

AMENDMENTS

CA/CMA/CS Inter: For Sep. 2025 Exam

Amendment from 01/11/24 to Up to 28/02/2025

GST: CHAPTER WISE AMENDMENTS

Introduction	
Constitution	
Definitions	
Goods and services	<p>Section 9(1): words added</p> <p>GST shall levied on all goods and services except 5 petroleum products, alcoholic liquor for human consumption <u>and un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption.</u></p>
Supply	<p>Schedule III: Negative List of supply [2 points Newly added]</p> <p>a) Activity of apportionment of co-insurance premium</p> <ul style="list-style-type: none">■ by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer■ to the insured in co-insurance agreements,■ subject to the condition that the lead insurer pays the GST <u>on the entire amount</u> of premium paid by the insured. <p>b) Services by insurer to the reinsurer</p> <ul style="list-style-type: none">■ for which ceding commission or the reinsurance commission is deducted■ from reinsurance premium paid by the insurer to the reinsurer,■ subject to the condition that the GST is paid by the reinsurer <u>on the gross reinsurance</u> premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.
Place of supply	<p>Circular No. 242/36/2024: Clarification on place of supply of Online <u>Services [OIDAR]</u> supplied by the suppliers of services to unregistered recipients</p> <p>Issue: References have been received from field formations regarding non-compliance of provisions of mandatory recording of correct place of supply on the invoices by the suppliers in respect of online services provided by them, either themselves or through electronic commerce operators, to unregistered recipients due to wrong interpretation of provisions of <u>section 12(2)(b)</u> of IGST Act read with <u>Rule 46</u> .</p> <p>It has also been mentioned that though in such cases of taxable online supplies of services to unregistered recipients, registered suppliers are required to mention State name of the recipient on the invoice, irrespective of the value of such supply, and declare place of</p>

	<p>supply of such services as the State of the recipient as per the provisions of section 12(2)(b)(i) of IGST Act but many suppliers are not recording the State name of the unregistered recipient on the invoice and are declaring place of supply of such services as the location of the supplier.</p> <p>This is resulting in wrong declaration of place of supply, resulting in flow of revenue in respect of the said supply to the wrong State. Request has been made to clarify the issue so as to ensure correct declaration of place of supply by the suppliers of such services to unregistered recipients.</p> <p>Some of the examples of such services are subscription of e-newspapers and e-magazines, online subscription of entertainment services (e.g. OTT platforms), online telecom services, digital services through mobile applications etc.</p> <p>Answer: A conjoint reading of Section 12(2)(b) of the IGST Act, Section 31(2) and proviso to Rule 46(f) -- leads to a conclusion that in respect of supply of services made to unregistered persons,</p> <ul style="list-style-type: none"> ■ irrespective of the value of the said supply, the supplier is required to mandatorily record the name of the State of the unregistered recipient on the tax invoice, in cases involving supply of online money gaming or supply of taxable services by or through an electronic commerce operator or supply of online information and database access or retrieval (OIDAR) services. ■ Recording of the name of State of the unregistered recipient on the tax invoice in respect of such supply of services shall be deemed as the address on record of the recipient for the purpose of determination of place of supply of the said services under section 12(2)(b) of IGST Act. ■ Accordingly, in such cases, the place of supply of such services shall be considered as the location of the recipient of the services as per provisions of section 12(2)(b)(i) of IGST Act. ■ It is also mentioned that if the supplier fails to issue invoice in accordance with the said provisions by not recording correct mandatory particulars, including recording of name of State of unregistered recipient in respect of such supplies, he may be liable to penal action under the provisions of section 122(3)(e) of CGST Act. <p>It is also observed that all services supplied to unregistered recipients over digital or electronic network, either by the supplier using his own digital or electronic facility / platform or through any other electronic or digital platform owned and operated by an independent electronic commerce operator, will be covered under proviso to rule 46(f) of CGST Rules.</p>						
<p>TAXABLE PERSON</p>							
<p>Exemptions Section:11 E/N: 12/2017</p>	<p>Correction:</p> <table border="1" data-bbox="267 1690 1583 1948"> <tr> <td data-bbox="267 1690 592 1948"> <p>Agriculture</p> </td> <td data-bbox="592 1690 909 1948"> <p>[Newly added] Electricity related services like-- - Renting of metering equipment.</p> </td> <td data-bbox="909 1690 1226 1948"> <p>by electric transmission and-OR distribution utility to their consumers</p> </td> <td data-bbox="1226 1690 1583 1948"> <p>Will be exempted.</p> </td> </tr> </table>			<p>Agriculture</p>	<p>[Newly added] Electricity related services like-- - Renting of metering equipment.</p>	<p>by electric transmission and-OR distribution utility to their consumers</p>	<p>Will be exempted.</p>
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	<ul style="list-style-type: none"> - Testing for meters, Transformers, capacitor etc. - Shifting of meter/ service lines. - Issuing duplicate bill etc. 		
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General Insurance: [Newly added:]

Services of insurance provided by

- the Motor Vehicle Accident Fund,
- (constituted under section 164B of the Motor Vehicles Act, 1988),
- against contributions made by insurers
- out of the premiums collected for third party insurance of motor vehicles
- Will be exempted.

Addition

<p>[Substitute] 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</p>	<p>By NSDC, NCVT, Awarding Body Recognized by NCVET, A Training body accredited by NCVET. [National Council for Vocational Education and Training], a training partner approved by the National Skill Development Corporation."</p>	<p>will be exempted.</p>
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Circular No. 245/02/2025

Question. Applicability of GST on penal charges being levied by the Regulated Entities (REs) in view of RBI instructions dated 18.08.2023 directing such Regulated Entities (REs) to levy penal charges in place of penal interest.

Regulated Entities (REs) such as banks and non-banking financial companies (NBFCs) have been instructed, vide RBI instructions dated 18.08.2023, to discontinue the use of penal interest for non-compliance with loan terms.

[As per the instructions, instead of penal interest, REs are to levy penal charges for non-compliance with loan terms. The intent of levying penal charges is essentially to inculcate a sense of credit discipline. These instructions are effective from 01.01.2024, and do not apply to credit cards, external commercial borrowings, trade credits and structured obligations which are covered under product specific directions.]

Answer: it is hereby clarified that no GST is payable on the penal charges levied by Regulated Entities, in compliance with RBI directions dated 18.08.2023, for non-compliance with material terms and conditions of loan contract by the borrower.

Question: Whether GST exemption is available to payment aggregators in relation to settlement of an amount, up to 2,000 rupees in a single transaction, transacted through credit card, debit card, charge card or other payment card services?

	<p>Answer: it is hereby clarified that GST exemption [Related to INR 2000] is available to RBI regulated Payment Aggregators (PAs) in relation to settlement of an amount, up to 2000 rupees in a single transaction, transacted through credit card, debit card, charge card or other payment card services, as PAs fall within the definition of ‘acquiring bank’.</p> <p>It is also clarified that this exemption is limited to payment settlement function only, which involves handling of money, and does not cover Payment Gateway (PG) services.</p> <p>Question: MCD is receiving the services such as housekeeping, civil maintenance, furniture maintenance and horticulture, from facility management agency, for the upkeep of their office. MCD has sought clarification as to whether such services received by them are exempt from GST? [These services are not supplied in relation to performing any functions entrusted to a Municipality under Article 243W of The Constitution of India.]</p> <p>Answer: it is hereby clarified that GST is applicable on the services provided by facility management agency to MCD, Delhi HQ for upkeep of its head quarter building at applicable rates as these services are not covered under exemption.</p> <p>Question: Whether Delhi Development Authority (DDA) is a local authority as per section 2(69) of the CGST Act, 2017?</p> <p>Answer: DDA does not meet the requirement of local authority. Thus, it is hereby clarified that DDA cannot be treated as local authority under GST law.</p>							
Valuation/ Computation								
RCM	<p>Addition</p> <table border="1" data-bbox="272 1073 1549 1247"> <tr> <td data-bbox="272 1073 699 1247">Services provided by way of sponsorship to any body corporate or partnership firm.</td> <td data-bbox="699 1073 1122 1247">Any person [other than a body corporate]</td> <td data-bbox="1122 1073 1549 1247">Any body corporate or partnership firm located in the taxable territory.</td> </tr> </table> <p>Addition</p> <table border="1" data-bbox="272 1310 1549 1484"> <tr> <td data-bbox="272 1310 337 1484">5 A B</td> <td data-bbox="337 1310 748 1484">Service by way of renting of [any immovable property] other than residential dwelling.</td> <td data-bbox="748 1310 1084 1484">Any unregistered person</td> <td data-bbox="1084 1310 1549 1484">Any registered person.” other than a person who has opted to pay tax under composition levy”</td> </tr> </table>	Services provided by way of sponsorship to any body corporate or partnership firm.	Any person [other than a body corporate]	Any body corporate or partnership firm located in the taxable territory.	5 A B	Service by way of renting of [any immovable property] other than residential dwelling.	Any unregistered person	Any registered person.” other than a person who has opted to pay tax under composition levy”
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Invoice	<p>Section 31(3) - TAX INVOICE, CREDIT AND DEBIT NOTES</p> <p>Clause (f): Self Invoicing</p> <p>A registered person who is liable to pay tax under section 9 (3) or (4) [RCM] shall-</p> <ul style="list-style-type: none"> ● with in 30 days ● from the date of receipt of the said supply of goods or services as per Rule 47A ● issue an invoice in respect of goods or services or both received by him ● from “the supplier who is not registered” <u>Including the supplier who is registered solely for the purpose of deduction of tax under section 51</u> ● on the date of receipt of goods or services or both; 							

	<p><u>After clause (s), the second proviso shall be omitted:</u></p> <p>"Provided further that where an invoice is required to be issued under clause (f) of sub-section (3) of section 31, a registered person may issue a consolidated invoice at the end of a month for supplies covered under sub-section (4) of section 9, the aggregate value of such supplies exceeds rupees five thousand in a day from any or all the suppliers:"</p>
Time of supply	<p>Amendment of section 13</p> <p>(3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:—</p> <p>(a) The date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or</p> <p>(b) The date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof <u>by the supplier, in cases where invoice is required to be issued by the supplier; or</u></p> <p><u>(c) The date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient:</u></p> <p>Provided that where it is not possible to determine the time of supply under clause (a) or clause (b) <u>or clause (c)</u>, the time of supply shall be the date of entry in the books of account of the recipient of supply:</p>
Input tax credit	<p>Circular No. 241/35/2024: Clarification on availability of input tax credit as per section 16(2)(b) of the CGST Act, 2017 [Supply must be received] in respect of goods which have been delivered by the supplier at his place of business under Ex-Works Contract</p> <p>Issue: It has been stated that in automobile sector, the contract between the automobile dealers and the Original Equipment Manufacturers (OEMs) is generally an Ex-Works (EXW) contract, and as per the terms of the contract, the property in goods (i.e. vehicles) passes to the dealer at the factory gate of the OEM, when the goods are handed over to the transporter at the instance of the dealer, and the delivery on the part of the OEM is complete at his factory gate.</p> <p>The transport may be arranged by the OEM on behalf of the dealer and where insurance is arranged, it may also be done on behalf of the dealer. Any claim in case of loss has to be lodged by the dealer.</p> <p>The dealer also duly accounts for the invoice in his books of accounts on such delivery of the vehicles at the factory gate of the OEM. The dealer avails ITC on the date the vehicles are billed to him and handed over to the transporter by the OEM at his factory gate.</p> <p>However, some field formations are taking a view that ITC can be availed by the dealer only after the vehicles are physically received by him at his business premises and show cause notices have been issued to a number of dealers, demanding tax for wrongful availment of ITC for contravention of provisions of section 16(2)(b) of the CGST Act, 2017.</p> <p>Clarification: In such cases, the said goods can be construed to have been "received" by the said recipient at the time of handing over the said goods to the recipient or to the transporter, as the case may be, as per provisions of section 16(2)(b) of the CGST Act, 2017.</p>

	<p>It is also mentioned that as per provisions of section 16(1) of the CGST Act, a registered person is entitled to input tax credit only in respect of supply of goods or services or both, which is used or intended to be used in the course or furtherance of business.</p> <p>Therefore, the input tax credit may be available to the registered person on such receipt of goods by the said registered person from the supplier at his (supplier's) factory gate or business premises, subject to fulfilment of other conditions of section 16 and section 17 of CGST Act, including the condition that the said goods are used or intended to be used in the course or furtherance of business by the said registered person.</p> <p>It is also to be noted that if the goods are found to have been diverted for non-business purposes at any stage, either before physically receiving the said goods at his business premises or subsequently, the registered person shall not be entitled to input tax credit on such goods in terms of section 16(1) of CGST Act.</p> <p>Further, if at any time after "receiving" the goods, such goods are lost, stolen, destroyed, written off or disposed of by way of gift or free samples, the registered person would not be entitled to the input tax credit in respect of such goods as per provisions of section 17(5) of CGST Act.</p>
Registration	<p>Note: Every Registration application by a person, who has not opted for authentication of Aadhaar number,</p> <ul style="list-style-type: none"> ■ shall be followed by taking photograph of the applicant [<i>where the applicant is an individual or of such individuals in relation to the applicant as notified where the applicant is not an individual</i>] ■ along with the verification of the original copy of the documents uploaded with the application and ■ the application shall be deemed to be complete only after successful verification. <p>Rule 16A Grant of temporary identification number: [Newly Inserted]:</p> <p>Where</p> <ul style="list-style-type: none"> ■ a person is not liable to registration under the Act ■ but is required to make any payment under the provisions of the Act, ■ the proper officer may grant the said person a temporary identification number and ■ issue an order in Part B of FORM GST REG-12.
Manner of payment	<ol style="list-style-type: none"> 1. In Rule 88B, in sub-rule (1), after the word and figures "or section 74", the words, figures and letter "or section 74A" shall be inserted. 2. In Rule 88D, in sub-rule (3), after the words and figures "or section 74", the words, figures and letter "or section 74A" shall be inserted. 3. In section 51 of the Central Goods and Services Tax Act, in sub-section (7), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.
TDS /TCS	

Filing of Return	<p>Amendment of section 39.</p> <p>Note: TDS Return: As per section 39, Every registered person required to deduct tax at source under section 51 shall electronically furnish a return for every calendar month of the deductions made during the month in such form and manner and within such time as may be prescribed:</p> <p>Provided that the said registered person shall furnish a return for every calendar month whether or not any deductions have been made during the said month on or before the 10th day of the month succeeding the calendar month, in "FORM GSTR-7.</p>
Records	<p>In section 35 of the CGST Act, in sub-section (6), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.</p>
E-way bill	<p>Generation of UEN: [Rule 138]</p> <ul style="list-style-type: none"> ■ An unregistered person required to generate e-way bill in case of handicraft goods [Mandatory EWB] or ■ An unregistered person opting to generate e-way bill ■ shall submit the details electronically on the common portal in FORM GST ENR- 03 and, ■ upon validation of the details so furnished, ■ a unique enrolment number shall be generated and communicated to the said person.

Practice: GST Amendments for Sep. 2025 Exams

Agastya Distilleries Ltd. (Rajasthan) recorded these transactions in July 2025:

1. Purchase of un-denatured ENA from registered dealer in Haryana → ₹18,00,000
2. Sale of alcoholic liquor in Rajasthan → ₹30,00,000
3. Supply of denatured ENA to a chemical unit in Gujarat → ₹14,00,000
4. Supply of ethanol to IOC in Delhi under Ethanol Blending Program → ₹20,00,000
5. Common services (audit, rent, admin) worth ₹5,00,000 used 50% for liquor, 50% for taxable goods

Q1. What is the GST status of the un-denatured ENA purchased from an registered dealer for liquor production?

- A. Taxable under GST and RCM applicable
- B. Exempt supply under GST
- C. Outside the scope of GST,
- D. Taxable only if supplier is registered

Q2. Is GST applicable on the sale of alcoholic liquor for human consumption?

- A. Yes, 18%
- B. No, it is exempt
- C. Yes, but only under IGST
- D. No, it is outside the scope of GST

Q3. What is the GST implication on supply of denatured ENA to a chemical company?

- A. Exempt supply
- B. Taxable @18% under GST
- C. Taxable only if interstate
- D. Not liable to GST since ENA is used

Q4. Can ITC on common input services (₹90,000 GST) be claimed fully if used 50% for taxable and 50% for exempt business?

- A. Yes, full ITC available
- B. No, full ITC blocked due to exempt sales
- C. Yes, ITC allowed proportionately
- D. Only if turnover exceeds ₹1 crore

Q.	Ans
1	C
2	D
3	B
4	C

Practical Question on Un-denatured ENA Case

Scenario:

Herbal ChemTech Pvt. Ltd., located in Uttar Pradesh, is engaged in the following activities in May 2025:

1. Manufactures and supplies un-denatured extra neutral alcohol (ENA):
 - To liquor manufacturer: ₹20,00,000
 - To pharmaceutical company (for medicinal syrups): ₹5,00,000 + GST @18%
 - To perfume manufacturing unit: ₹10,00,000 + GST @18%
2. Purchases:
 - Packaging materials (only for liquor): ₹2,00,000 + GST @18%

Questions:

1. Which of the above supplies are taxable under GST and which are not? Give reasons.
2. Can ITC on packaging materials used for liquor supply be claimed? Why or why not?

Solution:

1. Taxability of Supplies:
 - ENA to liquor manufacturer: ₹20,00,000 - outside the scope of GST.
 - ENA to pharma: ₹5,00,000 -> Taxable @18%
 - ENA to perfume: ₹10,00,000 -> Taxable @18%

2. Packaging ITC Eligibility:

No ITC on packaging materials (₹36,000) used exclusively for exempt supply (alcoholic liquor).
-> Disallowed as per Section 17(2) of CGST Act.

Practical Question on Co-Insurance Premium & Lead Insurer

Scenario:

Safe Guard Insurance Ltd. (Lead Insurer), along with two other insurers – Trust Sure Insurance Ltd. and Secure Cover Ltd. (co-insurers), enters into a co-insurance agreement to provide a composite insurance cover of ₹1 crore to M/s X Ltd. for a factory property.

Break-up of risk coverage:

- Safe Guard Insurance (Lead Insurer): 50%
- Trust Sure Insurance: 30%
- Secure Cover Ltd.: 20%

In June 2025:

- Total premium collected from M/s X Ltd. by Safe Guard: ₹10,00,000 + GST @18%
- Safe Guard remits:

- ₹3,00,000 to Trust Sure Insurance
- ₹2,00,000 to Secure Cover Ltd.
- All services are supplied jointly by the insurers.
- Safe Guard charges GST on the entire premium received.

Questions:

1. Is SafeGuard liable to pay GST on the full premium of ₹10,00,000 or only on its 50% share? Justify.
2. Whether the amounts remitted by the lead insurer to co-insurers are treated as separate supply or not?
3. Who is liable to raise the invoice to M/s X Ltd., and how should the GST be reflected in returns?
4. How will the transaction appear in the GSTR-1 and GSTR-3B of each of the three insurers?

Answers:

1. Safe Guard is liable to pay GST on the entire premium of ₹10,00,000 as it is the lead insurer and collects the full premium from the insured. GST is to be discharged on the entire consideration.
2. The remittance to co-insurers is not a separate supply. It is merely the internal distribution of the premium.
3. Only SafeGuard should raise the invoice to M/s X Ltd. for the full premium along with GST.
4. SafeGuard will report the full transaction in its GSTR-1 and GSTR-3B. Co-insurers will not report anything for this transaction in their GST returns.

Practical Question on Services by Insurer to Reinsurer - Ceding Commission & GST

Scenario:

"MegaLife Insurance Ltd.", a registered insurer, enters into a reinsurance agreement with "Global Reinsure Inc.", a foreign reinsurer for covering part of its life insurance portfolio.

Transaction Details for August 2025:

- Total Reinsurance Premium payable by MegaLife to Global Reinsure: ₹1,00,00,000
- Reinsurance commission (ceding commission): ₹20,00,000
- Net payment actually made by MegaLife: ₹80,00,000
- The agreement clearly states that the ceding commission is retained by the insurer, and GST will be paid by Global Reinsure on the gross amount (i.e., ₹1 crore)

Questions:

1. Who is liable to pay GST in this transaction - MegaLife or Global Reinsure?
2. Should GST be paid on ₹1 crore or ₹80 lakhs?
3. What will be the treatment of the ceding commission under GST? Is it a supply by MegaLife to the reinsurer?

Answers:

1. The reinsurer (Global Reinsure) is liable to pay GST on the gross reinsurance premium of ₹1 crore.
2. GST is to be paid on ₹1 crore, not on the net amount paid (₹80 lakhs).
3. Ceding commission is part of the reinsurance arrangement and not a separate taxable supply.

Practical Question on: Online Services @POS



XYZ Ltd., a registered company in Maharashtra, provides online digital magazine subscriptions through its own website to various customers across India. In January 2025, it issues invoices for subscriptions purchased by:

1. A registered customer located in Gujarat.
2. An unregistered individual located in Karnataka.
3. An unregistered individual located in Kerala (no state mentioned by the customer).
4. An unregistered customer in Tamil Nadu, but XYZ Ltd. accidentally records Maharashtra as the place of supply on the invoice.

Evaluate the correctness of XYZ Ltd.'s place of supply declaration in each case, and determine if any compliance failures have occurred. Also, state the consequences of non-compliance as per the relevant provisions.



Solution:**Case 1: Registered Customer – Gujarat**

Applicable Section: IGST Act Section 12(2)(a)




-  Correct POS: Gujarat (location of registered recipient).
-  No issue.

Case 2: Unregistered Individual – Karnataka (State known)




Applicable Section: IGST Act Section 12(2)(b)(i), Rule 46(f)

-  Correct POS: Karnataka (state of unregistered recipient must be recorded on invoice).
-  No issue if recorded correctly.

Case 3: Unregistered Individual – Kerala (State not provided)**Action Required:**

-  Fault: Not recording the state violates Rule 46(f).
-  POS should be based on the available address of recipient, else it may default to location of supplier, which is incorrect.
-  Non-compliance: Risk of revenue going to wrong state and penal consequences under Section 122(3)(e) of CGST Act.

Case 4: Unregistered Customer – Tamil Nadu, but Maharashtra recorded

-  Wrong POS declared → tax paid to wrong state.
-  Breach of Section 12(2)(b)(i) and Rule 46(f).
-  Penal implications for incorrect invoice particulars.

Conclusion:

XYZ Ltd. is non-compliant in Case 3 and Case 4, leading to:

- Wrong declaration of place of supply.
- Misallocation of tax revenue.
- Liability of penalty.

Practical Question on Exemption on Electricity-Related Services

Scenario:

Power Serve Distribution Ltd., a registered electricity distribution utility in Madhya Pradesh, provides electricity to both residential and commercial consumers.

In the month of June 2025, it undertook the following electricity-related services:

Nature of Service	Amount Charged	To Whom
Renting of metering equipment	₹1,50,000	Residential consumers
Testing of transformers and capacitors	₹2,00,000	Commercial units
Shifting of meters/service lines	₹50,000	Industrial customers
Issuing duplicate bills	₹25,000	Across all segments
Testing of transformers (by third-party lab)	₹1,00,000	Paid to independent lab

Note: The company did not charge GST on the above services, considering them exempt.

Questions:

1. Are all the above services exempt under GST? Justify with reference to relevant clarification or notification.
2. Can Power Serve claim ITC on the ₹1,00,000 paid to the third-party lab for testing transformers? Why or why not?
3. If Power Serve had outsourced meter testing to a private contractor, would that service be exempt when billed to Power Serve?

Answer:

1. Exemption Eligibility:

As per GST Council clarification, and Circulars, the following electricity-related services provided by electricity transmission or distribution utility to their consumers are exempt under GST:

- Renting of metering equipment
- Testing of meters, transformers, capacitors
- Shifting of meters/service lines
- Issuing duplicate bills

Therefore, all four listed services provided by PowerServe to its consumers are exempt.

2. ITC on Third-Party Testing Lab:

No, PowerServe cannot claim ITC on services received from the third-party testing lab, because the output supply is exempt, and as per Section 17(2) of CGST Act, ITC is not allowed on inputs/input services used for exempt supplies.

3. Services from Private Contractor:

Services received by Power Serve from a private contractor for meter testing are taxable to Power Serve, since private contractors are not utilities. But the onward supply (to consumers) remains exempt. Power Serve cannot claim ITC, as output supply is exempt.

Practical Question on Motor Vehicle Accident Fund & General Insurance

Scenario:

Safe Ride General Insurance Ltd., a registered general insurer, provides third-party motor insurance policies to vehicle owners across India.

In FY 2024-25, Safe Ride collected a total of ₹100 crore in third-party insurance premiums.

As per Section 164B of the Motor Vehicles Act, 1988, SafeRide was required to contribute 1% of collected premiums (₹1 crore) to the Motor Vehicle Accident Fund (MVAF).

This fund is used to compensate victims of hit-and-run accidents and provide cover for road accident victims where the offending vehicle is untraceable.

Questions:

1. Is the contribution of ₹1 crore by SafeRide to MVAF considered consideration for supply of service?
2. Are the services rendered by the Motor Vehicle Accident Fund to road victims taxable under GST?
3. Will MVAF be treated as a supplier of insurance service under GST law?

Solution:

1. Contribution = Consideration for Service?

No. The ₹1 crore contribution made by Safe Ride to the MVAF is a statutory levy (mandated under law), not a consideration for a direct service to Safe Ride.

Hence, it is not treated as consideration for supply under GST.

2. Taxability of Services by MVAF

As per GST Clarification:

Services provided by the Motor Vehicle Accident Fund, using contributions from insurers, are exempt from GST.

The services provided to road accident victims are non-commercial and not taxable.

3. Is MVAF a Supplier under GST?

Technically, yes, it is providing an insurance-like service, but:

- It is not engaged in commercial business
- It functions as a government-notified fund
- It operates without profit and provides public welfare support

Thus, its services are exempted, and not subject to GST registration.

Practical Question on Skill Development Training & Exemption

Scenario:

EduBridge Pvt. Ltd., a registered training organization, is engaged in offering various skill development courses across India.

For FY 2024–25, the following activities were undertaken:

Type of Course/Training	Conducted Under	Amount Received	GST Charged?
Plumbing technician course	Scheme under NSDC	₹12,00,000	No
Spoken English and interview training (non-certified)	Not aligned with NSDC	₹5,00,000	Yes
Data Entry Operator (vocational course)	Approved by NCVET-accredited body	₹9,00,000	No
Digital Marketing Workshop (private, short-term)	Conducted independently	₹7,00,000	Yes
Training conducted on behalf of NSDC-partner institute	NSDC partner project	₹4,00,000	No

The company now seeks a clarification on the correctness of GST treatment for these trainings and whether exemption applies.

Questions:

1. Which of the above services are exempt under GST as per the Notification and latest clarification?
2. What are the conditions to avail exemption under National Skill Development-related services?
3. Is GST applicable on independently conducted private courses not recognized under NSDC or NCVET?
4. Can EduBridge claim ITC on inputs/services used for exempt trainings?

Solution:

1. GST Exemption Applicability:

As per the Notification and CBIC clarification:

Services provided under National Skill Development Programme or approved by NSDC/ NCVET/NCVT or by a training partner approved by NSDC shall be exempt.

Exempt Courses:

- Plumbing technician (under NSDC) → Exempt
- Data Entry Operator (NCVET-accredited body) → Exempt
- Training for NSDC-partner project → Exempt

Taxable Courses:

- Spoken English training (not aligned with any recognized scheme) → Taxable
- Digital Marketing Workshop (independent) → Taxable

2. Conditions for GST Exemption:

- Course must be under a scheme implemented by NSDC or recognized under NSDC/NCVET/NCVT
- Provider must be a training partner approved by NSDC
- Certificate of approval or accreditation should be maintained

3. GST on Private Courses:

Yes, private courses not aligned with NSDC/NCVET – even if skill-oriented – are taxable under GST.

EduBridge is right in charging GST on:

- Spoken English & soft skills training
- Digital marketing short courses

4. ITC Eligibility:

- Not allowed on inputs/services used for exempted trainings (Section 17(2), CGST Act)
- EduBridge must reverse proportionate ITC if inputs/services are used commonly for both exempt and taxable training

Practical Question on - Sponsorship Services & RCM

Scenario:

M/s BrandForce LLP, a marketing and branding consultancy, organizes a corporate sports league. The following entities sponsor the event:

Sponsor Name	Type of Entity	GST Registered?	Amount Sponsored	Nature of Liability
Alpha InfoTech Ltd.	Body Corporate	Yes	₹8,00,000	
Spark Marketing (Sole Prop.)	Proprietorship	Yes	₹4,00,000	
Legal Minds LLP	Partnership Firm	Yes	₹5,00,000	
Omega Events Pvt. Ltd.	Body Corporate	No	₹2,00,000	
Vision Creators Trust	Registered Trust	No	₹3,00,000	

Brand Force LLP wants to know which sponsorship payments will attract RCM, and who will pay the GST.

Questions:

1. For which of the above sponsorship services will GST be payable under RCM?
2. Who is liable to pay GST – the sponsor or the service provider?
3. Will Brand Force charge GST to Spark Marketing (proprietorship) or will RCM apply?
4. Is RCM applicable if the recipient body corporate is unregistered (like Omega Events)?
5. Can Legal Minds LLP claim input tax credit on RCM paid?

Solution:

1. RCM Applicability (As per Notification & Amendment):

RCM applies when sponsorship service is provided to a body corporate or partnership firm, and the service is provided by any person other than a body corporate. Since BrandForce LLP is not a body corporate, RCM will apply where the recipient is a body corporate or partnership firm.

RCM Applicability Table:

- Alpha InfoTech Ltd. → RCM applicable (Body Corporate)
- Spark Marketing → RCM not applicable (Sole Proprietor)
- Legal Minds LLP → RCM applicable (Partnership Firm)
- Omega Events Pvt. Ltd. → RCM applicable even though unregistered (Body Corporate)
- Vision Creators Trust → RCM not applicable (Trust)

2. GST Payment Responsibility:

Under RCM, the recipient (body corporate/partnership firm) pays GST. Under forward charge, Brand Force must charge GST in the invoice.

3. Spark Marketing (Proprietorship):

Spark Marketing is a sole proprietorship. RCM does not apply. Brand Force must charge GST normally.

4. Unregistered Body Corporate (Omega Events):

RCM still applies. Even if the body corporate is unregistered, it must obtain GST registration and pay tax under RCM.

5. ITC Eligibility (Legal Minds LLP):

Yes, Legal Minds LLP can claim input tax credit if the sponsorship is for business use and RCM is paid properly.

Practical Question on Renting of Immovable Property & RCM

Scenario:

Mr. Sharma (an unregistered person) owns several commercial properties across Delhi and NCR. He has rented out the following units in April 2025:

Tenant Name	Tenant Status	GST Registration Type	Monthly Rent	GST Paid By
Alpha Traders Pvt. Ltd.	Registered Person	Regular Taxpayer	₹75,000	
Beta Services	Registered Person	Composition Taxpayer	₹60,000	
Gamma Logistics	Unregistered Business	Unregistered	₹50,000	
Delta Distributors LLP	Registered Person	Regular Taxpayer	₹1,20,000	

Mr. Sharma does not hold GST registration and did not charge GST on any rent. He believes that GST is not his concern since he is unregistered.

Questions:

1. Is GST applicable on renting of commercial property by unregistered person to a registered business?
2. Who is liable to pay GST under RCM in each of the above cases?
3. Is Beta Services (composition dealer) required to pay GST under RCM?
4. Can Mr. Sharma be forced to register under GST due to these transactions?

Solution:

1. GST Applicability on Rent by Unregistered Person:

Yes. Under Notification No. 13/2017 - Central Tax (Rate) (as amended), RCM applies when:

- Renting of commercial property is done
- Supplier is unregistered
- Recipient is a registered person (not under composition)

So GST is applicable, but payable by the recipient under RCM.

2. RCM Liability Table:

- Alpha Traders Pvt. Ltd. → RCM applicable (Regular Registered Person)
- Beta Services → RCM not applicable (Composition Dealer)
- Gamma Logistics → RCM not applicable (Unregistered Recipient)
- Delta Distributors LLP → RCM applicable (Regular Registered LLP)

3. Composition Dealer (Beta Services):

As per amended rule, RCM does not apply when the recipient is a composition taxpayer. So, Beta Services is not liable to pay GST under RCM.

4. Does Mr. Sharma Need GST Registration?

No. Mr. Sharma is not liable for GST registration just because he rented to registered persons. Since all liability falls on recipient under RCM, he can remain unregistered.

**Practical Question on
Rule 47A: Time Limit for Self-Invoicing under RCM**

Scenario:

M/s SteelBuild India Pvt. Ltd., a registered company based in Maharashtra, avails the following inward supplies liable to GST under Reverse Charge during December 2024:[Turnover in PFY was 60 lakh.]

Date of Receipt of Service	Type of Supply	Supplier Status	Invoice Value	GST Payable by	RCM Applicable?
02-Dec-2024	Legal consultancy	Advocate (Unregistered)	₹1,50,000	Recipient	Yes
10-Dec-2024	GTA service	GTA (Unregistered)	₹90,000	Recipient	Yes
15-Dec-2024	Sponsorship	Unregistered Individual	₹3,00,000	Recipient	Yes

M/s Steel Build failed to issue self-invoice for the above RCM supplies as required under Rule 47A by the due date. They plan to issue all 3 self-invoices on 20-Jan-2025, before filing GSTR-3B.

Questions:

1. What is the last date to issue self-invoice under Rule 47A for each of the above services?
2. Can M/s Steel Build issue a consolidated invoice on 20-Jan-2025 for all three RCM cases?

Solution:**1. Last Date to Issue Self-Invoice (as per Rule 47A):**

As per Rule 47A: “Where invoice is required to be issued by recipient under RCM, he shall issue such invoice within 30 days from the date of receipt of goods or services.”

Supply Type	Date of Receipt	Last Date to Issue Invoice
Legal consultancy	02-Dec-2024	01-Jan-2025
GTA service	10-Dec-2024	09-Jan-2025
Sponsorship	15-Dec-2024	14-Jan-2025

2. Consolidated Invoice on 20-Jan-2025?

No. Self-invoice under RCM must be issued per transaction, within 30 days. A consolidated invoice issued after 30 days is not valid compliance.

Practical Question on: Ex-Works Delivery & ITC Timing Across Different Months

Scenario:

Turbo Auto Spares Ltd., a GST-registered automobile parts distributor in Delhi, places an order with Speed Max Motors, an OEM based in Bhopal, for engine assemblies under an Ex-Works (EXW) contract.

Key Details:

- Invoice issued by OEM: 30th June 2025
- Goods handed over to transporter: 30th June 2025 (from Bhopal factory)
- Transport arranged & insured by buyer (Turbo Auto Spares)
- Goods physically received in Delhi warehouse: 4th July 2025
- ITC was claimed in July 2025 by Turbo Auto Spares in GSTR-3B

During departmental audit, the officer denies ITC in July and says it should have been claimed in June 2025, based on invoice and dispatch date.

Questions:

1. What is the correct time of receipt of goods as per GST?
2. Which month's return should Turbo Auto Spares claim ITC in?
3. Is the GST officer correct in saying ITC should've been claimed in June?
4. Is Turbo Auto liable to interest for claiming ITC in July?

Solution:**1. What is “receipt of goods” under Section 16(2)(b)?**

Section 16(2)(b) requires receipt of goods to avail ITC. As per Circular 241/35/2024:

In Ex-Works contracts, the recipient is deemed to have received goods when handed over to transporter at the OEM’s premises, if transportation is arranged on behalf of the recipient.

Apply to Case:

- Turbo Auto Spares arranged and insured transport.
- Delivery was complete on 30th June 2025.
- Property and risk passed on that date.

=> Goods are deemed received on 30th June 2025.

2. Should ITC be claimed in June or July?

ITC becomes eligible once goods are received. Hence, ITC should be claimed in June 2025 return.

3. Is the officer’s observation correct?

Yes. As per Section 16(2)(b) and Circular 241/35/2024, deemed receipt is on 30th June, so ITC should be claimed in that month.

4. Is interest payable on wrongly timed ITC?

No interest is payable if ITC is claimed late. Interest is only applicable on wrongly availed or excess credit. So, no interest in this case.

Final Conclusion:

- Goods are deemed received on 30th June 2025 under EXW terms.
- ITC should be claimed in June GSTR-3B.
- July claim is legally valid but technically delayed.
- No interest is payable, but alignment with receipt date is ideal.

Practical Question on- Rule 16A: Temporary Identification Number

Scenario:

Raghav Construction Co., a partnership firm based in Rajasthan, executes a works contract for a government department (PWD). The contract value is ₹18 lakh. As per government norms:

Raghav Construction is unregistered under GST since it deals exclusively in exempted works contracts for government. However, a notice from GST department requires Raghav Construction to pay penalty as he was involved in a fraud case related to other person. Raghav approaches the GST officer but is told that he cannot deposit the amount without a GSTIN. Raghav is not willing to take permanent registration due to exempt status.

Questions:

1. Can a person not liable to registration be forced to obtain GSTIN to make payment?
2. What provision allows such a person to make payment without registration?
3. What is the purpose of Rule 16A?

Solution:**1. Can Raghav Construction get a GSTIN just for making payment?**

No, a person not liable to be registered should not be compelled to take regular registration just to pay taxes or penalties. Rule 16A provides a solution to this exact situation.

2. What does Rule 16A permit?

Rule 16A (inserted in 2024) allows that:

Where a person is not liable to registration, but is required to make any payment under the Act, the proper officer may grant him a temporary identification number.

So, Raghav Construction can obtain a temporary ID just for payment.

3. What is the purpose of Rule 16A?

- It prevents misuse or compulsion of GST registration in cases where the person is not supplying taxable goods/services.
- Allows non-registered persons to pay tax, penalty, fee, or interest directly through challan and REG-12 ID.
- It ensures procedural flexibility without unnecessary compliance burden.

Practical Question on Rule 138 & UEN for Handicraft Suppliers

Scenario:

Saanvi Handloom, an unregistered artisan from Manipur, manufactures and sells traditional handwoven shawls (classified as handicraft goods under GST notifications). She participates in India Craft Expo 2025 in Hyderabad (Telangana) and receives a bulk order worth ₹2,50,000 from a boutique retailer.

Details:

- Saanvi is not registered under GST as her aggregate turnover is ₹18 lakhs (below threshold).
- She arranges to transport the goods herself using a local transporter by road from Imphal to Hyderabad.
- The distance is over 1200 km, and goods are transported in a single consignment.
- She wants to comply and generate an e-Way Bill but has no GSTIN.

Questions:

1. Can Saanvi generate an e-Way Bill even though she is not registered under GST?
2. What is the process she must follow?
3. Will she be allowed to transport without a GSTIN?
4. What is the relevance of UEN (Unique Enrollment Number) here?

Solution:**1. Is e-Way Bill required?**

Yes. As per Rule 138, an e-Way Bill is mandatory for transportation of goods. Since Saanvi is transporting handicraft goods across states, e-Way Bill is compulsory.

2. Can she generate it without GSTIN?

Yes. Under the newly inserted proviso to Rule 138(3), if the person is:

- Unregistered, and
- Dealing in handicraft goods, and

- Required or opting to generate e-Way Bill

Then she can apply for a UEN (Unique Enrollment Number).

3. What is the procedure?

Saanvi must submit FORM GST ENR-03 on the common portal. Upon validation, she will be issued a UEN. Using the UEN, she can log in and generate an e-Way Bill.

4. Is UEN equal to registration?

No. UEN does not make her registered under GST — it is only for compliance with e-Way Bill rules.

Final Answer:

- Saanvi must apply for a UEN via FORM GST ENR-03.
- She can then generate the e-Way Bill for her consignment.
- This enables her to transport goods legally without obtaining a GSTIN.
- Rule 138 supports unregistered handicraft suppliers to comply with e-Way Bill provisions without the burden of full registration.