the proper officer who shall examine the application and the accompanying documents and if the same are found to be in order, approve the grant of registration to the applicant within a period of 7 working days from the date of submission of the

application.

However, where-

- (a) a person, other than a person exempt from Aadhar authentication, fails to undergo authentication of Aadhaar number or does not opt for authentication of Aadhaar number; or
- (b) a person, who has undergone authentication of Aadhaar number, is identified on the common portal, based on data analysis and risk parameters, for carrying out physical verification of places of business; or
- (c) the proper officer, with the approval of an officer authorised by the Commissioner not below the rank of Assistant Commissioner, deems it fit to carry out physical verification of places of business, the registration shall be granted within **30 days of submission** of application, after physical verification of the place of business in the manner provided under rule 25 and verification of such deem fit.

2) **Deficiency found in application - E-Notice within 7 working days [Rule 9(2)]:** Where the application submitted is found to be deficient, either in terms of any information or any document required to be furnished under the said rule, or where the proper officer requires any clarification with regard to any information provided in the application or documents furnished therewith, he may issue a notice to the applicant electronically **in FORM GST REG-03 within a period of 7 working days** from the date of submission of the application.

- (a) a person, other than a person exempt from Aadhar authentication, fails to undergo authentication of Aadhaar number or does not opt for authentication of Aadhaar number; or
- (b) a person, who has undergone authentication of Aadhaar number, is identified on the common portal based on data analysis and risk parameters, for carrying out physical verification of places of business; or
- (c) the proper officer, with the approval of an officer authorised by the Commissioner not below the rank of Assistant Commissioner, deems it fit to carry out physical verification of places of business,

the notice in **FORM GST REG-03** may be issued **not later than 30 days** from the date of submission of the application.

E-Clarification, information etc. within 7 working days of receipt of notice: The applicant shall furnish such clarification, information or documents electronically, in **FORM GST REG-04**, within a period of 7 working days from the date of the receipt of such notice.

PHYSICAL VERIFICATION OF BUSINESS PREMISES IN CERTAIN CASES [RULE 25]

(1) **Physical verification after grant of registration:** Where the proper officer is satisfied that the physical verification of the place of business of a person is required after the grant of registration, he may get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in **FORM GST REG-30** on the common portal **within a period of 15 working days** following the date of such verification.

(2) **Physical verification before grant of registration:** Where the physical verification of the place of business of a person is required before the grant of registration in the circumstances specified in the proviso to Rule 9(1), the proper officer shall get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in **FORM GST REG-30** on the common portal at least **5 working days** prior to the completion of the time period specified in the said proviso.

ISSUE OF REGISTRATION CERTIFICATE [RULE OF CGST Rules, 2017]

- (1) **Grant of RC on approval of application - 15 digit GSTN:** in FORM GST REG-06
- (2) **If application made within 30 days -** registration effective from the date on which the person become liable to registration.
- (3) **If application not made within 30 days -** registration effective from the date of grant of registration.
- (4) RC to be digitally signed
- (5) Grant of RC within 7 working days.
- (6) **Furnishing of Bank Account Details [Rule 10A]:** After a certificate of registration in **FORM GST REG-06** has been made available on the common portal and a GSTIN has been assigned, the registered person, except those who have been granted registration under rule 12 (ie. registered persons required to deduct tax at source or to collect tax at source) or, as the case may be rule 16 (ie. persons who take suo motu registration), shall -
 - within a period of **30 days** from the date of grant of registration, or
 - before furnishing the details of outward supplies of goods or services or both under section 37 in **FORM GSTR-1** or using invoice furnishing facility, whichever is earlier, furnish information with respect to details of bank account on the common portal.

Aadhar authentication for registered person [rule 10B]

- ✚ **Purposes for which aadhar authentication is required:** The registered person, other than a person notified u/s 25(6D), who has been issued a certificate of registration shall, undergo authentication of the aadhaar number for the following purposes:

- (a) For filing of application for revocation of cancellation of registration in **FORM GST REG-21** under Rule 23
- (b) For filing of refund application in **FORM RFD-01** under rule 89
- (c) For refund under rule 96 of the integrated tax paid on goods exported out of India.

Persons whose Aadhar authentication will be done:

	Category of persons	Person whose Aadhar authentication is required
1.	Proprietorship firm,	Proprietor
2.	Partnership firm	Any partner
3.	HUF	Karta
4.	Company	MD or WTD
5.	AOP/BOI/Society	Any of the members of the managing director,
6.	Trust	Trustee in the board of trustees or authorized signatory

Documents to be furnished if aadhar number is not assigned: if aadhar number has not been assigned to the person required to undergo authentication of the aadhar number, such person shall furnish the following identification documents namely:-

- (a) His/her aadhar enrolment ID slip; and
- (b) (i) bank passbook with photograph; or
(ii) voter identity card or
(iii) passport; or
(iv) driver license

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

SEPARATE REGISTRATION FOR MULTIPLE PLACES OF BUSINESS WITHIN A STATE OR UNION TERRITORY [RULE 11]

(1) Conditions:

- (a) More than one place of business
- (b) Person not paying tax under section 10
- (c) All separately registered places of business of such person paying tax

(2) Separate registration application for each places of business: in FORM GST REG-01

(3) Verification and grant of registration certificate.

SUO MOTO REGISTRATION [RULE 16 OF CGST Rules 2017]

- (1) **Temporary registration by proper officer:** in FORM GST REG-12
- (2) **Effective date of registration:** date of granting of order.

- (3) Application for registration to be made within 90 days of temporary registration; if appeal filed against order of temporary registration is dismissed - within 30 days of appellate order
- (4) Verification and grant of registration certificate.
- (5) GSTIN to be effective from the date of temporary registration.

GRANT OF TEMPORARY IDENTIFICATION NUMBER [RULE 16A] [w.e.f. 23/1/2025]

Where a person is not liable to registration under the act but is required to make any payment under the provisions of the act, the proper officer may grant the said person a temporary identification number and issue an order in part B of FORM GST REG-12

DISPLAY OF REGISTRATION CERTIFICATE AND GSTIN ON THE NAME BOARD [RULE 18 OF CGST RULES, 2017]

- (1) RC to be displayed at principal and additional place of business.
- (2) GSTIN to be displayed on the name board.

METHOD OF AUTHENTICATION [RULE 26 OF CGST RULES, 2017]

E-application, replies etc. to be authenticated by E-signature. Digital signature mandatory for companies. E-notices certificates, etc to be authenticated by DSC.

ASSIGNMENT OF UIN TO CERTAIN SPECIAL ENTITIES [RULE 17 OF CGST RULES, 2017]

- (1) E-Application for grant of UIN: in FORM GST REG-13
- (2) UIN applicable to the territory of India.
- (3) UIN to be assigned and RC to be given within 3 working days: from the date of submission of the application

DEEMED REGISTRATION [SECTION 26]

- (1) RC/UIN granted under SGST/UTGST Act - deemed registration under CGST Act.
- (2) Rejection of registration application under SGST/UTGST Act - deemed rejection under CGST Act

EXTENSION IN PERIOD OF OPERATION BY CASUAL TAXABLE PERSON AND NON-RESIDENT TAXABLE PERSON [RULE 15 OF CGST RULES, 2017]

- (1) Application for extension before the end of the validity of registration period: in FORM GST REG-11
- (2) Acknowledgement of application only on advance deposit of tax.
- (3) Casual taxable person(CTP) - advance tax to be deposited while taking registration should be 100% of the estimated tax liability payable in cash i.e. estimated gross tax liability after deducting the due eligible ITC which might be available to CTP

AMENDEMENT OF REGISTRATION [SECTION 28]

- (1) Change in formation relating to RC/UIN to be furnished to proper officer: **within 15 days from such change.**
- (2) Approval / rejection of amendments: in such form manner as may be prescribed.
Opportunity of being heard must be given before rejection.
- (3) **Rejection or approval of amendments under SGST/UTGST act - deemed rejection or approval under CGST.**

AMENDMENT FOR REGISTRATION [RULE 19 OF CGST RULES, 2017]

- (1) **E-application for change in particulars within 15 days of such change:** in FORM GST REG - 14.

Approval of amendment:

- (a) **In case of amendment of core fields of information, approval of amendment within 15 days :Where the change relates to core field**
 - (i) **of information i.e., legal name of business;**
 - (ii) **address of the principal place of business (PPoB) or any additional place(s) of business (APoB); or**
 - (iii) **addition, deletion or retirement of partners or directors, Karta, Managing Trustees, Chief Executive Officer or equivalent, responsible for the day to day Committee, Board of affairs of the business,**
which does not warrant cancellation of registration under Section 29, the proper officer shall, after due verification, approve the amendment **within a period of 15 working days** from the date of the receipt of the application in **FORM GST REG-14** and issue an order in FORM GST REG-15 electronically and **such amendment shall take effect from the date of the occurrence of the event warranting such amendment;**
- (b) **Change to be effective in all registrations obtained on basis of same PAN :**
The change relating to core field information in any State or Union territory shall be applicable for all registrations of the registered person obtained under the provisions of this Chapter on the same PAN;
- (c) **Where change relates to non-core fields of information To be effective upon submission of the application:** Where the change relates to any particulars other than those specified in (a) above, the certificate of registration shall stand amended upon submission of the application in FORM GST REG-14 on the common portal;
Change in the mobile number or e-mail address of the authorised signatory Online verification for such change through OTP: Any change in the mobile number or e-mail address of the authorised signatory submitted under this rule, as amended from time to time, shall be carried out only after online

verification through the common portal in the manner provided under Rule 8(2).

(d) **Fresh registration in case of change in PAN:** person shall apply for fresh registration in FORM GST REG-01.

(2) **Retrospective amendment to be effective on commissioner's order.**

(3) **SCN to be issued prior to rejection of amendment application:** within a period of 15 working days in FORM GST REG -14, serve a notice in FORM GST REG -03, required the registered person to show cause, within a period of 7 days

(4) **Reply to SCN within 7 days in FORM GST REG-04**

(5) **Rejection of application in FORM GST REC -05**

(6) **Deemed amendment:** if the proper officer fails to take any action-

(a) Within a period of 15 working days

(b) Within a period of 7 working days

CANCELLATION OR SUSPENSION OF REGISTRATION [SECTION 29]

(1) **Cancellation of registration either suo motu or an application by registered person:**

The proper officer may -

❖ either on his **own motion**, or

❖ on an **application filed by the registered person**, or by his legal heirs, in case of death of such person,

cancel the registration, in such manner and within such period as may be prescribed,

Circumstances in which Registration is Cancelled: The registration can be cancelled having regard to the following circumstances where, -

(a) the business has been

- ❖ **discontinued,**
- ❖ **transferred fully for any reason including death of the proprietor,**
- ❖ **amalgamated with other legal entity,**
- ❖ **demerged, or**
- ❖ **otherwise disposed of; or**

(b) there is any change in the constitution of the business; or

(c) the taxable person, other than the person registered under Section 25(3) i.e. Voluntary Registration, is no longer liable to be registered under Section 22 or Section 24.

Suspension of registration during pendency of cancellation of proceedings: 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.

Cancellation of registration by proper officer - Reasons thereof [Section 29(2) and Rule 21 of CGST Rules, 2017]: The proper officer may cancel the registration of a

person from such date, including any retrospective date, as he may deem fit, where,-

- a) a registered person has contravened such provisions of the Act or the rules made thereunder i.e. -
- i. he does not conduct any business from the declared place of business; or
 - ii. he issues invoice or bill without supply of goods or services or both in violation of the provisions of this Act, or the rules made thereunder.
 - iii. he violates the provisions of Section 171 [i.e. Anti Profiteering Measure] of the Act or the rules made thereunder;
 - iv. violates the provision of rule 10A (i.e. Furnishing of Bank Account Details)
 - v. avails input tax credit in violation of the provisions of section 16 of the Act or the rules made thereunder; or
 - vi. furnishes the details of outward supplies in FORM GSTR-1 as amended GSTR-1A if any [amended by notification no. 12/2024-CT dated 10/7/2024], under section 37 for one or more tax periods which is in excess of the outward supplies declared by him in his valid return under section 39 for the said tax periods; or
 - vii. violates the provision of rule 86B i.e. utilises ITC in excess of 99% of output tax liability; or
 - viii. violates the provisions of third or fourth proviso to Rule 23(1) [Amended by notification no. 12/2024-CT dated 10/7/2024]
 - ix. being a registered person required to file return u/s 39(1) for each month or part thereof, has not furnished returns for a continuous period of six months;
 - x. being a registered person required to file return u/s 39(1) under QRMP scheme for each quarter or part thereof, has not furnished returns for a continuous period of two tax periods.
- b) a person paying tax under section 10 (ie. composition supplier) has not furnished the return for a financial year beyond three months from the due date of furnishing the said return; or
- c) any registered person, other than a composition supplier, has not furnished returns for a such continuous tax period as may be prescribed; or
- d) any person who has taken voluntary registration under Section 25(3) has **not commenced business within 6 months** from the date of registration; or
- e) registration has been obtained by means of **fraud, wilful misstatement or suppression of facts.**

Opportunity of being heard before cancellation.

Suspension of registration during pendency of cancellation of proceedings.

- (2) Cancellation of registration - not to affect tax liability
- (3) Cancellation under SGST/UGST Act - deemed cancellation under CGST ACT.
- (4) On cancellation - pay ITC availed on goods in stock or output tax whichever is higher.
- (5) On cancellation - payment in respect of capital goods shall be amount equal to ITC taken on capital goods as reduced by the percentage i.e. ITC involved in the remaining useful life of the capital goods will be reversed on pro-rata basis, taking the useful life as 5 years or tax on transaction value, whichever is higher.

PROCEDURE FOR CANCELLATION OF REGISTRATION [RULE 20 OF CGST RULES, 2017]

- (1) Application for cancellation of registration - a registered person other than, TDS or UIN in Form GST Reg-16 including therein details of inputs, liability and payment within a period of 30 days

SUSPENSION OF REGISTRATION [RULE 21A]

- (1) Deemed suspension on application for cancellation of registration.
- (2) Suspension shall be by proper officer [without affording the said person reasonable opportunity of being heard]
- (3) Suspension of registration on account significant differences or anomalies in returns and statement of outward/ inward supplies [Rule 21A(2A)]:

Where, -

- (a) a comparison of the returns furnished by a registered person under section 39 with the details of outward supplies furnished in FORM GSTR-1 an amended in FORM GSTR-1A if any, [Amended by notification no. 12/2024-CT dated 10/7/2024] or the details of inward supplies derived based on the details of outward supplies furnished by his suppliers in their FORM GSTR-1 or in FORM GSTR-1A of the previous tax period, if any, or such other analysis, as may be carried out on the recommendations of the Council, show that there are significant differences or anomalies indicating contravention of the provisions of the Act or the rules made there under, leading to cancellation of registration of the said person, or
- (b) there is a contravention of the provisions of rule 10A by the registered person i.e. bank account details has not been furnished, the registration of such person shall be suspended.

Said person shall be intimated in FORM GST REG-31, electronically, on the common portal, or by sending a communication to his e-mail address provided at the time of registration or as amended from time to time.

In this intimation for suspension and notice for cancellation of registration, the said differences, anomalies or non-compliances and asking him to explain, within a period of 30 days, as to why his registration shall not be cancelled.

- (4) Taxable supplies not to be effected / return not to be filed during suspension
- (5) In a case where the cancellation is initiated by the department on its own and registration of a person has been suspended, such person shall not be granted any refund under section 54 of the CGST act, during the period of suspension of his registration.

- (6) **Revocation of suspension [Rule 21A(4)]**: The suspension of registration under 21A(1)/(2)/(2A) shall be deemed to be revoked upon completion of the proceedings by the proper officer under rule 22 and such revocation shall be effective from the date on which the suspension had come into effect.

However, the suspension of registration under this rule may be revoked by the proper officer, anytime during the pendency of the proceedings for cancellation, if he deems fit.

Revocation of suspension on furnishing of returns: Where the registration has been suspended under Rule 21A(2A) for contravention of the provisions contained in section 29(2)(b)/(c) i.e. non furnishing of returns 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 furnishing of all the pending returns.

- (8) Revised tax invoice and first return provisions applicable in respect of the supplies made during the period of suspension and the procedure specified therein shall apply.

CANCELLATION OF REGISTRATION [RULE 22 OF CGST RULES, 2017]

- (1) **SCN for cancellation of registration** in FORM GST REG - 17 within a period of 7 working days from the date of service of notice
- (2) **Reply to SCN** in FORM GST REG - 18 within 7 days working days from the date of service of notice
- (3) **Order for cancellation of registration** in FORM GST REG - 19 within a period of 30 days from the date of application or the date of reply to the show cause issued.
- (4) **Dropping of proceedings for cancellation of Registration [Rule 22(4)]**: Where the reply furnished under rule 22(2) or in response to the notice issued under

rule 21(2A) is found to be satisfactory, the proper officer shall drop the proceedings and pass an order in **FORM GST REG-20**.

However, where the person instead of replying to the notice served under rule 22(1) for contravention of the provisions contained in Section 29(2)(b)/(c) [i.e. failure to furnish returns for a continuous period of 6 months or 2 tax periods, as the case may be (return for a F.Y. beyond 3 months from due date of furnishing the said return in case of composition scheme supplier)], 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 in **FORM GST-REG 20**.

(5) Shall apply to legal heirs.

REVOCATION FOR CANCELLATION OF REGISTRATION [SECTION 30]

- (1) Application for restoration of registration to be made within 90 days from the service of cancellation order - in such manner, within such time and subject to such conditions and restrictions, as may be prescribed.
- (2) Acceptance/rejection of application - opportunity of heard must be given.
- (3) Restoration subject to prescribed conditions - such renovations of cancellation of registration shall be subject to such conditions and restrictions, as may be prescribed. [w.e.f. 1/11/2024]
- (4) Restoration of RC under STCG/UTCG act - deemed restoration under CGST Act.

REVOCATION OF CANCELLATION OF REGISTRATION [RULE 23 OF CGST RULES, 2017]

- (1) **Restoration Application to be filed in 90 days - [Rule 23(1)]**: A registered person, whose registration is cancelled by the proper officer on his own motion, may, subject to the provisions of rule 10B, submit an application for revocation of cancellation of registration, in **FORM GST REG-21**, to such proper officer, within a period of 90 days from the date of the service of the order of cancellation of registration, at the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

Extension - 180 days: 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.

Cancellation on account of failure to furnish returns - Restoration Application shall not be filed 01-10-2023 until returns furnished and tax has been paid: No application for revocation shall be filed, if the registration has been cancelled for the failure of the registered person to furnish returns, unless such returns are furnished and any amount due as tax, in terms of such

returns, has been paid along with any amount payable towards interest, penalty and late fee in respect of the said returns.

(2) Order for approval / rejection of restoration application:

(a) Order for approval of restoration application in FORM GST REG - 22 **within a period of 30 days**

(b) Order for rejection of restoration application in FORM GST REG -05.

(3) ***Issuance of SCN before rejection*** in FORM GST REG - 24 within a period of **7 working days**.

(4) ***Disposal of application*** in FORM GST REG - 24 **within a period of 30 days** from the date of the receipt of such information or clarification from the applicant.

CHAPTER - 10: TAX INVOICE, CREDIT & DEBIT NOTES AND E-WAY BILL

Invoice requirement in case of export/SEZ supplies: same as in case of tax invoice except where the recipient is unregistered and value of supply is Rs 50000 or more, instead of name of the state and its code, in case of an export invoice, name of the country of destination is to be mentioned.

Tax invoice [Rule 46]:- Quick response code, having embedded invoice reference number (IRN) in it, in case e-invoice has been issued under Rule 48(4).

- A declaration as below, that an e-invoice is not required to be issued u/r 48(4), in all cases where an invoice is issued, other than an e-invoice, by the taxpayer having aggregate turnover in any preceding financial year from 2017-18 onwards more than ₹ 5 crores.

If recipient is unregistered and value of supply is-	Particulars of invoice
➔ ₹ 50,000 or more;	Name and address of the recipient and the address of delivery, along with the name of the State and its code;
➔ ₹ less than 50,000.	Un-registered recipient may still request the aforesaid details to be recorded in the tax invoice; However, where any taxable service is supplied by or through an ECO or by a supplier of OIDAR services to a recipient who is unregistered, irrespective of the value of such supply, a tax invoice issued by the registered person shall contain the name and address of the recipient along with its PIN code and the name of the State of the recipient and the same shall be deemed to be the address on record of the recipient

Invoice having QR code: The central government has notified that -

- An invoice issued by a registered person, whose aggregate turnover in any preceding financial year from 2017-18 onwards exceed ₹ 500 crore
- Other than those referred to Rule 54(2)/(3)/(4)/(4A) (i.e service suppliers of notified services), and registered person referred to in section 14 of the IGST Act, 2017 (i.e OIDAR service suppliers)
- To an unregistered person (hereinafter referred to as B2C invoice), shall have Dynamic QR code.

However, where such registered person makes a Dynamic QR code available to the Recipient through a digital display, such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic QR code, shall be deemed to be having QR code.

Clarification in respect of applicability of Dynamic Quick Response (QR) code on B2C invoices (circular)

	Issues	Clarification
1	To which invoice is Notification No 14/2020-CT dated 21-03-2020 applicable? Would this requirement be applicable on invoices issued for supplies made for Exports?	This notification is applicable to a tax invoice issued to an unregistered person by a registered person (B2C invoice) whose annual aggregate turnover exceeds ₹500 crore in any of the financial years from 2017-18 onwards. However, the said notification is not applicable to an invoice issued in following cases: (i) Where the supplier of taxable service is: (a) an insurer or a banking company or a financial institution, including a non-banking company; (b) a goods transport agency supplying services in relation to transportation of goods by road in a goods carriage; (c) supplying passenger transportation service; (d) supplying services by way of admission to exhibition of cinematograph in films in multiplex screens. (ii) OIDAR supplies made by any registered person, who has obtained registration under section 14 of the IGST Act 2017, to an unregistered person. As regards the supplies made for exports, though such supplies are made by a

	registered person to an unregistered person, however, as e-invoices are required to be issued in respect of supplies for exports, in terms of Notification no. 13/2020-CT, dated 21-03-2020 treating them as Business to Business (B2B) supplies, Notification no. 14/2020-CT dated 21-03-2020 will not be applicable to them.
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- **Relaxation in respect of quoting of HSN/accounting code:** the board may, on the recommendations of the council, by notification, specify -
 - (i) The number of digits of harmonised system of Nomenclature code for goods or services that a class of registered persons shall be required to mention; or
 - (ii) A class of supply of supply of goods or services for which specified number of digits of Harmonised system a Nomenclature code shall be required to be mentioned by all registered taxpayers; and
 - (iii) The class of registered persons that would not be required to mention the Harmonised system of Nomenclature code for goods or services.

Sl.No.	Annual Turnover in the preceding Financial Year	Number of Digit of HSN Code
1.	Upto Rs 5 crores	4
2.	More than Rs 5 crores	6

However, a registered person having aggregate turnover up to Rs 5 crores in the previous financial year may not mention 4 digit of HSN Code in a tax invoice issued by him under the said rules in respect of supplies made to unregistered persons.

Invoice-cum-bill of supply [Rule 46A]: Where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single "invoice-cum-bill of supply" may be issued for all such supplies. The said single "invoice-cum-bill of supply" shall contain the particulars as specified under rule 46 or rule 54, as the case may be, and rule 49.

MANNER OF ISSUING INVOICE [RULE 48]

SUPPLY OF GOODS	SUPPLY OF SERVICE
Triplicate	Duplicate
Original copy for recipient	Original copy for recipient
Duplicate copy for transporter and	Duplicate copy for supplier
Triplicate copy for supplier	

The serial no. of invoices issued during the month/quarter shall be furnished electronically in FORM GSTR - 1 or in FORM GSTR-1A, if any [inserted vide notification no. 12/2024-CT dated 10/7/2024]

- ✚ **E - invoicing [Rule 48(4)]**: The invoice shall be prepared by such class of registered persons as may be notified by the government, on the recommendations of the council, by including such particulars contained in FORM GST INV-01 after obtaining an Invoice Reference Number by uploading information contained therein on the common Goods and Service Tax Electronic Portal in such manner and subject to such conditions and restrictions as may be specified in the notification.

Exemption by commissioner: However, the Commissioner through notification may exempt a person or a class of registered persons from issuance of e-invoice for a specified period, subject to such conditions and restrictions as may be specified in the said notification.

Applicability of e-invoice - more than ₹ 5 crore from 1st Aug 2023

- ✚ **Invoices other than E-invoice - not regarded as invoice [Rule 48(5)]**

E-invoicing not applicable to a government department and a local authority

All registered businesses with an aggregate turnover in any preceding financial year from 2017-18 onwards **greater than ₹ 5 crore** are mandatory required to issue e-invoices except -

- ✚ Special economic zone units
- ✚ Insurer or banking company or financial institution including NBFC
- ✚ GTA supplying services in relation to transportation of goods by road in a goods carriage
- ✚ Supplier of passenger transportation service
- ✚ Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
- ✚ Government department
- ✚ Local authority

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.

E-invoices are required to be issued for the supplies made to such Government Departments or establishments/ Government agencies/ local authorities/ PSUs, etc. who are registered only for the purpose of tax deduction at source. - Circular No. 198/10/2023-GST dated 17-07-2023

Issue	Clarification
Whether e-invoicing is applicable for supplies made by a registered	Government Departments or establishments/ Government agencies/ local authorities/ PSUs, which are required to deduct tax at source as per provisions of section 51 of

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 tax at source as per provisions of section 51 of the CGST Act	the CGST/SGST Act, are liable for compulsory registration in accordance with section 24(vi) of the CGST Act. Therefore, Government Departments or establishments/ Government agencies/ local authorities/ PSUs, registered solely for the purpose of deduction of tax at source as per provisions of section 51 of the CGST Act, are to be treated as registered persons under the GST law as per provisions of Section 2 (94) of CGST Act. 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) of CGST Rules
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REVISED TAX INVOICE

- Revised tax invoice to be issued in respect of taxable supplies affected during the period from effective date of registration to date of issuance of certificate of registration.
- Revised invoice may be issued within 1 month.
- Consolidated revised tax invoice in respect of taxable supplies to an unregistered person, if the value of supply does not exceed Rs 200000.
- Tax invoice is not required to be issued if value of supply is less than Rs 200 + recipient is unregistered + recipient does not require such invoice. Then consolidated tax invoice can be issued at the end of each day.

RECEIPT VOUCHER

When the recipient pay an advance to supplier, then supplier issue receipt voucher to recipient.

When at the time of receipt of advance rate is	
not identifiable	18%
Nature of supply is not determinable	Treated as interstate supply

REFUND VOUCHER

Refund voucher if no supply is made and advance refunded (no supply is made and no tax invoice is issued)

INVOICE REQUIREMENT IN CASE OF REVERSE CHARGE

- Where the recipient is registered and receives the supplies taxable on reverse charge basis u/s 9(3)/(4)[whether supplier is registered or not]: recipient will issue payment voucher at the time of making payment to supplier.

"Supplier who is not registered" shall include the supplier who is registered solely for the purpose of deduction of tax under section 51. [Explanation]
[w.e.f. 1/11/2024]

- Where the recipient is registered and receives the supplies taxable on reverse charge basis u/s 9(3)/(4)[whether supplier is unregistered]: recipient will issue invoice.

Time limit for issuing tax invoice in cases where recipient is required to issue invoice. [Rule 47A]: Notwithstanding anything contained in rule 47, where an invoice referred to in rule 46 is required to be issued under Section 31(3)(f) by a registered person, who is liable to pay tax under Section 9(3)/Section 9(4), he shall issue the said invoice within a period of 30 days from the date of receipt of the said supply of goods or services, or both, as the case may be. [Amended vide Notification No, 20/2024 -CT dated 08-10-2024 w.e.f. 01-11-2024]

BILL OF SUPPLY

- (1) Bill of supply instead of tax invoice to be issued in case of exempted supply or composition scheme
- (2) No bill of supply if value is less than Rs 200.
- (3) It shall contain QR code
- (4) However, the government may, by notification, on the recommendations of the council, and subject to such conditions and restrictions as mentioned therein, specify that the bill of supply shall have Quick Response (QR) code.

TAX INVOICE IN SPECIAL CASES

- (1) Relaxation from issuance of tax invoice in respect of notified services.
- (2) Notified supplies:
 - (a) Insurers, banks etc. - consolidated monthly tax invoice may be issued - no serial numbering and no address of service recipient.
 - (b) GTA - additional requirements as may be prescribed.
 - (c) Passenger transportation service - ticket is invoice
 - (d) Multiplex screens exhibiting films - electronic ticket is invoice

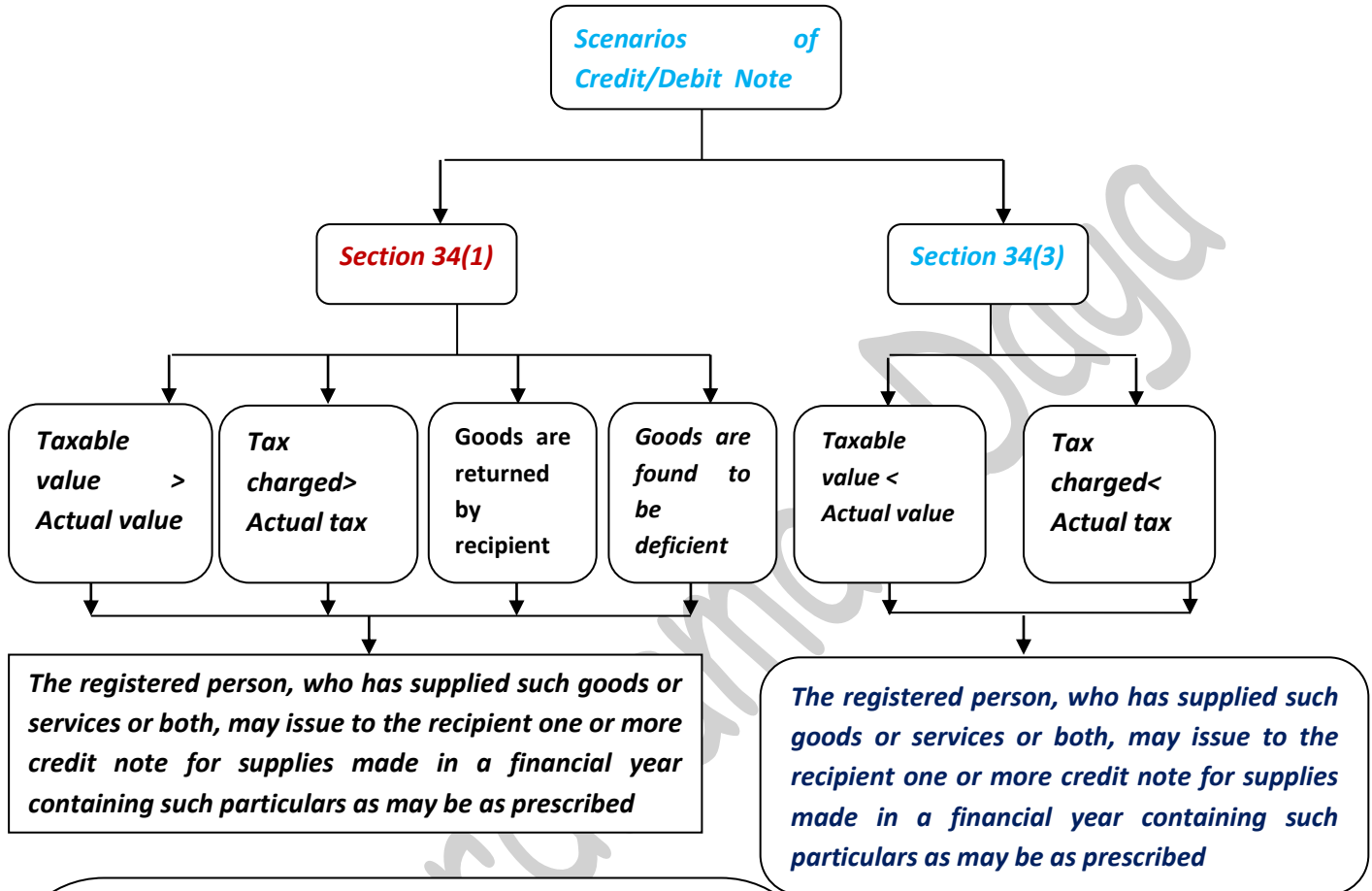
SOME IMP CIRCULARS

- ♥ Goods moved within the state or from the state of registration to another state for supply on approval basis - removal under delivery challan - on conformation of sale IGST payable.
- ♥ Removal of art work by an artist to art galleries for exhibition is in various states is not regarded as supply and supply of goods by artist to customers from galleries will be liable to GST. Supplies of art work to galleries - not regarded as supply and not liable to GST.
- ♥ Goods sent/taken out of India for exhibition or on consignment basis for export promotion - not supply, hence cannot be regarded as zero-rated supply.

PROHIBITION OF UNAUTHORISED COLLECTION OF TAX

Unregistered person not to collect tax. Amount of tax to be indicated in tax invoice and other document

CREDIT NOTE AND DEBIT NOTE



Details of credit note to be given in Return [Section 34(2)]

Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note-

- in the return for the month during which such credit note has been issued but not later than **30th November** 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**, and the tax liability shall be adjusted in such manner as may be prescribed

Sec 34(4) Any regd person who issues a debit note in relation to a supply of goods or services or both shall declare the details of such debit note in the return for the month during which such debit note has been issued.

ELECTRONIC WAY BILL (E-WAY BILL)

E-WAY BILL: A way bill is a receipt or a document issued by a carrier 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.

BENEFITS OF E-WAY

1. Physical interface to pave way for digital interface resulting in elimination of state boundary check posts.
2. It will facilitate faster movement of goods.
3. It will improve the turnaround time of trucks and helps the logistics industry by increasing the average distance travelled as well as time and costs.

Inspection of goods in Movement (Section 68)

1. **Carrying of E-WAY Bill (sec 68(1)):** The govt. may require person in charge of conveyance to carry the e-way bill.
2. **Validation of E-way Bill Section 68(2):** The details of documents should be validated.
3. **Transit check of E-way Bill Section 68(3):** Where any conveyance is intercepted by the proper officer at any place, he may require the person in charge of the said conveyance to produce the documents prescribed.

Every Registered person who causes movement of goods of **consignment value exceeding Rs.50000 -**

1. In relation to supply or,
2. For reasons other than supply or,
3. due to inward supply from an unregistered person

Shall before commencement of such movement, furnish information relating to the said goods in **Part A OF Form GST EWB-01**, electronically on the common portal.

(3) Who is mandatorily required to generate e-way bill?

E-way bill is to be generated by the consignor or consignee himself if the transportation is being done in own/hired conveyance or by railways by air or by vessel. If the goods are handed over to a transporter for transportation by road, e-way bill is to be generated by the transporter. Where neither the consignor nor consignee generates the e-way bill and the value of goods is more than ` 50,000, it

shall be the responsibility of the transporter to generate it. This has been explained in detail below:

- **Where the goods are transported by a registered person – whether as consignor or recipient as the consignee** (whether in his own conveyance or a hired one or a public conveyance, by road), the said person shall have to generate the e-way bill (by furnishing information in part B on the common portal) [Rule 138(2)].
- **Where the e-way bill is not generated by the registered person and the goods are handed over to the transporter, for transportation of goods by road**, the registered person shall furnish the information relating to the transporter in Part B on the common portal and the e-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in Part A.
- **Where the goods are transported by railways or by air or by vessel**, the e-way bill shall be generated by the registered person, being the supplier or the recipient, who shall, either before or after the commencement of movement, furnish, information in part B [viz transport document number (Goods Receipt Number or Railway Receipt Number or Airway Bill Number or Bill of Lading Number)] on the common portal [Rule 138(2A)].

Other important points :

- 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 [Proviso to rule 138(2A)].
- Optional generation of e-way bill:** 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 does not exceed ₹ 50,000 [First proviso to rule 138(3)].
- Where the movement is caused by an unregistered person either in his own conveyance or a hired one or through a transporter**, he or the transporter may, at their option, generate the e-way bill [Second proviso to rule 138(3)].
- An unregistered person required to generate e-way bill in FORM GST EWB-01 or an unregistered person opting to generate e-way bill in Form GST EWB-01**, on the common portal, shall submit the details electronically on the common portal in FORM GST ENR03 either directly or through a Facilitation Centre notified by the Commissioner and, upon validation of the details so furnished, a unique enrolment number shall be generated and communicated to the said person.[Inserted vide Notification No. 12/2024-CT dated 10.07.2024.]
- Where the goods are supplied by an unregistered supplier to a recipient who is**

registered, the movement shall be said to be caused by such recipient if the recipient is known at the time of commencement of the movement of goods [Explanation 1 to rule 138(3)].

Special situations where e-way bill need to be issued even **if the value of consignments is less than Rs.50000**:

- (1) Inter-State transfers of goods by Principal to job Worker: where goods sent by principal to job worker from one territory/state to another territory/state, the e-way bill shall be generated either by principal or job worker irrespective of consignment value.
- (2) Interstate transfer of handicraft goods by a person exempted from obtaining registration.

Validity period of E-way Bill consolidated E-way Bill (Rule 138(10))

1. **Upto 200 km** - one day in cases of over dimensional cargo or multimodal shipment in which at least one leg involves transport by ship.
2. **For every 200km or part thereof** - one day additional in case of over dimensional cargo or multimodal shipment in which at least one leg involves transport by ship.
3. **Upto 20 KM** - ONE day in case of over dimensional cargo or multimodal shipment in which at least one leg involves transport by ship.
4. **For every 20 km. or part thereof** - one additional day in case of over dimensional cargo or multimodal shipment in which at least one leg involves transport by ship.

- ♥ **Cancellation of E-way**: within 24 hours of generation
- ♥ **Acceptance or rejection of E-way bill**: if E-way bill is not accepted within 72 hours from the time of generation of E-way bill or the time of delivery of goods whichever is earlier, it will be deemed he has accepted the details.
- ♥ Inspection and verification of goods report to be submitted within 3 days of such inspection

Restriction on furnishing of information in PART A of FORM GST EWB-01 [RULE 138E] - no person shall be allowed to furnish the information in PART A of FORM GST EWB-01, in respect of any outward movement of goods of a registered person, who,

- ✚ Non furnishing of CMP-08 statement for consecutive two quarters
- ✚ Non furnishing of GSTR-3B returns for consecutive two months
- ✚ Non furnishing of GSTR-1 statement for any two months/quarters
- ✚ Registration suspended

E-way bill generation facility to be blocked only in respect of outward movements of goods, by the defaulting registered person [Rule 138E]

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

In other words, e-way bill generation facility is blocked only in respect of any outward movement of goods of the registered person who is not eligible for e-way bill generation as per rule 138E. E-way bills can be generated in respect of inward supplies of said registered person.

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.

(16) Situations where E-way bill not required to be generated [Rule 138(14)]: Notwithstanding anything contained in this rule, no e-way bill is required to be generated—

(a) where the goods being transported are specified in Annexure contains a list of items where e-way bill is not required to be generated being -

S.No.	Description of Goods
1.	LPG for supply to household and non-domestic exempted category (NDEC) customers;
2.	Kerosene oil sold under PDS
3.	Postal baggage transported by Department of Posts
4.	Natural or cultured pearls and precious or semi-precious stones precious metal and metals clad with precious metals (Chapter 71)
5.	Jewellery, goldsmiths' and silversmiths' wares and other articles (Chapter 71) "excepting Imitation Jewellery (7117)"
6.	Currency
7.	Used personal and household effects
8.	Used personal and household effects

(b) where the goods are being transported by a non-motorised conveyance;

(c) where the goods are being transported from the customs port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs;

(d) in respect of movement of goods within such areas as are notified under rule 138(14)(d) of the Goods and Services Tax Rules of the concerned State or Union Territory;

(e) where the goods, other than de-oiled cake, being transported, are specified in the Schedule appended to Notification No. 2/2017-CT (Rate) dated the 28-06-2017 as amended from time to time;

- (f) where the goods being transported are alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas or aviation turbine fuel;
- (g) where the supply of goods being transported is treated as no supply under Schedule III of the Act;
- (h) where the goods are being transported—
 - (i) under customs bond from an inland container depot or a container freight station to a customs port, airport, air cargo complex and land customs station, or from one customs station or customs port to another customs station or customs port, or
 - (ii) under customs supervision or under customs seal;
- (i) where the goods being transported are transit cargo from or to Nepal or Bhutan;'
- (j) where the goods being transported are exempt from tax under notification No. 7/2017-CT (Rate), dated 28-06-2017 as amended from time to time and notification No. 26/2017-CT (Rate), dated 21-09-2017 as amended from time to time;
- (k) any movement of goods caused by defence formation under Ministry of defence as a consignor or consignee;
- (l) where the consignor of goods is the Central Government, Government of any State or a local authority for transport of goods by rail;
- (m) where empty cargo containers are being transported;
- (n) where the goods are being transported **upto a distance of 20 kms** from the place of the business of the consignor to a weighbridge for weighment or from the weighbridge back to the place of the business of the said consignor subject to the condition that the movement of goods is accompanied by a delivery challan issued in accordance with Rule 55, and
- (o) where empty cylinders for packing of liquefied petroleum gas are being moved for reasons other than supply.

Explanation: The facility of generation, cancellation, updation and assignment of e-way bill shall be made available through SMS to the supplier, recipient and the transporter, as the case may be.

CHAPTER - 11: ACCOUNTS AND RECORDS

11.2 ACCOUNTS AND OTHER RECORDS [SECTION 35]

(1) List of records and place of maintenance of records [Section 35(1)]:

Every registered person shall keep and maintain, at his **principal place of business, as mentioned in the certificate of registration, a true and correct account of-**

- (a) production or manufacture of goods;
- (b) inward supply of goods or services or both;
- (c) outward supply of goods or services or both;
- (d) stock of goods;
- (e) input tax credit availed;
- (f) output tax payable and paid; and
- (g) such other particulars as may be prescribed.

Records to be maintained at each place of business

Records found at other places - Presumption thereof [Rule 56(10)]:

"Place of business" includes-

- (a) 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; or
- (b) a place where a taxable person maintains his books of account; or
- (c) a place where a taxable person is engaged in business through an agent, by whatever name called. [Section 2(85)]

"Principal place of business" means the place of business specified as the principal place of business in the certificate of registration. [Section 2(89)]

(2) Records prescribed by the Rules [Rule 56(1)]: As prescribed by CGST Rules, 2017 following records are required to be maintained:

(a) **Accounts and documents pertaining to goods or services imported or exported etc. to be kept:** Every registered person shall keep and maintain, in addition to the particulars mentioned in Section 35(1), a true and correct account of-

- (i) the goods or services imported or exported, or
- (ii) supplies attracting payment of tax on reverse charge,

along with the relevant documents, including invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers and refund vouchers.

(b) **Commodity wise stock account to be maintained by non-composition supplier [Rule 56(2)]**

(c) **Separate accounts for advances [Rule 56(3)]**

(d) Accounts containing tax details [including ITC] to be kept by person other than composite supplier [Rule 56(4)]

(e) Suppliers, Recipients and Storage Details [Rule 56(5)]: Every registered person shall keep the particulars of -

- a) suppliers from whom he has received the goods or services.
- b) Person to whom he has supplied goods or services.
- c) Premises where goods are stored by him.

(3) Additional accounts or documents by Notified Persons [Section 35(3)]

(4) Relaxation in manner of maintenance of records [Section 35(4)]

(5) Non accountal of goods or services - Deemed supply - Liable for tax [Section 35(6)]

(6) Tax payable on goods stored at undeclared places without valid documents [Rule 56(6)]: the proper officer shall determine the amount of tax payable on such goods as if such goods have been supplied by the registered person.

11.3 PERIOD OF RETENTION OF ACCOUNTS [SECTION 36]

(1) Accounts to be kept for 72 months from the due date of furnishing of Annual return

(2) Accounts pertaining to subject matter of appeal etc. - to be kept for a period of ONE year after final disposal of such appeal etc. or for 72 months from the due date of furnishing of annual return whichever period expires later

11.4 RECORDS WHICH ARE TO BE MAINTAINED ONLY BY A SUPPLIER OTHER THAN A SUPPLIER OPTING FOR COMPOSITION LEVY [RULE 56(2) & (4)]

A supplier who has opted for composition scheme is not required to maintain such records.

- (1) Commodity wise stock account
- (2) Accounts containing tax details including ITC

11.5 RECORDS TO BE MAINTAINED BY AGENT [RULE 56(11)]

1. **Meaning of Agent:** Agent means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another [Section 2(5)].
2. **Records to be maintained by Agent [Rule 56(11)]:** Every agent referred to in Section 2(5) shall maintain accounts depicting the, -

- (a) particulars of authorisation received by him from each principal to receive or supply goods or services on behalf of such principal separately;
- (b) particulars including description, value and quantity (wherever applicable) of goods or services received on behalf of every principal;
- (c) particulars including description, value and quantity (wherever applicable) of goods or services supplied on behalf of every principal;
- (d) details of accounts furnished to every principal; and
- (e) tax paid on receipts or on supply of goods or services effected on behalf of every principal.

11.6 RECORDS TO BE MAINTAINED BY A MANUFACTURER [RULE 56(12)]

Every registered person manufacturing goods shall maintain monthly production accounts showing quantitative details of raw materials or services used in the manufacture and quantitative details of the goods so manufactured including the waste and by products thereof.

11.7 RECORDS OF SERVICE SUPPLIERS [RULE 56(13)]

Every registered person supplying services shall maintain the accounts showing quantitative details of goods used in the provision of services, details of input services utilised and the services supplied.

11.8 RECORDS BY CARRIER AND C&F AGENTS [RULE 56(17)]

Any person having custody over the goods in the capacity of a carrier or a clearing and forwarding agent 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 shall produce the details thereof as and when required by the proper officer.

11.9 RECORDS OF WORKS CONTRACTORS [RULE 56(14)]

Every registered person executing works contract shall keep separate accounts for works contract showing-

- (a) the names and addresses of the persons on whose behalf the works contract is executed;
- (b) description, value and quantity (wherever applicable) of goods or services received for the execution of works contract;
- (c) description, value and quantity (wherever applicable) of goods or services utilized in the execution of works contract,
- (d) the details of payment received in respect of each works contract; and

(e) the names and addresses of suppliers from whom he received goods or services.

11.10 RECORDS TO BE MAINTAINED BY OWNER OR OPERATOR OF GODOWN OR WAREHOUSE AND TRANSPORTERS [SECTION 35 (2) READ WITH RULE 58]

(1) **Obligation of Owner/Operator of Warehouse and Transporter to Maintain Records [Section 35(2)]**: Every owner or operator of warehouse or godown or any other place used for storage of goods and every transporter, **irrespective of whether he is a registered person or not**, shall maintain records of the consigner, consignee and other relevant details of the goods in such manner as may be prescribed.

(2) **Records to be maintained by owner or operator of godown or warehouse and transporters [Rule 58]**:

(a) **Enrolment, if not already registered in GST** - Business details to be submitted: Generation and communication of unique enrollment number

(b) **Application for unique common enrollment number**: A transporter who is registered in more than one State or Union Territory having the same Permanent Account Number, he may apply for a unique common enrolment number by submitting the details in FORM GST ENR-02 using any one of his GSTIN's, and upon validation of the details furnished, a unique common enrolment number shall be generated and communicated to the said transporter.

However, where the said transporter has obtained a unique common enrolment number, he shall not be eligible to use any of the GSTIN for the purposes of E-Way Bills under Chapter XVI of these rules.

(c) **Deemed enrollment if already enrolled in other state or UT**:

(d) **Amendment of details**

(e) **Type of records**: The following records are to be maintained-

(i) Records to be maintained by a transporter:

(ii) Records to be maintained by an owner/operator of a warehouse/godown:

(f) **Manner of storage of goods by warehouse owner/operator**: The owner or the operator of the godown shall store the goods in such manner that **they can be identified item-wise and owner-wise** and shall facilitate any physical verification or inspection by the proper officer on demand.

11.11 MAINTENANCE OF ACCOUNTS BY REGISTERED PERSONS [RULE 56]

(1) **Records may be in electronic form [Rule 56(15)]**

(2) **Accounts to be kept all places mentioned in RC [Rule 56(7)]**

(3) No entry to be erased/overwritten [Rule 56(8)]: Any entry in registers, accounts and documents shall not be erased, effaced or overwritten. All incorrect entries, otherwise than those of clerical nature, shall be scored out under attestation and there after correct entry shall be recorded. Where the registers and other documents are maintained electronically, a log of every entry edited or deleted shall be maintained.

(4) Serial Number [Rule 56(9)]

(5) Production of records on demand [Rule 56(18)]

(6) Preservation of records [Rule 56(16)]: 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 for the period as provided in Section 36 (i.e., 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records) and shall, where such accounts and documents are maintained manually, be kept at every related place of business mentioned in the certificate of registration and shall be accessible at every related place of business where such accounts and documents are maintained digitally.

11.12 GENERATION AND MAINTENANCE OF ELECTRONIC RECORDS [RULE 57]

- (1) Back up of e-records
- (2) Production of hard copy or soft copy on demand
- (3) Audit trail etc. to be produced

CHAPTER - 12: PAYEMENT OF TAX

PAYMENT OF TAX, INTEREST, PENALTY AND OTHER AMOUNT [SECTION 49]

(1) Amount deposited to be credited to the electronic cash ledger: by internet banking, debit card or credit card, NEFT, RTGS and other mode as may be prescribed.

(2) ITC credited to electronic credit ledger.

Transfer of CGST to IGST/ SGST/UTT in electronic cash ledger of the same or distinct person [Section 49(10)]: A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for, -

- a) integrated tax, central tax, State tax, Union territory tax or
- b) integrated tax or central tax of a distinct person as specified in Section 25(4)/(5), in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act.

However, no such transfer under Section 49(10) (b) shall be allowed if the said registered person has any unpaid liability in his electronic liability register.

Utilisation of amount in Electronic credit ledger - For payment of output tax under CGST and IGST Act [Section 49(4)]: The amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the IGST Act in such manner and subject to such conditions and restrictions within such time as may be prescribed.

Maximum proportion of output tax liability to be discharged through E-credit ledger to be specified (Section 49(12))

Order of discharge of liabilities [Section 49(7)]: Every taxable person shall discharge his tax and other dues under this act or the rules made thereunder in the following order namely-

- (a) self assessed tax, and other dues of previous tax period
- (b) self assessed tax, and other dues of current tax period
- (c) any other amount payable under this act or the rules made thereunder including the demand determined under section 73 or section 74

ELECTRONIC CASH LEDGER [RULE 87]

- (1) Shall be maintained in **FORM GST PMT - 05**
- (2) Generation of **challan in FORM GST PMT - 06**, validity for a period of 15days

(3) It reflect all deposit made in cash, and TDS/TCS made on account of the tax payer.

(4) Ledger can be used for making any payment towards tax, interest, penalty, fees or any other amount on GST

Modes of deposit of amount in Electronic Cash Ledger [Rule 87(3)]: The deposit under Rule 87(2) shall be made through any of the following modes, namely:-

- i. Internet Banking through authorised banks;
- ii. Unified Payment Interface (UPI) from any bank;
- iii. Immediate Payment Services (IMPS) from any bank;
- iv. Credit card or Debit card through the authorised bank;
- v. National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or
- vi. Over the Counter payment through authorised banks for deposits up to 10,000 per challan per tax period, by cash, cheque or demand draft.

Mandate form for NeFT or RTGS payments [Rule 87(5)]: Where the payment is made by way of National Electronic Fund Transfer or Real Time Gross Settlement or Immediate Payment Service mode from any bank, the mandate form shall be generated along with the challan on the common portal and the same shall be submitted to the bank from where the payment is to be made.

Transfer of amount from one account head to another - FORM GST PMT-09

Representation to bank on non generation of CIN despite payment [Rule 87(8)]:

Where the bank account of the person concerned, or the person making the deposit on his behalf, is debited but no CIN is generated or generated but not communicated to the common portal, the said person may represent electronically in FORM GST PMT-07 through the common portal to the bank or electronic gateway through which the deposit was initiated.

However, where the bank fails to communicate details of CIN to the Common Portal, the E-Cash Ledger may be updated on the basis of e-Scroll of the RBI in cases where the details of the said e-Scroll are in conformity with the details in challan generated in FORM GST PMT-06 on the Common Portal.

Transfer of cash balance to distinct person [Rule 87(14)]: A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the Act to the electronic cash ledger for central tax or integrated tax of a distinct person as specified in Section 25(4)/(5), in FORM GST PMT-09.

However, no such transfer shall be allowed if the said registered person has any unpaid liability in his electronic liability register.

ELECTRONIC CREDIT LEDGER [RULE 86]

- Shall be maintained in **FORM GST PMT -02**
- Re-credit in **FORM GST PMT-03**
- Communication of discrepancy in **FORM GST PMT-04**
- It will reflect ITC as self assessed in monthly returns
- The credit in this ledger can be used to make payment of **ONLY TAX** i.e. output tax not other amount such as interest, penalty, fees etc.

Repayment of erroneous refund - to be credited to ledger [Rule 86(4B)]: Where a registered person deposits the amount of erroneous refund sanctioned to him, -

- a) under Section 54(3) of the Act, or
- b) under Rule 96(3), in contravention of Rule 96(10),

along with interest and penalty, wherever applicable, through **FORM GST DRC-03**, by debiting the electronic cash ledger, on his own or on being pointed out, an amount equivalent to the amount of erroneous refund deposited by the registered person shall be re-credited to the electronic credit ledger by the proper officer by an order made in **FORM GST PMT-03A**.

ELECTRONIC LIABILITY REGISTER [RULE 85]

- Shall be maintained in **FORM GST PMT - 01**
- Discrepancy to be communicated in **FORM GST PMT - 04**
- It reflects the total tax liability of a tax payer (after netting) for a month.

INTEREST ON DELAYED PAYMENT [SECTION 50]

- ☉ **Interest payable on delayed payment of tax not exceeding 18%** from the date following the due date of payment to the actual date of payment of tax
- ☉ **Interest payable on net amount payable through E-cash ledger:** The interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of Section 39, except where such return is furnished after commencement of any proceeding under section 73 or section 74 in respect of the said period, shall be levied in that portion of the tax that is paid by debiting the electronic cash ledger.
Thus, interest on delayed payment of tax is to be levied on the net tax liability i.e after allowing the credit of input tax.
- ☉ **Interest on wrong availment or utilisation of ITC [Section 50(3)]** - Where the input tax credit has been wrongly availed and utilised, the registered persons shall pay interest on such input tax credit wrongly availed and utilised, at **18%**.

Manner of calculating interest on delayed payment of tax [Rule 88B]

(1) **Supplies declared in the belated return filed for tax period** - Interest payable on tax paid through cash ledger: In case, where the supplies made during a tax period are declared by the registered person in the return for the said period and the said return is furnished after the due date in accordance with provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, the interest on tax payable in respect of such supplies shall be calculated on the portion of tax which is paid by debiting the electronic cash ledger, for the period of delay in filing the said return beyond the due date, @ 18% p.a.

Where any amount has been credited in the Electronic Cash Ledger as per provisions of Section 49(1) on or before the due date of filing the said return, but is debited from the said ledger for payment of tax while filing the said return after the due date, the said amount shall not be taken into consideration while calculating such interest if the said amount is lying in the said ledger from the due date till the date of its debit at the time of filing return [Inserted vide notification no. 12/2024-CT dated 10/7/2024]

(2) **Other cases** - Interest payable on outstanding amount: In all other cases, where interest is payable in accordance with Section 50(1), the interest shall be calculated on the amount of tax which remains unpaid, for the period starting from the date on which such tax was due to be paid till the date such tax is paid, @ 18% p.a.

(3) **Computation of Interest on wrongly availed and utilised ITC**: In case, where interest is payable on the amount of input tax credit wrongly availed and utilised in accordance with Section 50(3), the interest shall be calculated on the amount of input tax credit wrongly availed and utilised, for the period starting from the date of utilisation of such wrongly availed input tax credit till the date of reversal of such credit or payment of tax in respect of such amount, @18% p.a.

Utilisation of wrongly availed ITC: Input tax credit wrongly availed shall be construed to have been utilised, when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, and the extent of such utilisation of input tax credit shall be the amount by which the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed.

Date of utilisation of ITC: The date of utilisation of such input tax credit shall be taken to be,-

- a) the date, on which the return is due to be furnished under section 39 or the actual date of filing of the said return, **whichever is earlier**, if the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, on account of payment of tax through the said return; or

- b) the date of debit in the electronic credit ledger when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, in all other cases.

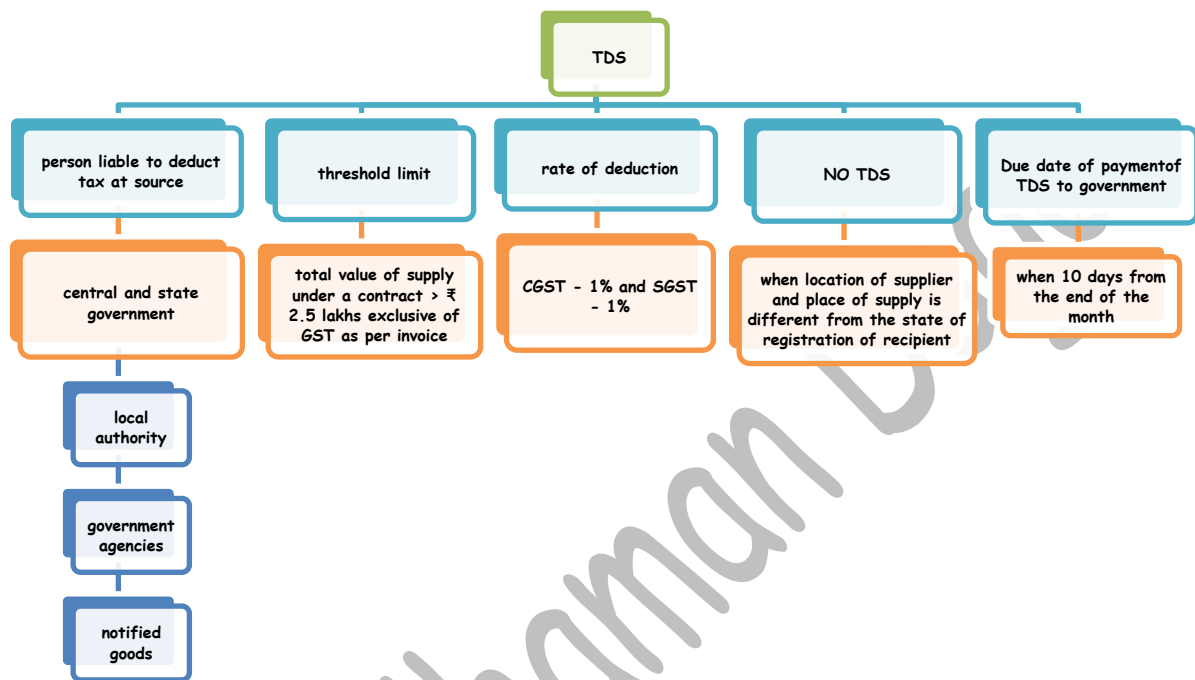
Clarification on charging of interest u/s 50(3) of the CGST Act, 2017, in cases of wrong availment of IGST credit and reversal thereof. - Circular No. 192/04/2023-GST dated 17-07-2023

	Issue	Clarification
1.	In the cases of wrong availment of IGST credit by a registered person and reversal thereof, for the calculation of interest under rule 88B of CGST Rules, whether the balance of input tax credit available in electronic credit ledger under the head of IGST only needs to be considered or total input tax credit available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has to be considered.	Since the amount of input tax credit available in electronic credit ledger, under any of the heads of IGST, CGST or SGST, can be utilized for payment of liability of IGST, it is the total input tax credit available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, that has to be considered for calculation of interest under rule 88B of CGST Rules and for determining as to whether the balance in the electronic credit ledger has fallen below the amount of wrongly availed input tax credit of IGST, and to what extent the balance in electronic credit ledger has fallen below the said amount of wrongly availed credit. Thus, in the cases where IGST credit has been wrongly availed and subsequently reversed on a certain date, there will not be any interest liability under section 50(3) of CGST Act if, during the time period starting from such availment and up to such reversal, the balance of input tax credit (ITC) in the electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has never fallen below the amount of such wrongly availed ITC, even if available balance of IGST credit in electronic credit ledger individually falls below the amount of such wrongly availed IGST credit.

		However, when the balance of ITC, under the heads of IGST, CGST and SGST of electronic credit ledger taken together, falls below such wrongly availed amount of IGST credit, then it will amount to the utilization of such wrongly availed IGST credit and the extent of utilization will be the extent to which the total balance in electronic credit ledger under heads of IGST, CGST and SGST taken together falls below such amount of wrongly availed IGST credit, and will attract interest as per section 50(3) of CGST Act, read with section 20 of Integrated GST Act, 2017 and rule 88B (3) of CGST Rules.
2.	Whether the credit of compensation cess available in electronic credit ledger shall be taken into account while considering the balance of electronic credit ledger for the purpose of calculation of interest under rule 88B (3) of CGST Rules in respect of wrongly availed and utilized IGST, CGST or SGST credit.	As per proviso to section 11 of Goods and Services Tax (Compensation to States) Act, 2017, input tax credit in respect of compensation cess on supply of goods and services leviable under section 8 of the said Act can be utilised only towards payment of compensation cess leviable on supply of goods and services. Thus, credit of compensation cess cannot be utilized for payment of any tax under CGST or SGST or IGST heads and/or reversals of credit under the said heads. Accordingly, credit of compensation cess available in electronic credit ledger cannot be taken into account while considering the balance of electronic credit ledger for the purpose of calculation of interest under Rule 88B(3) of CGST Rules in respect of wrongly availed and utilized IGST, CGST or SGST credit.

CHAPTER - 13: TAX DEDUCTION AT SOURCE **AND COLLECTION OF TAX AT SOURCE**

14.2 TAX DEDUCTION AT SOURCE [SECTION 51]



For the purpose of Section 51(1)(d), the following persons have been notified

- (i) an authority or a board or any other body.
 - (a) set up by an Act of Parliament or a State Legislature, or
 - (b) established by any Government, with 51% or more participation by way of equity or control, to carry out any function,
- (ii) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860,
- (iii) public sector undertakings.

14.3 REGISTRATION OF PERSONS LIABLE TO DEDUCT TAX AT SOURCE

(1) Registration of tax deductor:

A deductor has to compulsorily register without any threshold limit. The deductor has a privilege of obtaining registration under GST without requiring PAN.

(2) Grant of registration to persons required to deduct tax at source [Rule 12 of CGST Rules, 2017] :

(a) **E-Application by tax deductor electronically:** in **FORM GST REG-07** for the grant of registration through the common portal.

(b) **Procedure if tax deductor do not have principal place of business in the state in which registration application is made:** shall mention the name of the

State or Union territory in PART A of the application in **FORM GST REG-07** and mention the name of the State or Union territory in **PART B** thereof in which the principal place of business is located which may be different from the State or Union territory mentioned in **PART A**.

(c) **RC to be issued within 3 Working Days:** in **FORM GST REG-06** within a period of **3 working days** from the date of submission of the application.

(d) **Cancellation of RC:** Where on request made in writing by registered person or upon an enquiry or pursuant to any other proceeding under the Act, the proper officer is satisfied that a person to whom a certificate of registration in **FORM GST REG-06** has been issued is no longer liable to deduct tax at source, the said officer may cancel the registration and such cancellation shall be communicated to the said person electronically in **FORM GST REG-08**.

(3) **Form and manner of submission of return by a person required to deduct tax at source [Rule 66]:**

(i) **Furnishing of GSTR-7 Return**

(ii) **Details of TDS to be made available to deductee**

(iii) **Certificate to deductee:** in **FORM GSTR-7A** on the basis of the return furnished above.

14.5 COLLECTION OF TAX AT SOURCE [SECTION 52]

(5) **Annual Statement to be filed upto 31st December of succeeding financial year [Section 52(5)]:**

(6) **Rectification of mistake in monthly statement by ECO [Section 52(6)]:**

Time limit of rectification: No such rectification of any omission or incorrect particulars shall be allowed after-

- 30th November following the end of the financial year, or
- the actual date of furnishing of the relevant annual statement, whichever is earlier.

(7) **Claim of TCS by the supplier [Section 52(7)] :**

(8) **Matching of details furnished by the e-commerce operator with the details furnished by the supplier [Section 52(8)]:** The following details relating to the supplies made through an e-Commerce operator, as declared in FORM GSTR-8, shall be matched with the corresponding details declared by the supplier in FORM GSTR-1, **as amended in FORM GSTR-1A if any,**

(a) State of place of supply; and

(b) net taxable value.

However, where the time limit for furnishing FORM GSTR-1, **as amended in FORM GSTR-1A if any**, under section 37 has been extended, the date of matching of the above mentioned details shall be extended accordingly.

The Commissioner may, on the recommendations of the Council, by order, extend the date of matching to such date as may be specified therein.

(9) Communication of discrepancy in details furnished by the e-commerce operator and the supplier [Section 52(9)]:

(10) Non-rectification of discrepancy, addition of amount of discrepancy to output tax liability of supplier [Section 52(10)]:

(11) Interest payable on amount added to the output tax liability of the supplier [Section 52(11)]:

(12) Issuance of notice to furnish details of supplies and stock [Section 52(12)] :

Any authority not **below the rank of Deputy Commissioner** may serve a notice along with summary thereof electronically in form **GST DRC-01**, either before or during the course of any proceedings under this Act, requiring the ECO to furnish such details relating to-

(a) supplies of goods or services or both effected through such ECO during any period; or

(b) stock of goods held by the suppliers making supplies through such ECO in the godowns or warehouses, by whatever name called, managed by such ECO and declared as additional places of business by such suppliers, as may be specified in the notice.

(13) Information to be furnished within 15 days from service of notice [Section 52(13)]:

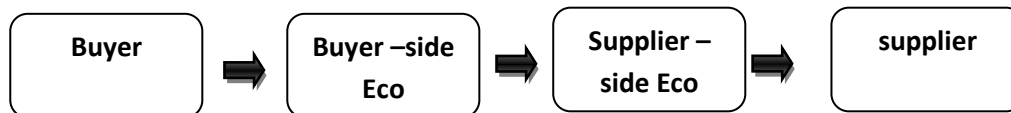
(14) Penalty for failure to furnish information - Upto ₹ 25,000

(15) **When TCS provisions do not apply**: TCS provisions are not applicable where GST is payable under reverse charge. TCS provisions also do not apply in case of exempt supply. TCS provisions do not apply on import of goods or services.

"Concerned supplier" shall mean the supplier of goods or services or both making supplies through the ECO.

Clarification on TCS liability u/s 52 of the CGST Act, 2017 in case of multiple E-commerce Operators in one transaction - Circular No. 194/06/2023-GST dated 17-07-2023

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

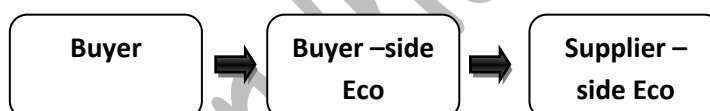


Clarification: In such a situation where multiple ECOS are involved in a single transaction of supply of goods or services or both through ECO platform and where the supplier-side ECO himself is not the supplier of the said goods or services, the compliances under section 52 of CGST Act, including collection of TCS, is to be done by the supplier-side ECO who finally releases the payment to the supplier for a particular supply made by the said supplier through him.

e.g.: Buyer-side ECO collects payment from the buyer, deducts its fees/commissions and remits the balance to Seller-side ECO. Here, the Seller-side ECO will release the payment to the supplier after deduction of his fees/commissions and therefore will also be required to collect TCS, as applicable and pay the same to the Government in accordance with section 52 of CGST Act and also make other compliances under section 52 of CGST Act.

In this case, the Buyer-side ECO will neither be required to collect TCS nor will be required to make other compliances in accordance with section 52 of CGST Act with respect to this particular supply.

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



Clarification: In such a situation, TCS is to be collected by the Buyer-side ECO while making payment to the supplier for the particular supply being made through it. e.g.: Buyer-side ECO collects payment from the buyer, deducts its fees and remits the balance to the supplier (who is itself an ECO as per the definition in Sec 2(45) of the CGST Act).

In this scenario, the Buyer-side ECO will also be required to collect TCS, as applicable, pay the same to the Government in accordance with section 52 of CGST Act and also make other compliances under section 52 of CGST Act.

➤ **Special procedure to be followed by the electronic commerce operators in respect of supplies of goods through them by composition taxpayers. - Notification No. 36/2023 dated 4-8-2023 w.e.f 1-10-2023**

The Central Government has notified that the electronic commerce operator who is required to collect tax at source under section 52 as the class of persons who shall follow the following special procedure in respect of supply of goods made through it by the persons paying tax under composition scheme (hereinafter referred to as the said person), namely:-

- (i) the electronic commerce operator shall not allow any inter-State supply of goods through it by the said person;
- (ii) the electronic commerce operator shall collect tax at source u/s 52(1) of the said Act 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) of the said Act; and
- (iii) the electronic commerce operator 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.

➤ **Special procedure to be followed by the electronic commerce operators in respect of supplies of goods through them by unregistered persons. - Notification No. 37/2023 dated 04-08-2023 w.e.f01-10-2023**

The Central Government has notified that the electronic commerce operator who is required to collect tax at source under section 52 shall follow the following special procedure in respect of supply of goods made through it by the persons exempted from obtaining registration (hereinafter referred to as the said person):

- (1) the electronic commerce operator shall allow the supply of goods through it by the said person only if enrolment number has been allotted on the common portal to the said person;
- (ii) the electronic commerce operator shall not allow any inter-State supply of goods through it by the said person;
- (iii) the electronic commerce operator shall not collect tax at source u/s 52(1) in respect of supply of goods made through it by the said person; and
- (iv) the electronic commerce operator 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.

Where multiple electronic commerce operators are involved in a single supply of goods through electronic commerce operator platform, "the electronic commerce operator" shall mean the electronic commerce operator who finally releases the payment to the said person for the said supply made by the said person through him.

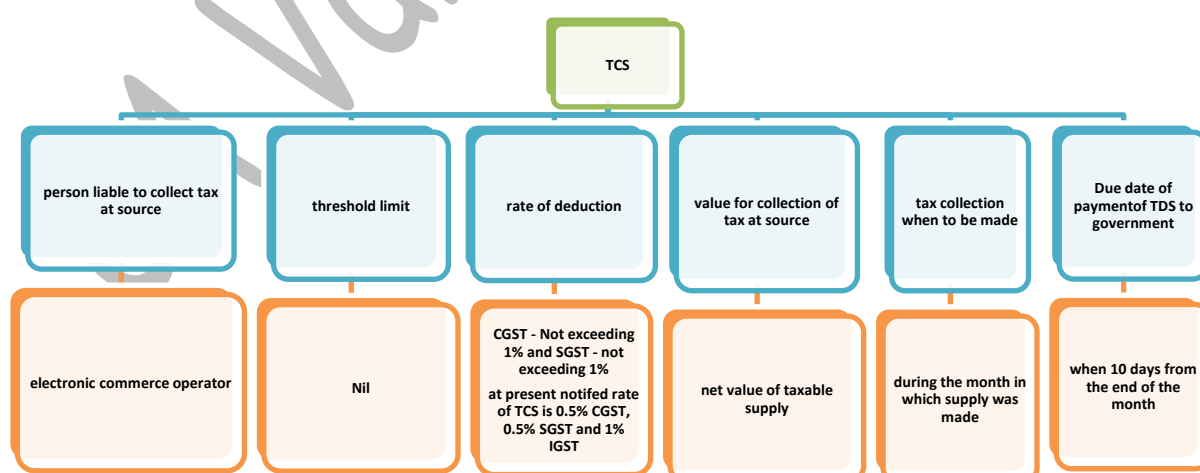
	GST on service supplied by restaurants through e-commerce operators [Circular No. 167/23/2021- GST dated 17-12-2021]: Certain representations have been received requesting for clarification regarding modalities of compliance to the GST laws in respect of supply of restaurant service through e-commerce operators (ECO). Clarifications are as follows:	
	Issue	Clarification
1.	Would ECOS have to still collect TCS in compliance with section 52 of the CGST Act, 2017?	As 'restaurant service' has been notified u/s 9(5) of the CGST Act, 2017, the ECO shall be liable to pay GST on restaurant services provided, with effect from the 1s January,

		2022, through ECO. Accordingly, the ECOS will no longer be required to collect TCS and file GSTR 8 in respect of restaurant services on which it pays tax in terms of section 9(5). On other goods or services supplied through ECO, which are not notified u/s 9(5), ECOS will continue to pay TCS in terms of section 52 of CGST Act, 2017 in the same manner at present
2.	Would ECOS have to mandatorily take a separate registration w.r.t supply of restaurant service [notified under 9(5)] through them even though they are registered to pay GST on services on their own account?	As ECOS are already registered in accordance with rule 8(in Form GST-REG 01) of the CGST Rules, 2017 (as a supplier of their own goods or services), there would be no mandatory requirement of taking separate registration by ECOS for payment of tax on restaurant service under section 9(5) of the CGST Act, 2017.
3.	Would the ECOS be liable to pay tax on supply of restaurant service made by unregistered business entities?	Yes. ECOS will be liable to pay GST on any restaurant service supplied through them including by an unregistered person.
4	What would be the aggregate turnover of person supplying 'restaurant service' through ECOS?	It is clarified that the aggregate turnover of person supplying restaurant service through ECOS shall be computed as defined in section 2(6) of the CGST Act, 2017 and shall include the aggregate value of supplies made by the restaurant through ECOS. Accordingly, for threshold consideration or any other purpose in the Act, the person providing restaurant service through ECO shall account such services in his aggregate turnover
5	Can the supplies of restaurant service made through ECOS be recorded as inward supply of ECOS (liable to reverse charge) in GSTR 3B?	No ECOS are not the recipient of restaurant service supplied through them. Since these are not input services to ECO, these are not to be reported as inward supply (liable to

		reverse charge)
6	Would ECOS be liable to reverse proportional input tax credit on his input goods and services for the reason that input tax credit is not admissible on 'restaurant service'?	ECOS provide their own services as an electronic platform and an intermediary for which it would acquire inputs/ input service on which ECOs avail input tax credit (ITC). The ECO charges commission/ fee etc. for the services it provides. The ITC is utilised by ECO for payment of GST on services provided by ECO on its own account (say, to a restaurant). The situation in this regard remains unchanged even after ECO is made liable to pay tax on restaurant service ECO would be eligible to ITC as before. Accordingly, it is clarified that ECO shall not be required to reverse ITC on account of restaurant services on which it pays GST in terms of section 9(5) of the Act. It may also be noted that on restaurant service, ECO shall pay the entire GST liability in cash (No ITC could be utilised for payment of GST on restaurant service supplied through ECO).
7	Can ECO utilize its Input Tax Credit to pay tax w.r.t 'restaurant service' supplied through the ECO?	No. As stated above, the liability of payment of tax by ECO as per section 9(5) shall be discharged in cash.
8	Would supply of goods or services other than 'restaurant service' through ECOS be taxed at 5% without ITC?	ECO is required to pay GST on services notified u/s 9(5), besides the services/other supplies made on his own account. On any supply that is not notified u/s 9(5), that is supplied by a person through ECO, the liability to pay GST continues on such supplier and ECO shall continue to pay TCS on such supplies. Thus, present dispensation continues for ECO, on supplies other than restaurant services. On such supplies (other than restaurant services made through ECO) GST will continue to be

		billed, collected and deposited in the same manner as is being done at present. ECO will deposit TCS on such supplies.
9	Would 'restaurant service' and goods or services other than restaurant service sold by a restaurant to a customer under the same order be billed differently? Who shall be liable for raising invoices in such cases?	Considering that liability to pay GST on supplies other than 'restaurant service' through the ECO, and other compliances under the Act, including issuance of invoice to customer, continues to lie with the respective suppliers (and ECOS being liable only to collect tax at source (TCS) on such supplies), it is advisable that ECO raises separate bill on restaurant service in such cases where ECO provides other supplies to a customer under the same order.
10	Who will issue invoice in respect of restaurant service supplied through ECO whether by the restaurant or by the ECO?	The invoice in respect of restaurant service supplied through ECO under section 9(5) will be issued by ECO.
11	Clarification may be issued as regard reporting of restaurant services, value and tax liability etc in the GST return.	A number of other services are already notified u/s 9(5). In respect of such services, ECO operators are presently paying GST by furnishing details in GSTR 3B. The ECO may, on services notified u/s 9(5) of the CGST Act, 2017, including on restaurant service provided through ECO, may continue to pay GST by furnishing the details in GSTR 3B, reporting them as outward taxable supplies for the time being. Besides, ECO may also, for the time being, furnish the details of such supplies of restaurant services u/s 9(5) in Table 7A(1) or Table 4A of GSTR-1, as the case maybe, for accounting purpose. Registered persons supplying restaurant services through ECOs u/s 9(5) will report such supplies of restaurant services made through ECOS in Table 8 of GSTR-1 and

		Table 3.1 (c) of GSTR-3B, for the time being.
12	Whether ECO, required to pay tax u/s 9(5) of CGST Act, is liable to reverse proportionate input tax credit on his inputs and input services to the extent of supplies made under section 9(5) of the CGST	it is clarified that ECO, who is liable to pay tax u/s 9(5) of the CGST Act in respect of specified services, is not required to reverse the input tax credit on his inputs and input services proportionately u/s 17(1) or section 17(2) of CGST Act to the extent of supplies made u/s 9(5) of the CGST Act. It is further clarified that ECO will be required to pay the full tax liability on account of supplies u/s 9(5) of the CGST Act only through electronic cash ledger. The credit availed by him in relation to the inputs and input services used to facilitate such supplies cannot be used for discharge of such tax liability u/s 9(5) of the CGST Act. However, such credit can be utilized by him for discharge of tax liability in respect of supply of services on his own account. [Circular No. 240/34/2024-GST-dated 31-12-2024]



#Net Value of Taxable Supplies:

	Amount
Aggregate value of taxable supplies of goods and/or services (other than notified services under section 9(5) by all registered persons)	xxx
Less: Taxable supplies returned to supplier	xxx
Net value of Taxable Supplies	xxx

The Government vide Notification No. 15/2024-CT dated 10-07-2024 has notified that every electronic commerce operator, not being an agent, shall collect an amount calculated @ 0.5% (0.25% CGST and 0.25% SGST) of the net value of intra-State taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the said operator. Prior to 10th July 2024, rate of TCS was 1% (0.5% CGST and 0.5% SGST)

It may be noted that Section 20 of IGST Act provides that in case of tax collected at source, the operator shall collect tax at such rate not exceeding 2%, as may be notified on the recommendations of the Council, of the net value of taxable supplies.

Further, the value of a supply shall include any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier.

The Central Government vide Notification No. 01/2024-IT dated 10-07-2024 has notified that every electronic commerce operator, not being an agent, shall collect an amount calculated @ 0.5% of the net value of inter-State taxable supplies made through it by other suppliers where consideration with respect to such supplies is to be collected by the said operator. Prior to 10th July 2024, rate of TCS was 1%.

14.6 PROCEDURAL REQUIREMENTS OF E-COMMERCE OPERATOR

(1) Registration:

The e-Commerce Operator who is required to collect tax at source as well as the supplier supplying goods or services through an Operator need to compulsorily register under GST. As per Section 24(x) of CGST Act, Every ECO (Electronic Commerce Operator) who is required to collect tax at source under section 52 is specifically required to take registration.

Service suppliers entitled for threshold exemption: Also, supplier who supplies through an e-commerce operator needs to be mandatorily registered irrespective of its turnover [Section 24(ix) of CGST Act].

However, Persons making supplies of services, other than supplies specified u/s 9(5) through an ECO who is required to collect tax at source u/s 52, and having an aggregate turnover, to be computed on all India basis, not exceeding an amount of 20 lakh (10 lakh in case of Special Category States of Mizoram, Tripura, Manipur

and Nagaland) in a financial year, have been exempted from obtaining registration vide Notification No. 65/2017-CT dated 15-11-2017.

Where the e-commerce operators are liable to pay tax on behalf of the suppliers under a notification issued under section 9(5) of the CGST Act, 2017 the suppliers of such services are entitled for threshold exemption.

Exemption to persons making supply of goods through e-commerce operator subject to fulfillment of specified conditions :

The Central Government has exempted the persons making supplies of goods through an electronic commerce operator who is required to collect tax at source u/s 52 of the said Act and having an aggregate turnover in the preceding financial year and in the current financial year not exceeding the amount of aggregate turnover above which a supplier is liable to be registered in the State or Union territory in accordance with the provisions of Section 22(1) of the said Act, from obtaining registration under the said Act, subject to the following conditions, namely :

- (a) such persons shall not make any inter-State supply of goods;
- (b) such persons shall not make supply of goods through electronic commerce operator in more than one State or Union territory;
- (c) such persons shall be required to have a Permanent Account Number issued under the Income-tax Act, 1961;
- (d) such persons shall, before making any supply of goods through electronic commerce operator, declare on the common portal their Permanent Account Number issued under the Income-tax Act, 1961, address of their place of business and the State or Union territory in which such persons seek to make such supply, which shall be subjected to validation on the common portal;
- (e) such persons have been granted an enrolment number on the common portal on successful validation of the Permanent Account Number;
- (f) such persons shall not be granted more than one enrolment number in a State or Union territory;
- (g) no supply of goods shall be made by such persons through electronic commerce operator unless such persons have been granted an enrolment number on the common portal; and
- (g) no supply of goods shall be made by such persons through electronic commerce operator unless such persons have been granted an enrolment number on the common portal; and
- (h) where such person are subsequently granted registration under section 25 of the said act, the enrolment number shall cease to be valid from the effective date of registration.

- Notification No. 34/2023-CT dated 31-7-2023 w.e.f 01-10-2023

(2) **Grant of registration to persons required to collect tax at source [Rule 12 of CGST Rules, 2017]:**

(a) **E-Application by Tax collector electronically [Rule 12(1)]:** in **FORM GST REG-07** for the grant of registration through the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

(b) **Procedure if tax collector do not have principal place of business in the state in which registration application is made:** A person applying for registration to collect tax in accordance with the provisions of section 52, in a State or Union territory where he does not have a physical presence, shall mention the name of the State or Union territory in **PART A** of the application in **FORM GST REG-07** and mention the name of the State or Union territory in **PART B** thereof in which the principal place of business is located which may be different from the State or Union territory mentioned in **PART A**.

(c) **RC to be issued within 3 working days [Rule 12(2)]:** The proper officer may grant registration after due verification and issue a certificate of registration in **FORM GST REG-06** within a period of **3 working days** from the date of submission of the application.

(d) **Cancellation of RC [Rule 12(3)]:** Where, on request made in writing by registered person or upon an enquiry or pursuant to any other proceeding under the Act, the proper officer is satisfied that a person to whom a certificate of registration in **FORM GST REG-06** has been issued is no longer liable to collect tax at source under Section 52, the said officer may cancel the registration issued under Rule 12(2) and such cancellation shall be communicated to the said person electronically in **FORM GST REG-08**.

However, the proper officer shall follow the procedure as provided in Rule 22 for the cancellation of registration.

(3) **Form and manner of submission of statement of supplies through an e-commerce operator [Rule 67]:**

(a) **E-commerce operator to furnish return in FORM GSTR-8:** Every electronic commerce operator required to collect tax at source under section 52 shall furnish a statement in **FORM GSTR-8** electronically on the common portal, either directly or from a Facilitation Centre notified by the Commissioner, containing details of supplies effected through such operator and the amount of tax collected as required under section 52(1).

(b) **Details to be made available to supplier:** The details furnished by the operator shall be made available electronically to each of the suppliers on the common portal after filing of **FORM GSTR-8** for claiming the amount of tax collected in his electronic cash ledger after validation.

CHAPTER - 14: RETURNS

FURNISHING DETAILS OF OUTWARD SUPPLIES [Section 37]

- × **Person liable to furnish the details of outward supply** - every registered person and casual registered person except ISD, non-resident taxable person, composition scheme, person deducting tax at source, person collecting at source, OIDAR.
- × **Form for submission of details of outward supplies** - Form GSTR-1 on monthly or quarterly basis.
However, the said 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 electronically through the common portal, either directly or through a Facilitation Centre as may be notified by the Commissioner [Inserted vide notification no.12/2024-CT dated 10/7/2024]
- × **Due date of furnishing GSTR-1** - 10th of the next month (time limit can be extended by commissioner)
- × **QRMP Scheme** -
 - (a) **Quarterly statement** - GSTR - 1 quarterly by 13th day of the month succeeding quarter
 - (b) **IFF** - for the first two month by 13th of the succeeding month. The details of the outward supplies does not exceed ₹ 50 lakh in each month.
 - (c) **Details of the outward supplies furnished using IFF shall not be furnished in GSTR-1**

GSTR-1 cannot be furnished in certain cases [Section 37(4)] : A registered person shall not be allowed to furnish the details of outward supplies for a tax period, if the details of outward supplies for any of the previous tax periods has not been furnished by him.
However, the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the details of outward supplies, even if he has not furnished the details of outward supplies for one or more previous tax periods.

As per provisions of Rule 59(6) of the CGST Rules, 2017, A registered person shall not be allowed to furnish GSTR-1 statement in the following cases-

- a) **When GSTR 3B not furnished for preceding 1 month**: A registered person shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1, if he has not furnished the return in FORM GSTR-3B for preceding one month.
- b) **When GSTR-3B not furnished for preceding tax period by QRMP taxpayer**: A registered person, required to furnish quarterly return, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility, if he has not furnished the return in FORM GSTR-3B for preceding tax period.
- c) **Tax liability on excess supply declared in GSTR-1 in comparison to GSTR-3B is not paid**: A registered person, to whom an intimation has been issued on the common portal under the provisions of Rule 88C(1) in respect of a tax period, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility for a subsequent tax period, unless he has either deposited the amount specified in the said intimation or has furnished a reply explaining the reasons for any amount remaining unpaid, as required under the provisions of Rule 88C(2).

Note: Where the tax payable by a registered person, in accordance with the statement of outward supplies furnished by him in FORM GSTR-1 or using the Invoice Furnishing Facility in respect of a tax period, exceeds the amount of tax payable by such person in accordance with the return for that period furnished by him in FORM GSTR-3B, he is given intimation for payment of the differential liability under Rule 88C of the CGST Rules, 2017.

- (d) **Excess ITC claimed not paid or reasons not explained**: A registered person, to whom an intimation has been issued on the common portal under the provisions of Rule 88D(1) in respect of a tax period or periods, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility for a subsequent tax period, unless he has either paid the amount equal to the excess input tax credit as specified in the said intimation or has furnished a reply explaining the reasons in respect of the amount of excess input tax credit that still remains to be paid.
- (e) **Non furnishing of bank account details**: A registered person shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility, if he has not furnished the details of the bank account as per the provisions of rule 10A.'

(6) Maximum time limit to furnish GSTR-1 statement - 3 years from the due date [Section 37(5)]: A registered person shall not be allowed to furnish the details of outward supplies for a tax period after the expiry of a period of 3 years from the due date of furnishing the said details.

However, the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the details of outward supplies for a tax period, even after the expiry of the said period of 3 years from the due date of furnishing the said details.

Some imp points:

- ✓ There is no mechanism for revision of return
- ✓ Rectification of errors/omissions is allowed.
- ✓ No rectification is allowed after the due date of furnishing the return for the month of September following the end of the financial year to which such details pertains or furnishing of the relevant annual return, whichever is earlier.
- ✓ B2B agar transaction hai toh chahе INTRA ya INTER ho invoice wise details dalna padega. But agar B2C hai toh INTER ke case me agar **Rs 100000** [substituted vide notification no. 12/2024-CT dated 10/7/2024 w.e.f. 1/8/2024] se jayada gaya toh invoice wise details otherwise consolidated and agar INTRA raha toh consolidated.
- ✓ Small taxpayer whose aggregate turnover does not exceed Rs 2 crore does not require to get audited.
- ✓ Notice to return defaulters u/s 46, a notice shall be issued requiring him to furnish such return within 15 days.
- ✓ Nil GSTR can be furnished by SMS through OTP.

Amendment in the details of outward supply furnished for prior period [Section 37(3)]

- Amendment on communication of mismatch report
- Rectification of unmatched entries and in case of short payment of tax - tax and interest to be paid.

Time limit for rectification is earliest of following -

- (a) in the return for the month during which such credit note has been issued but not later than **30th November** following the end of the financial year in which such supply was made, or
- (b) the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed.

(7) Scope of additional details in Form GSTR-1A [Rule 59(4A)]: The additional details or the amendments of the details of outward supplies of goods or services or both furnished in FORM GSTR-1A may, as per the requirement of the registered person, include the -

(a) invoice wise details of -

- (i) inter-State and intra-State supplies made to the registered persons; and
- (ii) inter-State supplies with invoice value more than ₹ 1,00,000 made to the unregistered persons;

(b) consolidated details of -

- (i) intra-State supplies made to unregistered persons for each rate of tax; and
- (ii) State wise inter-State supplies with invoice value upto ₹ 1,00,000 made to unregistered persons for each rate of tax;

(c) debit and credit notes, if any, issued during the month for invoices issued previously.

[Inserted vide notification no. 12/2024-CT dated 10/7/2024]

Communication of details of inward supplies and input tax credit [Section 38]: The relevant provisions are as under-

- 1) **The details of outward supplies** furnished by the registered persons under Section 37(1) and of such other supplies as may be prescribed, and an auto-generated statement containing the details of input tax credit shall be made available electronically to the recipients of such supplies in such form and manner, within such time, and subject to such conditions and restrictions as may be prescribed.
- 2) **Details in auto-generated statement of ITC.**

FORM AND MANNER OF ASCERTAINING DETAILS OF INWARD SUPPLIES [RULE 60]

1) **Form GSTR-2A:**

- ★ It is a system generated read only statement of inward supplies for a recipient. This statement is updated on a real time basis. The details become available to the recipient for view/download and are updated incrementally as and when supplier(s) upload or change details in their respective form of return/statement, for the given tax period
- ★ Details of outward supplies furnished by the supplier in Form GSTR-1 or GSTR-1A or using the IFF is made available electronically to the concerned registered persons (recipients) in Form GSTR-2A, in Form GSTR-4A and in Form GSTR-6A, as the case may be.
- ★ Details of invoices furnished by a non-resident taxable person in Form GSTR-5 and by an Input Service Distributor in Form GSTR-6, details of TDS by deduct or furnished in Form GSTR-7 and details of TCS by an e-commerce operator furnished in Form GSTR-8, are made available to the recipient, deductee or concerned person, in Form GSTR-2A.

- 2) Form GSTR-2B [Amended by Notification No. 19/2022-CT dated 28-09-2022 w.e.f. 01-10]

- ★ It is an auto-generated read only statement containing the details of ITC is made available to the registered person (recipient) for every month. It is a static statement and is available only once a month.
- ★ It consists of -
 - (i) the details of outward supplies furnished by the suppliers in Form GSTR-1, other than a supplier who has opted for QRMP scheme, between the day immediately after the due date of furnishing of Form GSTR-1 for the previous month to the due date of furnishing of Form GSTR-1 for the month
 - (ii) the details of outward supplies furnished by the suppliers in may be, -
 - (a) for the 1st month of the quarter, between the day immediately after the due date of furnishing of Form GSTR-1 for the preceding quarter to the due date of furnishing details using the IFF for the 1st month of the quarter;
 - (b) for the 2nd month of the quarter, between the day immediately after the due date of furnishing details using the IFF for the 1st prime month of the quarter to the due date of furnishing details using the IFF for the 2nd month of the quarter;
 - (c) for the 3rd month of the quarter, between the day immediately after the due date of furnishing of details using the IFF for the 2nd month of the quarter to the due date of furnishing of Form GSTR-1 for the quarter.
 - (iii) The additional details or amendments in details of outward supplies furnished by his supplier in FORM GSTR-1A filed between the day immediately after the due date of furnishing of FORM GSTR-1 for the previous tax period to the due date of furnishing of FORM GSTR-1 for the current tax period [inserted vide notification no. 12/2024-CT dated 10/7/2024]
 - (iv) the details of the integrated tax paid on the import of goods or goods brought in the DTA from SEZ unit/developer on a bill of entry in the month.

FURNISHING OF RETURN [Section 39]

- × **Furnishing of monthly return** - every registered person and casual registered person except ISD, non-resident taxable person, composition scheme, person deducting tax at source, person collecting at source, OIDAR shall pay tax and such other particulars in **Form GSTR - 3B** by 20th of the succeeding month and such liability should be discharged by debiting electronic cash ledger or electronic credit ledger.

- × **Quarterly return by notified person [QRMP Scheme]**

Monthly payment of taxes by prescribed persons [First proviso to Section 39(7)]:

Every registered person furnishing return under QRMP scheme shall pay to the Government, in such form and manner, and within such time, as may be prescribed, -

- a) an amount equal to the tax due taking into account inward and outward supplies of goods or services or both, input tax credit availed, tax payable and such other particulars during a month; or

b) in lieu of the amount referred to in (a) above, an amount determined in such manner and subject to such conditions and restrictions as may be prescribed.

- × Time limit for rectification is same
- × When return cannot be filed: A registered person shall not be allowed to furnish a return for a tax period if-
 - a) the return for any of the previous tax periods; or
 - b) the details of outward supplies under Section 37(1) for the said tax period, has not been furnished by him.

However, the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the return, even if he has not furnished the returns for one or more previous tax periods or has not furnished the details of outward supplies for the said tax period.

- × Maximum time limit to furnish returns - 3 years from due date [Section 39(11)]

Manner of dealing with difference in liability reported in statement of outward supplies and that reported in return [Rule 88C]

(1) Intimation of difference in liability reported in GSTR-1 and GSTR-3B: Where the tax payable by a registered person, in accordance with the statement of outward supplies furnished by him in **FORM GSTR-1 as amended in FORM GSTR-1A** if any [Inserted vide notification no. 12/2024-CT dated 10/7/2024] or using the IFF in respect of a tax period, exceeds the amount of tax payable by such person in accordance with the return for that period furnished by him in **FORM GSTR-3B**, by such amount and such percentage, as may be recommended by the Council, the said registered person shall be intimated of such difference in **Part A of FORM GST DRC-01B**, electronically on the common portal, and a copy of such intimation shall also be sent to his registered e-mail address, highlighting the said difference and directing him to--

- (a) **pay the differential tax liability, along with interest** u/s 50, through **FORM GST DRC-03**; or
 - (b) **explain the aforesaid difference** in tax payable on the common portal, **within a period of 7 days**.
- (2) Response to Intimation: The registered person shall, upon receipt of the intimation, either, -
- (a) **pay the amount of the differential tax liability**, as specified in **Part A of FORM GST DRC-01B**, fully or partially, along with interest under section

50, through **FORM GST DRC-03** and furnish the details thereof in **Part B of FORM GST DRC-01B** electronically on the common portal; or

- (b) furnish a reply electronically on the common portal, incorporating reasons in respect of that part of the differential tax liability that has remained unpaid, if any, in **Part B of FORM GST DRC-01B**,
within the said period of 7 days.

(3) **Recovery as per Section 79.**

MANNER OF DEALING WITH DIFFERENCE IN INPUT TAX CREDIT AVAILABLE IN AUTO-GENERATED STATEMENT CONTAINING THE DETAILS OF INPUT TAX CREDIT AND THAT AVAILABLE IN RETURN [RULE 88D]

(1) Intimation for excess availment of ITC: Where the amount of input tax credit availed by a registered person in the return for a tax period or periods furnished by him in FORM GSTR-3B exceeds the input tax credit available to such person in accordance with the auto-generated statement containing the details of input tax credit in FORM GSTR-2B in respect of the said tax period or periods, as the case may be, by such amount and such percentage, as may be recommended by the Council, the said registered person shall be intimated of such difference in Part A of FORM GST DRC-01C, electronically on the common portal, and a copy of such intimation shall also be sent to his e-mail address provided at the time of registration or as amended from time to time, highlighting the said difference and directing him to-

(a) pay an amount equal to the excess input tax credit availed in the said **FORM GSTR-3B**, along with interest payable under section 50, through **FORM GST DRC-03**,
or

(b) explain the reasons for the aforesaid difference in input tax credit on the common portal,
within a period of 7 days.

(2) Response to Intimation: The registered person shall, upon receipt of the intimation either, -

(a) pay an amount equal to the excess input tax credit, as specified in **Part A of FORM GST DRC-01C**, fully or partially, along with interest payable under section 50, through FORM GST DRC-03 and furnish the details thereof in **Part B of FORM GST DRC-01C**, electronically on the common portal, or

(b) furnish a reply, electronically on the common portal, incorporating reasons in respect of the amount of excess input tax credit that has still remained to be paid,

if any, in **Part B of FORM GST DRC-01C**, within the period of **7 days** from receipt of Intimation

(3) **SCN**: Where any amount specified in the intimation remains to be paid within the specified period of **7 days** and where no explanation or reason is furnished by the registered person in default or where the explanation or reason furnished by such person is not found to be acceptable by the proper officer, the said amount shall be liable to be demanded in accordance with the provisions of section 73 or section 74, as the case may be.

LIST OF STATEMENT AND RETURNS UNDER GST

RETURN	DESCRIPTION	WHO FILES...?	DATE FOR FILING
GSTR-1	Monthly statement of outward supplies of goods and / or services	Registered person under regular scheme (including a casual taxable person)	10 th of the next month. However presently, the same is being extended to 11 th of the next month.
	Quarterly statement of outward supplies of goods and / or services	Registered person opting for QRMP scheme (including a casual taxable person)	13 th of the next month succeeding the quarter has been notified as the due date for the recent quarter.
GSTR-3B	Monthly return	Registered person under regular scheme (including a casual taxable person)	20 th of the month —
	Quarterly return	Registered person opting for QRMP scheme (including a casual taxable person)	22 nd or 24 th of the month depending upon the state or union territory in which they are registered.
GSTR-4	Return for a financial year	Registered person paying tax under composition scheme	30 th June of the next financial year
GST CMP-08	Quarterly statement for payment of tax	Registered person paying tax under composition scheme	18 th of the month succeeding the quarter
GSTR-5	Monthly return	Registered non resident	13 th of the next

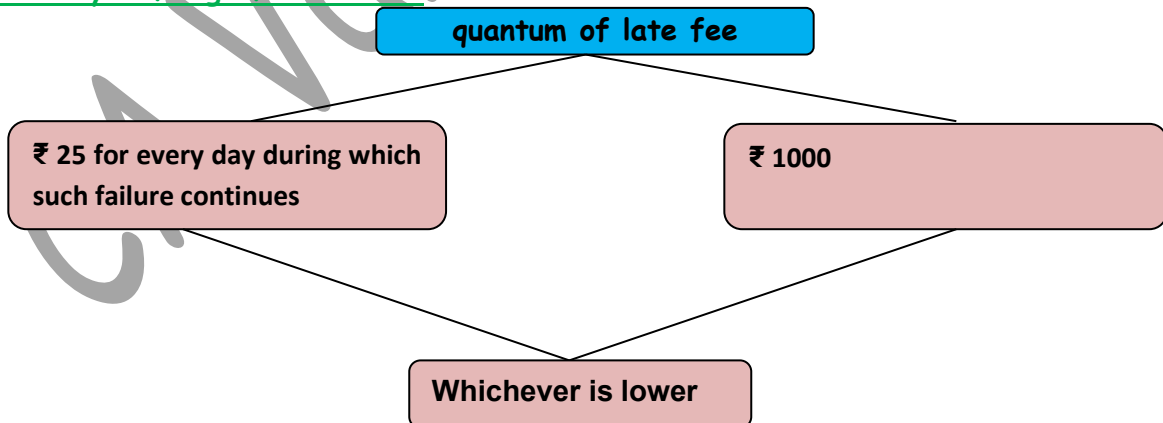
		tax payer	month or within 7 days after the expiry of registration, whichever is earlier
GSTR-5A	Monthly return	Registered person providing OIDAR services from a place outside India to a non-taxable online recipient	20 th of the next month
GSTR-6	Monthly return for input service distributor	Input service distributor	13 th of the next month
GSTR-7	Monthly return for Tax deduction at source	Tax deductor at source	10 th of the next month
GSTR-8	Monthly return for Tax collection at source	e-commerce operator who is required to collect tax at source [note]	10 th of the next month
GSTR-9	Annual return	Registered person other than ISD, tax deductor/tax collector, casual taxable person, and a non-resident taxpayer	31 st December of the next financial year
GSTR-10	Final return	Taxable person whose registration has been surrendered or cancelled	Within three months of the date of cancellation or date of order of cancellation, whichever is later.
GSTR-9A	Annual return	Composition scheme	31 st December of the next financial year
GSTR-9B	Annual return	E-commerce operator	31 st December of the next financial year
GST-9C	Reconciliation statement	Registered person whose aggregate turnover during the financial year exceed ₹2 crore	To be submitted along with the annual return [GSTR-9/9A]
GSTR -	Final return	Taxable person whose	Within 3 months of

10		registration has been suspended or cancelled	the date of cancellation or date of order of cancellation, whichever is later.
GSTR-11	Details of inward supplies	Person who have been issued a UIN	

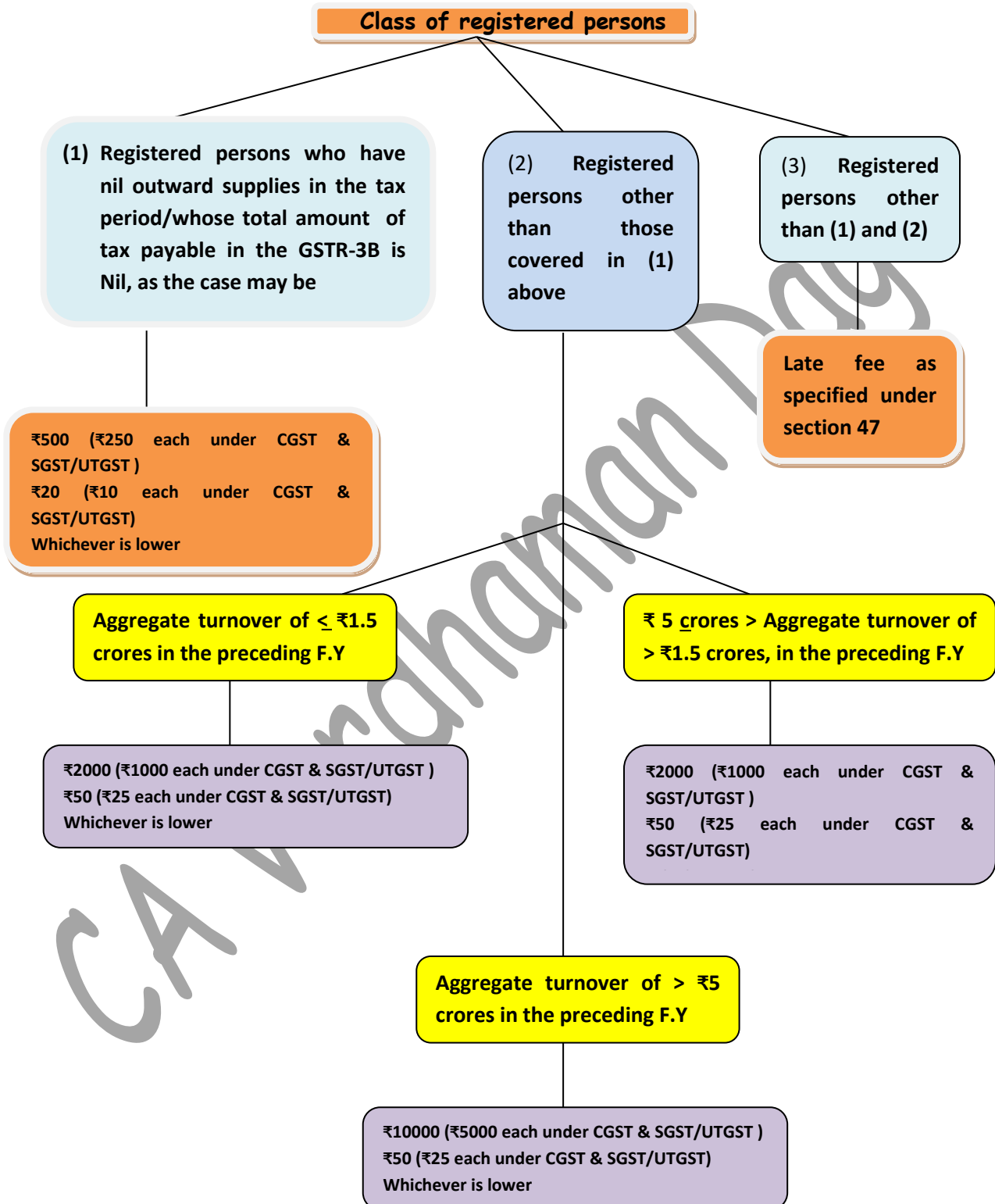
LATE FEE FOR DELAY IN FILING OF RETURN [SECTION 47]

- (a) **Delay in furnishing return - fees of ₹ 100 per day subject to maximum of ₹ 5,000 payable:** As per Section 47(1), any registered person who fails to furnish the details of outward supplies required under Section 37 or returns required u/s 39 or Section 45 or Section 52 by the due date shall pay a late fee of -
- ₹ 100 for every day during which such failure continues; or
 - ₹ 5000
- Whichever is less
- (b) **Delay in furnishing annual return - Fees of ₹ 100 per day subject to maximum of 0.25% of turnover in the state/UT:** As per Section 47(2), any registered person who fails to furnish the return required under section 44 i.e., annual return by the due date shall be liable to pay a late fee of -
- ₹ 100 for every day during which such failure continues; or
 - 0.25% of his turnover in the state or union territory
- Whichever is less

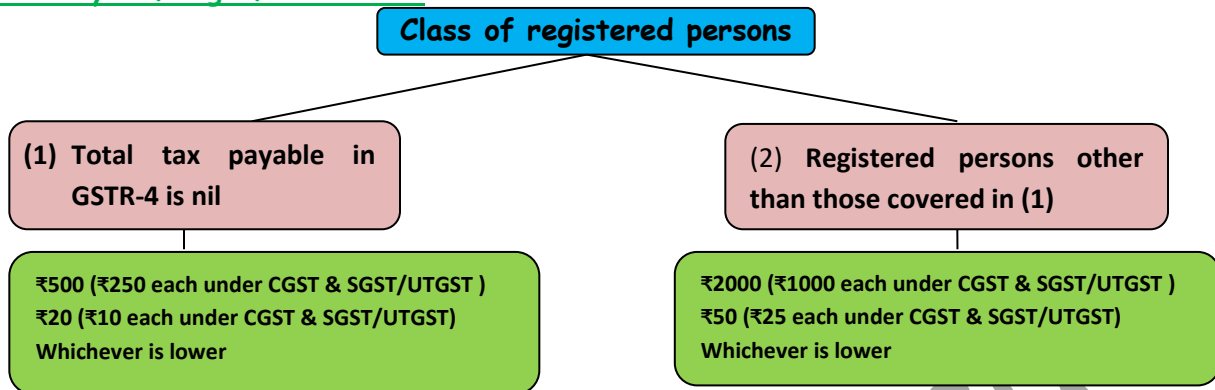
For delayed filing of GSTR-7:-



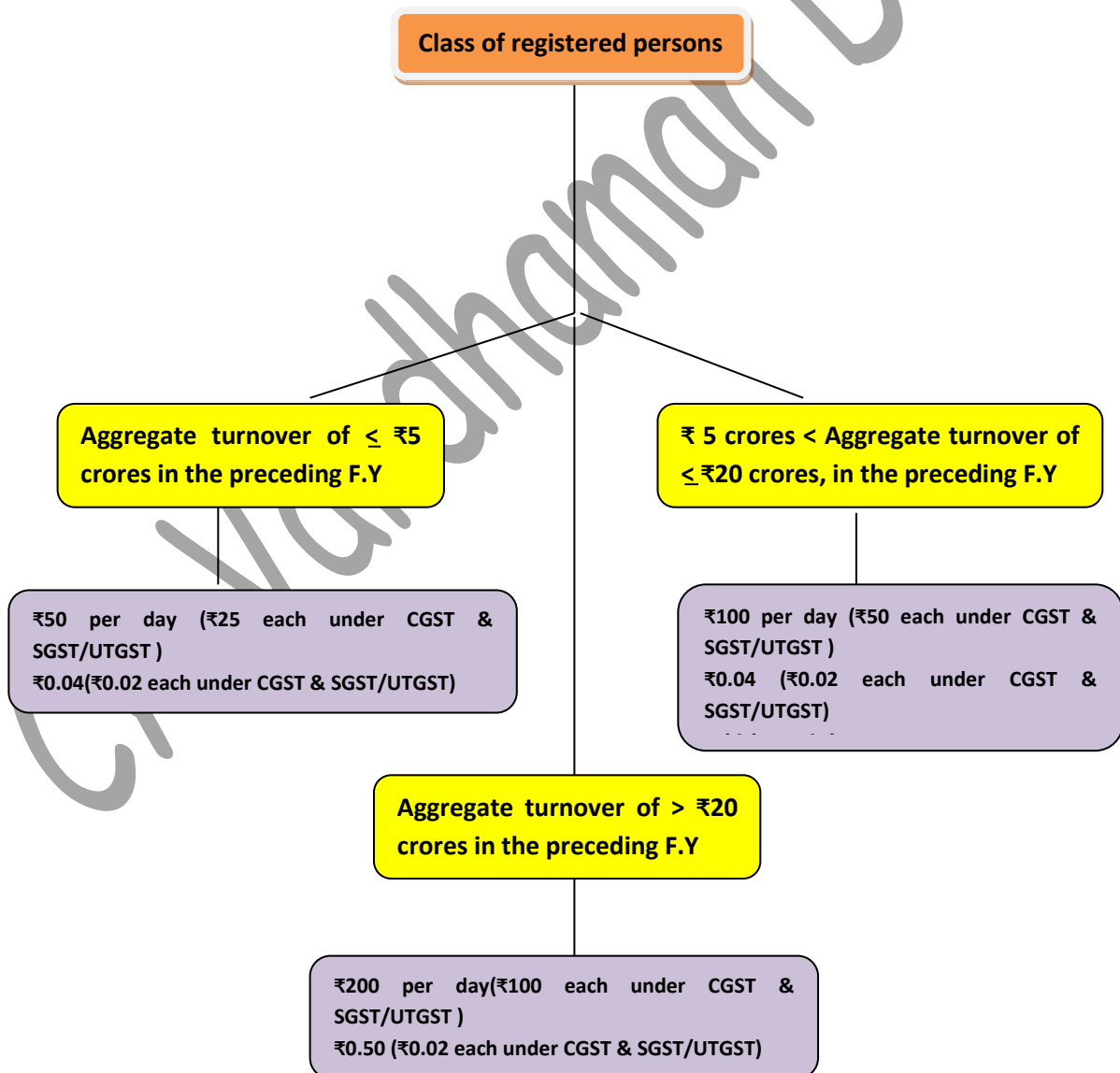
For delayed filing of GSTR-1 and/or GSTR-3B (quantum of late fee):-



For delayed filing of GSTR-4:-



For delayed filing of GSTR-9:-



ANNUAL RETURN [RULE 80]

- Every registered person whose aggregate turnover **exceed Rs 5 crore** shall get his account audited as specified under section 35(5) and he shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in **FORM GSTR-9C** for the said financial year, electronically through the common portal either directly or through a facilitation centre notified by the commissioner.
- **Maximum time limit to furnish annual return - 3 years from due date [Section 44(2)]:** A registered person shall not be allowed to furnish an annual return for a financial year after the expiry of a period of 3 years from the due date of furnishing the said annual return.
However, the Government may, on the recommendations of the Council, by notification, and subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish an annual return for a financial year, even after the expiry of the said period of 3 years from the due date of furnishing the said annual return.