



For  
CA/CS/CMA  
Final

# COMPACT BOOK ON GST

Edition – 2025

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# GIST OF GST

By - CA Rajkumar



## Gate No. 1

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

## Box 9

### Miscellaneous:

#### INVOICE: and E-way Bill

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

#### MANNER OF PAYMENT OF GST: -

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

#### REGISTRATION:

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

#### RETURN:

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

#### INPUT TAX CREDIT:

- ITC Availment
- ITC Utilisation

#### RECORDS

#### REFUNDS

## Box 8

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

## Box 7

### NCM/RCM

Generally: SUPPLIER Liab to PAY GST to Govt.

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

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

## Box 6

### Computation of GST

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

## Gate No. 2

### PART #1 ; Meaning of Supply

All form of supply of Goods/SERVICE such as:

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

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

Transactions between club and members with Consideration

Importation of services with Consideration (business/Personnel).

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

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

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

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

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

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

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

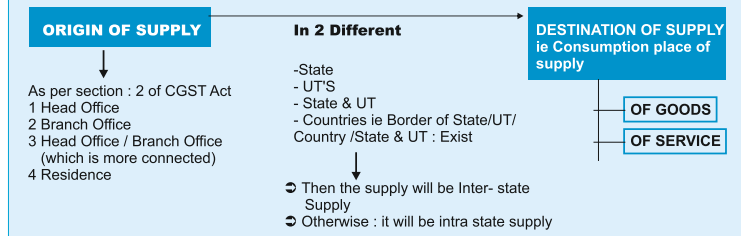
### PART #4 Bundled Supply

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

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

## Gate No. 3

### NATURE OF SUPPLY: INTRA OR INTER



## Gate No. 4

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

#### Step 1: No Registration

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

#### Step 2: Mandatory Registration

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

#### Step #3 Registration After Limit

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

## Gate No. 5

### Gate No. 5100% EXEMPTIONS

Exempted Services: Total 100 + Services are exempted

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

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

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# CONTENTS

Chapter I	Introduction	I.1
Chapter II	Constitution	II.1
Chapter III	Definitions	III.1
Chapter IV	Administration of GST	IV.1
Chapter V	Introduction to IGST	V.1
Chapter 1	Goods and Services	1.1
Chapter 2	Supply of Goods or Services (Taxable Event)	2.1
Chapter 3	Place of Supply	3.1
Chapter 4	Taxable Person	4.1
Chapter 5	Exemptions	5.1
Chapter 6	Computation of GST	6.1
Chapter 7	Reverse Charge Mechanism	7.1
Chapter 8	Invoice	8.1
Chapter 9	Time of supply	9.1
Chapter 10	Input Tax Credit	10.1
Chapter 11	Registration	11.1
Chapter 12	Manner of payment	12.1
Chapter 13	Return	13.1
Chapter 14	Accounts and Records	14.1
Chapter 15	Refund	15.1
Chapter 16	E-Way Bill	16.1
Chapter 17	Assessment	17.1
Chapter 18	Advance Ruling	18.1
Chapter 19	Audit, Inspection	19.1
Chapter 20	Demand and Recovery	20.1
Chapter 21	Penalties	21.1
Chapter 22	Appeals	22.1
Chapter 23	Ethics Under GST	23.1
List of Sections of CGST ACT, 2017		List of sections.1
List of Sections of IGST ACT, 2017		List of sections.11

## About CA RAJ KUMAR

CA Raj Kumar is a dynamic & qualified Chartered Accountant. As a brilliant student and a position holder at Graduation & Post Graduation level, during his **17 years of glorious teaching experience** in the field of Indirect Taxation he has taught **over 1,90,000 students**.

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

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

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

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

**Chapter : i - Introduction & Constitution**

**What is Tax?:**

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

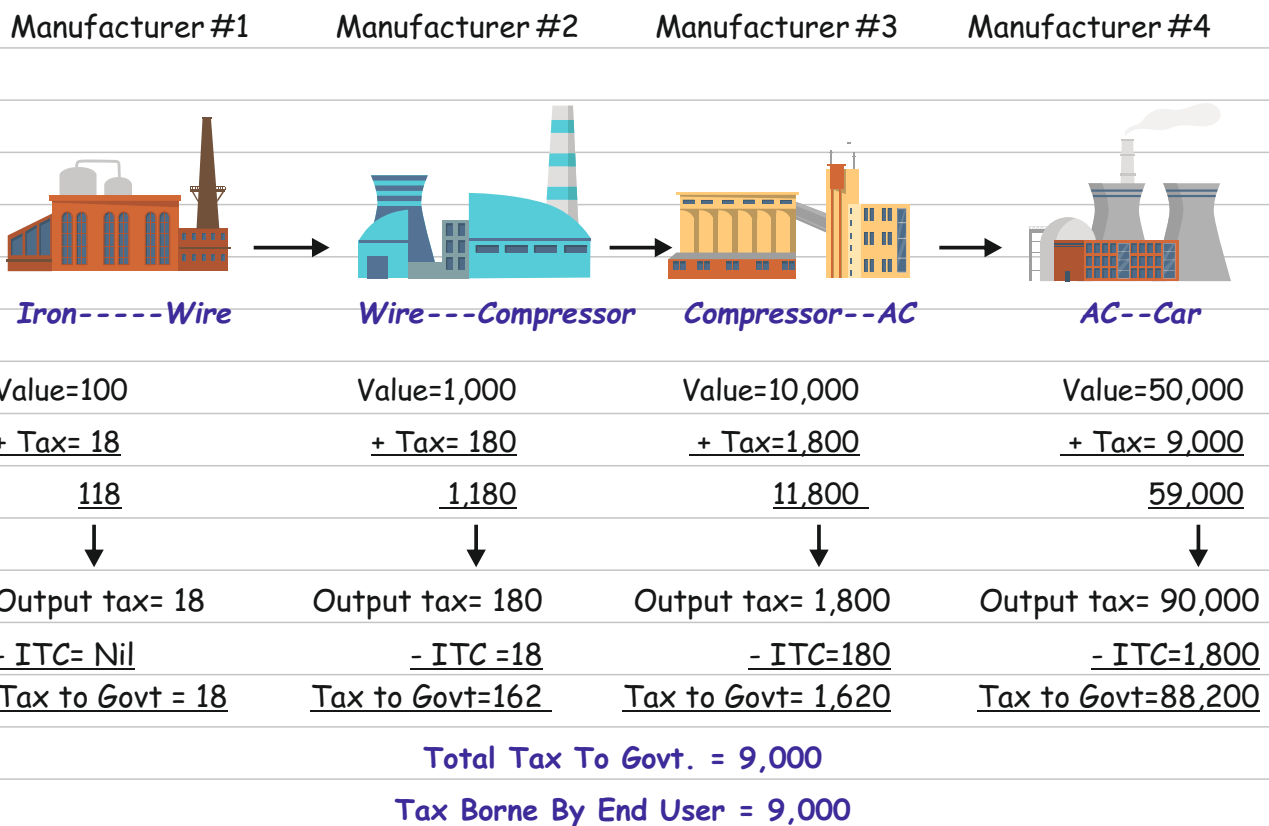
**Type of Tax:**

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

**Destination Principle:**

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

**Concept of Credit:**



**Concept of GST Based On:**

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

**Features of Indirect Taxes:**

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

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

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

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

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

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

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

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

### Difference between Direct and Indirect Taxes:

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

### Introduction of GST

#### Why GST?:

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

#### What is GST?:

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

#### Intra-State Supply:

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

## Chapter i : Introduction & Constitution

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

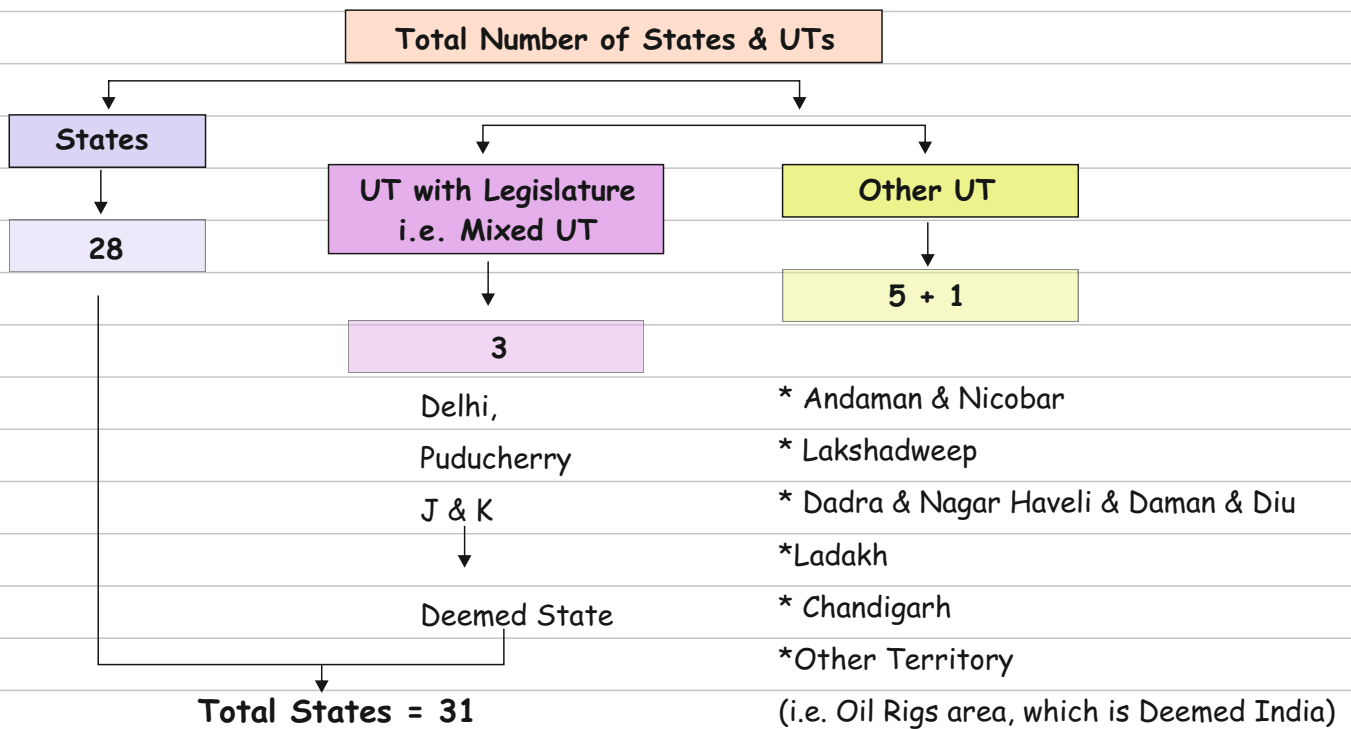
### Inter-State Supply:

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

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

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

### Total Number of States & UTs:



### Utilisation of ITC:

ITC shall be utilised in the following sequence:

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

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

<u>Taxes Subsumed in GST</u>	<u>Taxes Not Subsumed in GST</u>
17 types of taxes have been subsumed in GST, which are as follows:	Taxes which have not been subsumed in GST are as follows:
• Central Excise Duty	• Import Duty (Customs Duty)
• VAT	• Export Duty (Customs Duty)
• Central Sales Tax	• Electricity Duty
• Entry Tax / Octroi	• Road Tax & Passenger Tax
• Service Tax	• Toll Tax
• Tax on Betting, Gambling, Lottery	• Etc.
• Etc.	

### Old Taxes & New Taxes Applicability:

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

### Benefits of GST:

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

### Goods and Service Tax Network (GSTN):

- ⇒ GSTN is a Company, registered under Sec. 8 of the Companies Act, 2013, i.e. **not for profit company**.
- ⇒ Both the **Governments provide fund** to GSTN.
- ⇒ GSTN provides **GST Portal** for Government and Taxpayer.
- ⇒ Following facilities are offered by GSTN, viz registration, filing of returns, payment of GST.
- ⇒ Distribution of IGST, etc.

### Concept of GSP/ASP:

GSP= GST Suvidha Provider

ASP= Application Service Provider

- ⇒ Basically, there are some softwares, which helps **to communicate with GST portal** to the small taxpayers, to fulfil various legal compliances, like return filing etc.
- ⇒ It works on **pull and push mode**, that means raw data is pulled from computer system of taxpayer, and after organising that data, it push organised data to GST Portal.

## Chapter ii- Constitution of India:

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* Alcoholic Liquor for Human Consumption:	[State Excise Duty & State VAT]
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There are 4 Articles, which are relevant here:

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

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

- ⇒ For Intra-State Supplies: **Central Government and every State Government** have the simulations/ shared power to make laws.
- ⇒ For Inter-State Supplies: **Central Government** has exclusive power to make laws, namely IGST Act 2017.

- ⇒ 5 Petroleum Products: Petroleum Crude., Diesel, Petrol, Natural Gas, Aviation Turbine Fuel(ATF) will be covered under the ambit of GST **from the date as recommended by the GST Council.**

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

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

- ⇒ All **international transactions**  $\left\{ \frac{1}{1} \times 100 \right\}$  will be called as **Inter-State transactions**  $\left\{ \frac{25}{31} \times 100 \right\}$ .

### Article No 366: Definitions:

- ⇒ GST Means: Tax on goods or services **excluding Alcoholic Liquor for home consumption.**  $(80.65\% \times 2/3)$

- ⇒ Goods: Any kind of **movable property.** + = 53.77 %

- ⇒ Services: Anything **other than Goods.**

= 87.1% i.e. Proposal Passed.

### Article No 279A: GST Council:

- ⇒ Any kind of **changes/amendments** in GST is possible on the recommendation of GST Council.

- ⇒ GST Council consists of-

- ◆ Union Finance Minister-
- ◆ Union Minister of State In charge
- ◆ Finance Minister / Deputy CM/ Other Ministers of the State,  
Which decide present and future of GST.

### ⇒ Process of Decision Making:

- ◆ Representation of any changes before GST Council, in Industry / Department.
- ◆ Voting in GST Council
- ◆ On **75% or more (weighted) favourable voting**, GST Council sent the recommendation to Parliament.-
- ◆ Parliament will issue an official notification for the same.
- ◆ Now, the changes will be effective.
- ◆ This change will be effective from the date as mentioned in the notification, and if no such date mentioned, effective date will be date of issue of notification.

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

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

## Chapter : iii - Definitions [Section 2]

(1) Actionable Claims:

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

Examples: - \* Specified Actionable Claims-

- Betting, Gambling, Lottery
- Online Money Gaming
- Casino, Horse Racing
- \* Unsecured Debts
- \* Pending Litigations in court.

Comment:

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

(2) Agent:

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

(3) Principal:

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

(4) Aggregate Turnover:

It means-

- All outward supplies:
  - All outward supply will be the part of Aggregate Turnover. Either it is Intra State or Inter State, Export, fall under NCM or RCM, either exempted, non-taxable or taxable.
  - It means if anything which is not an outward supply, will not be the part of aggregate turnover. Anything which is not a supply, say transfer to job worker: not includible.
- No Inward Supplies:  
Inward supplies (either NCM or RCM) will be the part of aggregate turnover.
- Taxes:
  - GST and Compensation Cess: Not Includible in value.
  - Old taxes like Excise duty, VAT, CST: Includible.
- Clubbing: In calculation of Aggregate Turnover, all premises turnover under the same PAN in All over India will be clubbed.

(5) Exempt Supply:

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

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

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

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

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

(6) **Agriculturist:**

Means an **Individual or HUF** who-

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

(7) **Family:**

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

(8) **Authorised Bank:**

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

(9) **Board:**

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

(10) **Business:**

(11) **Capital Goods:**

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

(11A) **Inputs:**

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

of business,

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

### (11B) Input Services:

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

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

### (12) Casual Taxable Person:

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

**Comment:**

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

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

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

**Comment:**

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

### (14) Common Portal:

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

### (15) Consideration:

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

### (15A) Recipient:

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

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

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

### (16A) Credit Note:

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

### Comment:

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

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

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

### (18) India:

India Means-

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

## Chapter iii : Definitions [Section 2]

### Comment:

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

### (19) Inward Supply:

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

### (20) Input Tax:

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

### (21) Input Tax Credit:

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

### (22) Outward Supply:

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

### (23) Output Tax:

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

### Comment:

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

### (24) Job Work:

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

### Comment:

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

### (25) Money:

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

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

**Comment:**

Outdated currency is not a money.

**(26) Taxable Supply:**

The supply, which fulfil the following 3 conditions-

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

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

The supply, which fulfil the following 3 conditions-

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

**(28) Taxable Territory:**

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

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

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

Means the territory, which is outside the taxable territory.

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

**(30) State:**

Already discussed in Introduction chapter.

**(31) Union Territory:**

Already discussed in Introduction chapter.

**(32) Other Territory:**

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

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

**(33) Person:**

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

**(34) Principal Business Place:**

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

**(35) Principal Supply:**

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

## Chapter iii : Definitions [Section 2]

### Comment:

Classification of composite supply goes to Principal Supply.

### (36) Quarter:

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

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

### (37) Registered Person:

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

### (38) Removal:

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

### (39) Return:

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

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

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

### (40A) Supplier:

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

### (41) Tax Period:

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

### (42) Turnover in a State:

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

However, Origin Geographical Area will be a State.

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

Sale from UP premise: UP to UP = 5 Lakhs

UP to HR = 6 Lakhs

Sale from MP premise: MP to MP = 7 Lakhs

MP to RJ = 8 Lakhs

### (43) Valid Return:

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

### (44) Online Gaming:

- Online Money Gaming, and

- Any other kind of game on Internet.

**Comment:**

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

(45) **Online Money Gaming:**

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

(46) **Specified Actionable Claims:**

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

will be the Specified Actionable Claims.

## Chapter : iv - Administration of GST

### Section 3: Officers under this Act

The Government shall, by notification, appoint the following classes of officers for the purposes of this Act, namely:--

- (a) **Principal Chief Commissioners of Central Tax** or Principal Directors General of Central Tax,
- (b) **Chief Commissioners** of Central Tax or Directors General of Central Tax,
- (c) **Principal Commissioners** of Central Tax or Principal Additional Directors General of Central Tax,
- (d) **Commissioners** of Central Tax or Additional Directors General of Central Tax,
- (e) **Additional Commissioners** of Central Tax or Additional Directors of Central Tax,
- (f) **Joint Commissioners** of Central Tax or Joint Directors of Central Tax,
- (g) **Deputy Commissioners** of Central Tax or Deputy Directors of Central Tax,
- (h) **Assistant Commissioners** of Central Tax or Assistant Directors of Central Tax, and
- (i) **Any other class of officers** as it may deem fit:

Provided that the **officers appointed under the Central Excise Act, 1944 shall be deemed to be the officers appointed under the provisions of this Act.**

### Section 4: Appointment of Administrative Staff

**CBIC will appoint:** (1) The **Board may, (in addition to the officers** as may be notified by the Government under section 3,) appoint such persons as it may think fit to be the officers under this Act.

**CBIC may delegate the power:** (2) The Board may, by order, authorise any officer referred to in clauses (a) to (h) of section 3 to appoint officers of central tax **below the rank of Assistant Commissioner of central tax for the administration of this Act.**

### Section 5: Internal Cross-Empowerment

**Do Your Own Work:** (1) An officer of central tax **may exercise the powers and discharge the duties conferred or imposed on him under this Act.**

**Internal Cross Empowerment** (2) An officer of central tax may exercise the powers and discharge the duties conferred or imposed under this Act **on any OTHER OFFICER of central tax who is subordinate to him.**

**Internal Cross Empowerment** (3) The **Commissioner may delegate his powers** to any other officer who is subordinate to him.

**NO Cross Empowerment** (4) **An Appellate Authority SHALL NOT exercise the powers and discharge the duties conferred or imposed on any other officer of central tax**

**Section 6: External Cross-Empowerment**

**State / UT officer can work as CGST Officer:** (1) The officers appointed under the SGST Act or the UTGST Act **are authorised to be the proper officers** for the purposes of this Act

**CGST Officer can work as State/UT officer:**(2) (a) Where any proper officer issues an order under this Act, **he shall also issue an order under the SGST Act or the UTGST Act**, as authorised by the SGST Act or the UTGST Act, as the case may be, under intimation to the jurisdictional officer of State tax or Union territory tax.

(b) Where a proper officer under the SGST Act or the UTGST Tax Act has initiated any proceedings on a subject matter, **no proceedings shall be initiated by the proper officer under this Act on the same subject matter.**

(3) Any proceedings for rectification, appeal and revision, wherever applicable, of any order passed by an officer appointed under this Act **shall not lie before an officer appointed under the SGST Act or the UTGST Act.**

**Chapter : v -Introduction to IGST**

**PRELIMINARY**

**Section 1 :** Short title, extent and commencement

**Section 2 :** Definitions.

**ADMINISTRATION**

**Section 3 :** Appointment of officers.

**Section 4 :** Authorisation of officers of State tax or Union territory tax as proper officer in certain circumstances

**LEVY AND COLLECTION OF TAX**

**Section 5 :** Levy and collection.

**Section 6 :** Power to grant exemption from tax.

**DETERMINATION OF NATURE OF SUPPLY**

**Section 7 :** Inter-State supply

**Section 8 :** Intra-State supply.

**Section 9 :** Supplies in territorial waters.

**PLACE OF SUPPLY OF GOODS OR SERVICES OR BOTH**

**Section 10:** Place of supply of goods other than supply of goods imported into, or exported from India.

**Section 11:** Place of supply of goods imported into, or exported from India.

**Section 12 :** Place of supply of services where location of supplier and recipient is in India

**Section 13:** Place of supply of services where location of supplier or location of recipient is outside India.

**Section 14 :** Special provision for payment of tax by a supplier of online information and database access or retrieval services

**REFUND OF INTEGRATED TAX TO INTERNATIONAL TOURIST**

**Section 15:** Refund of integrated tax paid on supply of goods to tourist leaving India.

**ZERO RATED SUPPLY**

**Section 16 :** Zero rated supply.

**APPORTIONMENT OF TAX AND SETTLEMENT OF FUNDS**

**Section 17:** Apportionment of tax and settlement of funds.

**Section 18 :** Transfer of input tax credit.

**Section 19 :** Tax wrongfully collected and paid to Central Government or State Government.

**MISCELLANEOUS**

**Section 20 :** Application of provisions of Central Goods and Services Tax Act.

**Section 21 :** Import of services made on or after the appointed day.

**Section 22 :** Power to make rules.

**Section 23 :** Power to make regulations.

**Section 24 :** Laying of rules, regulations and notifications.

**Section 25 :** Removal of difficulties.

**Section 15: REFUND OF INTEGRATED TAX TO INTERNATIONAL TOURIST**

The integrated tax paid by **tourist leaving India** on any supply of goods taken out of India by him shall be refunded.

**Explanation:** For the purposes of this section, the term "tourist" means a person not normally resident in India, who enters India for a stay of not more than 6 months for legitimate non-immigrant purposes.

**Section 16: Zero rated supply**

**What is Zero Rated Supply**

(1) **"Zero rated supply"** means any of the following supplies of goods or services or both, namely:--

(a) **Export** of goods or services or both; or

(b) **Supply** of goods or services or both [**for authorised operations**] to a Special Economic Zone developer or a Special Economic Zone unit.

**Deemed Export: NOTIFICATION No. 48/2017-Central Tax**

SN	Description of supply
1.	Supply of goods by a registered person against Advance Authorisation
2.	Supply of capital goods by a registered person against Export Promotion Capital Goods Authorisation
3.	Supply of goods by a registered person to Export Oriented Unit
4.	Supply of gold by a bank or Public Sector Undertaking against Advance Authorisation.

**Input tax credit allowed**

(2) **Credit of input tax may be availed for making zero-rated supplies, even though that such supply is an exempt supply.**

<p><b>Claim refund of ITC or Output tax paid (As the case may be)</b></p>	<p>(3) A registered person making zero rated supply <b>shall be eligible to claim refund of unutilised input tax credit on supply of goods or services or both, without payment of integrated tax, under bond or Letter of Undertaking</b>, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder, subject to such conditions, safeguards and procedure as may be prescribed:</p> <p>Provided that</p> <ul style="list-style-type: none"> <li>• the <b>registered person making zero rated supply</b> of goods</li> <li>• shall, in case of <b>non-realisation of sale proceeds</b>,</li> <li>• be liable to <b>deposit the refund</b> so received under this sub-section along with the applicable interest under section 50 of the Central Goods and Services Tax Act</li> <li>• within 30 days after the expiry of the time limit prescribed under the Foreign Exchange Management Act, 1999.</li> <li>• for receipt of foreign exchange remittances, in such manner as may be prescribed.</li> </ul>
<p><b>Notified Persons</b></p>	<p>(4) The Government may and subject to such conditions, safeguards and procedures, by notification, specify--</p> <p>(i) <b>A class of persons</b> who may make zero rated supply on payment of integrated tax and claim refund of the tax so paid;</p> <p>(ii) <b>A class of goods or services</b> which may be exported on payment of IGST and the supplier of such goods or services may claim the refund of tax so paid."</p>

**Circular No. 1/1/2017:** It is hereby clarified that provisions of section 16 of the IGST Act, 2017, relating to zero rated supply will also apply on Compensation Cess, wherever applicable.

**Section 17 of IGST Act, 2017: Apportionment of tax and settlement of funds**

<p><b>Apportionment of IGST to CG [Where, Finally No ITC TO Receptient, because where ITC is available to Receptient then in Reality NO revenue to Government and accordingly no distribution ]</b></p>	<p><b>(1) Out of the integrated tax paid to the Central Government, --</b></p> <p>(a) In respect of inter-State supply of goods or services or both <b>to an unregistered person or to a registered person paying tax under section 10</b> of the Central Goods and Services Tax Act;</p> <p>(b) In respect of inter-State supply of goods or services or both <b>where the registered person is not eligible for input tax credit</b>;</p> <p>(c) In respect of inter-State supply of goods or services or both made in a financial year to a registered person, <b>where he does not avail of the input tax credit within the specified period and thus remains in the integrated tax account after expiry of the due date</b> for furnishing of annual return for such year in which the supply was made;</p>
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	<p>(d) In respect of import of goods or services or both <b>BY an unregistered person or by a registered person paying tax under section 10</b> of the Central Goods and Services Tax Act;</p> <p>(e) In respect of import of goods or services or both <b>where the registered person is not eligible for input tax credit</b>;</p> <p>(f) In respect of import of goods or services or both made in a financial year by a registered person, where he does not avail of the said credit within the specified period and thus remains in the integrated tax account after expiry of the due date for furnishing of annual return for such year in which the supply was received,</p> <p><b>the amount of tax calculated at the rate equivalent to the central tax on similar intra-State supply shall be apportioned to the Central Government.</b></p>
<b>Apportionment of balance IGST to States/UT(CG)</b>	<p>(2) The balance amount of integrated tax remaining in the integrated tax account in respect of the supply for which an apportionment to the Central Government has been done under sub-section (1) shall be apportioned to the,-</p> <p>(a) State where such supply takes place; and</p> <p>(b) Central Government where such supply takes place in a Union territory:</p>
<b>(2A) 50% - 50%</b>	<p><b>The amount not apportioned under sub-section (1) and sub-section (2) may, for the time being, be apportioned at the rate of 50% to the Central Government and 50% to the State Governments or the Union territories.</b></p>
<b>Apportionment of interest, penalty etc. (Same as IGST)</b>	<p><b>(3) Interest, penalty and compounding amount realised in connection with the tax so apportioned shall be apportioned in the same ratio.</b></p>
<b>Transfer of FUND to respective GOVT. account after Apportionment</b>	<p><b>(4) After apportioned the amount shall be transferred to the State tax account of the respective States, in such manner and within such time as may be prescribed.</b></p>
<b>In case refund of IGST to any person</b>	<p><b>(5) Any IGST apportioned to a State or, to the Central Government on account of a Union territory, if subsequently found to be refundable to any person and refunded to such person, shall be reduced from the amount to be apportioned under this section, to such State, or Central Government on account of such Union territory.</b></p>

**Section 17A: Internal transfer of Funds:** Where any amount has been transferred-

- from the electronic cash ledger **under this Act**
- to the electronic cash ledger under the **SGST Act or the UTGST Act**,
- the Government shall transfer to the SGST account or the UTGST account,
- an amount equal to the amount transferred from the electronic cash ledger,
- in such manner and within such time, as may be prescribed.

**Crux:** Any amount can be transferred from E-cash Ledger [IGST] to E-cash ledger [SGST/IGST/UTGST] and vice versa.

### Section 18: of IGST Act, 2017 Transfer of input tax credit

**On utilisation of credit** of IGST availed under this Act

- (a) For payment of CGST, then equivalent amount shall be transferred from IGST FUND to CGST FUND.
- (b) For payment of UTGST, then equivalent amount shall be transferred from IGST FUND to UTGST FUND.
- (c) For payment of SGST, then equivalent amount shall be transferred from IGST FUND to SGST FUND.

### Section 19: Tax wrongfully collected and paid to Central Government or State Government

**Claim Refund Wrongly Paid** (1) A registered person **who has paid integrated tax** on a supply considered by him to be an inter-State supply, **but which is subsequently held [by officer or taxpayer himself] to be an intra-State supply**, shall be granted REFUND of the amount of integrated tax so paid.

**Pay GST that to be paid without interest** (2) A Registered person who has paid central tax and State tax or Union territory tax, as the case may be, **on a transaction considered by him to be an intra-State supply**, but which is subsequently held **[by officer or taxpayer himself]** to be an inter-State supply, shall not be required to pay any interest on the amount of integrated tax payable.

### Section 20 of IGST Act, 2017: Application of Provisions of Central Goods and Services Tax Act IN IGST

Subject to the provisions of this Act and the rules made thereunder, the provisions of Central Goods and Services Tax Act relating to,--

- (i) Scope of **supply**;
- (ii) Composite supply and **mixed supply**;
- (iii) **Time and value** of supply;
- (iv) Input tax **credit**;

- (v) **Registration;**
- (vi) Tax **invoice**, credit and debit notes;
- (vii) Accounts and **records;**
- (viii) **Returns**, other than late fee;
- (ix) **Payment** of tax;
- (x) **Tax deduction at source;**
- (xi) **Collection of tax at source;**
- (xii) **Assessment;**
- (xiii) **Refunds;**
- (xiv) **Audit;**
- (xv) Inspection, **search, seizure and arrest;**
- (xvi) **Demands** and recovery;
- (xvii) Liability to pay in certain cases;
- (xviii) **Advance ruling;**
- (xix) **Appeals and revision;**
- (xx) Presumption as to documents;
- (xxi) Offences and **penalties;**
- (xxii) **Job work;**
- (xxiii) **Electronic commerce;**
- (xxiv) **Transitional** provisions; and
- (xxv) Miscellaneous provisions including the provisions relating to the imposition of interest and penalty,

shall, **mutatis mutandis**, apply, so far as may be, in relation to integrated tax as they apply in relation to central tax as if they are enacted under this Act:

**TDS% -:** In the case of tax deducted at source, the deductor shall deduct tax **at the rate of 2%** from the payment made or credited to the supplier: **[LINK IT WITH SECTION 51 OF CGST ACT, 2017]**

**TCS% -:** In the 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:

**A.V. FOR IGST:** For the purposes of this Act, 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:

**PENALTY AMOUNT:** In cases where the penalty is leviable under the Central Goods and Services Tax Act and the State Goods and Services Tax Act OR the Union Territory Goods and Services Tax Act, **the penalty leviable under this Act shall be the sum total of the said penalties.**

**Pre Deposit Amount:** Where the appeal is to be filed before the Appellate Authority or the Appellate Tribunal, the maximum amount payable shall be Rs.50 crore and Rs.100 crore respectively.

### Double Amount

Item	CGST	SGST/UTGST	IGST
TDS (GST)	1 %	1 %	2 %
TCS (GST)	0.5%	0.5%	1 %
Maximum Amount of Pre-deposit			
I Appeal:	Rs. 25cr	Rs. 25cr	Rs. 50 cr
II Appeal	Rs. 50 Cr	Rs. 50 Cr	Rs. 100 Cr
Penalty Amount	Rs. 1	Rs. 1	Rs. 2

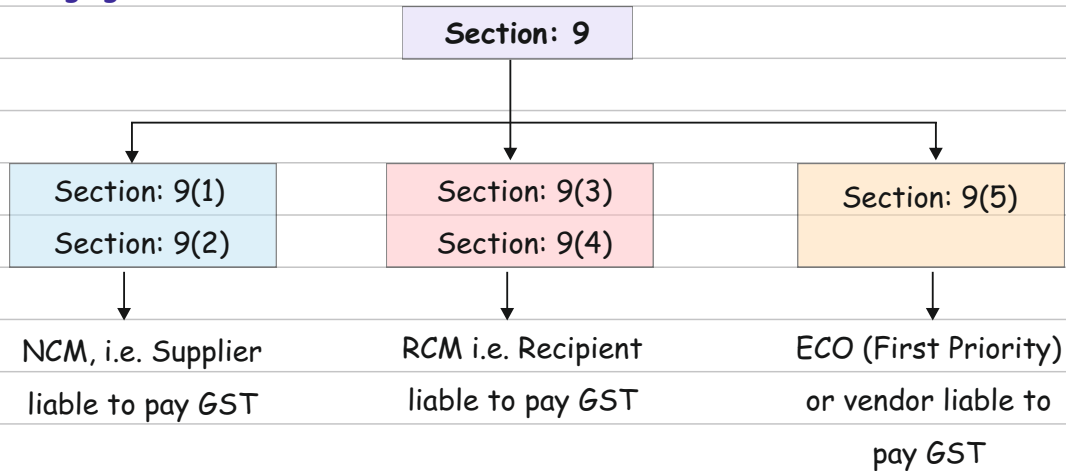


## Chapter: 1 Chargiability of GST & Goods / Services

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

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

### Section:9 Charging Section



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

There shall be levied a tax, namely CGST-

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

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

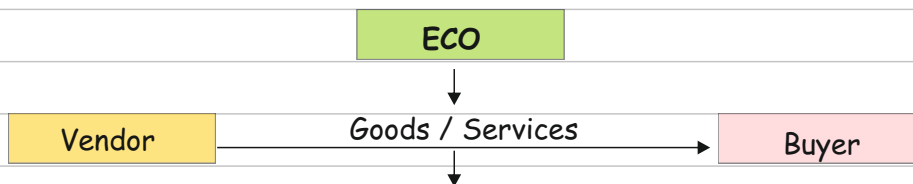
### Section 9(3):

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

### Section 9(4):

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

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



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

**Comment:**

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

**Some Definitions:**

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

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

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

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

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

**Charging Section:5 of IGST Act**

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

Basis	Section 9 of CGST Act	Section 5 of IGST Act
Nature of Supply	Intra State	Inter State
Maximum Rate of GST	14%	28%
Special provision for import of goods		<b>IGST on Import of Goods-</b> The IGST on goods imported into India shall be- <ul style="list-style-type: none"> <li>Levied and collected in accordance with the</li> </ul>

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

## GATE: # 1

### Goods and Services

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

#### Goods:

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

#### Services:

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

#### Neither Goods nor Services:

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



## Chapter: 2 SUPPLY

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

**Section 7: Defines:**

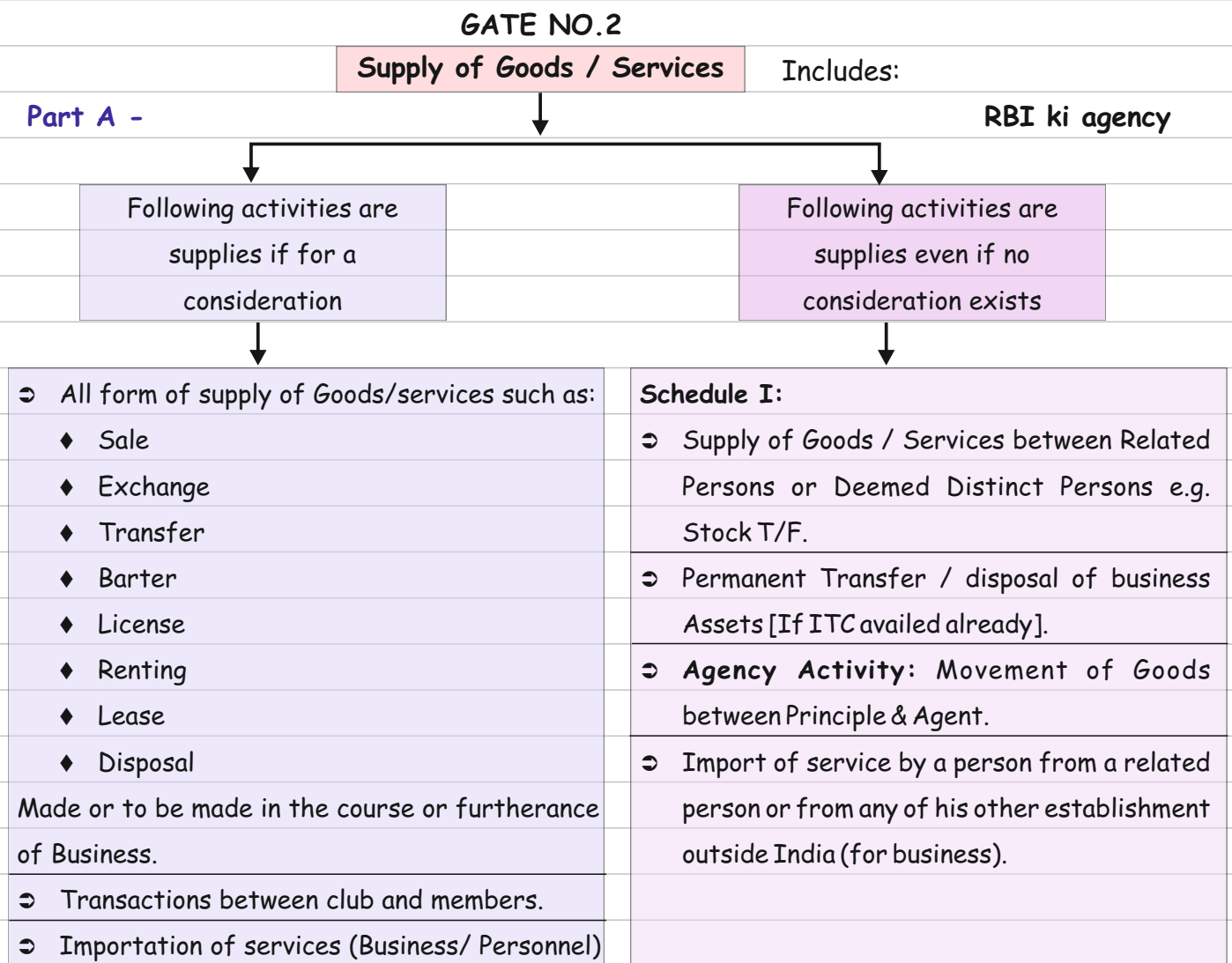
**Part A-** Meaning of Supply [Read with Schedule I]

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

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

**Section 8:**

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



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

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

### Part C: Schedule III

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

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

### Part D:

#### Section 8:

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

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

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

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

## Chapter 2 : Supply

### Explanation: -

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

### Schedule I:

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

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

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

### SCHEDULE II:

#### 1) Goods Related :

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

#### 2) Land & Building:

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

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

#### 3) Job Work:

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

#### 4) Transfer of Business Assets:

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

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

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

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

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

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

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

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

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

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

### Various Clarification

**Question 1:** Whether supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc., printed with design, logo, name, address or other contents supplied by the recipient of such supplies, would constitute supply of goods or supply of services?

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

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

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

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

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

**Question 3:** LAB (Linear Alkyl Benzene) manufacturers have stated that they receive superior Kerosene oil (SKO) from, a refinery, say, Indian Oil Corporation (IOC). They extract n-Paraffin (C9-C13 hydrocarbons) from SKO and return back the remaining of SKO to the refinery. In this context, the issue has arisen as to whether in this transaction GST would be levied on SKO sent by IOC for extracting n-paraffin or only on the n-paraffin quantity extracted by the LAB manufactures. Further, doubt have also been raised as to whether the return of remaining Kerosene by LAB manufactures would separately attract GST in such transaction.

**Answer:** LAB manufactures generally receive superior kerosene oil [SKO] from a refinery through a dedicated pipeline; on an average about 15 to 17% of the total quantity of SKO received from refinery is retained and balance quantity ranging from 83%-85% is returned back to refinery. The retained SKO is towards extraction of Normal Paraffin, which is used in the manufacturing of LAB. In this transaction consideration is paid by LAB manufactures only on the quantity of retained SKO (n-paraffin).

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

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

**Question 4:** Whether retreading of tyres is a supply of goods or services?

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

**Question 5:** Is GST leviable on the fee/amount charged in the following situations/cases:

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

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

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

**Question 6:** What will be the status of GST on the service of display of name or placing of name plates of the donor in the premises of charitable organisation receiving donation or gifts from individual donors.

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

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

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

**Question 7:** Whether the activity of holding shares by a holding company of the subsidiary company will be treated as a supply of service or not and whether the same will attract GST or not.

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

**Question 8:** Whether supply of food or beverages in cinema hall is taxable as restaurant service or classified with Exhibition of cinematography service?

**Answer:** Supply of food or beverages in a cinema hall is taxable as 'restaurant service' where it is Supplied

independent of the cinema exhibition service.

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

**Question 9 :** Whether various perquisites provided by the employer to its employees in terms of contractual agreement entered into between the employer and the employee are liable for GST?

**Answer.** [Schedule III](#) to the [CGST Act](#) provides that "services by employee to the employer in the course of or in relation to his employment" will not be considered as supply of goods or services and hence GST is not applicable on services rendered by employee to employer provided they are in the course of or in relation to employment.

Any perquisites provided by the employer to its employees in terms of contractual agreement entered into between the employer and the employee are in lieu of the services provided by employee to the employer in relation to his employment.

It follows therefrom that perquisites provided by the employer to the employee in terms of contractual agreement entered into between the employer and the employee, **will not be subjected to GST** when the same are provided in terms of the contract between the employer and employee.

**Question 10** Whether sale of land after levelling, laying down of drainage lines etc., is taxable under GST

**Answer.** As per [Schedule III](#) 'sale of land' is neither a supply of goods nor a supply of services, therefore, sale of land does not attract GST.

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

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

**Question 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:]

1. In certain cases/instances, questions have been raised regarding taxability of an activity or transaction as the supply of service of agreeing to the obligation to refrain from an act or to tolerate an act or a situation, or to do an act.

Applicability of GST on payments in the nature of liquidated damage, compensation, penalty, cancellation charges, late payment surcharge etc. arising out of breach of contract or otherwise and scope of the entry at [para 5\(e\) of Schedule II](#) of [Central Goods and Services Tax Act, 2017](#), in this context has been examined in the following paragraphs.

2. "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](#) of [CGST](#)

Act if the same constitutes a "supply" within the meaning of the Act. The said expression has following three limbs:—

**(a) Agreeing to the obligation to refrain from an act-**

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 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.

**(b) Agreeing to the obligation to tolerate an act or a situation-**

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.

**(c) Agreeing to the obligation to do an act-**

This would include the case where an industrial unit agrees to install equipment for 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.

3. The description "agreeing to the obligation to refrain from an act or to tolerate an act or a situation, or to do an act" 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.

**Following will not be treated as Negative Activities :**

- (I) Liquidated damages paid for **breach of contract**;
- (ii) **Compensation given to previous allottees** of coal blocks for cancellation of their licenses pursuant to Supreme Court Order;
- (iii) Cheque dishonour fine/penalty charged by a power distribution company from the customers;
- (iv) Penalty paid by a mining company to State Government for unaccounted stock of river bed material;
- (v) **Bond amount recovered** from an employee leaving the employment before the agreed period;
- (vi) Late payment charges collected by any **service provider for late payment of bills**;
- (vii) Fixed charges collected by a power generating company from State Electricity Boards (SEBs) or by SEBs/ DISCOMs from individual customer for supply of electricity;
- (viii) **Cancellation charges recovered by railways for cancellation of tickets, etc.**

**Circular No. 213/07/2024: Clarification on the taxability of ESOP [Employee Stock Option ] / ESPP [Employee Stock Purchase Plan] / RSU [Restricted Stock Unit] provided by a company to its employees [to motivate them to perform better and to retain the employees] through its overseas holding company**

**Issue: 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.

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.

Now, Whether such transfer of shares/ securities by the foreign holding company directly to the employees of the Indian subsidiary company and subsequent re-imburement 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:** Purchase or sale of securities/shares, in itself, is neither a supply of goods nor a supply of services. Therefore, GST is not leviable on said transaction of sale/purchase/transfer of securities/shares.

The ESOP/ESPP/RSU is a part of remuneration of the employee by the employer as per terms of employment and will be treated as a part of Salary hence Not a supply and NO GST accordingly.

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 is for transfer of securities/shares, which is not a supply hence not import of Services and Accordingly No GST.

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.

### **CBIC-20001/4/2024: Clarification on taxability of salvage/ wreck value earmarked in the claim assessment of the damage caused to the motor vehicle**

**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:** 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.

### **Circular No. 234/28/2024: Clarifications regarding applicability of GST on certain services**

**Issue:** Whether incidental/ ancillary services such as loading/ unloading, packing, unpacking, transshipment, temporary warehousing etc., provided in relation to transportation of goods by road is to be treated as part of Goods Transport Agency service, being composite supply, or these services are to be treated as separate independent supplies:

**Clarification:** it is hereby clarified that ancillary or incidental services provided by GTA in the course of transportation of goods by road, such as loading/unloading, packing/unpacking, transshipment, temporary warehousing etc. will be treated as composite supply of transport of goods.

The method of invoicing used by GTAs will not generally alter the nature of the composite supply of service.

However, if such services are not provided in the course of transportation of goods and are invoiced separately, then these services will not be treated as composite supply of transport of goods.

**Issue: Applicability of GST on Preferential Location Charges (PLC) collected along with consideration for sale/ transfer of residential / commercial properties:**

**Clarification:** It is hereby clarified that location charges or Preferential Location Charges (PLC) paid along with the consideration for the construction services of residential /commercial/industrial complex forms part of composite supply where supply of construction services is the main service and PLC is naturally bundled with it and are eligible for same tax treatment as the main supply of construction service.

**Circular No. 218/12/2024: 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**

**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 and value shall be determined under Rule 28 ??**

**Clarification:** Granting Loans: As per section 7 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.

**Interest:** 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.

**Without Processing Fee etc.:** 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.

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 of the CGST Act, read with Schedule I of CGST Act.

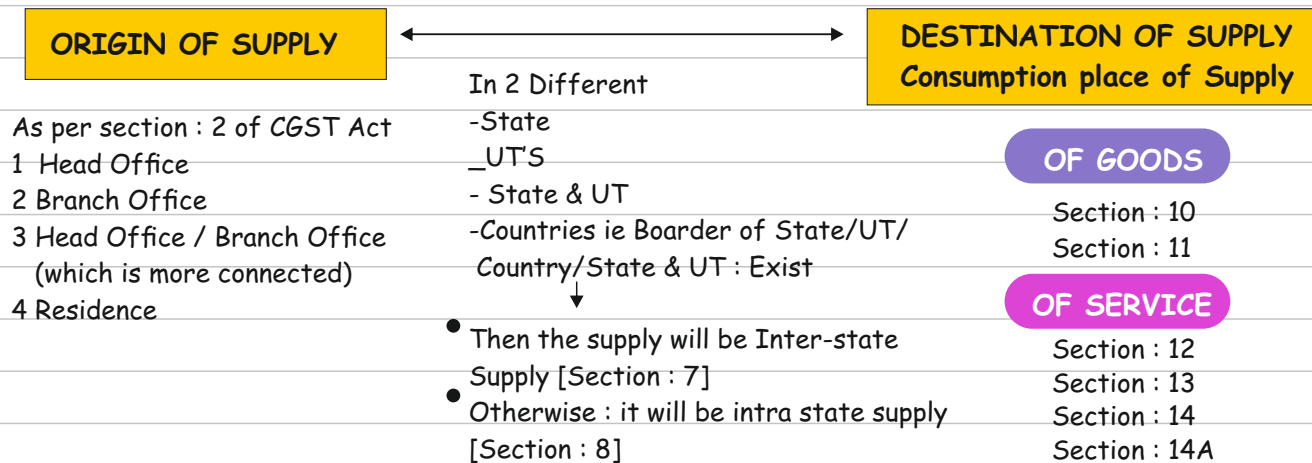
Accordingly, there is no question of levy of GST on the same by resorting to open market value for valuation of the same as per Rule 28.

**With Processing Fee etc.:** 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.

## Chapter: 3 PLACE OF SUPPLY

### NATURE OF SUPPLY: INTRA OR INTER



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

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

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

Section: 10(1): Domestic Transaction @ Goods	Section: 11: Import /Export @ Goods
a) <b>Where Movement of Goods Involved</b> : Destination will be consumption place/ Delivery Place.	<b>(A) In case of Import of Goods :</b> - Destination will be the location of importer.
b) <b>Bill to Ship to Model</b> : POS will be the Location of buyer/ the person who place order.	
c) <b>Where No Movement of Goods Involved</b> : POS will be location of goods. [eg. Sale and Lease Back cases]	
ca) where the supply of goods is made to an un-registered person, the place of supply shall, notwithstanding anything contrary contained in clause (a),(c) be the:	<b>(B) In Case of Export of Goods: -</b> Destination will be outside India.
• Location as per the address of the said person recorded in the invoice issued in respect of the said supply and	
• where the address of the said person is not recorded in the invoice then place of supply be the location of the supplier	
Explanation: For the purposes of this clause, - Recording of the name of the State of the said person in the invoice - shall be deemed to be the recording of the address of the said person.	

**Circular No. 209/3/2024: Clarification on the provisions of Section 10(1)(ca) of IGST Act.**

**Issue:** Place of supply of goods (particularly being supplied through e-commerce platform) to unregistered persons [B to C] where billing address is different from the address of delivery of goods.

**For Example:** Mr. A (unregistered person) located in X State places an order on an e-commerce 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 e-commerce 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?

**Clarification:** 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, 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.

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

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

**Sectopm : 12 : Place of Supply @ Services**

Basis	Situation	Place of Supply
Applicability	(1) <b>When both the parties located in India</b> (State to State ie Tax to UP or HR) (here need to decide in between states)	(1) When any of the party located outside India (Country to Country ie tax to India or USA) (So drafting thought is different as compare to sec.12)
Residuary provision Eg PCA	(2) <b>POS = Location of Recipient</b> (if known ie either registered person or address on record exist) <b>Otherwise it will be location of supplier.</b>	(2) <b>POS = Location of Recipient</b> (if known in ordinary course of business) <b>Otherwise it will be location of supplier.</b>

## Chapter 3 : Place of Supply

<p><b>Immovable property linked services</b></p>	<p>(3) <b>POS</b> = where immovable property (boat/ vessel) located or intended to be located.</p> <p>If it is outside India then POS will be at recipient's Location.</p> <p>Note: If immovable property is more than one state the POS proportionately.</p>	<p>(4) <b>POS</b> = where immovable property located or intended to be located.</p>
<p><b>Performance based service</b></p>	<p>(4) Individual Related services; Restaurant and catering Personal Grooming, beauty treatment, Cosmetic and plastic surgery Fitness, health care POS= Actual place of performance ..... (5) Services IRT Training and Performance appraisal: (eg GST Training Classes) B to B = Location of Recipient. B to C = Actual place of performance</p>	<p>(3) Goods related services and Individual related services: POS = actual place of performance (ie location of goods) Note: Proviso to Sec 13(3)(a) not applicable on temporary import of goods for repairs or for any other treatment or process</p>
<p><b>Event linked services</b></p>	<p>(6) Event admission services: POS = location of Event (7) Event Linked Services: POS B to B = Location of Recipient. B to C = Location of event (but if event is located outside India then POS will be location of Recipient) Note: If it is held in more than one state the POS proportionately.</p>	<p>(5) POS = Location of event.</p>
<p><b>Multiple Location internationally</b></p>		<p>(6) Service @ multiple location including a location in TT - then POS of whole service will be TT</p>
<p><b>Multiple Location domestically</b></p>	<p>If service is held in more than one state/UT the POS proportionately.</p>	<p>(7) POS = to be determined proportionately.</p>
<p><b>Transportation of Goods</b></p>	<p>(8) B to B = Location of Recipient. B to C = Loading Place Note: <del>Where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods.</del></p>	<p><del>(9) POS = Destination of goods</del></p>

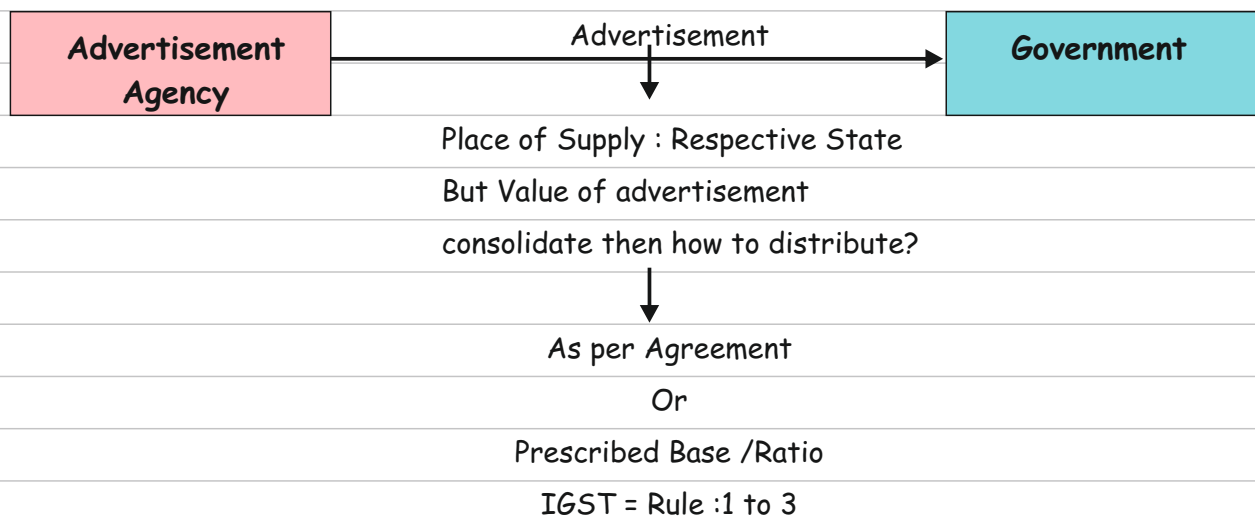
<b>Transportation of Passenger</b>	(9) B to B = Location of Recipient. B to C = Boarding Place (if not identified because of journey at future date then Residuary provision shall apply)	(10) POS = Boarding Place
<b>On- Board Services</b>	(10) POS = First Departure point of conveyance	(11) POS = First Departure point of conveyance
<b>Telecommunication Services</b>	(11) POS: Location of Fixed device, Billing address, address of selling agent / Recharge Place, in case of online recharge location of Recipient.	
<b>Specified Services</b>	(12) Services of Banking company Other Financial Services Stock Broker Services POS: Location of recipient (if known) Otherwise - Location of supplier.	(8). Banking company etc <ul style="list-style-type: none"> <li>• Intermediary</li> <li>• Hiring of means of transport eg BUS, TRUCK, CAR, YACHT</li> <li>• For maximum 1 month Except vessel and Aircraft.</li> </ul> <b>POS = Location of Supplier</b>
<b>Insurance service</b>	(13) B to B = Location of Recipient. B to C = location of recipient	-
<b>Advertisement service to Govt.</b>	(14) POS: Proportionate in respective state and UT. [but in which Ratio - see table below]	-
<b>OIDAR</b>	Nothing special is given in section 12 for OIDAR Services so Provisions of Section 12 (2) shall apply.	(12) POS = Location of Recipient.
		(13) POS: In order to prevent double taxation or non-taxation of the supply of a service, or for the uniform application of rules, -----The place of supply shall be the place of effective use and enjoyment of a service.

**IGST Rules, 2017**

RULE : 1 IGST Rule, 2017

RULE : 2 Applicable : with respect to Section : 12(14)

RULE : 3 FOR SECTION: 12(14)



ADVERTISEMENT IN ...	ALLOCATION ON THE BASIS OF ...
NEWSPAPER	NUMBER OF READERS
PAMPHLETS	NUMBER OF PAMPHLET DISTRIBUTED
HOARDINGS	NUMBER OF HOARDING PLACED
TRAIN	TRACK LENGTH
RAILWAY TICKETS	NUMBER OF RAILWAY STATIONS
GAS BILL	NUMBER OF CONSUMERS
RADIO	NUMBER OF LISTENERS
TELEVISION	NUMBER OF VIEWERS
INTERNET	NUMBER OF SUBSCRIBER  IN THE CASE OF ADVERTISEMENTS OVER INTERNET THE SERVICE SHALL BE DEEMED TO HAVE BEEN PROVIDED ALL OVER INDIA AND, THE AMOUNT ATTRIBUTABLE TO THE VALUE OF ADVERTISEMENT SERVICE DISSEMINATED IN A STATE OR UNION TERRITORY SHALL BE CALCULATED ON THE BASIS OF THE INTERNET SUBSCRIBERS IN SUCH STATE OR UNION TERRITORY.
CINEMA HALL	NUMBER OF SCREENS

### CIRCULAR

Description of services or circumstances	Place of Supply
Supply of Research and Development services related to pharmaceutical sector by a person located in TT to a person located in the NTT.	<p><b>POS of services</b> = shall be the "Location of the recipient" subject to conditions:-</p> <p>(i) Supply of services from the taxable territory are <b>provided as per a contract</b> between the Supplier (TT) and Receptient located in NTT.</p> <p>(ii) Such supply of services fulfills all other conditions of definition of "export of services", except -third condition as -"<b>the place of supply of service is outside India</b>".</p>
In case of Supply of maintenance, repair or overhaul service in respect of aircrafts, <b>ships and other vessels</b> and their engines and other aircraft components or parts supplied to a person for use in the course or furtherance of business.	The place of supply will be <b>Location of Receptient</b>

### Circular No. 103/22/2019: Clarification regarding determination of place of supply in certain cases

SN	Issue	Clarification
1	<p>Various services are being provided by the port authorities to its clients in relation to cargo handling.</p> <p>Some of such services are in respect of arrival of wagons at port, haulage of wagons inside port area up-to place of unloading, siding of wagons inside the port, unloading of wagons, movement of unloaded cargo to plot and staking hereof, movement of unloaded cargo to berth, shipment/loading on vessel etc.</p> <p>Which provision shall be applicable-Section 12(2)/13(2) or 12(3)?</p>	<p>It is hereby clarified that such services are ancillary to or related to cargo handling services and are not related to immovable property.</p> <p>Accordingly, the place of supply of such services will be determined as per the provisions contained in <a href="#">Section 12(2)/13(2)</a>.</p> <p>FG</p>
2	What would be the place of supply in case of supply of various services on unpolished diamonds such as cutting and polishing activity which have been temporarily imported into India and are not put to any use	Place of supply in case of performance based services is to be determined as per the provisions contained in Section 13(3)(a) of the IGST Act and generally the place of services is where the services are actually performed.

	in India?	<p>But an exception has been carved out in case of services supplied in respect of goods which are temporarily imported into India for repairs or for any other treatment or process and are exported after such repairs or treatment or process without being put to any use in India, other than that which is required for such repairs or treatment or process.</p> <p>In case of cutting and polishing activity on unpolished diamonds which are temporarily imported into India are not put to any use in India, the place of supply would be determined as per the provisions contained in Section 13(2) of the IGST Act.</p>
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### Clarifications

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

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

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

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

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

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

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

**In case of service of JUST giving Space of Server Room with Basic Infra e.g.**

Light etc without Component: place of supply shall be determined under section 12(3) i.e. location of Property.

#### **Circular No 220/14/2024: Clarification on place of supply applicable for custodial services provided by banks to Foreign Portfolio Investors**

**Issue:** Whether the activity of providing Custodial Services by banks or financial institutions to FPIs [Foreign Portfolio Investors] will be treated as services provided to 'account holder' under Section

13(8)(a) of the IGST Act, 2017? Further, how the place of supply of the said services shall be determined?

**Clarification:** According to the SEBI (Custodian of Securities) Regulations 1996, 'Custodial Services' in relation to securities means safekeeping of securities of a client and providing services incidental thereto, and includes-

- Main Activity: Maintaining accounts of securities of a client;
- Collecting the benefits or rights accruing to the client in respect of securities;
- keeping the client informed of the actions taken or to be taken by the issuer of securities, having a bearing on the benefits or rights accruing to the client; and
- maintaining and reconciling records of the services referred above.

As per Explanation (a) of Section 13(8) of IGST Act, 'account' means an account bearing interest to the depositor, and includes a non-resident external account [NRE] and a non-resident ordinary account [NRO]

**Question:** What are the services that are provided by a banking company to an account holder (holder of an account bearing interest to the depositor)?

**Answer:** Following are examples of services that are provided by a banking company or financial institution to an "account holder", in the ordinary course of business :-

- i) services linked to or requiring opening and operation of bank accounts such as lending, deposits, safe deposit locker etc;
- ii) transfer of money including telegraphic transfer, mail transfer, electronic transfer etc.

**Question:** What are the services that are not provided by a banking company or financial institution to an account holder, in the ordinary course of business, and will consequently be covered under another Rule?

**Answer:** Following are examples of services that are generally NOT provided by a banking company or financial institution to an account holder (holder of a deposit account bearing interest), in the ordinary course of business:-

- i) financial leasing services including equipment leasing and hire purchase;
- ii) merchant banking services;
- iii) Securities and foreign exchange (forex) broking, and purchase or sale of foreign currency, including money changing;
- iv) asset management including portfolio management, all forms of fund management, pension fund management, custodial, depository and trust services

Accordingly, it is clarified that the custodial services provided by banks or financial institutions to FPIs are not to be treated as services provided to 'account holder' and therefore, the said services are not covered under Section 13(8)(a) of the IGST Act.

Therefore, the place of supply of such services is not to be determined under Section 13(8)(a) of the IGST Act but has to be determined under the default provision i.e., Section 13(2),

**Circular No. 230/24/2024: Clarification in respect of advertising services provided to foreign clients:**

Clarification regarding advertising services being provided by Indian advertising companies/ agencies to

foreign entities, as some of the field formations are considering the place of supply of the said services as within India, thereby denying the export benefits to such advertising companies.

A foreign company or firm hires an advertising company/agency in India for advertisement of its goods or services and may enter into a comprehensive agreement with the advertising company/agency encompassing all the issues related to advertising services ranging from media planning, investment planning for the same, creating and designing content, strategizing for maximum customer reach, the identification of media owners, dealing with media owners, procuring media space, etc. for displaying/broadcasting/printing of advertisement including monitoring of the progress of the same. In such a case, the advertising agency provides a one stop solution to the client who outsources the entire activity to the agency.

In this scenario, media owners raise invoice to the advertising agency for inventory costs, which are then paid by the advertising agency. Subsequently, the advertising agency raises invoice to the foreign client for the rendered advertising services and receives the payments in foreign exchange from the foreign client.

**Issue 1 -Whether the advertising company can be considered as an "intermediary" between the foreign client and the media owners as per section 2(13) of IGST Act?**

**Clarification:** The agreement, in the instant case, is in the nature of two distinct principal-to-principal supplies and no agreement of supply of services exists between the Media company and the foreign client. The advertising company is not acting as an agent but has been contracted by the client to procure and provide certain services. The advertising agency is providing the services to the client on its own account. Thus, the same cannot be considered as "intermediary" in such a scenario and accordingly, the place of supply in the instant matter cannot be linked with the location of supplier of services in terms of section 13(8)(b) of the IGST Act.

**Issue-2 Whether the representative of foreign client in India or the target audience of the advertisement in India can be considered as the "recipient" of the services being supplied by the advertising company ?**

**Clarification:** In the instant scenario, the foreign client is liable to pay the consideration to advertising company for the supply of advertising and not the consumers or the target audience that watches the advertisement in India.

Further, in this case, even if a representative of the said foreign client based in India, including a subsidiary or related person of the said foreign client, is interacting with the advertising company on behalf of the said foreign client, the said representative based in India cannot be considered as a recipient of the service, if the agreement is between the foreign client and the advertising company, the invoice is being issued for the said service by the advertising company to the foreign client and the payment for the said service is received by the advertising company directly from the said foreign client.

Further, the target audience of the advertisements may be based in India but such target audience cannot be considered as recipient of the said advertising services.

Therefore, in view of above, it is clarified that the recipient of the advertising services provided by the advertising company in such cases is the foreign client.

**Issue-3 Whether the advertising services provided by the advertising companies to foreign clients can be considered as performance-based services as per section 13(3) of the IGST Act?**

**Clarification:** It is clarified that the place of supply of advertising services in such cases can neither be determined as per the provision of section 13(3)(a) nor as per the provisions of section 13(3)(b) of IGST Act.

Further, it is observed that in the present scenario, the place of supply of the above-mentioned advertising services does not appear to be covered under any other provisions of Section 13(3) of the IGST Act.

It appears that the place of supply of the said advertising service being supplied by the advertising company to the foreign clients can only be determined as per the default provision, i.e. section 13(2) of IGST Act, i.e. the place of location of the recipient of the services.

**Circular No. 232/26/2024: Clarification on place of supply of data hosting services provided by service providers located in India to cloud computing service providers located outside India**

**Facts:** It has been represented that some field formations are of the view that the place of supply of data hosting services provided by the service providers located in India to cloud computing service providers located outside India is the location of data hosting service provider in India and therefore, the benefit of export of services is not available on such supply of data hosting services.

**Issue: Whether data hosting service provider [DATA CENTRE] qualifies as 'Intermediary' between the cloud computing service provider and their end customers/users/subscribers as per Section 2(13) of the IGST Act and whether the services provided by data hosting service provider to cloud computing service providers are covered as intermediary services and whether the place of supply of the same is to be determined as per Section 13(8)(b) of IGST Act.**

**Clarification:** it is clarified that in such a scenario, the services provided by data hosting service provider to its overseas cloud computing service providers cannot be considered as intermediary services and hence, the place of supply of the same cannot be determined as per section 13(8)(b) of IGST Act.

Whether the data hosting services are provided in relation to goods "made available" by recipient of services to service provider for supply of such services and whether the place of supply of the same is to be determined as per section 13(3)(a) of the IGST Act, 2017.

**Clarification:** it is clarified that data hosting services provided by data hosting service provider to the said cloud computing service providers cannot be considered in relation to the goods "made available" by the said cloud computing service providers to the data hosting service provider in India and hence, the place of supply of the same cannot be determined under section 13(3)(a) of the IGST Act.

**Whether the data hosting services are provided directly in relation to "immovable property" and whether the place of supply of the same is to be determined as per section 13(4) of the IGST Act.**

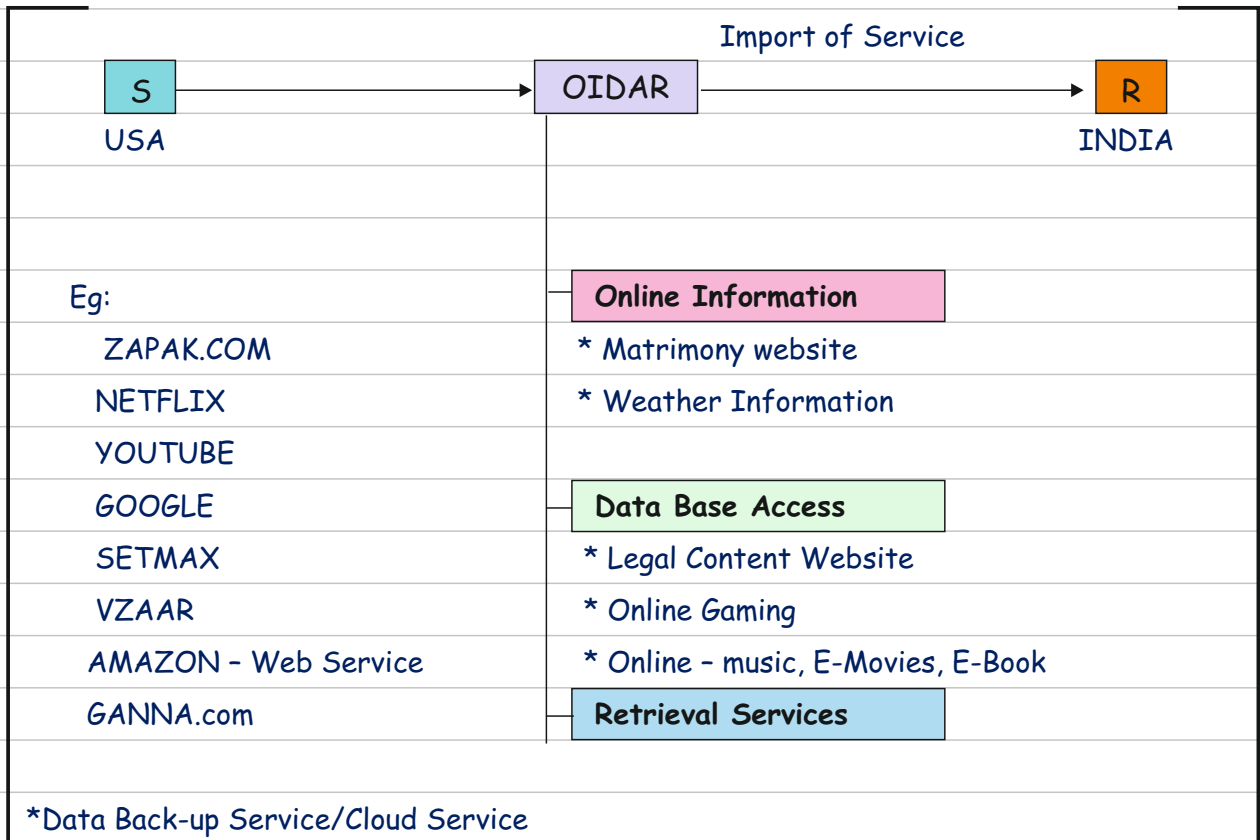
**Clarification:** it is clarified that in such a scenario, the data hosting services cannot be considered as the services provided directly in relation to immovable property or physical premises and hence, the place of supply of such services cannot be determined under section 13(4) of IGST Act.

Further, the place of supply for the data hosting services provided by data hosting service provider located in India to overseas cloud computing service providers does not appear to fit into any of the specific provisions outlined in sections 13(3) to 13(13) of the IGST Act. Therefore, the place of supply in such cases needs to be determined according to the default provision under section 13(2) of the IGST Act, i.e. the location of the recipient of the services. Where the cloud computing service provider receiving the data hosting services are located outside India, the place of supply will be considered to be outside India according to section 13(2) of the IGST Act.

Accordingly, supply of data hosting services being provided by a data hosting service provider located in India to an overseas cloud computing entity can be considered as export of services, subject to the fulfilment of the other conditions mentioned in section 2(6) of IGST Act.

**CONCEPT OF OIDAR**  
Online information, Database Access & Retrieval Services

**INTRODUCTION:**



**WHAT IS NOT OIDAR:**

- Amazon - sale of goods
- Flipkart - sale of goods
- Online Download - then play

**CRUX of OIDAR: Web Based Service**

- Fully Automated
- Online Streaming
- Internet Mandatory

**Definition: [Online Information And Database Access or Retrieval Services]**

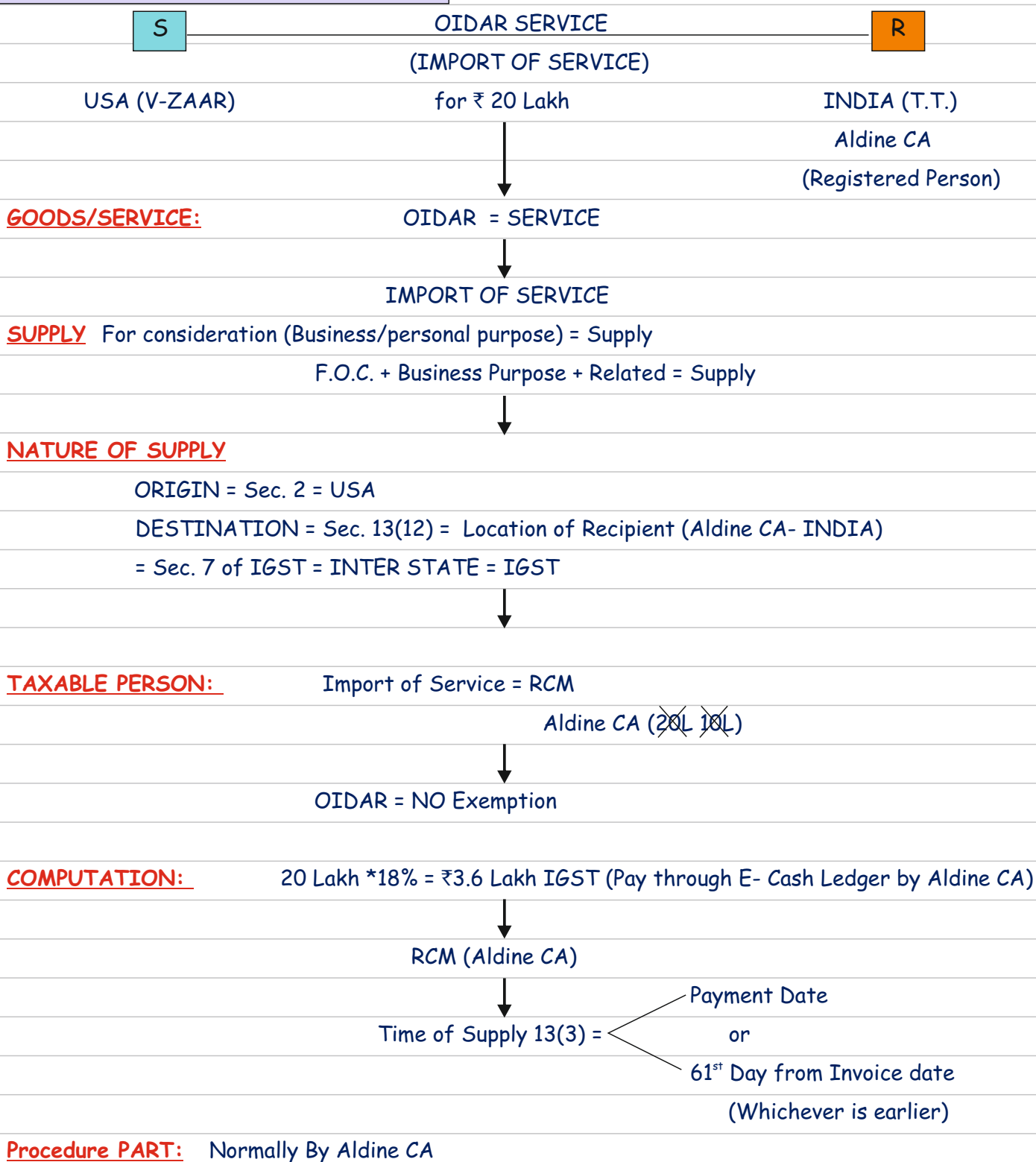
Means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply impossible to ensure in the absence of information technology and includes electronic services such as,--

- (i) advertising on the internet;
- (ii) providing cloud services;
- (iii) provision of e-books, movie, music, software and other intangibles through telecommunication networks or internet;
- (iv) providing data or information, retrievable or otherwise, to any person in electronic form through a computer network;

## Chapter 3 : Place of Supply

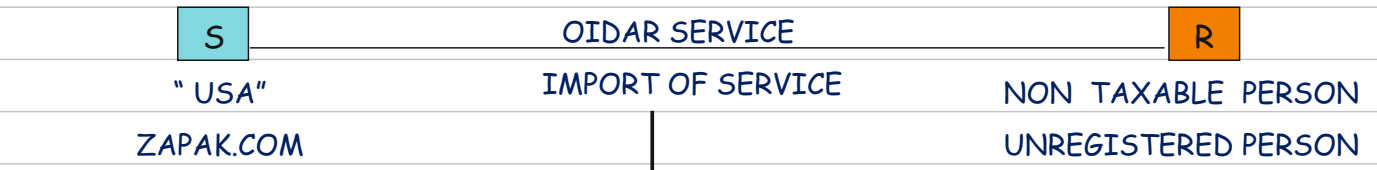
- (v) online supplies of digital content (movies, television shows, music and the like);
- (vi) digital data storage; and
- (vii) online gaming, excluding the online money gaming as defined in clause (80B) of section 2 of the Central Goods and Services Tax Act, 2017.

### Import by Registered person (Aldine CA)



## Chapter 3 : Place of Supply

### Import by Unregistered person



(1) GOODS/SERVICE                      **OIDAR = SERVICE**

(2) SUPPLY:                                      **IMPORT OF SERVICE:**

For consideration (Business/personal purpose) = Supply

F.O.C. + Business Purpose + Related = Supply

(3) NATURE OF SUPPLY

ORIGIN = Sec. 2 = USA

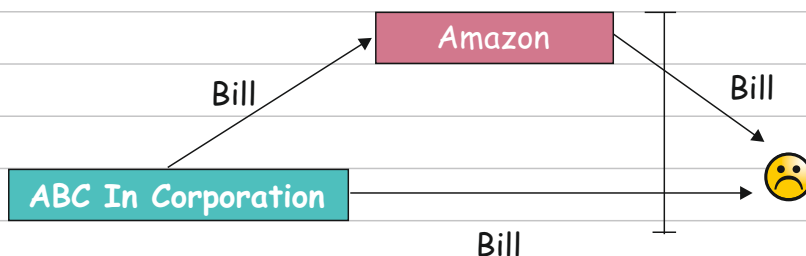
DESTINATION = Sec. 13(12) = Location of Recipient = INDIA

But Recipient INDIA KA HAI KAISE PATA CHALEGA??

#### Solution:

Any 2	Device IP Address - IN INDIA
Condition	Debit/Credit Card - IN INDIA
Fulfilled then	Bank Account - IN INDIA
Your Location	Fixed Land line-- IN INDIA
INDIA	SIM Card Code - IN INDIA
	Billing Address - IN INDIA
	Living Address - IN INDIA

### SPECIAL CASE: Section 14 of IGST



ANS 1. Amazon = Amazon AANA PADEGA

ANS 2: ABC INC. = ABC INC. AANA PADEGA

### Section 14: Special provision for payment of tax by a supplier of online information and database access or retrieval services [OIDAR]

(1) On supply of online information and database access or retrieval services **by any person located in a non-taxable territory and received by a non-taxable online recipient**, the supplier of services located in a non-taxable territory shall be the person liable for paying integrated tax on such supply of services:

Provided that in the case of supply of online information and database access or retrieval services by any person located in a non-taxable territory and received by a non-taxable online recipient, an intermediary located in the non-taxable territory, who arranges or facilitates the supply of such services, **shall be deemed to be the recipient of such services from the supplier of services in non-taxable territory and supplying such services to the non-taxable online recipient** except when such intermediary satisfies the following conditions, namely:--

- (a) The invoice or customer's bill or receipt issued or made available by such intermediary taking part in the supply clearly identifies the service in question and its supplier in non-taxable territory;
- (b) The intermediary involved in the supply does not authorise the charge to the customer or take part in its charge which is that the intermediary neither collects or processes payment in any manner nor is responsible for the payment between the non-taxable online recipient and the supplier of such services;
- (c) The intermediary involved in the supply does not authorise delivery; and
- (d) The general terms and conditions of the supply are not set by the intermediary involved in the supply but by the supplier of services.

(2) The supplier of online information and database access or retrieval services referred to in sub-section (1) shall, for payment of integrated tax, **take a single registration** under the Simplified Registration Scheme to be notified by the Government:

Moreover, any person located in the taxable territory representing such supplier for any purpose in the taxable territory shall get registered and pay integrated tax on behalf of the supplier:

**However, if such supplier does not have a physical presence or does not have a representative for any purpose in the taxable territory, he may appoint a person in the taxable territory for the purpose of paying integrated tax and such person shall be liable for payment of such tax.**

#### (4) TAXABLE PERSON

Supplier of OIDAR

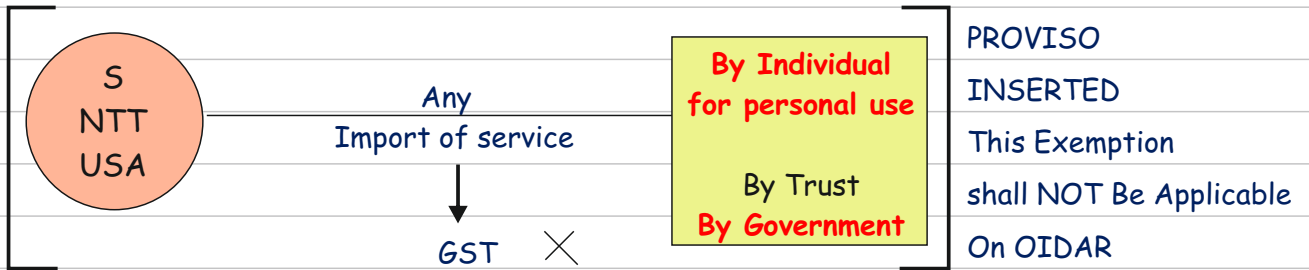
ie. Say ZAPAK.COM

N.C.M.

OIDAR SP (ZAPAK.COM):REG.

~~ZOL / IOL~~ Under Section: 24

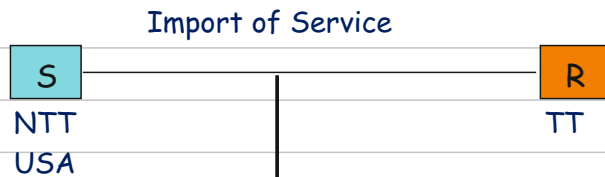
(5) EXEMPTION:IGST- E/N 9/2017



(6) COMPUTATION:

Value \* GST Rate = xxx ie. Normal calculation

(7) NCM/RCM



Generally  
RCM : Applicable  
But this provision  
NOT APPLICABLE For OIDAR  
So Supplier (ZAPAK.COM)  
liable to pay GST

(8) TIME OF SUPPLY:

SECTION: 13(2)

INVOICE/COMPLETION date  
OR  
PAYMENT date

(Whichever is earlier)

(9) PROCEDURAL PART:

INVOICE - Issued by -ZAPAK.COM

(10) MANNER OF PAYMENT

Monthly: 20<sup>th</sup> through  
E - Cash ledger

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

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

Single Registration: The supplier shall obtain a single registration for all over India. However, where any Agent of supplier located in India is available then such Agent shall get registered and pay the IGST on behalf of the supplier: Moreover, if such supplier does not have a physical presence or does not have an Agent in India then he shall appoint a person in India for the purpose of paying IGST.

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



## Chapter: 4 TAXABLE PERSON

### Background:

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

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

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

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

### SECTION 23: NO REGISTRATION

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

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

### SECTION 24: MANDATORY REGISTRATION

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

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

**9 E-Commerce Model:**

Four specified services through E-commerce Operator

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

Other Services through E-commerce Operator

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

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

### SECTION: 22 Limit Based Registration

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

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

#### What is the APPLICABLE LIMIT:

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

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

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

### **Some Other Notes:**

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

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

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

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

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

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

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

**Chapter: 5 Exemption**

**CHARITABLE & RELIGIOUS**

Service	Supplier and Recipient	Status
<b>Charitable Trust:</b>	by a	will be
Service By way of following charitable activities	Recognised	exempted
(a) Activity by way of Public-health by way of care & counselling of terminally ill persons, HIV Infected persons, and person addicted to Drugs or Alcohol.	charitable trust	
(b) Activity of advancement of Religion, spiritually or Yoga.		
(c) Activity of advancement of Educational-programs or skill development for Abandoned children, person residing in rural AREAS having age over 65 years, Prisoner, Traumatized person.		
(d) Activities of preservation of Environment Including watershed, forest & wide life		
<b>Renting of Religious Place &amp; Conduct of Religious Ceremony:</b>	by a Recognized	will be
(a) Service of conduct of religious ceremony and	Trust	exempted
(b) Service of Renting of Religious place, where-		
• Room Rent limited to ₹ 999 per day,		
• Hall Rent limited to ₹ 9999 per day,		
• shop rent limited to be ₹ 9999 per month		
<b>Religious Journey:</b>	By Kumaon Mandal	will be
A Service in respect of Kailash Mansarover Yatra (CHINA) and Haj Yatra	Vikas Nigam Limited and HAJ Committee	exempted

**EDUCATION**

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

## Chapter 5 : Exemption

EDUCATIONAL INSTITUTE:		
<b>Any service</b>	By Educational Institute (School/College/Institution), to student [Present /Ex/Future]to Faculty and to staff. Note: Degree course must be recognized by Indian law.	will be exempted
<b>TCS Services:</b> T.C.S. Services (Transportation facilities for student faculties &Staff, catering Including Mid-day meal, security &House - keeping)	By Government, Corporates, others to Schools /Anganwadi only	will be exempted
<b>Exam Related Services</b> Service Related to or conduct of Entrance / Final Examination	To educational institute (School/College/Institution)	will be exempted
<b>Online Educational Periodicals"</b> Service of supply of"Online Educational Periodicals"	To colleges	will be exempted
Comments: Central and State Educational Boards" are treated as Educational Institution for the limited purpose of providing services by way of conduct of examination to the students including any entrance examination, to the students. Hence such services will be exempted.		
<b>Corporate Cum Institute</b> Any service in relation to national skill development programme or any other scheme implemented by NSDC [National Skill Development Corporation] or Vocational Skill Development Course or any other skill qualifying course	By NSDC, NCVT, Awarding Body Recognized by NCVET, A Training body accredited by NCVET.[National Council for Vocational Education and Training]	will be Exempted
Service under skill development initiative [SDI]	-	will be Exempted

## Chapter 5 : Exemption

Service under Deen Dayal Upadhyay Gramin Kaushal Yojana	-	will be exempted
<b>Affiliation services</b>	By Central / state Educational Board or council or other similar body-- To a school establishment, owned or controlled	will be exempted

### HEALTH CARE

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

SPORTS		
Service	Supplier and Recipient	Status
<b>FIFA:</b> Service Related to any Event under FIFA: U-17 World-Cup, 2017.	By or To FIFA and its subsidiaries	Will be exempted
<b>FIFA (Women's):</b> Service Related to any event under FIFA U- 17 women's World-Cup 2020	By or To FIFA and its subsidiaries	Will be exempted
<b>Asian Football Confederation (AFC)</b> Services directly or indirectly related to any of the events under (AFC) Women's Asia Cup 2022.	By and to AFC and its subsidiaries	Will be exempted
<b>SPONSORSHIP:</b> Service by way of sponsorship of sporting events, organised by Recognised body.	By Recognised Body	Will be exempted
<b>INDIVIDUAL SERVICE:</b> Service for participation in a sporting event, organised By a Recognised Sport Body (e.g. BCCI).	By Individuals as a Player, referee, umpire, coach or team manager	Will be exempted
<b>Supply of Service</b>	By one Recognised Sports Body to another Recognised Sports Body	Will be exempted

GOVERNMENT SERVICES		
Service	Supplier and Recipient	Status
<b>Article 243G/W:</b> Service specified under Article 243 G/W (e.g. Land Consolidation, Urban Town Planning, Public Health etc.)	By Governmental Authority [Note: If it is by CG/SG/LA then not a supply]	Will be exempted
<b>Pure Service/Composite Service</b> (having service portion at least 75%)	By any person To CG/SG/LA	Will be exempted
<b>Comment:</b> Sanitation and conservancy services supplied to Army and other CG/SG departments, which is not covered in 243G/W will be taxable.		
<b>SPECIFIC Services:</b> Services by way of water supply, public health, sanitation conservancy, solid waste management, & slum improvement and upgradation	By Govt. Entity	Will be exempted

## Chapter 5 : Exemption

<b>GOVERNMENT SERVICE (Except PVT):</b>	By Govt. to non	Will be
Any Service	business entity	exempted
(However, followings will always be taxable to maintain parity in between Government departments and private players---		
P= Service by Department of Post & Indian Railways [But basic services of post office by way of inland letter card, post card, book post, ordinarily book post and envelop weigh less than 10 gram will be exempted] V= Service by Government in Relation to Aircraft/ Vessel (in or outside the port or Airport)		
T= Service by Government by way of transportation of Goods/Passenger.		
Services by way of -	By <b>Indian Railways</b>	Will be
(a) Sale of <b>platform tickets;</b>	to individuals	exempted
(b) Facility of <b>retiring rooms/waiting rooms;</b>		
(c) <b>Cloak room</b> services;		
(d) Battery <b>car services.</b>		
Supply of Services	by one zone/division to another zone(s)/ division(s) under Indian Railways	Will be exempted
Supply of Services • by way of allowing Indian Railways <b>to use the infrastructure</b> built and owned by them • during the concession period <b>against consideration.</b>	by <b>Special Purpose Vehicles (SPVs)</b> to <b>Indian Railways</b>	Will be exempted
Services of maintenance in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration eg. repair	by Indian Railways to SPVs	Will be exempted
<b>GARIB BUSINESS ENTITY:</b>	By <b>CG/ SG / UT/ LT,</b>	exempted
Any Service [Except P.V.T.]	to a Business Entity having Aggregate turnover in PFY only upto threshold limit	

<b>GOVERNMENT TO GOVERNMENT:</b> Any Service [Except P.V.T.] will be exempted	By CG/SG/UT/LA, to another CG/SG/UT/LA.	Will be exempted
<b>SMALL VALUE GOVERNMENT SERVICE:</b> Any Service [Except P.V.T.] (Having value of service upto ₹ 5000). [For continuous supply of service (service having life > 3 month & having periodic payment schedule) limit of ₹ 5000 will be checked per financial year basis]	By CG/SG/UT	Will be exempted
<b>GOVERNMENT GRANT:</b> Any Service (consideration received in Form of Grant)	By Govt. Entity To CG/SG/UT/LA	Will be exempted
<b>LONG TERM LEASE:</b> Service of Granting Long Term Lease (30 years or more) of Industrial plots or plot for Development of Infrastructure for Financial Business	By State Government Industrial development Corporation or by other Entity having 20% or more ownership of Government.	Will be exempted
<b>SPECTRUM:</b> Service By way allotting spectrum prior to 01.04.2016	By CG/SG/UT/LA to Business Entity,	Will be exempted
<b>GOVT. TESTING ETC.:</b> Service provided by way of "Registration Under any Law", Testing, Calibration, Safety check or Certification Relating to Safety of workers/ consumers/ public at large Including Fire License,	By CG/SG/UT/LA,	Will be exempted
<b>NON-PERFORMANCE:</b> Service of Non-Performance (Cancellation) of Government Contract, consideration in the form of fines/ liquidated damages payable	by CG/SG/UT/LA	Will be exempted
<b>AGRICULTURE:</b> Service by way of "assignment of right" to use Natural Resources, for cultivation of Plant/Rearing of animals For Food, fibre, raw material etc. (Except Horse)	By CG/SG/UT/LA to Individual Farmer.	Will be exempted
<b>COAL MINE:</b> Service By way of "assignment of Right" to use natural Resources, Prior to 01.04.2016.	By CG/SG/UT/LA	Will be exempted

## Chapter 5 : Exemption

<b>Merchant Overtime Fee (MOT):</b>	By Government	Will be
Service By way of "Deputing" Officers after Office hour or on holidays, for Inspection of container stuffing etc. in Relation to Import-Export Cargo, on Payment of Merchant Overtime Fee	Department	exempted
<b>RTI:</b>		Will be
Service By way of RTI		exempted
<b>ERCC:</b>	By a State Government	Will be
Services by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders	To Excess Royalty Collection Contractor (ERCC)	exempted
<b>GUARANTEE BY GOVT.:</b>	By CG/SG/UT To	
Service by way of guarantying the Loans to banks or financial institutions	Government Under-taking or PSU's	
<b>R&amp;D Services</b>	By --	Will be
	(a) Government entity or \	exempted
	(b) Research Association, University, college or other institution notified under Income tax Act 1961 at the time of supply of R &D service	

### AGRICULTURE

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

<p><b>Electricity related services like--</b></p> <ul style="list-style-type: none"> <li>- Renting of metering equipment.</li> <li>- Testing for meters, Transformers, capacitor etc.</li> <li>- Shifting of meter/ service lines.</li> <li>- Issuing duplicate bill etc.</li> </ul>	<p>by electric transmission and distribution utility to their consumers</p>	<p>Will be exempted</p>
<p><b>RICE:</b></p> <p>Service by way of loading, unloading, packing, storage /warehousing of Rice</p>		<p>Will be exempted</p>
<p><b>MINOR FOREST PRODUCE:</b></p> <p>Service by Way of warehousing of minor Forest Produce</p>		<p>Will be exempted</p>
<p><b>WAREHOUSING:</b></p> <p>Service of warehousing/storage of Cereals, pulses, fruits, &amp; Vegetables [Note: Storage/warehousing of cotton in ginned &amp; or baled form will be Taxable]</p>		<p>Will be exempted</p>
<p><b>ELECTRICITY:</b></p> <p>Transmission to Distribution of Electricity</p>	<p>By transmission utilities (eg. Power Grid, Electricity Exchange, Electricity Co.)</p>	<p>Will be exempted</p>
<p><b>AGRICULTURE RELATED:</b></p> <p>Services relating to cultivation of plants and rearing of all life forms of animals, (except the rearing of horses), for food, fibre, fuel, raw material or other similar products or agricultural produce by way of-</p> <ul style="list-style-type: none"> <li>(a) Agricultural operations directly related to production of any agricultural produce;</li> <li>(b) Supply of farm labour;</li> <li>(c) Processes carried out at an agricultural farm, which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;</li> <li>(d) Renting/leasing of Agro-machinery /vacant land with/ without a structure incidental to its use;</li> <li>(e) Loading, unloading, packing, storage /warehousing of agricultural produce;</li> <li>(f) Agricultural extension services;</li> <li>(g) Services by any Agricultural Produce Marketing</li> </ul>		<p>Will be exempted</p>

## Chapter 5 : Exemption

Committee/ Board or services provided by a commission agent for sale / purchase of agricultural produce.		Will be exempted
<b>JOB WORK:</b> Carrying out "An Intermediate Production Process" as Job Work, in Relation to Cultivation of plant & rearing of animals (Except horse), & agriculture produce		Will be exempted
Comment: Milling of paddy into rice (on job work basis) will be Taxable and value will be the processing charges (not on the entire value of rice).		
<b>INSEMINATION:</b> Service of Artificial Insemination of Live Stock (except horse)		Will be exempted
<b>FRUITS &amp; VEGETABLES:</b> Services by way of pre-conditioning, precooling, ripening, waxing, retail packing, labelling of fruits and vegetables, which do not change or alter its essential characteristics		Will be exempted
<b>NCCCD:</b> Service by way of "Cold Chain Knowledge" Distribution	By "National Centre for cold chain development	Will be exempted

### TRANSPORTATION OF PASSENGERS

Service	Supplier and Recipient	Status
<b>Transportation of Passengers via- Jal:</b> INLAND WATER-WAYS OTHER WATER- WAYS (for Public Transport only however for tourism it will be taxable)		Will be exempted
<b>Thal:</b> By Road- Contract Carriage- Non-AC (Public Transport only) [However, AC Vehicle/ Special Bus/Tourist Vehicle = Taxable] By Road- Stage Carriage- Non-AC By Road- School Bus By Road- Metered cab Run by S.G By Road- Rickshaw [However, Radio Taxi etc. will be taxable]		
By RAIL- Indian Rail - Other than first class or AC By Rail- Others = Metro, Mono, Tram		

## Chapter 5 : Exemption

<b>Vayu:</b>		
NER (North East Region, In economy class), RCS (Regional connectivity scheme) - GAP FUNDING by Govt.		
<b>Comment:</b>		
1) No exemption shall be allowed ie it will always be taxable if the services supplied through an ECO, & notified under Section 9(5) of the CGST ACT.		
2- Hiring of vehicles by firms for transportation of their employees ('charter or hire') will be taxable.		
3- Private ferries (used as means of transport from one island to another in Andaman and Nicobar Islands) =		
If tickets purchased for transportation from one point to another = Exempt (owned by anyone)		
If tickets purchased for transportation (predominantly for tourism-transportation, sightseeing, food and beverages, music, accommodation) = Taxable.		

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

**Comment:**

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

Proportionate value Related to tour performed outside India.

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

Whichever is lower will be exempted.

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

### ENTERTAINMENT / ENTRY FEES

Service	Supplier and Recipient	Status
<b><u>ZOO &amp; PROTECTED MONUMENTS:</u></b>		Will be exempted
Admission/Entry fees of a Museum, National Park, Wild Life Sanctuary, Tiger Reserve, ZOO and Protected Monuments		

## Chapter 5 : Exemption

<b>ART, CULTURE, SPORTS</b>	by an	Will be
Service of training/Coaching in Re-creational Activities relating to arts or culture	individual,	exempted
Service of training/Coaching in Sports	by Recognised	Will be
	Charitable Trust	exempted
<b>ENTERTAINMENT</b>		Will be
Services by way of right to admission to- [consideration upto ₹ 500 per person]		exempted
(a) circus, dance, or theatrical performance (drama or ballet);		
(b) award function, concert, pageant, musical performance or any sporting event (other than a recognised sporting event);		
(c) Recognised sporting event;		
(d) Planetarium,		
<b>FIFA (MEN/WOMEN)</b>		Will be
Entry Fee (Ticket to FIFA Event U-17 World Cup 2017)		exempted
<b>AFC</b>		Will be
Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022		exempted
<b>FOLK / CLASSICAL ART</b>	By Folk/Classical	Will be
Service by Way of Folk/Clerical Performance, in Relation of "music"/Dance/Theatre, [consideration charged upto ₹1,50,000/- [If artist provides service as Brand Ambassador, then it will be taxable]	Artist	exempted
<b>RENTING, ACCOMODATION @ IMMOVABLE</b>		
<b>Service</b>	<b>Supplier and Recipient</b>	<b>Status</b>
<b>CONSTRUCTION (PMAY):</b>		Will be
Services by way of Pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, etc under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.		exempted
<b>CONSTRUCTION (KOTHI):</b>		Will be
Service by way of Pure Labour contracts (i.e. only service component) of Construction, commission, Erection,		exempted

Installation of original work (New work) of a SINGLE Residential UNIT [Note: Above service in relation to multi-unit / Multi stories building will be taxable].		
<b>LONG TERM ACCOMODATION:</b> Service By way of renting of Residential Property which is intended for long term use, for Residence purpose <b>Comment:</b> <ul style="list-style-type: none"> <li>• Where Recipient is a registered person,</li> <li>• being proprietor of a proprietorship concern and</li> <li>• rents the residential dwelling in his personal capacity</li> <li>• for use as his own residence</li> </ul> Then the transaction will be B to C basis hence Exempted.	on B to C basis [However, if rented on B-to-B basis then it will be taxable under RCM]	Will be exempted, <b>However following will not be covered here</b> [but will be discussed in next point] (a) Accommodation services for students in <b>student residences;</b> (b) Accommodation services provided by <b>Hostels, Camps, Paying Guest accommodations and the like.</b>
<b>TDR/FSI:</b> Service by way of TDR (transfer of development rights) or FSI (Floor Space Index), for construction of residential apartments, in a project, intended for sale, wholly or partly, [except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.]	By a promoter, to a buyer	Will be exempted
<b>Long Term Lease:</b> Service by way of granting of long-term lease (30yrs or more) (Consideration- Premium, salami, cost, price, development charges or by any other name payable), for construction of residential apartments, in a project, intended for sale, wholly or partly, [except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.]	By a promoter, to a buyer	Will be exempted

## Chapter 5 : Exemption

### Comment:

- Location charges/Preferential location charges (PLC) paid upfront in addition to the lease premium for long term lease of land constitute part of upfront amount charged for long term lease = Exempt.
- Sale of land = neither a supply of goods nor a supply of services (Schedule III) = No GST.
- Sale of developed land (after levelling, laying down of drainage lines etc.) = sale of land = (Schedule III) = No GST.
- Any service provided for development of land = Taxable.

### Supply of Accommodation services

- having value upto Rs 20,000 per person per month and
- Stay period is 90 days or more continuously

Any

Will be  
exempted

## TRANSPORTATION OF GOODS

Service	Supplier and Recipient	Status
<b>Transportation of Goods via-</b>		
<b>Jal:</b> INLAND WATER-WAYS only		
<b>Thal:</b> By Road- (Other than GTA & Courier) [However, transportation of goods by Rail will be taxable.]		
<b>Vayu:</b> By aircraft / vessel in relation to Import Cargo		
<b>Comment:</b> By aircraft / vessel in relation to Export Cargo will be taxable.		
<b>Satellite Launching:</b> Satellite launch services	By Any one	Will be exempted
<b>National Permit:</b> Services of granting National Permit to a goods carriage to operate through-out India / contiguous States		Will be exempted
<b>Transportation of specified Goods:</b> Transportation of specified goods by Rail / Vessel / GTA [Specified goods=Milk/Salt/Flour/Pulses/Rice/Agriculture Produce/ News Paper/ Magazines/ Relief Material/ Defence Material]		Will be exempted
<b>GTA Service to Recipient (unregistered):</b> Service by way of transportation of goods	By GTA, On b to C basis i.e. To unregistered person (including CTP of handicraft who is unregistered)	Will be exempted

<b>GTA Service to Govt.:</b> Service by way of transportation of goods in a goods carriage	By GTA, To a Dept./ Establishment of the CG/ SG/ UT, or to LA, or to Governmental Authority which has TDS Registration only.	Will be exempted
<b>Nepal / Bhutan:</b> Supply of service associated with Transit Cargo to and From NEPAL and Bhutan eg Service of transportation, insurance of transit cargo.)	By Indian Supplier	Will be exempted

**SOCIAL WELFARE**

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

## Chapter 5 : Exemption

welfare, charitable activities and protection of environment, against consideration in the form of membership fee upto an amount of one thousand rupees (₹ 1000/-) per member per year.

### BANKING

Service	Supplier and Recipient	Status
<b>Interest / forex:</b> Interest on Loan/Advance/Deposits Discount [interest in advance] on Bill Discounting [Note: Interest involve in credit card service=Taxable.] Commission on - Sale - purchase of foreign currency amongst Bank & Authorised dealers & Vice-Versa		Will be exempted
<b>JAN DHAN YOJANA</b> Service Under "PM Jan Dhan Yojana"	By Banking company to Account holder of "Basic Saving Bank Deposit"	Will be exempted
<b>CARD PROCESSING (Bank Charges)</b> Service By way of Card Transaction Processing where transaction Amount is upto ₹ 2000, [CARD = Credit Card, Debit Card & Other Cards]	By Bank,	Will be exempted
<b>Agency Service:</b> Any Services with respect to accounts in its rural area branch;	By Business facilitator/ correspondent to a banking company	Will be exempted
<b>Any intermediary Services</b> with respect to services mentioned above	By Any person as an intermediary to a business facilitator/ correspondent [ie Agent ka Agent]	Will be exempted
Any Services in a <b>rural area.</b>	By Business facilitator/ correspondent to an insurance company	Will be exempted
<b>IFS</b> (Intermediary of financial services) Services, in currencies other than Indian rupees (INR)]	By an intermediary of financial services (Located in a multi services SEZ with International Financial Services Centre (IFSC) status) to a customer	Will be exempted

	(located outside India for international financial services)	
INSURANCE		
Service	Supplier and Recipient	Status
<b>Annuity:</b> Services of life insurance business provided by way of annuity under the National Pension System		Will be exempted
<b>Group Insurance:</b> Services of life insurance business provided under the Group Insurance Schemes of the CG.	By the Army, Naval & Air Force, Central Armed Police Forces Group Insurance Funds, To members of the Army, Navy and Air Force, Coast Guard, Central Armed force.	Will be exempted
<b>Government Bodies Services:</b> Service provided [ESIC=Employee State Insurance Corporation/ EPFO= Employee Provident Fund Organisation/ CM-PFO= Coal Mines Provident Fund Organisation/ NPS=National Pension Scheme]	By following Government bodies- ESIC/ EPFO/CM- PFO/ NPS	Will be exempted
<b>General Insurance:</b> General Insurance Service under following specified Insurance scheme [Specified Schemes= HUT Insurance Scheme/Jan Arogya Bima Policy/ P.M. Suraksha Bima Yojana/Nirmaya Health Insurance Scheme/ Bangla SHASYA Bima Yojana]	To people covered under "Below poverty line" (BPL) or marginally upto BPL Category	Will be exempted
<b>Life Insurance:</b> Life Insurance Service (under specified Insurance Scheme) Specified Insurance Scheme: Jan Shree Bima Yojana/Aam Aadmi Bima Yojana/Life Micro Insurance product" (where Maximum cover is upto ₹ 200000) /	To person fall under BPL Category or marginally upto BPL Category etc.	Will be exempted

## Chapter 5 : Exemption

Varishtha Pension Bima Yojana /PM Jan Dhan Yojana / PM Vaya Vandan Yojana		
<b>Premium paid by Government:</b> Service By way of Insurance, where total premium is paid by CG/SG/UT.	By insurance company To Government	Will be exempted
<b>Re-Insurance:</b> Service By way of Re-Insurance of Insurance Service specified under above 3 rows (General Insurance / Life Insurance / Premium paid to Govt.)	-	Will be exempted
<b>Atal Pension:</b> Service under "ATAL Pension Yojana"	-	
<b>State Pension Scheme:</b> Service under "State Pension Yojana"		Will be exempted

### BUSINESS RELATED

Service	Supplier and Recipient	Status
<b>Transfer of Going Concern:</b> Service way of transfer of going concern		Will be exempted
<b>Hiring of Motor Vehicle:</b> Service of Hiring of Motor Vehicle having capacity of 13 or more	to State transport Undertaking	Will be exempted
Service of hiring of "E-Vehicle having capacity of 13 or more	To Local Authority	Will be exempted
Service of hiring of "Goods Transport Vehicle"	To Goods Transport Agency	Will be exempted
Service of Hiring of Motor Vehicle	To a person who is providing transportation service by way of Transportation of Student, Faculty, Staff to an Educational Institute i.e. school, college, Institution	Will be exempted
<b>Toll:</b> Service By way of "Access to a Road or a Bridge on Payment of Toll Charges		Will be exempted

## Chapter 5 : Exemption

<b>Comment:</b> Higher toll charges (Additional fee) from vehicles not having Fastag or in case of overload will be the part of toll charges and hence exempted from GST.		
<b>Incubatee:</b> Service by way of providing space /capital/ coaching/ Networking etc.	By startups from Incubator (R&D Centres e.g. Amity Noida, ITI Kharagpur, NDRI Karnal) Having Turnover in P.F.Y: Limited to ₹ 50 lakhs	will be exempted upto 50 lakh in CFY and this exemption will continue only upto 3 years
<b>Incubator:</b> Any Service	By an Incubator	will be exempted
<b>Legal Service:</b> Legal Service i.e. Any Service provided in Relation to Advice/Consultancy/Assistance and Includes Representation service	By Arbitral Tribunal/Advocates [Individual (Junior/Senior), Firm of Advocate] -To A Non-Business Entity or - To Government Department or - To a Business Entity having turnover in PFY limited to ₹ 10 lakh/20 lakh/40 Lakh	Will be exempted
<b>Comment:</b> However legal services by Senior advocate to senior / junior advocate or to firm of advocates will be taxable.		
<b>Business Exhibition:</b> Service, in Respect of a Business Exhibition held outside INDIA.	By an organiser (e.g. footwear association of INDIA). To any person (e.g. Footwear Manufacturer,	Will be exempted

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

Service	Supplier and Recipient	Status
<b>Import of Service:</b>	To --	Will be
Import of service, where Location of supplier is outside India., & location of Recipient is in INDIA,	⇒ Government (CG/SG/UT/LA/ Governmental Authority)	exempted
[Specified Person =	⇒ Individual (Using Service for Personal use)	
	⇒ Recognized Charitable Trust	
	⇒ Embassy (Use for official/ personal purpose)	
	⇒ United Nations/International organization (For Official use)	
	⇒ Special Economic Zone Developer/Unit)	
<b>Import of Service without any consideration</b>	From Related Person or Any of his other establishment outside India By Branch /Head Office of A Foreign Airline company in India	Will be exempted. [subject to conditions-] 1) In India GST on Transportation of Goods / Passenger in India is paid by Such company 2) It is to be certify by Ministry of Civil Aviation that Such Establish- ment in India is Designated by Foreign Govern- ment under Applicable Bilateral Air Service Agreement with India.

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

**Circular No. 234/28/2024: Clarifications regarding applicability of GST on certain services**

**Issue: Applicability of GST on the service of affiliation provided by universities to colleges:**

**Clarification:** It is hereby clarified that the affiliation services provided by universities to their constituent colleges are not covered within the ambit of exemptions provided to educational institutions and GST at the rate of 18% is applicable on the affiliation services provided by the universities.

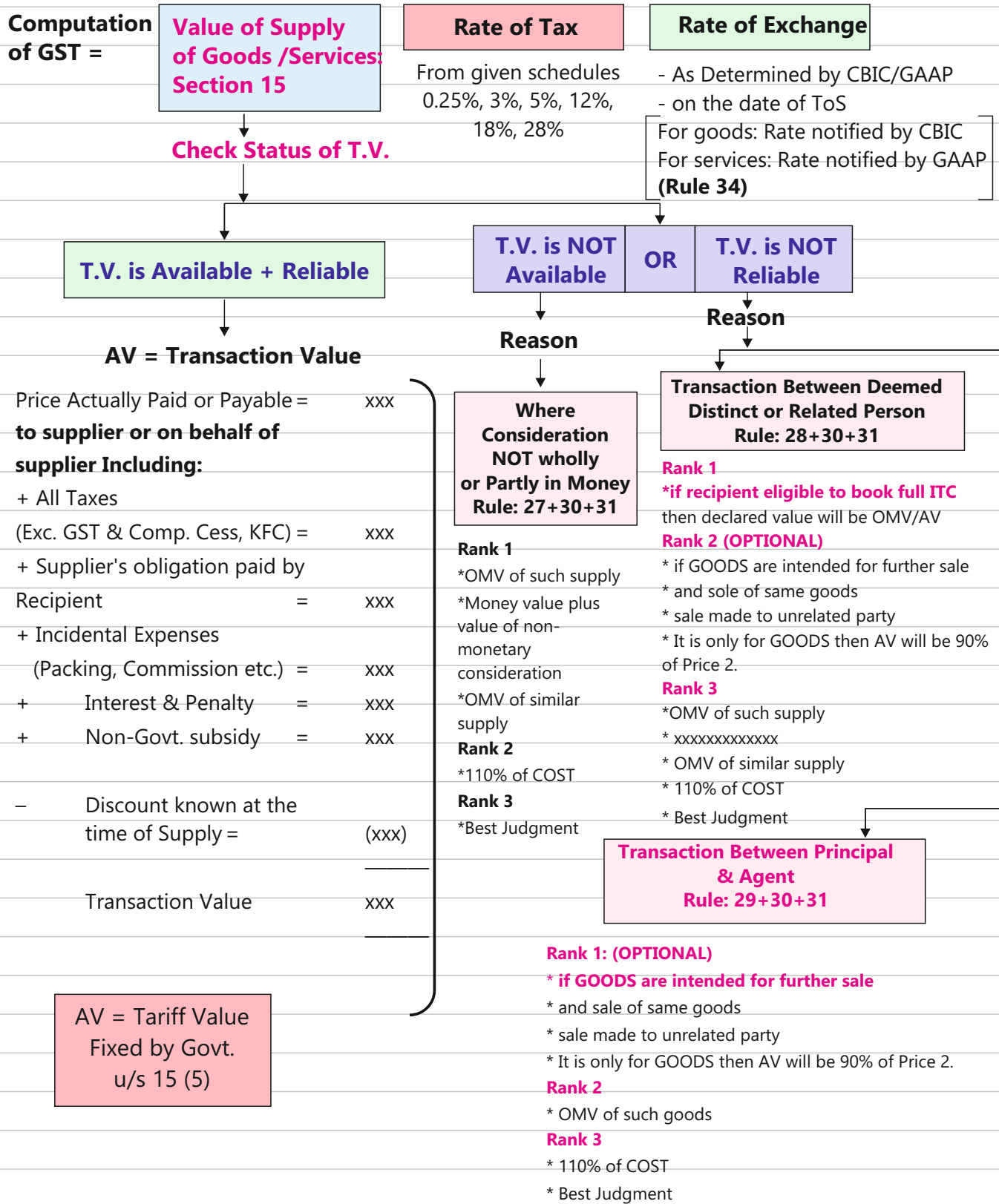
**Issue: Applicability of GST on the service of affiliation provided by Central and State educational boards or Councils, or other similar bodies, to schools:**

**Clarification:** It is clarified that services of affiliation, provided to schools by Central or State educational boards or councils, or other similar bodies, by whatever name called, are taxable.

**Issue: Applicability of GST on the Directorate General of Civil Aviation (DGCA) approved flying training courses conducted by Flying Training Organizations [FTOs] approved by the DGCA:**

**Clarification:** It is clarified that the approved flying training courses conducted by FTOs approved by DGCA, wherein the DGCA mandates the requirement of a completion certificate, are covered under Exemption.

**Chapter: 6 Computation of GST**



Note : Provisions of 110% of cost – [For Manufacturer and Trader –Mandatory and for service provider it is Optional

## Chapter 6 : Computation of GST

### Special rules provides value of supply

**Rule 31A:** Value of lottery in case of operated by Government and non-Government.

Lottery run by Govt. :  $AV = \text{Value (face value or value notified by Govt. Higher)} \times 100/128$

Lottery run by Non-Govt. (authorised by Govt.):  $AV = \text{Value (face value or value notified by Govt. : Higher)} \times 100/128$

**Rule 31B :** Value in case of online money Gaming

**Rule 31C :** Value in case of Casino

**Rule 32:** Forex dealing (2 methods), Air travel agents, insurance service, second hand goods, coupon, Repossessed goods. [Rule 32A - KFC]

**Rule 33:** Value in case of pure agent. (It will exclude expenses incurred as pure agent)

**Rule 35:** How to find out AV in case of cum GST value. [cum GST value  $\times 100/100 + \text{Rate of TAX}$ ]

### Section 15 with notifications and Circulars

Price actually paid or payable for supply of Goods /Services	XXX	
Adjustments ----		
Incidental expenses eg. packing, loading etc.	Includible	
Discount		
*Pre supply /At the time of supply	Excludible	
*Post Supply (Provide agreement in advance for the same and Receptient reduce corresponding ITC)	Excludible	
<b>Note:</b> No claim Bonus is a discount Hence deductible.		
Interest on		
*Delayed consideration and on credit card (Jab mila, jitna mila usko inclusive of GST maante hue GST Bharna hoga, if not received in actual, then no GST)	Includible	
*Loan /advances/deposits	Excludible	
Obligation /Liability of supplier paid by Receptient to III party on behalf of supplier	Includible	
Other taxes eg Excise duty, VAT, custom duty ie any other old taxes (However TCS is not a tax, Moreover TDS deducted by Receptient so no question at the end of supplier)	Includible	
*Unit linked Subsidy given by Government to supplier	Excludible	
*Otherwise subsidy	Includible	
Example: Given value: ₹10,000    Subsidy ₹ 1,000		
Given value is after considering	Given by Government	AV= 10,000
subsidy/ Net of subsidy	Given NON by Government	AV=11,000
Given value is Before considering	Given by Government	AV= 9,000
/deducting subsidy	Given NON by Government	AV=10,000

**Note:** Incentives received by the banks from Government to compensate bank charges which are transaction [Unit] linked will be called as subsidy and hence deductible.

**Circular No. 228/22/2024: 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.**

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.

**Circular No. 212/6/2024: Mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) [Reversal of ITC in case of POST Supply discounts] of the CGST Act, 2017 by the suppliers**

**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) for reversal of the input tax credit attributable to the said discount by the recipient, is satisfied.

**Clarification:** Presently, There is 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 [Post supply Discount] has been reversed [based on credit note] by the recipient or not.

Till the time a functionality/ facility is made available, 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.

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/ ICMAI website.

In cases, where the amount of tax (GST and including 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 Rs 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.

**Section 15(5): The Government, notifies the following supplies under the said sub-section, namely:—**

- |  |  |                  |
|--|--|------------------|
| <ul style="list-style-type: none"> <li>(i) Supply of online money gaming;</li> <li>(ii) Supply of online gaming, other than online money gaming; and</li> <li>(iii) Supply of actionable claims in casinos.</li> </ul> | <div style="border-left: 1px solid black; border-right: 1px solid black; border-bottom: 1px solid black; width: 100px; height: 40px; margin-left: 5px;"></div> | AV= Tariff Value |
|--|--|------------------|

**CGST Rules, 2017: Determination of Value of Supply**

**Rules 27: Value of supply of goods or services where the consideration is not wholly in money.**

Where the supply of goods or services is for a consideration not wholly in money, the value of the supply shall,-

**Rank: 1**

(a) Be the **Open Market Value** of such supply;

**Explanation (a)** open market value of a supply of goods or services or both means the full value in money, (excluding GST and cess) where the supplier and the recipient of the supply are not related and the price is the sole consideration.

(b) If the open market value is not available under clause (a) then value shall be the **Sum Total of Consideration** in money and any such further amount in money as is equivalent to the consideration not in money, if such amount is known at the time of supply;

(c) If the value of supply is not determinable under clause (a) or clause (b), be the value of supply of goods or services or both of **Like Kind and Quality**.

**Rank 2 and 3**

(d) **If the value is not determinable-**

- **under clause (a) or clause (b) or clause (c),**
- be the sum total of consideration in money and such further amount in money that is equivalent to consideration not in money as determined
- by the application of
  - **Rule 30 or**
  - **Rule 31 in that order.**

**Rule 28 : Value of supply of goods or services or both between distinct or related persons, other than through an agent**

(1) The value of the supply of goods or services or both--

- between **Distinct Persons** or
- where the supplier and recipient are **Related,**
- (other than where the supply is made through an agent)

shall-

**Rank 1**

Where the recipient is eligible for full input tax credit, **the value declared in the invoice shall be deemed to be the open market value of the goods or services.**

**Rank 2 [OPTIONAL]**

Where the **GOODS** are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to **90% of the price charged** for the supply of goods of like kind and quality by the recipient to his customer not being a related person:

**Rank 3**

- (a) Be the **Open Market Value** of such supply;
- (b) If the open market value is not available, be the value of supply of goods or services of **Like Kind and Quality**;
- (c) If the value is not determinable under clause (a) or (b), be the value as determined by the **application of**
  - **Rule 30 or**
  - **Rule 31, in that order:**

**Circular No. 210/4/2024: Clarification on valuation of supply of import of services by a related person where recipient is eligible to full input tax credit**

**Issue:** It has been represented that the same treatment, which is being given to domestic related parties/ distinct persons, may also be provided in cases where a foreign entity is providing service to its related party located in India, in cases where full ITC is available to the said recipient located in India.

**Clarification:** Import of Service - RCM - Self Invoicing

In case of import of services by a registered person in India from a related person located outside India, the tax is required to be paid by the registered person in India under reverse charge mechanism. In such cases, the registered person in India is required to issue self-invoice under [Section 31\(3\)\(f\) of CGST Act and pay tax on reverse charge basis.](#)

Declared Value (which may also be NIL) = AV : In view of the above, it is clarified that in cases where the foreign affiliate is providing certain services to the related domestic entity, and where full input tax credit is available to the said related domestic entity, the value of such supply of services declared in the invoice by the said related domestic entity may be deemed as open market value in terms of second proviso to [Rule 28\(1\) of CGST Rules.](#)

Further, in cases where full input tax credit is available to the recipient, if the invoice is not issued by the related domestic entity with respect to any service provided by the foreign affiliate to it, the value of such services may be deemed to be declared as Nil, and may be deemed as open market value in terms of second proviso to [Rule 28\(1\) of CGST Rules.](#)

**(2): Corporate Guarantee**

Value of service by supplier to recipient who is a related person LOCATED IN INDIA (Newly inserted)

- by way of providing Corporate Guarantee to any banking company or financial institution on behalf of said recipient
- shall be deemed to be 1% of the amount of such guarantee offered per Annum (Newly inserted) or actual consideration which ever is higher.

(Newly inserted) Provided that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be AV.

S.N.	Issue	Clarification
1	<p>Whether Rule 28(2) of CGST Rules will apply to the corporate guarantees issued prior to insertion of the said sub-rule on 26th October 2023?</p> <p>Also, where intra-group corporate guarantees have been issued before 26th October 2023, which are still in force today, would they be liable to pay GST on "1% of the amount of such guarantee offered" on such guarantees?</p>	<p>Rule 28(2) of CGST Rules is only for determination of the value of the taxable supply of providing corporate guarantee to any banking company or financial institution by a supplier to a related recipient, on behalf of the said recipient and not regarding the taxability of the said supply itself.</p> <p>Therefore, in respect of supply of services of providing corporate guarantee between related persons, in respect of corporate guarantee issued or renewed before 26th October 2023, the valuation of the said supply is to be done in accordance with Rule 28, as it existed during that time. However, if the corporate guarantee is issued or renewed on or after 26th October 2023, then the valuation of the said supply will be required to be done as per Rule 28(2) of CGST Rules.</p>
2	<p>In cases where the corporate guarantee is provided for a particular amount, whereas the loan is only partly availed or not availed at all by the recipient,</p>	<p>The activity of supply of the service of providing a corporate guarantee is not linked with the actual disbursement of the loan. The service that is provided by the guarantor to the guaranteee is that of taking on the risk of default. Therefore, it is clarified that the value of supply of the service of providing a corporate guarantee will be calculated based on the amount guaranteed and will not be based on the amount of loan actually disbursed to the recipient of the corporate</p>

	<p>what will be the value of supply of corporate guarantee. Also, whether the recipient would be eligible to avail full ITC even before total loan is disbursed?</p>	<p>guarantee.</p>
	<p>3 In the case of takeover of existing loans, since there is merely an assignment of an already issued corporate guarantee, whether GST would be applicable again?</p>	<p>.Therefore, if the loan issued by the banking company/ financial institution is taken over by another banking company/ financial institution, the said activity of taking over of the loan does not fall under the service of providing corporate guarantee to any banking company or financial institution by a supplier to a recipient.</p> <p>Therefore, it is clarified that in such cases, there will be no impact on GST, unless there is issuance of fresh corporate guarantee or there is a renewal of the existing corporate guarantee. However, if the takeover of the loan is followed/ accompanied by issuance of fresh corporate guarantee, then GST would be payable on the same.</p>
	<p>4 Where corporate guarantee is provided by more than one entity / co-guarantor, what is the amount on which GST is payable by each co-guarantor?</p>	<p>In cases where corporate guarantee is being provided by multiple related entities, the value of such services of providing corporate guarantee shall be the sum of the actual consideration paid/ payable to co-guarantors, if the said amount of total consideration is higher than one per cent of the amount of such guarantee offered. In cases where the sum of the actual consideration is less than one per cent of the amount of such guarantee offered, then GST shall be payable by each co-guarantor proportionately on one per cent of the amount guaranteed by them.</p> <p>For instance, if there are two co-guarantors, A and B, who jointly provide a corporate guarantee to a banking/ financial institution on behalf a related recipient C for Rs. 1 crore, then A and B shall each pay GST on 0.5% of the amount guaranteed.</p>

		<p>However, if in the above case of A and B providing corporate guarantee jointly to a banking/ financial institution on behalf a related recipient C for Rs 1 crore, A provides guarantee for 60% of the guarantee amount and B provides guarantee for the remaining 40% of the guaranteed amount, then GST shall be payable by A and B proportionately i.e., 0.6% and 0.4% of the amount guaranteed. This is to say that A shall pay GST on 1% of the amount guaranteed by A, i.e., 1% on Rs. 60 lakhs and B shall pay GST on 1% of the amount guaranteed by B, i.e., 1% on Rs. 40 lakhs.</p>
5	<p>Where intra-group corporate guarantee is issued, whether GST may be paid by the recipient under reverse charge, as in the absence of actual invoice and payment, the recipient entity may not be able to claim input tax credit of tax paid by the domestic guarantor?</p>	<p>It is clarified that in cases where domestic corporates issue intra-group guarantees, GST is to be paid under forward charge mechanism, and invoice is to be issued by the supplier of the service of providing corporate guarantee to the related recipient.</p> <p>However, in cases where such guarantee is provided by the foreign/ overseas entity for a related entity located in India, then GST would be payable under reverse charge mechanism, by the recipient of service, i.e., the related entity located in India.</p>
6	<p>Whether the discharge of tax liability on corporate guarantee @ 1% of such guarantee offered is to be done one time or on yearly basis or on monthly basis and when issued for a fixed term of say, 5 years or 10 years as per tenure of the</p>	<p>Rule 28(2) has been amended retrospectively with effect from 26th October 2023.</p> <p>It is clarified that the value of supply of the service of providing corporate guarantee to a banking company or a financial institution on behalf of a related recipient shall be 1% of the amount guaranteed per annum or the actual consideration, whichever is higher.</p> <p>The value of supply of the service of providing corporate guarantee to a banking company or a financial institution on behalf of a related recipient for a particular number of years shall be 1% of the amount of such guarantee offered multiplied by the number of years for which the said guarantee is offered or the actual</p>

	<p>loan?</p>	<p>consideration whichever is higher.</p> <p>In cases where the corporate guarantee is provided for a period less than a year, say 6 months (half a year), then in those cases as well, the valuation may be done on proportionate basis for the said period, i.e., in this case, the value of the said supply of services may be taken as half of one per cent of the amount of such guarantee offered (<math>6/12 * \text{one per cent}</math>), or the actual consideration, whichever is higher.</p> <p>To illustrate the same, if a corporate guarantee is issued for a period of say five years, then the value of such guarantee is to be calculated at one per cent per year of the amount of such guarantee offered, or the actual consideration, whichever is higher, i.e., the value of such corporate guarantee provided would be 5% of the amount guaranteed or the actual consideration, whichever is higher. Therefore, GST would be payable on such amount at the time of issuance of such corporate guarantee, i.e., 5% of the amount guaranteed or the actual consideration, whichever is higher.</p> <p>However, if a corporate guarantee is issued, say for a period of one year and is renewed five times, for a period of one year each, then tax would be payable on one per cent of the amount of such guarantee offered, or the actual consideration, whichever is higher, on the issue of such corporate guarantee in the first year as well as on every renewal in subsequent years.</p>
	<p>7 Whether the valuation in terms of Rule 28(2) of CGST Rules will apply to the export of the service of providing corporate guarantee between related persons?</p>	<p>The provisions of the said sub-rule shall not apply to the export of the services of providing corporate guarantee between related persons BUT Provisions of Rule 28(1) shall apply.</p>

<p><b>Rule 29: Value of supply of goods made or received through an agent</b></p>	<p>The value of supply of goods between the principal and his agent shall-</p> <p><b>Rank 1 [Optional]</b></p> <p>(a) Be the open market value of the goods being supplied, or at the option of the supplier, be <b>90% of the price charged</b> for the supply of goods of like kind and quality by the recipient to his customer not being a related person, where the goods are intended for further supply by the said recipient.</p> <p><b>Illustration:</b> A principal supplies groundnut to his agent and the agent is supplying groundnuts of like kind and quality in subsequent supplies at a price of ₹ 5000 per quintal on the day of the supply. Another independent supplier is supplying groundnuts of like kind and quality to the said agent at the price of ₹ 4550 per quintal. The value of the supply made by the principal shall be ₹ 4550 per quintal or where he exercises the option, the value shall be 90% of five thousand rupees i.e., <b>₹ 4500 per quintal.</b></p> <p><b>Rank 2 and 3</b></p> <p>(b) Where the value of a supply is not determinable under clause (a), the same shall be determined by the application of</p> <ul style="list-style-type: none"> <li>• <b>Rule 30 or</b></li> <li>• <b>Rule 31 in that order.</b></li> </ul>
<p><b>Rule 30: Value of supply of goods or services or both based on cost</b></p>	<p>Where the value of a supply of goods or services or both is not determinable by any of the preceding rules of this Chapter, the value shall be <b>110% of the cost of production or manufacture</b> or the cost of acquisition of such goods or the cost of provision of such services.</p>
<p><b>Rule 31: Residual method for determination of value of supply of goods or services or both</b></p>	<p>Where the value of supply of goods or services or both cannot be determined under rules 27 to 30, the same shall be determined <b>Using Reasonable Means.</b></p> <p><b>HOWEVER</b> in the case of supply of services, the supplier may opt for this rule, ignoring Rule 30.</p>
<p><b>Rule 31A: Value of supply in case of lottery, betting, gambling and horse racing</b></p>	<p>(1) The value in respect of supplies specified below shall be determined in the manner provided hereinafter.</p> <p>(2) The value of supply of lottery shall be deemed to be 100/128 of the face value of ticket or of the price as notified in the Official Gazette by the Organising State, whichever is higher.</p> <p><b>Organising State" means</b> the State Government which conduct the lottery either in its own territory or sells its tickets in the territory of any other state.</p> <p>(3) The value of supply of actionable claim in the form of chance to win in betting, gambling or horse racing in a race club shall be 100% of the face value of the bet or the amount paid into the totalisator.</p>

<p><b>Rule 31B: Value of supply in case of online gaming including online money gaming</b></p>	<p><b>Notwithstanding</b> anything contained in this chapter,</p> <ul style="list-style-type: none"> <li>⇒ the value of supply of <b>online gaming, including supply of actionable claims</b> involved in online money gaming,</li> <li>⇒ shall be the <b>total amount paid or payable to or deposited with the supplier</b> by way of money or money's worth, including virtual digital assets, by or on behalf of the player: <p><b>Provided that</b></p> <ul style="list-style-type: none"> <li>⇒ any <b>amount returned or refunded</b> by the supplier to the player for any reasons whatsoever,</li> <li>⇒ including player not using the amount paid or deposited with the supplier for participating in any event,</li> <li>⇒ <b>shall not be deductible from the value of supply</b> of online money gaming.</li> </ul> </li></ul>
<p><b>Rule 31C: Value of supply of actionable claims in case of casino</b></p>	<p><b>Notwithstanding</b> anything contained in this chapter,</p> <ul style="list-style-type: none"> <li>⇒ the value of supply of <b>actionable claims in casino</b></li> <li>⇒ shall be the <b>total amount paid or payable by or on behalf of the player</b> for -</li> </ul> <p>(i) Purchase of the tokens, chips, coins or tickets, by whatever name called, for use in casino; or</p> <p>(ii) Participating in any event, including game, scheme, competition or any other activity or process, in the casino, in cases where the token, chips, coins or tickets, by whatever name called, are not required:</p> <p><b>Provided that</b></p> <ul style="list-style-type: none"> <li>⇒ Any amount returned or refunded by the casino to the player on return of token, coins, chips, or tickets, as the case may be, or otherwise,</li> <li>⇒ shall not be deductible from the value of the supply of actionable claims in casino.</li> </ul> <p><b>Explanation.</b> - For the purpose of Rule 31B and Rule 31C,</p> <ul style="list-style-type: none"> <li>⇒ Any <b>amount received by the player</b> by winning any event, including game, scheme,</li> <li>⇒ competition or any other activity or process,</li> <li>⇒ which is used for playing by the said player <b>in a further event without withdrawing,</b></li> <li>⇒ shall not be considered as the amount paid to or deposited with the supplier by or on behalf of the said player."</li> </ul>

**Rule 32:**  
**Determination of value in respect of certain supplies**

(1) The value in respect of supplies specified below shall, at the option of the supplier, be determined in the manner provided hereinafter.

(2) The value of supply of services in relation to the purchase or sale of foreign currency, including money changing, shall be determined by the supplier of services in the following manner, namely:-

(a)

For a currency, when exchanged from, or to, <b>Indian Rupees, (INR)</b>	The value shall be <b>equal to the difference</b> in the buying rate or the selling rate, as the case may be, and the Reserve Bank of India reference rate for that currency at that time, multiplied by the total units of currency.
Provided that in case where the Reserve Bank of India <b>Reference Rate for a currency is not available,</b>	The value shall be <b>1% of the gross amount</b> of Indian Rupees provided or received by the person changing the money:
Provided further that in case where <b>neither of the currencies exchanged is Indian Rupees,</b>	The value shall be equal to <b>1% of the lesser</b> of the two amounts the person changing the money would have received by converting any of the two currencies into Indian Rupee on that day at the reference rate provided by the RBI.

**Lock in Period:** Provided also that a person supplying the services may exercise the option to ascertain the value in terms of clause (b) for a financial year and such option shall not be withdrawn during the remaining part of that financial year.

**(b) AT THE OPTION** of the supplier of services, the value in relation to the supply of foreign currency, including money changing, shall be deemed to be-

(i) For an amount up to ₹1,00,000	<b>1% of the gross amount</b> of currency exchanged, (Subject to a minimum amount of ₹ 250)
(ii) For an amount exceeding ₹ 1,00,000 and up to ₹ 10,00,000	<b>1000 and 0.5%</b> of the gross amount of currency exchanged and
(iii) For an amount exceeding 10,00,000	<b>₹5,500 and 0.10%</b> of the gross amount of currency exchanged (Subject to a maximum amount of ₹ 60,000)

**Analysis**

**FOREX TRANSACTIONS**

**RULE : 32 PROVIDES : Other Options to Compute GST (OPTIONAL)**

**OPTION : A**

<ul style="list-style-type: none"> <li>Where INR Involved in the Transaction : <math>\left[ \begin{array}{l} \text{TV} \\ \text{(INR)} \\ \text{P.U} \end{array} \begin{array}{l} \text{Reference Rate} \\ \text{P.U} \end{array} \begin{array}{l} \text{RBI} \\ \text{P.U} \end{array} \right] * \text{No. of Units}</math></li> </ul>
<ul style="list-style-type: none"> <li>Where RBI Reference Rate N/A : <math>\left[ \begin{array}{l} \text{TV} \\ \text{(INR)} \\ \text{P.U} \end{array} \begin{array}{l} *1\% \end{array} \right] * \text{No. of Units}</math></li> </ul>
<ul style="list-style-type: none"> <li>Where INR Not Involved : <math>\text{FC}[\\$] * \text{RBI Reference Rate} = \text{INR Value}</math>  <math>\text{FC}[\text{€}] * \text{RBI Reference Rate} = \text{INR Value}</math> </li> </ul> <p style="text-align: right;">} Whichever is lower [INR] *1%</p>

**Questions:** XYZ Money Changer: find AV for the Transaction held in May, 2018.

- (i) Sold 10,000 USD @ 1 USD = 56/-  $[56 - 55] * 10000 = 10000$
- (ii) Purchase 1000 EURO @ 1 EURO = 70/-  $[70 - 71] * 1000 = 1000$
- (iii) Purchase 1000 GBP @ 1 GBP = 80/-  $[80 - 81] * 1000 = 1000$
- (iv) Sold 50,000 Unit of Currency "ABC" @ 1 "ABC" = 15/-  $[15 * 1\%] = 50,000 = 7500$
- (v) Sold Out 10,000 USD for 6800 GBP  $10000 \text{ USD} * 55 = 550,000/-$

RBI Reference Rate : USD = 55			
EURO = 71	$6800 \text{ GBP} * 81 = 550800/-$		$550000 * 1\%$
GBP = 81			$= 5500$

**Total Assessable value: 25,000**

**Air Travel Agent: (3)** The value of the supply of services in relation to booking of tickets for travel by air provided by an air travel agent shall be deemed to be an amount calculated at the rate of

- **5% of the basic fare** in the case of domestic bookings, and
- at the rate of **10% of the basic fare** in the case of international bookings of passage for travel by air.

**Explanation:** For the purposes of this sub-rule, the expression "basic fare" means that part of the air fare on which commission is normally paid to the air travel agent by the airlines.

**Life Insurance Business: (4)** The value of supply of services in relation to life insurance business shall be,—

(a) If <b>such an amount is intimated to the policy holder</b> at the time of supply of service.	The gross premium charged from a policy holder <b>reduced by</b> the amount allocated for investment, or savings on behalf of the policy holder,
(b) In case of single premium annuity policies <b>other than (a),</b>	<b>10% of single premium</b> charged from the policy holder; or

(c) In all other cases,

**25% of the premium charged** from the policy holder in the first year and **12.5% of the premium** charged from the policy holder in subsequent years:

**Provided that nothing contained in this sub-rule shall apply** where the entire premium paid by the policy holder is only towards the risk cover in life insurance.

**Sale Purchase of Second Hand Goods (5)** Where a taxable supply is provided by a person **dealing in buying and selling of second hand goods i.e., used goods** as such or after such minor processing which does not change the nature of the goods and where no input tax credit has been availed on the purchase of such goods,

- The value of supply shall be the difference between the selling price and
- The purchase price and where the value of such supply is negative, it shall be ignored.

**Question:** Mr. Kala is a proprietor of M/s. Kala & Associates registered in GST which deals in sale/purchase of used or second hand cars. During financial year 2017-18, he effected following intra-State transactions:

Particulars	Purchase Price	Sale Price
Car 1	₹ 5,00,000	₹ 7,50,000
Car 2	₹ 3,00,000	₹ 2,75,000
Car 3	₹ 6,00,000	₹ 6,50,000
Car 4	₹ 8,00,000	₹ 9,50,000

Mr. Kala purchased Car 4 from another registered person who charged GST of ₹ 1,30,000 and accordingly Mr. Kala has availed the input credit of the same.

Mr. Kala is not familiar with GST provisions hence he has approached you for determining his GST liability. Assume applicable rate of tax is 18%.

**Ans**

Particulars	Purchase Price	Sale Price	Provision	Value Addition	Tax
Car 1	₹5,00,000	₹ 7,50,000	Rule 32	2,50,000	45,000
Car 2	₹ 3,00,000	₹ 2,75,000	Rule 32	Negative value addition = Nil	Nil
Car 3	₹ 6,00,000	₹ 6,50,000	Rule 32	50,000	9,000
Car 4	₹ 8,00,000	₹ 9,50,000	Normal Provision as ITC has been availed		

**Goods Repossessed:** Provided that the purchase value of goods repossessed from a defaulting borrower, who is not registered, for the purpose of recovery of a loan or debt shall be deemed to be the purchase price of such goods by the defaulting borrower **reduced by 5% points for every quarter or part thereof, between the date of purchase and the date of disposal by the person making such repossession.**

**Question:** Mr. X purchased a car value ₹ 40 lakh on 01/07/2017. He took a loan from HDFC Bank of ₹ 32 lakh for the same which was payable in 60 equal installment. Later on Mr. X unable to pay the Installment and the car Repossessed by the financer on 15/02/2018 and HDFC sold out such Used car on 10/09/18 for ₹ 31,00,000. Calculate the amount of GST to be paid by HDFC Bank.

**Ans:**

Sale price of Car:	= 31,00,000
Less: Cost Price	= 30,00,000
Value Addition	= 1,00,000

**Cost Price of CAR: U/R 32**

Value of new car	: 40,00,000
Less: 5% Per quarter or part thereof from 01/07/17 to 10/09/18 ie 5 Quarters (40,00,000 *5*5%)	= 10,00,000
Net Cost	= 30,00,000

**Voucher/coupon:** (6) The value of a token, or a voucher, or a coupon, or a stamp (other than postage stamp) which is redeemable against a supply of goods or services or both shall be equal to the money value of the goods or services or both redeemable against such token, voucher, coupon, or stamp.

**Example:** Face value of coupon = ₹ 1,000

Purchasing power: May buy a shirt of ₹ 1,200

AV of coupon =

**Notified service provider, where ITC availed** (7) The value of taxable services provided by such class of service providers as may be notified by the Government, on the recommendations of the Council, as referred to in paragraph 2 of Schedule I of the said Act **between distinct persons as referred to in section 25, where input tax credit is available, shall be deemed to be NIL.**

**Rule:32A Value of supply in cases where Kerala Flood Cess is applicable**

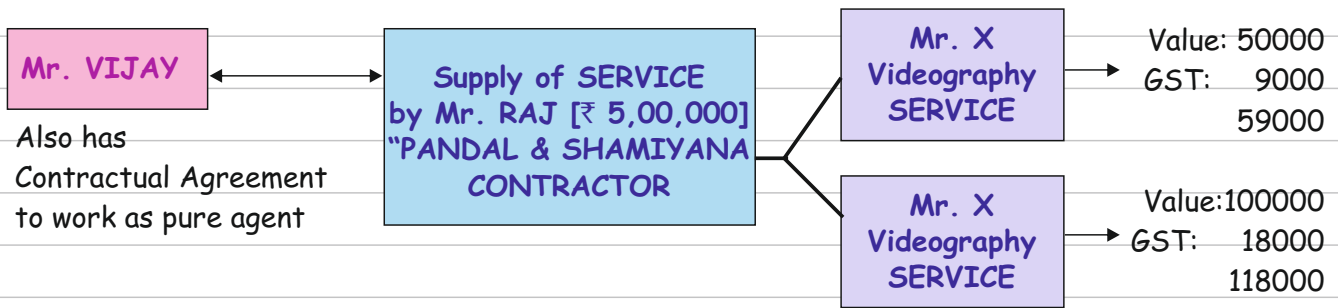
The value of supply of goods or services or both on which Kerala Flood Cess is levied under clause 14 of the Kerala Finance Bill, 2019 shall be deemed to be the value determined in terms of section 15 of the Act, **but shall not include the said cess.**

**Notes:**

- (1) Kerala was badly affected by flood in august 2018.
- (2) So to compensate the loss due to flood state government introduced KFC [General Rate @1%] and KFC revenue will goes to KERALA ONLY.

	<p>(3) KFC applicable on all intra state supplies of goods and services within kerala @ B to C transactions under Regular Scheme to pay tax.</p> <p>(4) It will remain inforce only for 2 years.</p> <p>(5) KFC need to be shown separately in the invoice.</p> <p>It will be calculated as per the manner prescribed under Rule 32A.</p>
<p><b>Rule 33: Value of supply of services in case of pure agent</b></p>	<p>The expenditure or costs incurred by a supplier as a pure agent of the recipient of supply <b>shall be excluded from the value of supply, if all the following conditions are satisfied, namely, -</b></p> <p>(i) The supplier acts as a pure agent of the recipient of the supply, when he makes the payment to the third party on authorisation by such recipient;</p> <p>(ii) The payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service; and</p> <p>(iii) The supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.</p> <p><b>Explanation.</b>—For the purposes of this rule, the expression <b>“Pure Agent”</b> means a person who—</p> <p>(a) Enters into a <b>Contractual Agreement</b> with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;</p> <p>(b) <b>Neither intends to hold nor holds</b> any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;</p> <p>(c) <b>Does not use for his own interest</b> such goods or services so procured; and</p> <p>(d) <b>Receives only the actual amount</b> incurred to procure such goods or services in addition to the amount received for supply he provides on his own account.</p> <p><b>Illustration:</b> Corporate services firm A is engaged to handle the legal work pertaining to the incorporation of Company B. Other than its service fees, A also recovers from B, registration fee and approval fee for the name of the company paid to the Registrar of Companies. The fees charged by the Registrar of Companies for the registration and approval of the name are compulsorily levied on B. A is merely acting as a pure agent in the payment of those fees. Therefore, A's recovery of such expenses is a disbursement and not part of the value of supply made by A to B.</p>

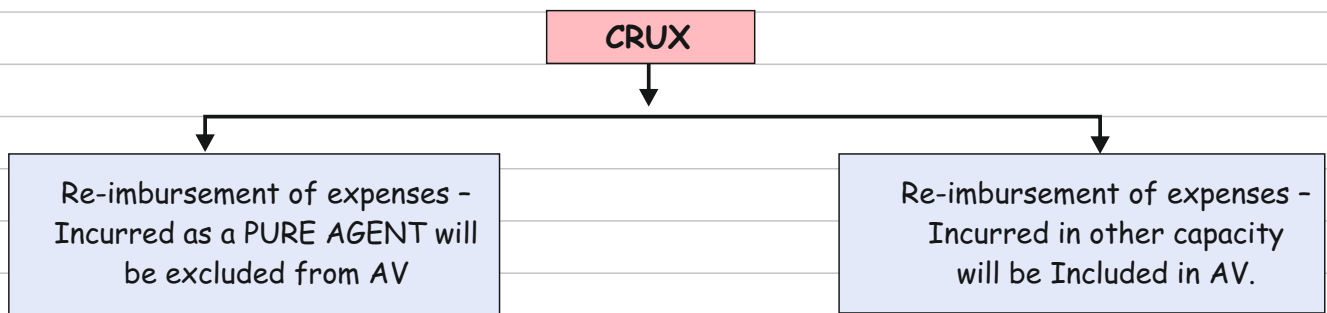
Analysis of Rule 33: Treatment of Expenses Incurred as PURE AGENT



INVOICE

Value :	500000	* Billing By III Party (X & Y)
+ <u>Re-imburement</u>		in the name of Mr. VIJAY
Service:	59,000	* Mr. Vijay liable to pay ₹ 1,77,000
Goods:	<u>1,18,000</u> <u>177000</u>	to III Party.
	677000	* Mr. Vijay requested Mr. RAJ
+ GST on ₹ 5,00,000	90,000	to make payment to III Party on
	<u>7,67,000</u>	his Behalf -
		* Later on Mr. Vijay Re-imburse the same
		₹ 177000 to Mr. RAJ

CRUX



PURE AGENT:

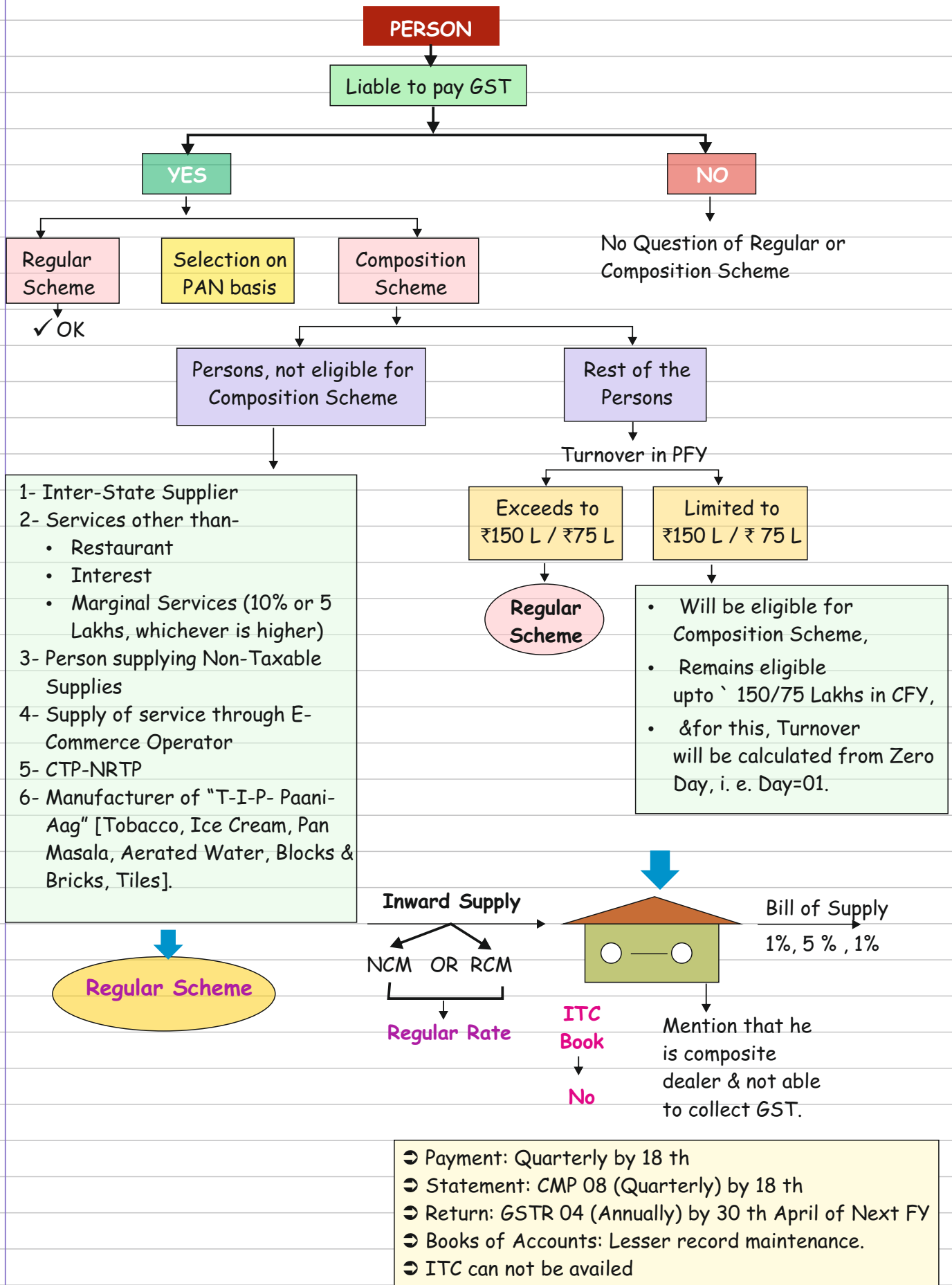
**Payment:** Arrange goods/Service for his client (Vijay) From III Party (X & Y) & make payment to III party on behalf of client & Recover such Amount without any commission.

+

**User:** Real User/Consumer of goods/Service Procured from III Party is client (Vijay)

<p><b>Rule 34: Rate of exchange of currency, other than Indian rupees, for determination of value</b></p>	<p>(1) <b>For goods:</b> The rate of exchange for determination of value of taxable goods shall be the applicable rate of exchange as <b>notified by the Board under section 14 of the Customs Act, 1962</b> for the date of time of supply of such goods in terms of section 12 of the Act.</p> <p>(2) <b>For Services:</b> The rate of exchange for determination of value of taxable services shall be the applicable rate of exchange determined as per the <b>generally accepted accounting principles</b> for the date of time of supply of such services in terms of section 13 of the Act.</p>
<p><b>Rule 35: Value of supply inclusive of integrated tax, central tax, State tax, Union territory tax</b></p>	<p>Where the value of supply is inclusive of integrated tax or, as the case may be, central tax, State tax, Union territory tax, the tax amount shall be determined in the following manner, namely,—</p> <p><b>Tax amount = (Value inclusive of taxes X tax rate in % of IGST or, as the case may be, CGST, SGST or UTGST) ÷ (100+ sum of tax rates, as applicable, in %)</b></p>

**Composition Scheme**



### Analysis Of Concept of Composition Scheme

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

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

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

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

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

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

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

**In PFY-** Aggregate turnover (all outward supplies i.e. taxable, exempted etc)

does not exceed to - ₹ 75 Lakh/150 lakh, And he shall remain eligible upto ₹150lakh/ ₹75lakh in CFY.

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

#### **Notes:**

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

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

### COMPOSITION SCHEME

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

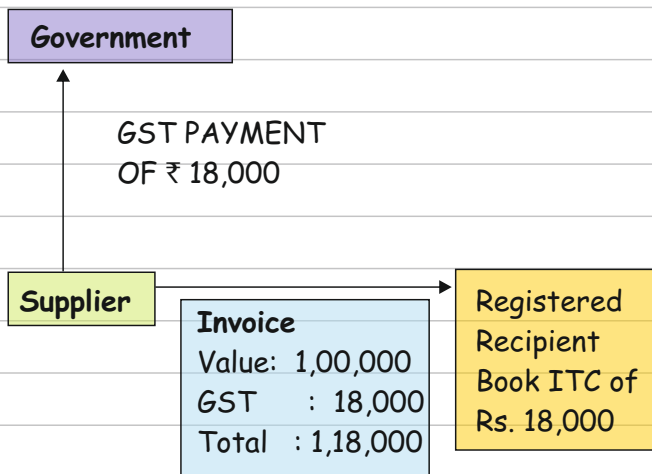
#### Differences between goods focused and Service focused scheme

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

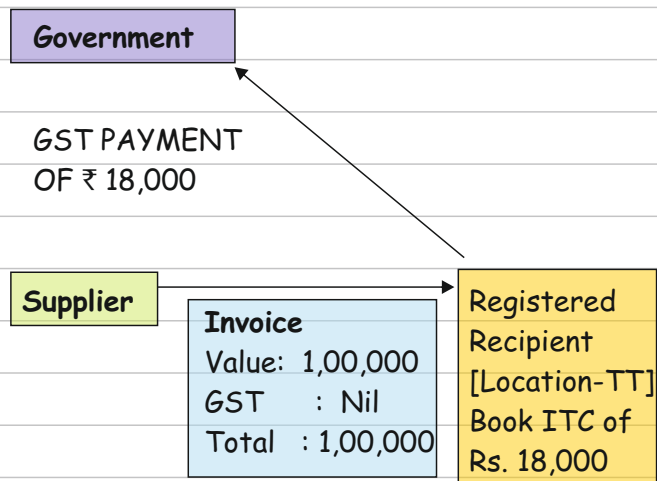


**Chapter: 7 Reverse Charge Mechanism**

**NCM/FCM CASES**



**RCM CASES**



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

**Crux:**

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

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

## Chapter: 7 Reverse Charge Mechanism

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

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

## Chapter: 7 Reverse Charge Mechanism

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

## Chapter: 7 Reverse Charge Mechanism

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

## Chapter: 7 Reverse Charge Mechanism

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

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

## Chapter: 7 Reverse Charge Mechanism

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

## Chapter: 7 Reverse Charge Mechanism

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

## Chapter: 7 Reverse Charge Mechanism

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

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

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

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

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

**Circular No. 201/13/2023: Whether services supplied by director of a company in his personal capacity such as renting of immovable property to the company or body corporate are subject to Reverse Charge mechanism:**

It is hereby clarified that

- ⇒ services supplied by a director of a company or body corporate
- ⇒ to the company or body corporate in his private or personal capacity
- ⇒ such as services supplied by way of renting of immovable property to the company or body corporate
- ⇒ are not taxable under RCM.

Only those services supplied by director of company or body corporate, which are supplied by him as or in the capacity of director of that company or body corporate shall be taxable under RCM.

### Reverse charge on Goods

SN	Supplier of goods	Description	Recipient of Goods
1.	Agriculturist	- Tobacco Leaves - Tendu Leaves - Raw Cotton - Cashew Nuts	Any Registered Person [ie B to B supply]
2	Government [CG/SG/UT/LA] Except Indian Railway	- Used Vehicle, Seized and confiscated Vehicle Vehicle -Old and Used Goods, Waste and Scrap	Any Registered Person [ie B to B supply] Note: If it is B to C then Forward charge shall apply.
3	Manufacturer of silk yarn from Raw silk	- Silk yarn	Any Roistered Person [ie B to B supply]
4	Note: RCM also applicable on suply of P.S.L.C. [Priority Sector Landing Certificate ]		
5	Unregistered Person	Metal Scrap	Registered Person