Pioneer of Interactive classes & study materials..

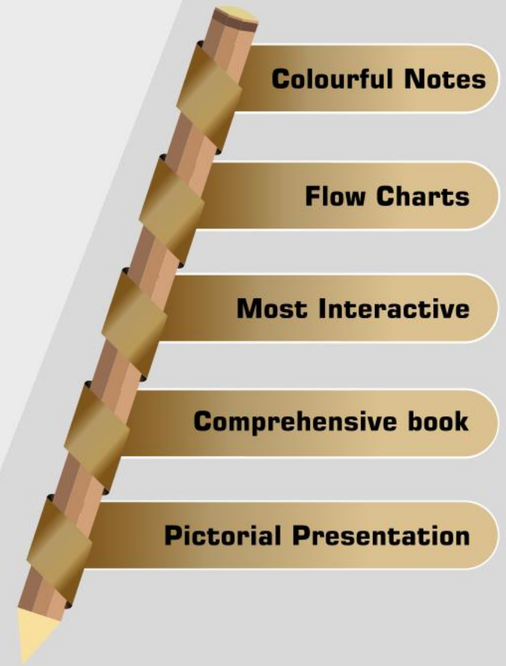
Introduced 1st time in India

Think GST !
Think Vishal Sir...!!

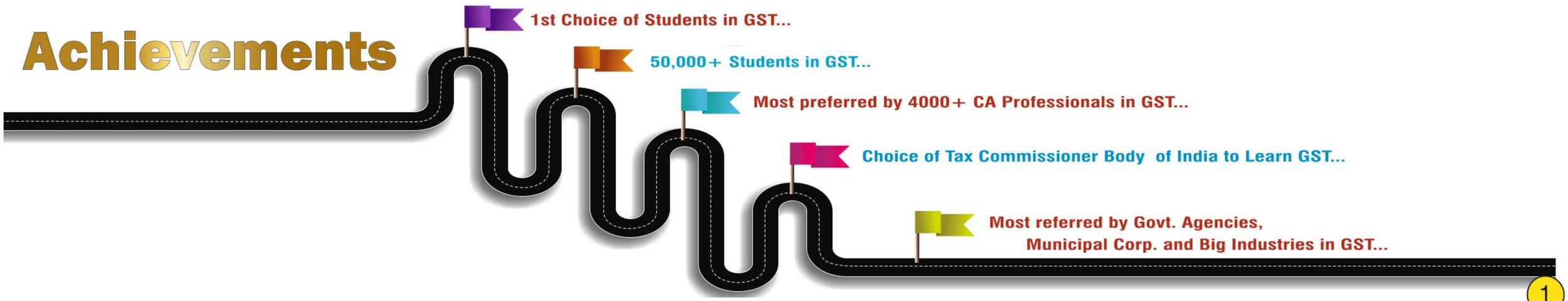
CA Vishal Bhattad

- Founder Member of V'Smart Academy
- Pioneer of Interactive Classes & Interactive Colour Notes, Charts, Questioners
- Teaching Experience 22+years
- Taught more than 1,50,000+ Students
- Tax Advisor for 2014 budget poll
- Tax Consultant of big Export/Import Companies
- Selected as No. 1 Faculty Since last 5 Years in many Social & Professional organizations.

Exclusive features



Achievements



Index

1	Basic Concept of GST	3
2	Charge of GST & Concept of Supply	4
3	Reverse Charge Mechanism & ECO	11
4	Composition Scheme	15
5	Time of Supply	17
6	Value of Supply	18
7	IGST Act, 2017 (Place of Supply)	20
8	Exemption	22
9	Payment of Tax & TDS-TCS	29
10	Input Tax Credit	32
11	Registration	38
12	Tax Invoice	42
13	Account records & E-Way Bill	46
14	Returns	49

Connect with Vishal Sir

@t.me/idtvishalsir

Channel

All IDT free resources (lectures & notes) & Study related updates

@vsmartapp

QnA

IDT concept doubts & queries By Vishal Sir & Research Team IDT QnA App

@vsmartbot

Support

Admin | Technical | Dispatch Related Support Vsmart BOT

Expanded Form of Abbreviations used in Chart Book

AA	Aadhaar authentication
AA	Adjudicating authority
AA	Appellate authority
AA	Advance authorisation
AAAR	Appellate Authority for Advance Ruling
AAR	Authority for Advance Ruling
AC	Additional Commissioner
ACD	Additional Customs duty
AR	Annual return
ARN	Application reference number
AT	Appellate tribunal
BE	Business Entity
CDN	Credit note & Debit note
CFC	Convertible foreign currency
CFY	Current Financial Year
CTP	Casual Taxable Person
CWF	Consumer Welfare fund
D/D	Due date
DC	Deputy Commissioner
DGAP	Director General of Anti Profiteering
DO	Demand order
DSA	Direct Selling Agents
DTA	Domestic tariff area
ECO	Electronic Commerce Operator
EOU	Export oriented unit
EPCG	Export Promotion Capital Goods
ES	Exempt supply
EWB	E-way bill
FAT	Final assessment tax
FC	Forward Charge
FI	Financial Institutions
GSTIN	Goods & service tax identification number
GSTN	Goods & service tax network
GTA	Goods Transport Agency
HSN	Harmonised System of Nomenclature.
IFF	Invoice Furnishing facility
ISD	Input Service distributors
ITS	Inverted tax structure
JC	Joint Commissioner
LUT	Letter of undertaking
ME	Merchant Exporter
NBFC	Non-Banking Financial Corporations
NRTP	Non-resident Taxable Person
NTOR	Non-taxable online recipient
NTT	Non-taxable territory
OIDAR	Online Information Data Base Access and Retrieval
OOBH	Opportunity of being heard
PAT	Provisional assessment tax
PFY	Preceding Financial Year
PO	Proper officer
POB	Place of business
PSP	Private service providers
QR	Quick Dynamic
QRMP	Quarterly return monthly payment
RC	Registration certificate
RP	Registered Person
RWA	Resident Welfare Association
SCN	Show cause notice
SEZ	Special Economic zone
TP	Taxable Person
TS	Taxable supply
TT	Taxable Territory
UIN	Unique Identification number
WD	Working days
WIH	Whichever is higher
ZRS	Zero rated supply

CHAPTER - 1 : BASIC CONCEPT OF GST

FRAMEWORK OF GST

Name	Governing Act	Levied by	Event of Levy
CGST	Central Goods and Services Tax Act, 2017	Central Government	On **Intra State supply** of Goods and Services
SGST	State Goods and Services Tax Act, 2017	State Government	On **Intra State supply** of Goods and Services
UTGST	Union Territory Goods and Services Tax Act, 2017	Union Territories	On **Intra State supply** of Goods and Services
IGST	Integrated Goods and Services Tax Act, 2017	Central Government	On **Inter State supply** of Goods and Services
GST CESS	GST Compensation Cess Act, 2017	Central Government	On **Intra/Inter State supply** of notified Goods and Services

CONCEPT & PRINCIPLE OF GST

- GST is a **Broad-based Value added tax**
- GST is a **Destination based tax**
- GST is technically **paid by suppliers** but it is actually **borne by consumers (Ultimate burden may be passed on)**.
- GST is **collected at multiple stage** of production and distribution of goods and services in which taxes paid on inputs are allowed as set off against output tax.
- GST is a **tax on the consumption of products from business sources**, and not on personal or hobby activities.
- Under GST, **input tax credit** is provided throughout the value chain.

CONSTITUTIONAL AMENDMENTS

Article 366 (12A)	GST means "Any tax on supply of Goods or Services or both except tax on Supply of the Alcoholic Liquor for human Consumption
Article 246A	Concurrent powers to both, Parliament and State Legislatures is given to make laws with respect to GST
Article 269A	Provides exclusive power to the Parliament to legislate with respect to inter-State trade or commerce i.e. integrated tax (IGST) (including import)

BENEFITS OF GST

1) **Creation of Unified National market**
2) **Mitigating Cascading Effect of taxes**
3) **Elimination of multiple taxes and double taxation**
4) **To Promote make in India Initiative**
5) **It also helps to increase overall revenue of Govt.**

TAXES ON TOBACCO AND TOBACCO PRODUCTS, OPIUM, INDIAN HEMP AND OTHER NARCOTIC DRUGS AND NARCOTICS:

In the case of tobacco and tobacco products, the Centre alone would have the power to levy excise duty in addition to the GST

Particulars	₹
Value	1,00,000
Excise	10,000
	1,10,000
CGST @ 20%	22,000
SGST @20%	22,000
	1,54,000

WHOLESALER

Particulars	₹
Value	2,00,000
Excise	
CGST @20%	40,000
SGST @20%	40,000
	2,80,000

RETAILER

TAXABILITY ON GOODS IN SPECIAL CASES

Taxability on Goods in Special Cases

Goods totally out of levy of GST

1) Petroleum Products
   - a) Petroleum Crude
   - b) High Speed Diesel
   - c) Motor spirit
   - d) ATF
   - e) Natural Gas

   Manufacture
   - ➲ Central Excise

   Sale
   - ➲ Intra - VAT
   - ➲ Inter - CST

2) Alcoholic liquor for human consumption

   Manufacture
   - ➲ State Excise

   Sale
   - ➲ Intra - VAT
   - ➲ Inter - CST

Non Taxable supply of GST

Goods subject to Excise & GST

1) Tobacco & Tobacco products

   Manufacture
   - ➲ Central Excise

   Sale/supply
   - ➲ Intra - CGST & SGST
   - ➲ Inter - GST

2) Opium, Narcotics etc

   Manufacture
   - ➲ State Excise Duty

   Sale
   - ➲ Intra - CGST & SGST
   - ➲ Inter - IGST

Note:- in above (1) & (2) No VAT & CST

All other good & services

Only GST is Payable
Intra = CGST/SGST
Inter=IGST

Entertainment tax

E.T. by state Govt.=Substances in GST levied then so such tax is payable

E.T. by local body = It is not subsumed in GST. Hence it is payable in addition to GST

E.g. Price of Movie ticket 500
E.T of local body 20

CGST @8%
SGST @8%

RECOMMENDATION OF GST COUNCIL

Recommendations of GST Council —

(a) Taxes to be subsumed in GST
(b) Exemption in GST
(c) model of GST Laws, principles of levy, apportionment of IGST between Center & State and the principles that govern the POS
(d) the threshold limit of turnover for Exemption
(e) the rates of GST & other Special Rates
(f) Special Provision w.r.t. the special category state
(g) any other matter relating to the GST.
(h) Special rates to raised additional resources during any natural calamity /disaster

SPECIAL CATEGORY OF STATE

1) Arunachal Pradesh 2) Assam 3) Jammu and Kashmir 4) Manipur 5) Meghalaya 6) Mizoram 7) Nagaland 8) Sikkim 9) Tripura 10) Himachal Pradesh 11) Uttarakhand

MANNER OF UTILIZATION OF ITC IN GST

INWARD SUPPLY	OUTWARD SUPPLY		
1. IGST	First IGST	Any CGST	Any SGST/UTGST
2. CGST	First CGST	Second IGST	
3. SGST/UTGST	First SGST/UTGST	Second IGST	

Note:- CGST cannot be used against SGST/UGST or vice-versa

TAXES TO BE SUBSUMED IN GST

Central Taxes	State Taxes
Central Excise duty	State VAT/Sales Tax
Additional excise duty	Central Sales Tax
Excise duty levied under Medicinal & Toiletries preparation Act	Purchase Tax
Additional Customs duty(ACD)	Entertainment Tax (other than those levied by local bodies)
Service Tax	Luxury Tax
Surcharges & Cesses	Entry Tax (All forms)
Central Sales Tax	Taxes on lottery, betting & gambling
	Surcharges & Cesses

Taxes not subsumed under GST

1.	Property Tax & Stamp Duty
2.	Electricity Duty
3.	Excise Duty on Alcohol
4.	Basic Custom Duty
5.	Excise Duty on Petrol Diesel

CHAPTER - 2 : Charge of GST & Concept of Supply

Section 9(1)of CGST Act/Sec 5(1)of IGST Act :- Charging Section

Levy

Charge

9(1) - Intra-State Supply of Goods or services or Both

5(1) [IGST Act]- Inter-State Supply of Goods or Services or Both

Value

Shall be determined as per sec 15 read with rules

Rate

CGST Rate	0%	2.5%	9%	20%
SGST Rate	0%	2.5%	9%	20%
Total	0%	5%	18%	40%

Collection

in such manner as may be prescribed (Detail discussion in TOS chapter)

Goods not Subject to Levy of GST - alcoholic liquor & **un-denatured extra neutral alcohol/ rectified spirit used for manufacture of alcoholic liquor** for human consumption.

Sec 9(2):- Levy on Petroleum Products from Notified date : - Supply of petroleum crude, high speed diesel, petrol, natural gas and ATF shall be levied from the notified date on recommendation of GST Council.

Note : Still levy of GST on such products is not notified

Analysis: The type of levy existing or to be continued after GST

	(Supply) GST	(Production) ED	(Sale) VAT	(Sale) CST
1. Alcoholic Liquor for Human Consumption	X	State	✓	✓
2. Petroleum crude, High speed Diesel, Motor spirit (Petrol), Natural gas, Aviation Turbine fuel	X	Central	✓	✓
3. Un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption	X			
4. Tobacco & Tobacco products	✓	Central	X	X
5. Opium, Indian Hemp and other Narcotic Drugs	✓	State	X	X
6. All other Products	✓	X	X	X

SEC 2 (56) "INDIA"

Means

a) Territory of India (state and the Uts.)

b) Its ➲ Territorial Water, ➲ seabed and
- ➲ sub-soil underlying such waters,
- ➲ continental shelf, ➲ Exclusive economic zone (EEZ) or
- ➲ Any other maritime Zone under Maritime Zones Act.

c) Air space above its territory & territorial waters

SEC 2(114) "UNION TERRITORY"

Means the territory of -

(a) the Andaman and Nicobar Islands

(b) Lakshadweep

(c) Daman and Diu and Dadra and Nagar haveli

(d) Ladakh

(e) Chandigarh

Union Territory of India

UT	UT	UT
State Legislature	No State Legislature	Partly State Legislature - Delhi - Puduchery - JK
State - 28 States	UT (Total Governed by CG)	Considered State for GST Purpose
Intra State - CGST 50% - SGST 50%	Intra State - CGST 50% - UTGST 50%	Intra State - CGST 50% - SGST 50%
Inter State -IGST 100%	Inter State - IGST 100%	Inter State - IGST 100%

Sec 2(84) "Person" - includes

- (a) An Individual
- (b) A hindu undivided family
- (c) A Company
- (d) A Firm
- (e) A limited Liability Partnership
- (f) An AOP or a BOI, whether incorporated or not, in India or outside India
- Corporation established under any Act
- (h) any body corporate incorporated by or under the laws of a country outside India
- (i) A co-operative society registered under any law relating to co-operative societies
- (j) A local authority
- (k) CG or a SG
- (l) Society as defined under the Societies Registration Act, 1860
- (m) Trust
- (n) Every artificial juridical person, not falling within any of the above

Person Liable to Pay Tax

Sec 2(107) "Taxable person" - includes

Taxable person means a person who is registered or liable to be registered u/s 22 or sec 24

Forward Charge Sec 9(1)	Taxable person making Intra-State Supply
Reverse Charge Sec 9(3) /9(4)	Recipient of Supply
E-Commerce Sec 9(5)	E-Commerce Operator

Deemed Distinct Persons : Sec 25 CGST Act

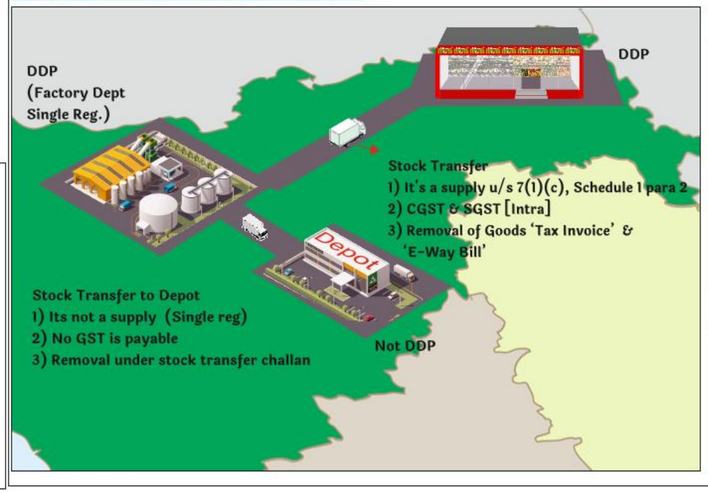
25 (4) A person who has obtained or is required to obtain more than one registration.
- ➲ whether in one State or Union territory or
- ➲ more than one State or UT shall,

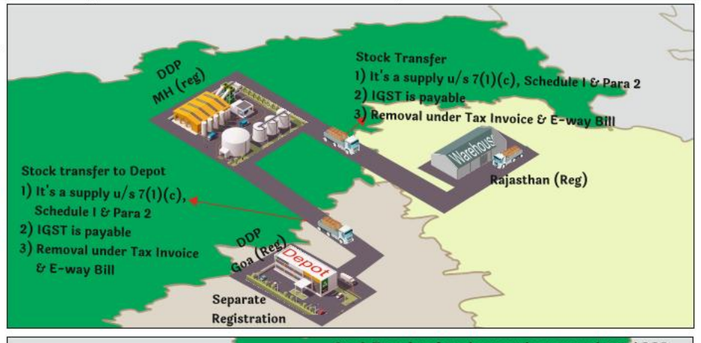
in respect of each such registration, be treated as distinct persons for the purposes of this Act.

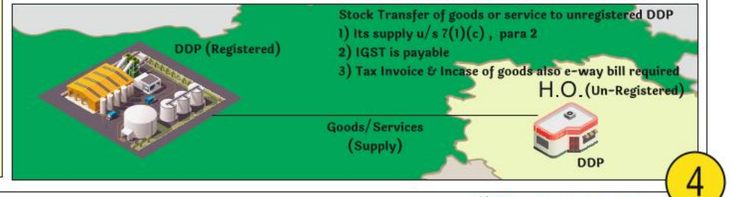
25 (5) Where a person who obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory,

then such establishment shall be treated as establishment of distinct persons for the purposes of this Act.

Single/ Multiple Registration







Sec 2(93) "Recipient"

a) Where supply of goods or services is for consideration

Recipient = person who is liable to pay such consideration

Where supply of goods or services is without consideration

Clause (b) Supply of goods

Recipient = a person to whom
- goods are delivered
- made available or
- possession or use of goods is given

Clause (C)] Supply of Services

Recipient = A Person to whom service is rendered

Recipient also includes agent acting on behalf of the recipient

Sec 2(94) "Registered person" - includes

"Registered person" means a person -
- who is registered under section 25
- but does not include a person having a Unique Identity Number (UIN)

Sec 2(80A):- Online Gaming

Means offering of a game on internet or electronic network & includes online money gaming

Sec 2 (105) "Supplier"

means person supplying the said goods or services or both and **shall include** an agent acting as such on behalf of such supplier

Proviso:- Supplier includes person arranging supply of specified actionable claims & also who owns / operates / manages e-platform for supply.

Sec 2(102A):- Specified actionable claim

Means actionable claim involved in/by

1	betting	2	casinos	3	gambling
4	horse racing	5	lottery		or
6	online money gaming.				

Business includes [Sec 2(17)]

General Activities | Special Activities

General Activities

a) Any trade, commerce, manufacture | Profession vocation | Adventure | Wager | Any Other similar activity — Whether or not for pecuniary benefit.

b) Any activity or transaction — In connection with or Incidental or Ancillary to Sub - Clause (a)

c) Any activity or transaction in nature of Sub Clause (a) — Whether or Not — There is a volume, frequency, continuity or regularity of such transaction.

d) Supply or acquisition of goods including capital goods & service in connection with — Commencement or Closure of business

Special activities

e) Provision by a Club or Association or Society or Any Such body of facilities or benefits to it's members.

f) Admission for a consideration of person to any premises

g) Services supplied by a person as a holder of an office which has been accepted by him — In course or furtherance of his trade | Profession | Vocation

h) Activity of a race club including by way of totalisator or a licence to book maker or activities or licenced book marker in such club and

i) Any activity or transaction under taken by CG/SG/ local authority in which they are engaged as public authorities.

Type of Supply

Taxable Supply

SOG/SOS which is leviable to GST

Non- Taxable Supply

SOG/SOS which is not leviable to GST
eg. 1) Petroleum product
2) Alcohol liquor for Human Consumption

Chargeable Supply	Zero Rated Supply	Nil Rate Supply	Exempt Supply
SOG/SOS is subject to payment of GST @ applicable rates	SOG/SOS which is chargeable to GST, but Govt. has given export benefits for direct exporters or supply to SEZ	SOG/SOS subject to "Nil Rate" as per GST Tariff	SOG/SOS which is chargeable to GST at normal rates but to promote social-economic objective, govt. has temporarily exempted such supply by way of Notification.

Note:- As per Se 2(47) : For GST Purpose Exempt Supply includes Nil Rate, Wholly Exempt & non taxable supply

Sec 2 (52) Goods

MEANS — Any kind of movable property

INCLUDES
1) Actionable Claims,
2) Growing Crop, grass & things attached to or forming part of land agreed to be severed before/under a contract of supply

EXCLUDES
Money
Securities

Interest on Loan/Adv/Deposits
It's a service but Govt. has exempted such interest by N/N 12/2017 Except interest on credit card

Sec 2(102) Services

MEANS — Anything other than goods

INCLUDES
Separate consideration is charged for
- Use of Money (eg. Interest)
- Conversion of money (eg. Commission)
- to Facilitate or arranging transaction of securities (e.g. brokerage/ portfolio management fees)

Sec 16 of IGST Act: Zero Rated Supply

ZRS means Export of goods/services or both or SOG/ SOS for authorised operations to a SEZ developer/ unit.

CHAPTER - 2 : CONCEPT OF SUPPLY (SEC 7)

Sec 7(1)=Supply Includes

Supply of goods / Services with consideration

Sec 7(1) (a) All forms of supply of goods / services/both

Such as

- Sale
- Transfer
- Barter
- Exchange
- Disposal
- Licence
- Rental
- Lease

Made or Agreed tobe made

No	Particulars	Explanation
1	Made	Goods are already delivered or Service is already provided to the recipient
2	Agreed to be Made	This is split up in two parts namely: (i) There is an agreement for supply of goods or provision of service (ii) An advance has been received against the supply of goods or provision of service

For consideration

Sec 2(31) for consideration

a) Any payment made or agreed to be made whether in **money or otherwise**

- Whether by recipient or otherwise
- -Inrespect of or -Inresponse to or -For inducement
- Whether by recipient or otherwise

b) The monetary value of any **act or forbearance**

Supply of goods/services

Exclusion:- it shall not includes

1) Any **subsidy** given by central or state govt.
2) **Deposits** for concerning SOG/SOS except the supplier applies the deposits as a consideration for said supply

In the course or furtherance of Business (of supplier)

Sale of car for personal use by an individual- Not a supply in course or furtherance of business

Sale of old Jewellery

Sale of old jewellery which was used personally- Not a supply in course or furtherance of business

Prasadam supplied by religious places like temples, mosques etc.-Not a supply in Course of furtherance of business

Sec 7(1) (b) Importation of Services

Import of service

- for **consideration**
- **whether or not** in the course or furtherance of **business**

Analysis: -

i) GST on import of goods governed by Customs Tariff Act [ACD 3(5)/3(7)]

ii) RCM is applicable on such service except OIDAR (FCM)

iii) Import of services other than for business purpose (for personal use) Exempt N/N 04/2017

Import of Service (Analysis)

Free import services is not treated as supply unless it imported from

- **Related person or DDP outside India &**
- **In the course of business**

Schedule I

Sec 7 (1)(c) Deemed supply

Supply of goods/service without consideration

1. **Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.**
2. **Supply of goods or services or both**
   - **between related persons or**
   - **between distinct person as specified in u/s 25, in the course of furtherance of business**

   Proviso - Gift by employer to employee not exceeding ₹50,000 in a financial year not be treated as supply
3. **Supply of goods**
   - (a) by a principal to his agent who further undertakes supply [selling agent] *Invoice in the name of agent
   - (b) by an agent to principal who procures the goods on behalf of principal [buying agent] *Invoice in the name of agent
4. **Import of Services from**
   - from a related person outside India or
   - from any of his other establishments outside India, in the course or furtherance of business

Sec 7(2)(a)=Supply Excludes

Sch III (Transaction not be treated as supply)

1. **Services by an employee to the employer in the course of or in relation to his employment.**

i.	Compensation for premature termination	Non Taxable as it is in relation to employment.
ii.	Non compete fees received by an employee from employer	Taxable as it is not in the course of or in relation to employment
iii.	Casual labour appointed on daily basis for wages	Non Taxable as it is in relation to employment contract
iv.	Directors Remuneration	a) If TDS under IT Act is deducted u/s 192 - Not a Supply b) If TDS under IT Act is deducted u/s other sec - Supply

v. **Circular no. 172/04/2022:**

Scenario	Taxability under GST
Perquisites provided as per contract	Not taxable (Under Schedule III)
Perquisites not in terms of contract	Taxable if value exceeds ₹50,000 (Under Para 2, Schedule I)

2. Services by any court or Tribunal established under any law for the time being in force.
3. a) The functions performed by the MP , MLA, Members of Panchayats, Members of Municipalities and Members of other local authorities
   b) The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity
   c) The duties performed by any person as a Chairperson or a Member or a Director in a body established by the CG/SG/LA

Sec 7(1) (aa) :- Activities or Transactions

By Any person [other than Individual] — For — Member or Constituents

- Cash
- Deferred payment
- Other valuable consideration

Explanation:- the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another

Related Person (as per explanation to Sec 15) of CGST Act

(i) such persons are officers or directors of one another's business
(ii) such persons are legally recognized partners in business
(iii) such person are employer and employee
(iv) any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them
(v) one of them directly or indirectly controls the other
(vi) both of them are directly or indirectly controlled by a third person
(vii) together they directly or indirectly control a third person
(viii) they are members of the same family
(ix) sole agent/sole distributor/sole concessionaire of the other.

Family [Sec 2(49)] : means,-(i) the spouse and children of the person, and (ii) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.

Schedule II : Activities or transactions to be treated as supply of goods or services

Sec 7(1A):- Where certain activities or transaction constitute a supply in accordance with the provisions of subsection (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

Para 1 : Transfer of goods

Supply of goods	1) Transfer of title in goods 2) Transfer of Title in Goods on future date (Ex. Hire Purchase)
Supply of Service	Transfer of rights in goods or undivided share in goods without transfer of title in goods

Para 2 : Land & Building

Supply of Service	Any lease, tenancy, easement, license to occupy land
Supply of Service	Any lease, letting of building including commercial, industrial complex for business/commerce either wholly or partly

Note : Sale of land & building not treated as supply as per schedule 3 other than construction intended for sale [of para 5(b)]

Para 3:Treatment or process

Supply of Service	Any treatment or process which is applied to another person's goods (Jobwork)

Process of Job worker

Para 4 : Transfer of business asset

Supply of goods	**Permanent transfer of Business Asset:-** If goods as a part of the asset are permanently transferred or disposed off
Supply of Service	**Temporary transfer of business assets:-** If goods as a part of business asset are put to any private use or are used for any purpose other than business

(c) Deemed Supply : If any person ceases to be a taxable person then goods forming part of business asset shall be **deemed to be supplied (In the course or furtherance of business)** unless :-

(i) Business is transferred as going concern to another person.
(ii) Business is carried on by personal representative who is deemed to be a TP.

} **not a deemed supply**

Para 5 : Following activities always treated as supply of service under GST

(a) Renting of immovable property

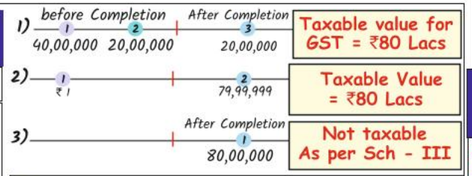
(b) Construction of complex, building, civil structure including a complex, building intended for sale to buyer.

But in following case it shall not be treated as supply.

When entire consideration has been received after
- issuance of completion certificate
- It's 1st occupancy

whichever is earlier

Note :- Construction - it includes addition, alteration, replacement, remodeling of any existing civil structure



(c) Temporary transfer of IPR

(d) Development, design, programming, customisation etc. of info. Tech. Software

Customized Software	SOS
Sale of Pre-packed Software	SOG
License to use prepacked Software	SOS

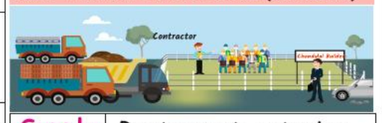
(e) Agreeing to the obligation
- to refrain from an act or
- to tolerate an act/to do an act.

(f) Transfer of right to use any goods for any purpose for cash, deferred payment or other consideration.

Para 6 : Composite supply treated as supply of service

Supply of Service	(a) Works contract

Labour + Material = Works Contract (construction)



Supply of Service	Restaurant, catering or any supply of service where food/ drink is supplied for consideration.

4	Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5	Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building

Analysis

Sale of land and Building	Not treated as supply as per sch III , **No GST**
Rental, Leasing licensing of Land & Building	Treated as Supply & **GST Payable**
Sale of Building before completion certificate or 1st occupancy whichever earlier	Treated as supply para 5(b), Sch II & **GST payable**

Clarification 177/09/2022 GST: Sale of land either as it or after development like levelling, laying down of drainage, water & electricity lines is also sale of land and not attract GST

6	Actionable claims, other than **specified actionable claims.**

Entry 7 & 8 not applicable for Inter level

9	Apportionment of co-insurance premium by the lead insurer to the co-insurer is not supply, provided the lead insurer pays GST on the entire premium paid by the insured.
10	Services by insurer to the reinsurer for which ceding, or reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, are not supply, provided that GST is paid by the reinsurer on the gross reinsurance premium, inclusive of the commission.

Sec 7(2)(b)= Notified activities by Govt.

- Services under Article 243G & 243W of Panchayats & Municipality **and**
- Services of granting liquor license against consideration in the form of license fee by SG.

Sec 8 : Composite Supply & Mixed Supply

The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:

(a)	a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and
(b)	a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.

Definition - Composite Supply

Composite Supply as per Sec 2 (30) : means a supply made by a taxable person to a recipient consisting of

- two or more taxable supplies of goods or services or both or any combination thereof
- which are naturally bundled and
- supplied in conjunction with each other in ordinary course of business one of which is a principal supply

Illustration.— (Goods + Service) Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply;

Definition - Mixed Supply

Mixed Supply as per Sec 2 (74) : means

- Two or more individual supplies of goods or services or any combination thereof
- Made in conjunction with each other by a taxable person for a single price
- Where such supply does not constitute a composite supply

Illustration.— A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately

IMPORTANT CLARIFICATIONS

Cir. no. 1/1/2017: Inter-state movement of modes of conveyance or repairs between DDP:

Scenario (Inter/Intra State movement of conveyance bet" DDP)	GST Levy
Conveyance carrying goods/passengers/ both between DDP	No GST on conveyance
Conveyance for repair & maintenance	No GST on conveyance
Repair & maintenance on conveyance by DDP	GST payable (deemed supply Sch- I)
Conveyance moved for further supply	GST payable (Treated as SOG/SOS)

Cir. no. 21/21/2017: : Inter-state movement of Rigs, tools, spare parts between DDP:

Scenario	IGST Levy
Inter-state movement of rigs, tools, spare parts accompanied with conveyance between DDP	No GST on rigs, tools etc.
Further supply of these goods between DDP	CGST/SGST/IGST applicable

Cir. no. 116/35/2019: Donations received by charitable institutions from individual, without quid pro

Scenario	GST Levy
Displaying name/placing name plates of donors in charitable organizations	No GST (Philanthropic purpose, no commercial gain)
Note: The institution places name plates to show gratitude, not for advertisement.	
Displaying name/placing name plates of donors to promote his business	GST payable (its advertisement service)

Cir. No. 44/2018: Taxability of 'tenancy rights' under GST

Issue	GST Levy
Tenancy premium for transfer of tenancy rights to incoming tenant	Taxable
Surrendering tenancy rights by the outgoing tenant for a portion of the premium	Taxable (Service provided by outgoing tenant)

Renting of residential property for use as residence	Exempt
Execution of documents (registration, stamp duty) involved in the transaction.	Does not affect GST liability

Cir. No. 57/31/2018: Principal-Agent-Relationship, under Para 3 of Sch I, in context of Agents:

Scenario (P) = Principal, (A) = Agent	Covered under Para 3, Schedule I
Selling Agent	
SOG by Principal to Agent (Invoice in Agent's name for further supply)	Yes (Transaction bet" (P) to (A) = taxable)
SOG by Principal to Agent (Invoice in Principal's name for further supply)	No (Transaction bet" (P) to (A) = not taxable)
Buying Agent	
SOG by Agent to Principal (Invoice in Agent's name)	Yes (Transaction bet" (A) to (P) = taxable)
SOG by Agent to Principal (Invoice in Principal's name)	No (Transaction bet" (A) to (P) = not taxable)

Cir. No. 73/47/2018 Principal-Agent-Relationship, under Para 3 of Sch I, in context of DCA:

	Scenario	Taxability	Treatment of Interest charges by DCA
1.	DCA don't have authority to pass title in his own invoice	Not covered in para 3 of Sch- 1	➢ It is treated as finance charges for start term loan ➢ Interest = Exempt
2.	DCA have authority to pass title in his own invoice	Covered in para 3 Tr. bet" (P)-(A) = Taxable	VOS = As per Rule 29
		Tr. by agent in his own invoice with customer	VOS = T.V. charges by (A) + Interest (delay payment of consideration)

Cir. no. 178/10/2022 Applicability of liquidated damages, compensation & penalties for breach of contract or legal violations.:

Agreeing to obligation ➢ to refrain from an act, or ➢ to tolerate an act or situation, or ➢ to do an act.	**Parameters for taxability under GST:** ➢ Contractual relationship between supplier and recipient. ➢ Express or implied promise for services; ➢ payment can't be assumed. ➲ Independent arrangement or activity.

If payment is mearly & event in the course of main contract & it is not the main objective = No GST	
Scenario	**Taxability under GST**
Liquidated damages	Normally not taxable, but taxable in some cases
Compensation for cancellation of coal blocks	Not taxable (No contract between govt and allotee)
Cheque dishonour fine/penalty	Not taxable (No express or implied agreement)
Penalty for violation of law	Not taxable (No agreement with govt)
Forfeiture of salary or bond payment	Not taxable (Not consideration for tolerating the act)
Compensation for not collecting toll charges	Taxable (Treated as supply)
Late payment surcharge/fee	Taxable (Part of the principal supply)
Fixed capacity charges for power	Not taxable (Exempt as sale of electricity)
Cancellation charges	Taxable (Assessed as principal supply, same rate as service contract)

Cir. No. 11/11/2017 Taxability of printing contracts

Scenario	SOG/SOS Classification
Printing of books, pamphlets, brochures, annual reports, etc (where content is from recipient & physical inputs are from printer).	Supply of Service - Printing
Supply of printed envelopes, letter cards, boxes, napkins, wallpapers, etc. (using recipients designer logo only)	Supply of Goods - Printed items

Cir. no. 190/02/202 Incentives by MeitY to banks for promoting RuPay and BHIM-UPI3

Scenario	Taxability
Incentives paid by Ministry of Electronics & IT (MeitY) to acquiring bank for promoting digital payments	Not taxable (Treated as Subsidy)

Cir. No. 196/08/2023 Taxability of Holding company's share capital in its subsidiary.

Scenario	Taxability
Holding of shares by a holding company in a subsidiary	Not taxable (Shares are neither goods nor services)

Cir.No. 201/13/2023 Supply of food or beverages in cinema hall

Scenario	Taxability
Supply of food/beverages in cinema hall as part of service or independently	Taxable as restaurant service
Sale of cinema ticket bundled together with food & beverages	Entire supply is taxed at cinema exhibition rate

Cir. No. 213/07/2024:- Taxability of ESOP/ESPP/RSU provided by an Indian company to its employees through its overseas holding company

Scenario	Taxability	Reason
ESOP/ESPP/RSU [Reimbursement by Indian Co. to foreign] Co. on cost to cost basis	Not a supply & no GST	➢ It's a part of employees remuneration as per para 1 of Sch III ➢ Securities or shares neither goods/services
Additional fees, mark-up, commission (charges by foreign co. to India co.)	Supply & taxable	SOS of facilitating the transaction in securities

Cir No. 215/09/2024:- Settlement of claim by insurance co. Salvage value of damage vehicle

Scenario	Reason	Taxability
1) Deduction of salvage value from settlement	➢ Claim is settled after deducting salvage value ➢ Ownership of salvage value with person insured ➢ Salvage does not become properly of Insurance Co.	Deduction of salvage value = Not a supply [no GST is payable by insurance co.]
2) Full Insured declared value settlement	➢ Claim is settled on full value without deducting salvage ➢ Ownership of salvage is with insurance Co.	Sale of salvage by Insu. Co. = Supply [Insurance co. liable to GST]

Cir. no. 234/28/2024 :- Preferential location charges (PLC) collected by builder along with sale of residential or commertial property

PLC charge with construction service is a composite supply	
Scenario	**Taxability**
If construction intended for sale & taxable as SOS under para 5(b) of Sch - II	Supply of construction service is main service & PLC is naturally bundled with it.
Sale of building after completion	Not a supply as per para 5 of Sch - III, so PLC also not liable to tax

Taxability of Penal Charges by Banks etc.[Cir. No. 245/02/2025]

➲ RBI has instructed lenders to **charge penal charges (not penal interest)** for loan term violations (excludes credit cards, External Commercial Borrowings, etc.).

➲ Such charges, like liquidated damages, for breach of contract are not a consideration for tolerating an act, thus **no GST applies** on them.

GST implications on vouchers [Cir. No. 243/37/2024]

Issue	Clarification
Are voucher transactions taxable under GST?	➢ RBI-approved vouchers (like gift cards) are treated as money: **Not taxable.** ➢ Other vouchers are actionable claims: **Not taxable.** **Conclusion:** Vouchers aren't taxed under GST, but the goods/services bought with them are taxable at redemption.
GST on voucher transactions by distributors/ agents:	➢ **P2P Basis:** Distributors buy and sell vouchers on their own – treated as trading in money/actionable claims, so **no GST.** ➢ **Commission Basis:** Distributors act for the issuer – **GST applies** on commission as it's a supply of service. **Conclusion:** GST is charged only on services like distribution or promotion, not on voucher trading.
GST on Additional Services Related to Vouchers:	Distributors or others providing extra services (like ads, co-branding, tech or customer support) to the voucher issuer for a fee must pay **GST**, as these are separate taxable services.
GST on Unredeemed Vouchers (Breakage):	Unredeemed vouchers (breakage) **involve no supply of goods or services** and no agreement to act or refrain from acting. **Conclusion:** Breakage is not a taxable supply, so no GST is payable.

For Your Self Study Notes:-

Chapter 3: Reverse Charge Mechanism & ECO

Sec 9(3) CGST/SGST, Sec 5(3) IGST Act:

- Applies to specified goods or services by Govt.
- Recipient of the supply is liable to pay tax directly.

Sec 9(4) CGST Act, Sec 5(4) IGST Act):

- Relates to specified goods or services by Govt. from URP to specified class of registered recipient.
- Tax liability falls on registered recipients.

	Sec 9(4)	100% tax liability
Construction	Value of Inputs and Input services purchase from registered supplier is less than 80% by Promotor	Promotor
	In case of Cement supplied by unregistered person to Promoter	Promotor
	In case of Capital Goods supplied by unregistered person to Promoter	Promotor

Reverse Charge Mechanism Under sec 9(3)

Transport Sector

1. GTA

GTA Service (Transportation of goods by road)

Option 1

If GTA does not opt to pay tax under forward charge

GST is payable by recipient @5% subject to following conditions

If transportation of goods service supplied by GTA to R.P. under GST

RCM is applicable & Recipient i.e. R.P is liable to pay tax

Exception :

If GTA service is supplied to Govt./LA/ Govt. Agencies who has taken reg. under GST only for TDS

= no FCM & RCM

If Transportation of goods service is supplied by GTA to URP

If URP is following notified person
1) factory, 2) Society
3) Co-Society
4) Body corporate
5) P.F./LLP/AOP
6) CTP

RCM is applicable & above notified person is liable to pay tax

Note:- Also such Un. Reg. notified person need to take compulsory Reg u/s 24 for Payment of Tax

If Recipient is not falling in notified category e.g. Individual HUF/Trust (URP) etc.

Service Exempted

The Question FCM/ RCM does not arise

Option 2

If GTA opt to pay tax under forward charge.

1) Take Reg. under GST
2) Pay GST
   - With ITC = 18%
   - Without ITC = 5%
3) Issue Tax Invoice with declaration of Forward charge

Note:- If GTA service supplied to URP other than notified Person = Exempt

Note: Once a GTA opts to pay GST under FC in a FY, it will continue unless a declaration to switch to RCM is filed in the 4th quarter of PFY.

Sec 9(5) of CGST/SGST Act , Sec 5(5) of IGST Act: Liability of ECO

If there is intra-state or inter-sate supply of notified services through ECO,

- the tax on such supply shall be paid by ECO &
- All provisions of act shall apply to that ECO as if he is the person liable to pay tax in relation to such supply.

Proviso	If ECO is not having physical presence in taxable territory:-	Person liable to pay tax = Person representing ECO in taxable territory for any purpose.
Proviso	If ECO is not having physical presence as well as representative in taxable territory:-	Person liable to pay tax = Person shall be appointed by ECO in taxable territory for paying tax.

Definition u/s 2(45):- Electronic Commerce Operator (ECO) means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.

Sec 9(5) : Liability of ECO for Notifies Services

Entry (a)/(d)

Entry (a)

Passanger transport service by

Cab or other motor vehicle

Cab or other motor vehicle

Whenever such service supplied through ECO. ECO is liable to pay tax

ECO is liable to pay tax

Omnibus

If supplier is other than company & supplied services through ECO

ECO is liable to pay tax

If supplier is a company

Supplier is liable to pay tax (even though service is supplied through ECO)

Entry (d)

Restaurant service other than specified premises

Whenever service is provided through ECO, Eco is laible to pay tax

Exception:

If restaurant is located in such specified premises (where room rent is more than ₹ 7,500 or equivalent) then supplier (restaurant) is liable to pay tax

Entry (b)/(c)/(e)

(b) Accommodation in Hotel, inn etc

(c) Housekeeping by way of plumbing etc.

(e) Services by way of local delivery

If supplier is not liable for registration under GST

If above services supplied through ECO, then Eco is liable to pay tax

If supplier is liable for registration under GST.

If above services services supplied through ECO, then supplier is liable to pay tax & not ECO

In above cases, ECO (other than exceptions) is liable to pay tax, irrespective of fact that supplier is registered or not.

Legal Sector

2. Legal Services

Legal Services provided by an individual / senior /firm of advocates to business entity directly or indirectly.	Any business entity located in the taxable territory

Explanation.- "legal service" means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.".

3. Arbitral Tribunal

Services by Arbitral Tribunal to business entity in a TT	Any business entity located in the TT

Un-organised to Organised Service Sector

4. Sponsorship

Sponsorship Service	by Any person other than a body corporate	to any body corporate or partnership firm located in TT.	Such body corporate or Partnership Firm located in a TT.

Government Service Sector

5. Government

Any Services provided by Government or Local authority to business entity other than (1) renting of immovable property/ (2) Service by Department of Post & Ministry of Railways (Indian Railways); (3) Service in relation to Aircraft, Vessel inside / outside precincts of port/airport. (4) transportation of goods or passengers	Any business entity located in the taxable territory

5A. Government

Renting of immovable property	by CG [excluding Ministry of Railways (Indian Railways)], SG,UT or LA	to any RP	Any registered person

Analysis:-

Supply of service by Govt or Local Authority

Part I (Entry 5)

All services (Other than covered in part II & Part III) supplied to business entity in a TT

RCM is applicable & business entity (recipient) is liable to pay tax (Subject to exemption)
(refer exemption chapter)

Part II (Exemption to Entry 5)

Following services supplied by Govt. /LA
1) Dept. of Post & ministry of Indian Railway
2) Services in relation to Vessel/Aircraft at port or airport
3) Transport of goods or Passenger transport service

F.C. is applicable & Govt. /LA (supplier) is liable to payment of tax

Part III (Exemption to Entry 5 & 5A) Renting of Immovable Property

By Govt./ LA (Other than Indian Railway)

If service is supplied to RP → RCM is applicable & R.P is liable to pay tax

If service supplied to URP (B.E.) → F.C. is applicable & Govt./LA is liable to pay tax.

By Indian Railway → F.C. is applicable (irrespective whether recipient is RP/URP).

Renting of Residential Dwelling and Commercial Property

5AA. Renting of Residential Dwelling

Services by Any Person	to a registered person	Any Registered Person

5AB. Service by way of Renting of any immovable property other than residential Dwelling

Services by URP	to a registered person other than composition dealer	Any RP except Composition dealer

Construction Service Sector [Not applicable for Inter Level]

5B & 5C. Sec 9(3)

Construction (FSI etc.)	Transfer of development rights or Floor Space Index (FSI) by any person to promotor for construction of a project	Promotor
Construction (lease)	Long term lease of land (30 years or more) by any person to promotor against consideration in the form of upfront amount for construction of a project	Promotor

6 Director of company

Services	by director of a company or body corporate	to the said company or body corporate	Such company or body corporate

Director service to Company/B.C

If director provide service in the course of employment (where TDS is deducted u/s 192 of I.T. Act)
→ Non treated as supply as per para-1 of Sch III hence question of RCM does not arise

Other services by the directors

If for directors service TDS is deducted u/s194J of I.T. Act
→ GST is payable & under RCMthe Co./B.C. is Liable to pay tax

If service is provided by director in his personal capacity e.g. Renting of I.P.to Co.
→ F.C. is applicable & director is liable to pay tax[CBIC Clarification]

Circular No.:- 201/13/2023

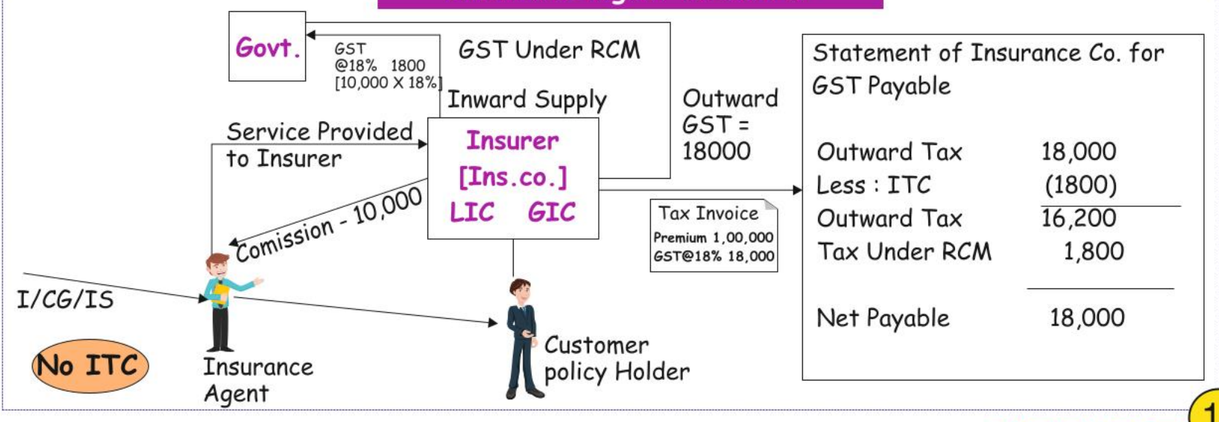
- Services supplied by director to company or body corporate **in his private or personal capacity** such as renting of immovable property are **not taxable** under RCM.
- But if supplied by director **as or in capacity of director**, it is **taxable** under RCM.

Insurance & Banking Service Sector

7. Insurance agent

Service by an Insurance Agent to a person carrying insurance business located in taxable territory	Insurer carrying life or general insurance business.

Insurance Agent & Insurer



8. Recovery agent

Services by any recovery agent to a banking company, Financial Institution or NBFC in a taxable territory.	Such banking company, Financial institution or NBFC in TT

Copyright Service Sector

9. Copyright service

transfer or permitting use or enjoyment of a copyright relating to Original, dramatic, musical works by Music composer, Photographer, Artist to Music company, producer or the like	Music company, producer or the like, located in the TT

9A. Copyright relating to literary

Transfer or permitting use or enjoyment of a copyright relating to original literary work by an author to publisher	A Publisher located in the taxable territory

Copyright Services

Entry 9

Supplier
- Music Composer
- Photographer
- Artist

Service: Original
- Dramatic
- Musical
- Artistic

Recipient: Music Company Producer or like — in TT

Under RCM recipient is liable to pay tax

Entry 9A

Supplier: Author

Service: Original literacy work

Recipient: Publisher in TT

Under RCM publisher is liable to pay tax

But

Supplier can shift the liability under F.C. subject to following conditions:
1) Author has taken Registration in GST
2) he has filed declaration to commissioner
   - For payment to tax under F.C.
   - Compliance of all provisions of this act
   - not reversing the option within a period of 1 year
3) He will make declaration in invoice (Invoice - 01)

Note:- Option of F.C. not available

10. Members of Overseeing committee

Supply of Service	by	Members of Overseeing committee	to Reserve Bank of India (RBI)	Reserve Bank of India (RBI)

11. DSAs

Services	Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or LLP (by)	a banking company or a NBFC (to)	A banking company or a NBFC, located in the taxable territory.

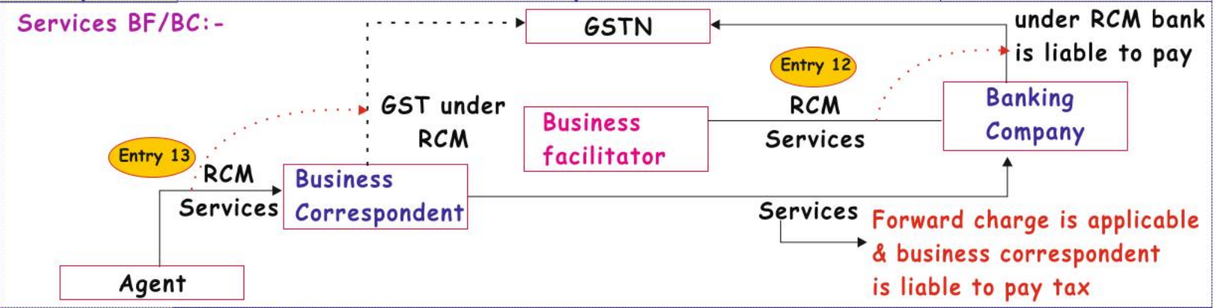
12. Business Facillator

Services supplied by Business Facilitator to A banking company located in the taxable territory.	Banking company located in Taxable Territory

13. Agent of Business Correspondent

Services supplied by An agent of Business Correspondent (BC) to A business correspondent, located in the taxable territory	Business correspondent located in TT

Services BF/BC:-



14. Security Services

Supply Security services (as a security personnel)	by Any person other than a body corporate	to a registered person	RP located in Taxable Territory

Proviso

In following cases F.C. is applicable, if security services are supplied to
i) ➢ CG/SG/UT/LA departments
   ➢ Governmental agencies
   } registered only for deducting TDS u/s 51
ii) a RP paying tax under composition scheme.

15. Renting of motor vehicle

Service	by	to	Liability
Renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged .	any person other than body corporate (does not issue an invoice charging CGST @ 9 % and SGST 9% to the service recipient)	Any body corporate	Any body corporate located in Taxable Territory

Analysis:-

Renting of Motor vehicle(M.V.)

- Renting of M.V. designed to carry passenger [e.g. car/bus/auto etc.]
  - cost of fuel is included in a consideration
    - Supplier of service: Any person other than body corporate
    - Recipient: Any body corporate in taxable territory
  - Cost of fuel not included in a consideration
    - Forward charge is applicable
- Renting of M.V. designed to transport goods [e.g. truck /tractor etc.]
  - Forward Charge is applicable

Circular No.:- 177/09/2022

Renting of Motor Vehicle	where the renter defines how and when the vehicles will be operated, determining schedules, routes and other operational considerations.	RCM Applicable
Passenger Transport Service	passenger transport services over pre-determined routes on pre-determined schedules.	FCM Applicable

Other Service Sector

16. Lending of security

Lending of securities	by lender to borrower	Borrower i.e. a person who borrows the securities

For Your Self Study Notes:-

Chapter 4:- Composition Scheme

Analysis - Threshold, composition & Normal Scheme

Assessee	Mfg	Trader	SP	Mfg	Trader	SP	Mfg	Trader	SP
	✓	✓	✓	✓	✓	✓	✓	✓	✓

Tax benefits	No Tax Payable	Tax is payable @ Composite Rate	Tax is payable @ Normal Rate
procedure benefit			
Registration	Not required	Compulsory	Compulsory
GST Invoice	Not required	Bill of supply	Tax invoice
GST Records	Not required	Limited Extent	As prescribed under this Act
ITC	NO	NO	Yes
GST Return	Not required	1) GSTR -4, GSTR - 9A Annually 2) Quarterly Statement - CMP-08 3) Payment of Tax - Quarterly	GSTR-1 & GSTR-3B, Monthly or Quarterly for notified category

GST Rate under Composition Scheme

Rule- 7 = Rates:-

	Categories of RP	CGST	SGST	Total	Basis for Calculation	
1)	Manufacturer	0.5%	0.5%	1%	Turnover in State/UT	(T.S. + Exempt + Nil rate)
2)	Catering & Restaurant	2.5%	2.5%	5%	Turnover in State/UT	
3)	Trader	0.5%	0.5%	1%	Turnover of taxable SOG & SOS in the State/UT	Only Taxable Supply of SOG & SOS
4)	R.P. not eligible u/s 10(1)&(2), but eligible for 10(2A)	3%	3%	6%	Turnover of SOG & SOS in the State/UT	(T.S. + Exempt+ Nil rate)

➲ Both are Optional Scheme.

Sec 10(1) & 10(2)

Applicability:	Manufacturer + Trader+ Restaurant etc.
Eligibility :	Agg. T/O of P.F.Y. of R.P. does not exceeds Normally - 150 lakhs (including Assam + H.P. + J/K) Special Category State(SCS) - 75 lakhs
C.L.in C.F.Y.	Composititon levy upto Agg. T/O 150L/75L
Marginal Supply of services =	Manufacturer/catering & restaurant/trader may supply services of value upto 10% of T/O in state of P.F.Y. or 5 Lakhs. Which ever is higher (limit is state wise).

Sec 10(2)- Eligibility Conditions-

a)	Person opting for the scheme u/s 10(1) (Manufacturer/ Catering & Restaurant / Trader) cannot supply any service (Taxable / exempt), except as allowed in proviso 2 to sec 10(1). (Limit is statewise)
b)	Not engaged in SOG/SOS, which are Non-taxable under GST Act.
c)	Not engaged in making any inter-state outward SOG/SOS Note: Inter state inward supply is allowed.
d)	Not engaged in SOS, through an ECO, collecting TCS u/s 52. (i.e For SOG - CL allowed).
e)	Not a manufacturer of Notified Goods*.
f)	Neither a CTP nor NRTP

*[Notified Goods= Ice cream & other edible ice / Pan Masala / Aerated water/ tobacco & tobacco substitutes, Fly ash bricks, Fly ash aggregates, fly ash blocks]

Note:- This restrictions only applicable to C.F.Y and not for P.F.Y

Sec 10(2A)

Sec 10(2A) - Applicability : -

➲ Applicable to RP whose Agg. T/o in P.F.Y is not exceeding ₹ 50 Lakhs

➲ Person is not eligible to opt u/s/ 10(1)(2)

➲ It is applicable to:

a) Person engaged in SOS

b) M/T/C where service is pre-dominant

Sec 10(2A)- Eligibility Conditions -

Not Applicable

a)	Not engaged in SOG or SOS, which are Non-taxable under GST Act.
b)	Not engaged in making any inter-state outward SOG or SOS
c)	Not engaged in SOS, through an ECO, collecting TCS u/s 52
d)	Not a manufacturer of Notified Goods*.
e)	Neither a CTP nor NRTP

*[Notified goods = Ice cream & other edible ice / Pan Masala / Aerated water/ tobacco & tobacco substitutes]

Proviso to Sec. 10(2)/ sec. 10(2A) : All RP with the same PAN must choose the composition scheme u/s 10(1). If one of them chooses the regular scheme, everyone else will also be ineligible for the composition scheme.

Sec. 10(3):- Eligibility Criteria for composition scheme:-

➲ Option availed by RP u/s 10(1)/(2A) - shall lapse w.e.f. the day on which his Aggregate T/o during a CFY exceeds 150 lakhs/ 75 Lakhs/ 50 lakhs, as the case may be.

Sec. 10(4):- Other Conditions:-

➲ Composition dealer cannot collect tax on outward supplies.

➲ Composition dealer will not be eligible to claim ITC.

➲ Composition dealer cannot issue tax invoice, but issue Bill of supply.

Sec. 10(5):-If PO believes that a taxable person has paid tax u/s 10(1)/(2A) despite not being eligible, such person shall-

➲ pay tax & penalty as per applicable provisions &

➲ sec 73/74/74A shall be applicable.

Rule-5 Conditions/ restrictions:-

1) Title on Bill of Supply= "Composition Taxable person, not eligible to collect tax on supplies"

2) Display at business premise= "Composition Taxable Person"

3) Pay tax under RCM = Stock of URP held at the time of taking C.L.

Section 2(6):- Aggregate Turnover

means the aggregate value of

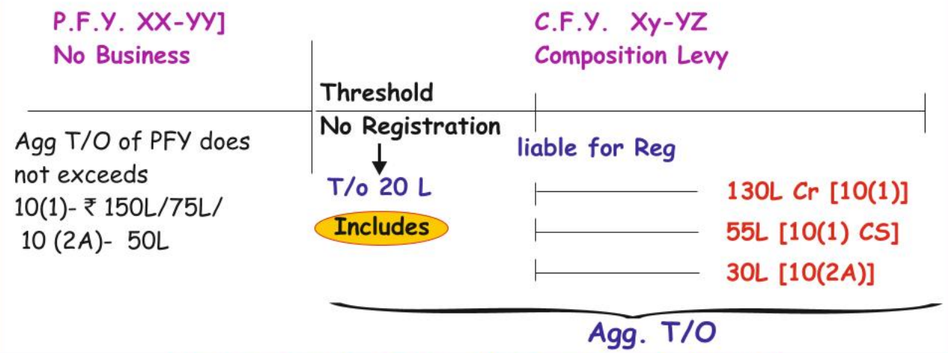
- ➲ all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis),
- ➲ exempt supplies,
- ➲ exports of goods or services or both and
- ➲ inter-State supplies of persons having the same PAN, to be computed on all India basis

but excludes central tax, State tax, Union territory tax, integrated tax and cess

aggregate turnover" shall include the value of supplies made by such person from the 1st day of April of a financial year up to the date when he becomes liable for registration under this Act,

but shall not include the value of exempt supply of services provided by way of extending deposits, loans or advances is so for as the consideration is represented by way of interest or discount.

Explanation 1 of Sec 10 [Aggregate Turnover]



Sec 2(112):-Turnover in State" or "Turnover in UT

means the aggregate value of

- ➲ all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis) and
- ➲ exempt supplies made within a State or UT by a taxable person,
- ➲ exports of goods or services or both and
- ➲ inter-State supplies of goods or services or both made from the State or Union territory by the said taxable person

but excludes central tax, State tax, Union territory tax, integrated tax & cess.

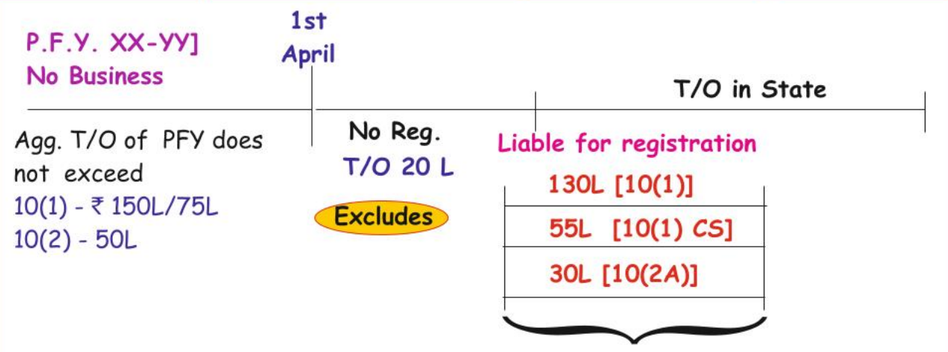
turnover in State or turnover in Union territory" shall not include the value of following supplies, namely:

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

(ii) interest or discount on deposits, loans or advances.

[We calculate T/o in state for payment of tax under CL]

Explanation 2 of Sec 10 [Turnover in State]



2(47) : Exempt Supply

means a supply of any goods or services or both ➲ which attracts nil rate of tax or ➲ which may be wholly exempt from tax **includes non-taxable supply**

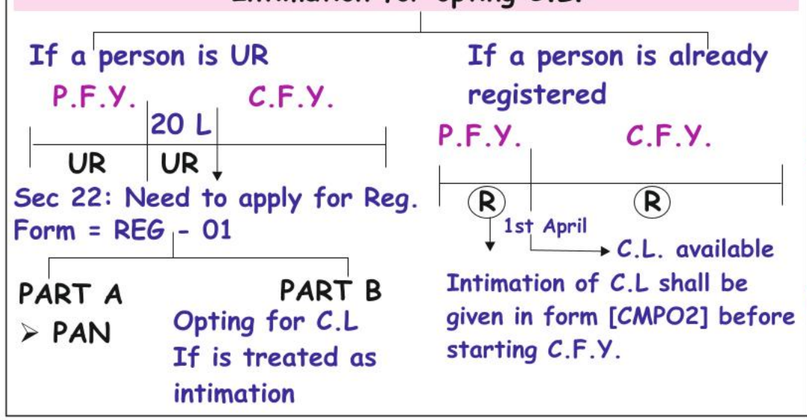
Procedure- Composition Scheme

Procedure:- **Rule-3** Intimation by URP= Pay tax under Composition levy in part B of FORM- GST REG-01.(Considered only after grant of reg.)

Intimation by RP= Electronically file an intimation, prior to commencement of FY, for which option exercised.

Any intimation i.r.o. any place of business in a State/UT= deemed to be an intimation i.r.o all other place of business registered on same PAN.

Intimation for opting C.L.



Rule-6 Validity of Composition Scheme = Till person continues to fulfill conditions u/s 10(2)/(2A)/ Rule-5.

- ➲ If person ceases to fulfill above conditions= shall file intimation of opting out scheme in CMP 04 (Within 7days)
- ➲ If person want to opt out voluntarily= shall file intimation in CMP 04 before such withdrawal.
- ➲ After withdrawal he shall issue tax invoice & allowed to avail ITC i.r.o. stock held by him as on date.

Rule-62 ➲ File statement- Quarterly till 18th of month following the quarter.(CMP-08)

➲ File Return (GSTR-4)- Annually till 30th June of the following year.

Rule-80 ➲ File Return (GSTR-9A)- Annually till 31st Dec of following year.

For Your Self Study Notes:-

CHAPTER 5: Time of Supply

SECTION 31- INVOICE FOR SOG/SOS

Invoice by Supplier of Goods	Invoice by supplier of the Servicse
As per Sec 31, a RP supplying taxable goods invoice shall be issued **Invoice**, before or at the time of (a) **removal of goods** for supply to the recipient, where the supply involves movement of goods; or (b) **delivery of goods or making available** thereof to the recipient, in any other case	As per Sec 31, a RP supplying taxable services invoice shall be issued, **before or after the provision of service** **but not beyond 30 days (in case of banks or financial institution within 45 days) from the date of supply of service shall issue the Invoice**

Time of Supply u/s 12 & 13

Cases	Sec 12 : TOS for SOG	Sec 13 :- TOS for SOS	
	Sec 12(2) : TOS	Sec 13(2) :TOS	
Forward charge or Tax on Outward supply	Earlier of ➲ Date of issue of Invoice or ➲ Last Date of issue of Invoice **Whichever is earlier** Note : As per N/N 66/2017, TOS of goods is not on date of Receipt except Specified actionable claim	(a) If Invoice is issued within time	Date of invoice or Date of Receipt, whichever is earlier
		(b) If Invoice is not issued within time	Date of Completion or Receipt whichever is earlier
		(c) If TOS cannot be determined as per (a) or (b)	Date when Recipient shows receipt of service in his books
RCM or Tax on Inward supply	**Sec 12(3)** : TOS is on (a) Date of Receipt of goods, or (b) Date of Payment, or (c) 31st Day from Supplier's Invoice **Whichever is earlier** Note : If (a) (b) or (c)is not possible then date of Entry in Books of Accounts of recipient	**Sec 13(3)** : TOS is on (a) Date of Payment, or (b) 61st Day from Supplier's Invoice **(c) Date of invoice issued by Recipient, if any** **Whichever is earlier** Note : If (a) or (b) or (c) is not possible then date of Entry in Books of Accounts of recipient	
Payment upto ₹1000 in excess of Invoice	**Proviso to Sec 12(2) and 13(2) :** TOS is on, at the option of Supplier, on the date of issue of next invoice in which such payment is adjusted		
Residual Cases	**Sec 12(5) and 13(5) : TOS cannot be determined in any of the above sec,then** **(a) In case Periodical returns is to be filed -** Date on which such return is filed **(b) In Other Cases -** Date of Payment of Tax		
Interest/ Late Fees or Penalty for delay payment of consideration	**Sec 12(6) and 13(6) : TOS is on** ➲ Date on which Supplier receives such addition in value		

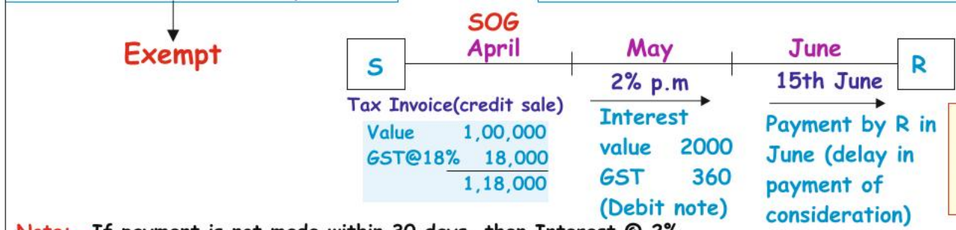
Note: i) Date of Payment received ➲ Date of book entry, or ➲ Credited to Bank } **Whichever is earlier**

ii) Date of Payment (RCM)= ➲ Date of Payment entered in books of accounts, or ➲ Date of debit to bank } **Whichever is earlier**

Interest

Loan /advances or Deposits → Exempt

Delay payment of consideration - added in value



TOS - when such interest/ late fee/penalty is received (15th June)

Note:- If payment is not made within 30 days, then Interest @ 2%

TOS for SOG u/s 12(2) = Forward Charge

TOS for all SOG except specified actionable claims

TOS = Date of Issue of invoice or Last date of Invoice Whichever is earlier

Specified actionable claims [Goods includes actionable claims]

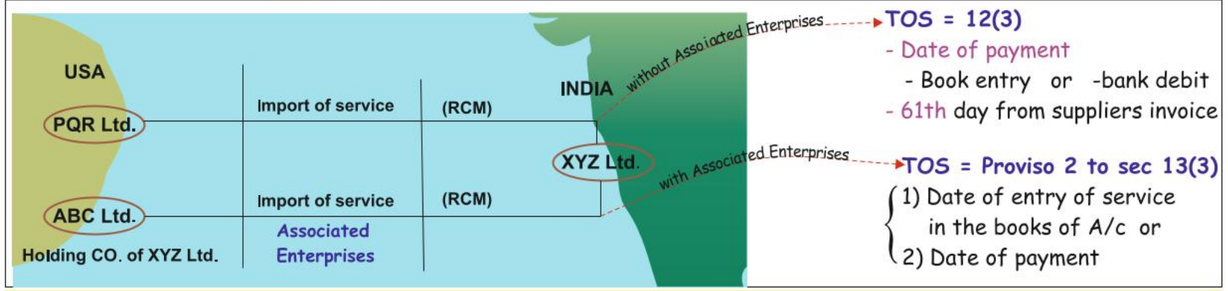
TOS = 1) Date of issue of Invoice or 2) Last date of Invoice or 3) Date of receipt of Payment Whichever is earlier

TOS IN CASE OF ASSOCIATED ENTERPRISES

Sec 2(12) - "Associated Enterprise" Shall have the same meaning as assigned to it in Section 92-A of the Income tax Act, 1961

TOS : As per **2nd Proviso of sec 13(3)**, in case of **supply by associated enterprises**, **where the supplier of service is located outside India, the time of supply shall be the**

- date of entry in the books of account of the recipient of supply or
- the date of payment, whichever is earlier



TOS for payment of GST on spectrum usage services by telecom operators (Circular No. 222/16/2024):-

- ➲ Spectrum allocation services with deferred payments is considered as continuous SOS.
- ➲ Invoices must be issued by the payment due date specified in the contract as per sec 31(5)(a).
- ➲ For full upfront payment, GST is due when the payment is made or due, whichever is earlier.
- ➲ For deferred payments, GST is due with each instalment, when due or paid, whichever is earlier.

TOS of services of construction of road Services & maintenance thereof of National Highway Projects of NHAI in Hybrid Annuity Mode (HAM) model i.e. (Circular No. 221/15/2024):-

- ➲ If invoices issued on time, TOS is earlier of invoice date or payment receipt date.
- ➲ If invoices not issued on time, TOS is earlier of service provision date or payment receipt date.

CHAPTER 6: Section 15 - Value of Supply

Sec 15(1)

Value of SOG/SOS = **Transaction value**

Price actually paid or payable for Supply

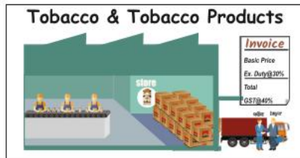
Conditions:
1) Supplier & recipient are not related
2) Price is sole consideration for Supply

Sec 15(2)

Inclusion to Transaction Value [only if charges extra by Seller]

a) Any taxes, Duties, fees or charges levied under any law (if charges by seller)

except = GST



Tax Invoice

Value	1,00,000
Central Excise @ 20%	20,000
	1,20,000
GST @ 18%	(1,20,000 X 18%)

Price Inclusive of GST

Price (Inclusive of GST @ 18%) 2,00,000

$$VOS = \frac{2,00,000 \times 100}{118} = 1,69,491$$

$$GST = \frac{2,00,000 \times 18}{118} = 30,508$$

Note: For GST purposes, the TCS amount under the Income Tax Act is not included in the value of supply.

b) 3rd party payment

Any payment
- Supplier is liable to pay for supply
- but incurred by recipient
- Not included in price

c) Any Incidental expenses:

- including commission or packing charged by the supplier or
- any amount for anything done by the supplier in respect or supply at the time or before delivery

Examples of additional recoveries by supplier
- Packing, labeling, designing etc
- Royalty, warranty charges, etc.
- Insurance charges
- Dharmada
- Weightment charges.
- Loading, weighing, coolie
- Freight shown separately in invoice
- Erection installation charges
- Pre Delivery Inspection Charges

d) Interest, late fee

Interest, late fee penalty for
- delayed payment of consideration for any supply of goods or services

Analysis:- Interest

- on loan, advances or deposits → It is SOS but exempted
- On delayed payment of consideration → As per above clause it is included in VOS & GST is payable

Important Notes:-
1) **Value:-** Normally interest is assumed to be inclusive of GST whereas late fee & penalty , is assumed to be exclusive of GST.
2) **TOS:-** As per 12(6)/13(6) i.e. in a month when a such amount is actually received.
3) **Rate:-** Based of original supply

e) Subsidy

Subsidy directly linked to price except subsidy given by CG/SG

Analysis : Subsidy

- Given by Govt. (CG/SG/UT) → Not to be added to the value of supply
  - Analysis:- Price net of subsidy -no impact of govt. subsidy price including subsidy -deduct govt. subsidy
- Given by others
  - Subsidy linked to the price → to be added in Value
    - 1) price net of subsidy = add subsidy
    - 2)price including subsidy = already added
  - Not linked to the price → not to be added in value

Sec 15(3)

Deduction of discount

Any discount is deductible from value of supply

(a) Discount is given at the time or before supply

→ deduction is available if it is recorded in Invoice

(b) Past supply Discount

Discount given after supply

- if it is Agreed at the Time of supply → Discount is deductible if linked to invoice & ITC is recovered by recipient
- If it is not agreed at the time of supply → No deduction of discount is available

Notes: 1) for such discount GST credit not shall be issued
2) GST apportioned to such discount shall be adjusted (deducted from output tax) in a month in which credit note is issued

Staggered discount (Buy more, save more offers):- Generally shown in the invoice , to be excluded

Periodic/ year end discount/ volume discounts :- Generally not shown on invoice since given at year end such discount are excluded from value of supply subject to fulfillment of conditions u/s 15(3)(b).

Secondary discounts (not known at TOS):- Such discount shall not be excluded from value of supply since not known at TOS & 15(3)(b) condition not satisfied.

Important Clarification

No Claim Bonus (NCB) by Insurance Company [Cir.No.186/18/2022]

Cases	Clarification
Is NCB considered as a supply ?	No, NCB is not a supply
Can NCB be considered a discount?	Yes, NCB is deductible from premium

Clarification relating to pure agent [Cir. No. 206/18/2023]

Cases	Clarification
Reimbursement of electricity charges bundled with renting or maintenance	It is a composite supply, taxed at the rate of the principal supply (renting).
Electricity supplied as a pure agent	If real estate owners, developers, or RWAs supply electricity as a pure agent, it is not included in the value of their supply.
If Charging electricity on an actual basis	They are acting as a pure agent.

Clarification on Extended Warranty (EW) [Cir.No. 216/10/2024]

1)	**Customer opt for EW at the time of SOG**	1) It is treated as part of composite supply 2) Principle supply is SOG
2)	**If supplier of goods (Manufacturer) & supplier of EW (dealer) are different.**	Then GST is payable on EW as SOS
3)	**Customer opt for EW after supply**	Then EW is treated as separate SOS & GST is payable as the rate applicable for service.

Evidence of Compliance with Sec 15(3)(b)(ii) by Suppliers [Cir. No. 212/6/2024]

- Suppliers should obtain a CA/CMA certificate confirming ITC reversal for credit notes, including details like credit note, ITC amount & supporting documents.
- These certificates, with UDIN, must be provided if requested by tax officers during audits or investigations.

GST Treatment of Secondary/Post-Sale Discounts:[Cir No 251/08/2025]	
ITC on Discounts via Financial/Commercial Credit Notes	No ITC reversal is required by the recipient for discounts given through such credit notes.
Post-Sale Discount from Manufacturer to Dealer – Is it Consideration?	(A) Independent Sale Transactions:- Such discounts are not treated as consideration for inducing further supply to customers. (B) Discounts Linked to Manufacturer – Customer Agreement:- Then such discounts act as an inducement for the dealer's supply & form part of consideration between manufacturer and dealer.
Whether Post-Sale Discounts Are Consideration for Promotional Activities	(A) No Separate Service:- Hence, no GST as it is not a service to the manufacturer. (B) Separate Promotional Services:- If the dealer specifically agrees to promotional services (ads, branding, exhibitions, etc.),separate consideration is agreed, Then it is a taxable service, and GST applies.

For Your Self Study Notes:-

For Your Self Study Notes:-

CHAPTER 7: IGST Act, 2017 (Place of Supply)

Export of Service
1) Location of supplier is in India
2)Location of Recipient as outside India
3) Place of Supply outside India.
4) Amount Received in CFE or ₹ if allowed by RBI
5) Supplier & recipient are not DDP

Export of Goods
➲ Goods are taken to a place outside India.
Note:- No such condition of receipt of CFE, only requirement is that goods are taken out of India.

"Import of Goods"
2(10) : means bringing goods into India from a place outside India

Import of Service 2(11):means the supply of any service, where–
(i) the supplier of service is located outside India
(ii) the recipient of service is located in India; and
(iii) the place of supply of service is in India

SEC 9 : Supply in Territorial Water

Notwithstanding anything contained in this Act,

a	Where the LOS is in the territorial waters,
b	Where the POS is in the territorial waters,

(OR)

LOS (for clause (a) & POS (for clause(b)) shall be deemed to be in the coastal State or UT where the nearest point of the appropriate baseline is located.

POS for supply of Goods

Sec 10 :- Place of Supply of Goods other than imported or export goods

S.No.	Nature of Supply	Parties Involved	Place of Supply
a)	Involves Movement of Goods	Movement by ➲ Supplier ➲ Recipient or ➲ Any other person (transporter)	POS = Location of the goods when the movement of goods terminates for delivery to the recipient
b)	Bill-to-Ship-to Sale	➲ Supplier ➲ Recipient (Shipping address) ➲ Third Person (Billing Address)	POS = Principal place of Business of third person, on whose direction goods are supplied to recipient
c)	Does not involve Movement of Goods	➲Supplier ➲Recipient	POS = Location of goods at the time of delivery to the recipient
ca)	Supply of goods to URP (overrides sec 10(1)(a)/(c)) (Does not override sec 10(1)(b)) supply through ECO = address of delivery recorded in invoice	➲ Supplier (registered) ➲ Recipient (unregistered)	POS= a) If address of recipient exist - address recorded in invoice b) If address of recipient does not exist - location of supplier
d)	Installation and Assembly of Goods at Site	➲ Supplier ➲ Recipient	POS =Place of such Installation or assembly of Goods
e)	Goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle	➲ Supplier ➲ Recipient	POS=Location at which goods are taken on board.

Note : Where the place of supply of goods cannot be determined, the POS shall be determined as per the prescribed Sec 10(2)

POS of Services

Sec 12 (1) - Pos where LOS and LOR of Services in India

Sec	Description of Service	Place of Supply	
		Supply to unregistered person (B2C)	Supply to RP (B2B)
12(2)	General rule for all services except covered in 12(3) to 12(14)	(i) If Address of R exists on record POS = LOR (ii) If Address on recipient does not exists on record POS =LOS	Location of such registered recipient
	POS of Online Services supplied to unregistered recipients. [Cir. No.242/36/2024] ➲ All online service providers (including online gaming, OIDAR, and ECOs) must record the State of unregistered recipients on tax invoices, irrespective of the value of supply. ➲ This State name acts as the POS under GST (as per Sec 12(2)(b)(i) of IGST Act). ➲ Suppliers must have systems in place to collect and record this information before making the supply. ➲ Missing the recipient's State on the invoice can lead to penalties u/s 122(3)(e). ➲ The recipient's State must also be reported as POS in GSTR-1/1A returns.		
12(5)	Training and performance appraisal	POS=Location where the service is actually performed.	
12(7)	Organisation of events including ancillary services, sponsorship	POS = Place where event is actually held. Note:- If event is held outside India POS = LOR	
	Rule 5 prescribed for supply of services attributable to different States or UT, of Sec12(7)		
	In case of service: Services are supplied to a person other than a RP, the event is held in India in more than one ST/UT and a consolidated amount is charged absence of any contract or agreement for separately collecting	Basis of apportionment: Shall be determined by application of the GAAP	
12(8)	Transportation of goods, mail or courier	POS = Location at which goods are handed over for transportation	
12(9)	Passenger transport service	POS = Place where passanger embarks on the convayance for a continuous jourey Note:- Right to passage for future use where point of embarkment is not known, POS = Section 12(2)	

12(13)	Insurance service	POS = LOR on record of insurance company
12(3)	Service directly related to immovable property including agents, experts, lodging in hotels, inn, accommodation for functions & ancillary services	POS = Location at which immovable property or boat or vessel is located But if IP is located outside India , POS = LOR

Rule 4:- The supply of services attributable to different States or Union territories, under section 12(3)

In case of service	Basis of apportionment & Value of services
(i)By way of lodging accommodation by a hotel, inn, guest house, club or campsite, and services ancillary to such services (except cover in (ii))	number of nights stayed in such property
(ii) a single property located in two or more contiguous States or Union territories or both, and services ancillary to such services	area of the immovable property lying in each State or Union territory
(ii)In all other services in relation to immovable property including any immovable property for organising any marriage or reception etc.	
(iii) lodging accommodation by a house boat or any other vessel and services ancillary to such services	time spent by the boat or vessel in each such State or Union territory,

12(4)	Restaurant catering, personal grooming fitness, beauty treatment, health services including plastic surgery	POS = Location where service is actually performed
12(6)	Admission to events or amusement park &ancillary Services	POS = Where the event is actually held Where park or other place is located
12(10)	Service on board a conveyance	POS = Location of first schedule point of departure of that conveyance for the journey
12(11)	Supply of telecom services including data transfer, broadcast, cable or DTH	
	(a) Fixed lease or cable line	POS = Place where such fixed line is installed
	(b) Postpaid mobile, internet, DTH	a) If address of R exists = LOR b) If address of R dose not exists = LOS
	(c) Prepaid mobile, internet, DTH	a) Selling through agent = address of agent if on record otherwise LOS b) Direct to final subscriber = Place where voucher is sold
	(d) In all other cases	a) If address of R exist = LOR b) If address does not exist = LOS
	Proviso - Prepaid - electronic payment	POS = LOR in record of supplier

Rule 6 is prescribed supply of services attributable to different ST/UT , under sub section (11) of section 12 of the said Act,

In case of service	Basis of apportionment
the leased circuit is installed in more than one ST/UT and a consolidated amount is charged, In the absence of any contract or agreement for separately collecting Liability on Intermediary	in proportion to the number of points lying in the ST or UT

12(12)	Banking & Financial Sector including stock broking	a) If address of R exist = LOR b) If address of R does not exist = LOS
12(14)	Advertisement services to Govt. or Local authority Rule 3 (refer from Study mat)	POS shall be determined for each State or UT where advertisement is broadcasted / Run/Played

For Your Self Study Notes:-

Chapter 8:- EXEMPTIONS (Mega N/n 12/2017 & Others)

Exemption Related to Health Care

Sl.No. 74 (Imp)

a) Health Care by
- a clinical establishment, (hospital+nursing home+Pathalogical lab),
- an authorized medical practitioner
- paramedics (Nursing staff+physio+lab assistant etc.).

b) Ambulance Service provided by others is also - Exempted

Means
- Diagnosis or Treatment or Care — For — illness, injury, pregnancy, abnormality, deformity
- Recognised system of medicine: Allopathy+Yoga +Ayurveda+Naturopathy+homeopathy+Siddha+unani

Includes
Transportation of the patient (i.e. Ambulance Service)

Does not includes
- hair transplant (Just for beauty)
- plastic surgery

except (exemption available)

to restore or to reconstant
- anatomy
- function of body affected due to ➢ congenital defects, ➢ development abnormalities, ➢ Injury or trauma

CBIC Clarifications

Assisted Reproductive Tech. (ART) or IVF	Exempt
Ambulance service by SG or through PSP	Exempt
Services to/by Hospitals	
Services by senior doctors/consultants/ technicians to hospital	Exempt
Retention money by hospital	Exempt

Renting of room by clinical establishement
- If room rent is ₹5,000 or less per day → Exemption
- If room rent exceeds ₹5,000 per day → ICU/ICCU/NICU: Exemption; Normal room: Taxable

Food Supplied to the Patient

Canteen run by Hospital		Canteen run by Pvt. person
To Admitted Patients	Exempt	Food supplied to all: Taxable
To Non-Ad. Patients	Taxable	
To Doctors, staff etc.	Taxable	

Sl.No. 46 (Imp) Health Care or Animal or Birds Service by Veterinary Clinic

Sl. No. 74A (Imp) Service provided by professional by way of rehabilitation, therapy or counseling at medical establishment, Educational Institution, Govt. Center or charitable institution u/s 12AA or 12AB etc.

Exemption Charitable and Religious Sector

Sl.No. 1 (Imp) Services-entity u/s 12AA/ 12AB of Income tax Act By way of charitable activities

Public Health by way of
- Core or counseling
  - Terminally ill person
  - Person with physical or mental disability
  - Affected with HIV/AIDS
  - Person addicted with narcotics or drugs etc.
- Public awareness
  - Preventive health
  - Family planing
  - Prevention of HIV infection

Advancement of
- Religion or
- Spirituality or
- Yoga

Prevention environment includes
- watershed
- forest & Wildlife

Advancement of educational programs or skills development relating to
- abandoned, orphaned or homeless children
- physically mentally abused person
- prisoners
- persons over age of 65 years residing in a rural area

Not includes- 1) Hostel Accommodations
2) Lodging or boarding unless it's a composite supply
3) Fitness camp & classes

Sl.No.13 Religious Activities - Conduct of Religious Ceremony

Sl.No. 13 (Imp)

Renting of precincts of a religious place Meant for general public — Owned or manage by an entity registered as a - charitable or - religious trust → Sec 12AA/12AB, Sec 10(23C)(v), Sec 10(23BBA) Of Income Tax Act

Exemption is not available in following cases	
Renting	**Exemption not available**
Renting of Rooms	where charges are ₹ 1000 or more per day
Renting of Premises, Community halls, kalyanmandapam or open area and the like	where charges are ₹ 10,000 or more per day
Renting of Shops or other spaces for business or commerce	where charges are ₹10,000 or more per month

Exemption in Legal Sector

Sl.No. 45 (Imp) Legal Services by arbitral tribunal, advocate etc.

Service provided by arbitral Tribunal

- To Business Entity
  - Agg T/O of business Entity up to such amount in PFY make it eligible for exemption from registration → Exempt
  - Agg.T/O of business Entity in PFY such amount make it liable for reg. → Taxable [Under RCM business Entity is liable]
- To Non business Entity → Exempt
- CG/ SG /UT/ LA Govt. Entity → Exempt

Service provided by individual advocate or firm of advocate other than Sr. Adv.

- To Business Entity
  - Agg T/O of business Entity up to such amount in PFY make it eligible for exemption from registration → Exempt
  - Agg.T/O of business Entity in PFY such amount make it liable for registration → Taxable [Under RCM business Entity is liable]
- To Non business Entity → Exempt
- To Another individual advocate or firm of advocate → Exempt
- CG/ SG /UT/ LA Govt. Entity → Exempt

Note :- Legal service = service provided in relation to - advise /consultancy / assistance, in any breach of law in any manner, and includes representational services before any court/ tribunal/ authority

Service provided by senior advocate

- To Business Entity
  - Agg T/O of business Entity up to such amount in PFY make it eligible for exemption from registration → Exempt
  - Agg.T/O of business Entity in PFY such amount make it liable for reg. → Taxable [Under RCM business Entity is liable]
- To Non business Entity → Exempt
- CG/ SG /UT/ LA Govt. Entity → Exempt
- To Another individual advocate or firm of advocate → Taxable, but can take exemption of amount upto T/O of business entity in PFY to be eligible for exemption from registration

S.No. 54 : Exemption in Agriculture Sector (Imp)

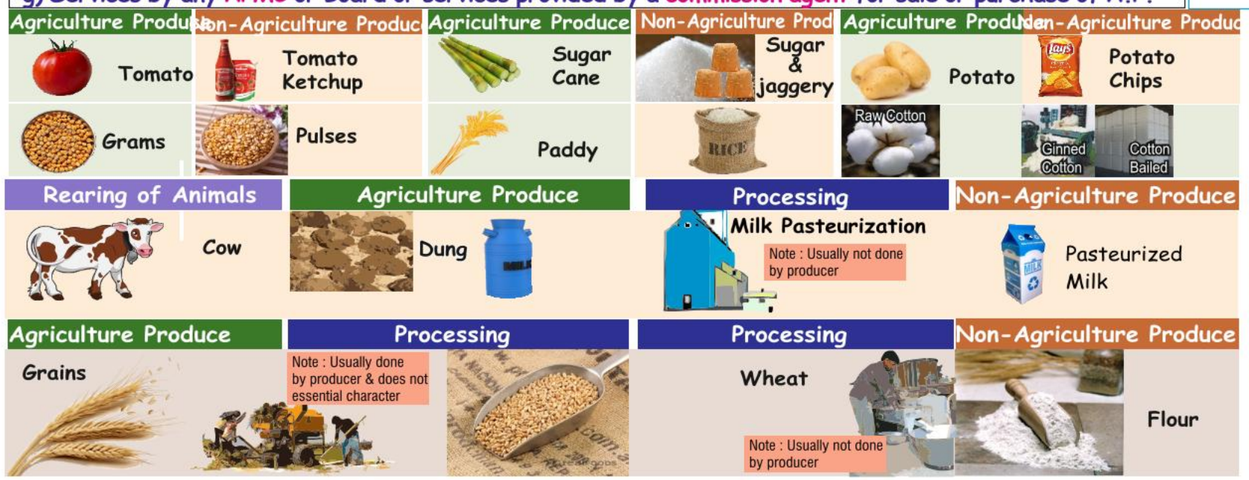
a) Agricultural operations directly related to production of any A.P. including cultivation, harvesting, threshing, plant protection or seed testing.
b) Supply of farm labour
c) Processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, bulk packaging etc. which do not alter essential characteristics of A.P
d) Renting or leasing of agro machinery or vacant land with or without a structure incidental to its use.
e) Loading, unloading, packing, storage or warehousing of A.P.
f) Agricultural extension services (Scientific research & knowledge to farmer).
g) Services by any APMC or Board or services provided by a commission agent for sale or purchase of A.P.

Agriculture:
1)cultivation of plants and
2)Rearing of
all life-forms of animals, except the rearing of horses

for

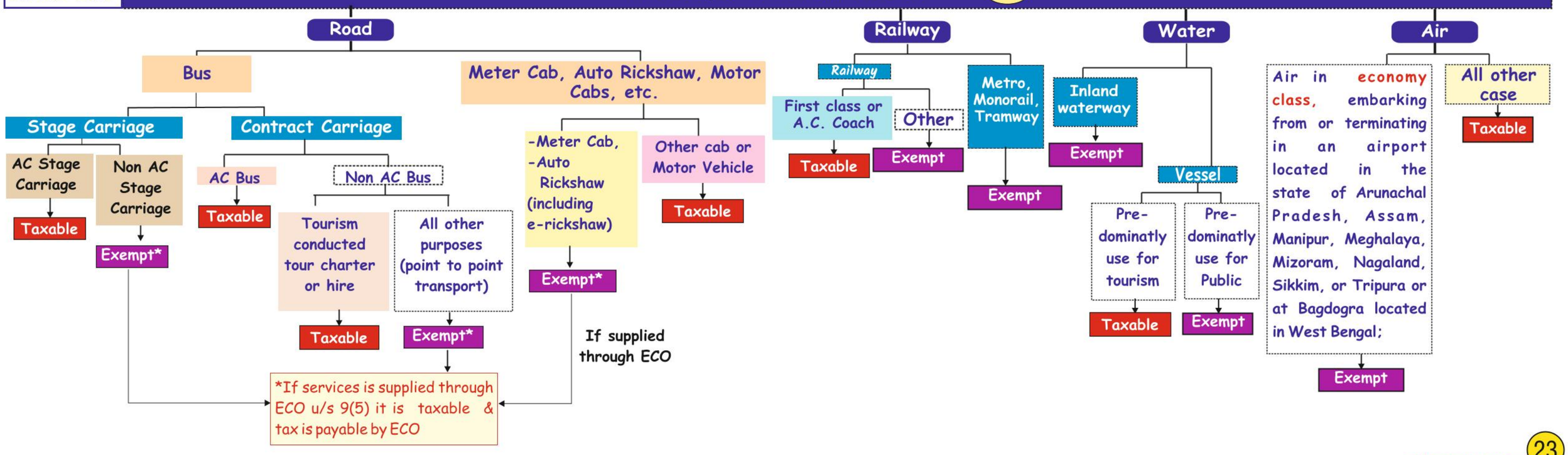
- food,
- fibre,
- fuel,
- raw material or
- other similar products

Agricultural Produce (A.P.): means any produce of agriculture on which
- either no processing is done
- such processing is done as is usually done by a cultivator or producer
  - which does not alter its essential characteristics
  - but makes it marketable for primary market.



Sl.No. 55 (Imp)	Exemptions on intermediate production processes Carrying out an intermediate production process as job work in relation to agriculture
(Cir. no. 19/2017) **Milling of paddy into rice** cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce, hence not eligible for exemption	
Sl.No. 57 (Imp)	Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables.
Sl.No. 24 (Imp)	Services of Loading, Unloading, warehousing, packing, storage of Rice.
Sl.No.24A	Warehousing of minor forest produce
Sl.No.24B (Imp)	"Services by way of storage or warehousing of cereals, pulses, fruits and vegetables.
Sl.No.55A	Services by way of Artificial insemination of live stock other than horses

S.No.14&15 PASSENGER TRANSPORT SECTOR (Imp)



Sl.No.18 TRANSPORTATION OF GOODS

- **Road**
  - GTA/ Courier → Taxable
  - Other road transport → Exempt
  - Local delivery by/through ECO → Taxable
- **Inland Waterways** → Exempt
- **Railway** → Fully taxable
- **Air/Vessel** → Fully taxable
- **Pipelines or Conduit** → Fully taxable

Exemptions to GTA/Vessel/Rail	
D	Defence or military equipments.
R	Relief material for victims
M	Milk, Salt, food grains, flours, pulses or rice
O	Organic manure
N	Newspaper or Magazines
A	Agriculture produce

Sl.No. 21B Transport of goods by GTA to Govt.

GTA → Transport of Goods → Exempt

- CG/SG/UT
- LA
- Govt. Agency

Registered only for Deducting TDS u/s 51

Sl. No. 22 (Imp)

Services by way of giving on hire-

(a) to a state transport undertaking, a motor vehicle meant to carry more than 12 passengers

(aa) to a LA, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers.

(b) to a GTA, a motor vehicle means of transportation of goods.

(c) to a person providing services of motor vehicle for transportation of students, faculty and staff to an EI providing services by way of school.

CBIC Clarifications

1	Transport of Minerals within mines by Tipper, Dumper etc	It is a rental service for transportation of goods	Taxable
2	GTA + Cargo Handling (Packing + Loading + Unloading)		
	Bundle services with GTA	Composite Supply	Taxable as GTA
	Separate Invoice for Cargo handing	Non treated as Composite supply	Taxable as cargo handling

RENTING OF IMMOVABLE PROPERTY

Sl.No.12	Renting of Residential Dwelling (RD) - for use as residence		
Supplier	Recepient	Taxability	Who will pay tax
➢ Any Person [RP + URP]	URP(if use for residence)	Exempt	—
➢ Any Person [RP + URP]	RP	Taxable	Under RCM recipient (RP) is liable to pay tax
	But if RP is - Proprietor - using RD in Personal capacity for own residence - Renting on own account	Exempt	—
Sl.No.12A	Accommodation Services (Hostels, residence for student, Camps, Paying Guest accommodations & the like.) - Value ≤ 20,000 PP/PM for Continuous period of 90 days		
➢ Any Person [RP + URP]	Any Person [RP + URP]	Exempt	—

When tax payable on accommodation services:-

➔ Value > 20,000 PP/PM or

➔ Supplied for non-continuous period of 90 days

➔ If charges on daily basis & not on monthly basis

CBIC Clarifications

1	hostel accommodation or long-term service apartments/hotels	It is taxable under entry 12 but exempt under entry 12A (if conditions of entry 12A are met)
2	hostels for poor and middle-class students run by charitable trusts	

Renting of Immovable property other than Residential Dwelling (Fully taxable)

➢ RP	Any Person [RP + URP]	Taxable	Supplier (FCM)
➢ URP	RP	Taxable	Under RCM recipient (RP) is liable to pay tax

EXEMPTION IN BANKING AND FINANCIAL SECTOR

Sl. No. 27 (Imp)

Exemption

(a) Consideration - Interest or discounting
- On extending
  - Deposits
  - Loan
  - Advances

Except:- Interest involved in credit card services

(b) sale or Purchase of Foreign Currency
- Amongst Bank
- Amongst Dealer
- Amongst Bank & Dealer

All other services of Bank / FI/NBFC are taxable

Exempt	Taxable
Discounting of cheque promissory note, BOE	Processing, documentation fees charged by bank
Discounting of C.P. or C.D.	Interest on finance lease (delay payment of consideration)
Interest on debentures or bond	
Repos & reverse Repos	
Penal Interest = Interest	

Imp Exemptions in Education Sector

Service Taken by Educational Institution

1) Transportation of students, faculty or staff
2) Catering (including mid-day meal)
3) Security, cleaning or house keeping

→ Exempt only if supplied to School

4) Supply of online education as Journal or periodicals

→ Exempt only if supplied to Colleges etc.

5) Service relating to admission to or Conduct of examination (eg. paper setting , Answers evaluation etc.)

→ Exempt if supplied to all education Institute

Sl.No.66:- Educational institution (EI)

- Pre-school or Higher or Secondary school (Public/Private/International)
- Education as a part of curriculum for obtaining qualification recognised by law(Indian law) Eg. Colleges, universities or institution etc authorised to providing education.
- Education as a part of Approved Vocational courses
  - ➲ A course by ITI/ ITC affiliated to NCVET or SCVT offering courses in notified trades.
  - ➲ Modular Employable Skill Course approved by NCVET

  NCVET = National Council for Vocational & Educational Training, SCVT = State Council for Vocational Training
- In Central and State Educational Boards for the limited purpose - by way of conduct of examination to the students.

1) Private coaching classes are Taxable
2) Only 5 input services to EI in respective cases are exempt. Thus, all other services supplied to EI are Taxable

Service supplied by Educational Institution

Exemptions

1) Any service supplied by such EI to its student and faculty or staff. (e.g. education fees lab charge, lab charges, transportation, catering etc.
2) Service by way of Conduct entrance examination against entrance fees

Taxability Any Service supplied to any person other than student faculty or staff by such EI then it is taxable e.g.

1) Auditorium of school given to other for seminar
2) Placement services to corporate
3) franchisees fees to various franchisees.

Qualification recognised by law

	Scenario	Recognized by law	Taxability
1.	Services by IIM- - long duration program - Short Duraton Program	Yes, by IIM Act No	Exempt Taxable
2.	Maritime courses approved by DG shipping	Yes, by Merchant Shipping Act	Exempt
3.	Flying training courses approved by DGCA	Yes	Exempt

Taxability in various scenario

	Service	Taxability	Reason
1.	Isuance of migration certificate	Exempt	Services by E.I. to Student
2.	Supply of food in Anganwadi [by Govt. or Corporate]	Exempt	Canteen services to pre-School
3.	Catering services -School to student - Pvt. canteen to Std.	Exempt Taxable	

Sr.No. 66A:- Affiliation service

	Service provided by	Service provided to	Taxability
1.	Affiliation service provided by Central or State Educational Board or Council or other similar body	To schools owned or controlled by - CG/SG/UT/LA - Govt. Authority/Entity	Exempt [Sr.No. 66A]
		To Pvt Schools	Not Exempt =Taxable
2.	Affiliation service provided by Universities	To Colleges	Not Exempt = Taxable Cir No. 234/28/2024

Sl. No. 71	Services provided by training providers under the Deen Dayal Upadhyaya Grameen Kaushalya Yojana, offered by the Ministry of Rural Development, include skill or vocational training courses certified by the NCVET.

Exemption Related to Entertainment, Museum etc.

Service - performance by Artist (Sl.No.78) - Folk or classical form / Musical / Dance / Theatre — For

Consideration ≤ ₹1,50,000

Exception - service as a brand ambassador (Taxable)

Note:- If consideration is more than ₹1,50,000 then full amount is taxable.

Service - Admission to (ticket charges)

Si.No.81: Entertainment event

(a)
- Circus
- dance
- Theatrical Performance

(b)
- Award Function
- Concert
- Pageant
- Musical Performance
- Non-recognised sporting event

(c) Recognised sporting event

(d) Planetarium

Consideration does not exceeds ₹500 per Person

Si.No.79A: Monument

Protected monuments

Si.No.79:Zoo etc
- Museum
- National Park
- Wildlife sanctuary
- Tiger reserve
- Zoo

Consideration - No Limit

Service = Training or Coaching in Recreational activities relating to

(a) art or culture by an individual or

Painting, dance Singing classes

(b) Sport by charitable entity registered u/s 12AAor 12AB of I.T. Act

Exemption in Government Sector

Access to Road or bridge on Payment of toll

Sl. No. 23	Access to Road or bridge on Payment of toll
SI No.61A	Granting National permit to goods carriage & to operate through India.

Services by foreign diplomatic missions in india

Sl. No. 59	All services provided by a foreign diplomatic mission located in India

Note:- Taxable Service: Services provided by office or establishment of an international organization.

Services provided by Government/LA

GENERAL SERVICES

Services supplied to General public

S.No. 6:- All services supplied by Govt./L.A. are exempted

Note:- Eventhough services supplied by Govt./LA as a public authority is covered in definition of Business but exempted here.

Services supplied to Business Entities

All services supplied business entity are taxable

Who will pay Tax

- All services to B.E. (Except Specific sevices) → RCM is a applicable & B.E. is liable to pay tax
- Renting of I.P.
  - to RP = RCM
  - to URP = FCM

SPECIFIC SERVICES

a) i) Services supplied by Department of Post

- Exempt (sr. No.24C)
  i) Post card ii) Inland letter iii) Book Post
  iv) ordinary Post (envelopes weighing less than 10 grams).
- Taxable - All other service like
  i) Speed Post ii) Express parcel
  iii) Life insurance iv) Agency Services etc.

ii) Services by Indian Railway (Subject to following exemption)

b) Services in relation to an Aircraft or a vessel inside or outside the precincts of a Port or Airport

c) Transport of goods or Passanger [Subject to exemption in transport sector]

All above services(unles exempted) supplied by Govt./LA to any person (General public or business entity) are taxable

Who will pay tax : Tax is payable under forward charge [i.e. by Govt. or LA]

Other Exemptions [services provided by Govt. /LA]

Turnover or Value based

Sl.No. 7	Service provided by Govt/Local Authority to Business Entity where its Aggregate T/O less than such amount in PFY make it eligible for exemption from registration Exception : above exemption not applicable to (a) Specific services (Ref. above part 2) (b) Renting of immovable property
Sl. No. 9	Service provided by Govt/LA Where Gross Amount Charge per service (per invoice) does not exceeds ₹ 5000 & in case where continuous supply of service the limit is ₹5000 in a F.Y Exception: Specific services (Ref. above part 2)
	Note:-Renting of immovable property (any amount) = Taxable

Railway Related services (Newly Inserted)

Sl.No. 9E	Services provided by Railways to individuals by way of ➢ Sale of platform tickets, ➢ Facility of retiring rooms/waiting rooms, ➢ Cloak room services & ➢ Battery-operated car services.
Sl.No. 9F	Intra railway transactions between different zones / divisions are exempt.
Sl.No. 9G	➢ SPVs provide infrastructure to Railways for use and maintenance during the concession period for consideration, ➢ while the Railways offers maintenance services to the SPVs for the same infrastructure, also for consideration.
	A special-purpose vehicle (SPV) is a legal entity that allows multiple investors to pool their capital and make an investment in a single company.

Certification or Registration based

Sl. No. 61	Service provided by Govt/LA by way of ➢ Issuance of passport, ➢ Visa driving licence, ➢ Birth Certificate or Death Certificate
Sl. No. 47	Service provided by Govt/LA by way (a) Registration required under any law (b) Testing, calibration, safety, check for protection or safety of worker, consumer or public at large

Others

Sl. No. 8	Service provided by Govt. or LA to another Govt. or LA. Exception: Specific services (Ref. above part 2)
Sl. No. 62	Fines or liquidated damage for tolerating non performances of Contract
Sl. No.65A	Services by way of providing information under the Right to Information Act, 2005

Circular no. 190/02/2023

Accommodation services by Defence mess to person other than business entity are exempt & such services are qualified as services by Govt.

Taxability of transaction of providing loan by an overseas affiliate to its Indian affiliate or by a person to a related person (Circular No. 218/12/2024):-

1) If no consideration (other than interest/discount) is charged for a loan/credit from a related person or overseas affiliate: It is not considered a SOS & no GST is charged.
2) If consideration (in addition to interest/discount) is charged for a loan/credit from a related person or overseas affiliate: It is considered a SOS & GST is applicable.

GST on statutory collections made by RERA (Circular No. 228/22/2024):

RERA is considered a govt authority. Thus, statutory collections by RERA are exempt.

Exemption in sport sector

Sl. No. 68 (Imp)	Service Provided to recognized Sport Body by- a) An individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body; b)Another recognised sports body;

Exemption in Construction Sector

Sl.No. 10	Construction etc or Original Work to Pradhan Mantri Awas Yojana
Sl.No. 11	Construction etc or Original Work to Single Residential Unit

Miscellaneous

Sl. No. 2	Transfer of a Going Concern
Sl. No. 52	Organization of Business Exhibition Outside India

Sl. No. 77 (Imp) / Sl. No. 77A

Exemption - Services by RWA to Members

Services by
- Un-incorporated body
- Registered not profit Entity

→ To Its Member

By Way of
- Re-imbursement of charged
- Share of contribution

RWA or housing society → Exemption Upto Amount = ₹ 7500 per month / per member

For sourcing of goods or services
- ➲ From third person
- ➲ For common use of its member

CBIC Clarification:-

1) SOS by RWA to its members for contribution upto ₹ 7,500 per month per member (PM^2) are exempt
2) RWA required to pay GST, only if such subscription > ₹ 7,500/- per month per member & ATO of RWA by way of SOS & SOG > ₹ 20 L
3) RWAs are entitled to take ITC of GST paid by them on capital goods (taps, pipes, other sanitary/ hardware filling, etc.) and Input services such as repair and maintenance service.
4) The ceiling of ₹ 7,500 (PM^2) shall be applied separately for each residential apartment owned by him.
5) If amount exceeds 7500, GST shall be payable on the entire amount.

Other Exemptions

Exemption Charitable and Religious Sector

Sl.No.60	Services provided by specified organization with respect to Kailash Mansarovar and Haj Pilgrimage exempted

Exemption in banking and financial sector

Sl.No.34	Services by Acquiring Bank to any person for Card transaction settlement ₹ 2,000 (Services by Payment Aggregators's are exempt but not for Payment Gateways)
Sl.No.27A	Services provided by a banking company to - Basic Saving Bank Deposit account holders under Pradhan Mantri Jan Dhan Yojana

Exemption in sport sector

Sl.No.53	Sponsorship of Certain Sport Events (Read from Notes)
Sl.No.82	Admission to events organised under FIFA world cup 2017
Sl.No.9A	Services Provided by and to FIFA
Sl.No.9AA	Services Provided by and to FIFA at its subsidiary directly, indirectly related to event under FIFA U-17 Women's World cup 2020 to be hosted in India whenever rescheduled.
Sl.No.9AB	Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women's Asia Cup 2022 to be hosted in India.
Sl.No.82A	Service by way of right to admission to the event organise under FIFA U-17 Women's World cup 2020 [whenever rescheduled.]
Sl.No.82B	Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022

Services provided by Government to Business Entity

Sl.No.63	Assignment of right to use natural resources to an Individual farmer for the purpose of Agriculture. (service provided by Govt./LA)
SI.No.9C	Service Provided by Govt. Entity against consideration in form grants to another Govt. or LA, received from Govt./LA
Sl.No.9D	Services by an old age home run by Govt. /Entity reg. u/s 12AA or 12AB, to its resident (Age 60 years or more) (Consideration-upto `25000 per month per member)(Consideration includes boarding/loading/maintenance charges)
Sl.No.65	Merchant overtime charges for inspection of import container by custom officers.

Services provided to Government

1)	Services provided by fair price shop
2)	Supply of pure services & composite supplies (where value of goods constitutes ≤ 25% of total value of supply) made to Govt. or LA in relation to functions entrusted under article 243G or 243W.
	CBIC Clarification:- Cir no. 245/02/2025: MCD receives services like housekeeping, maintenance etc for its office upkeep which are not related to the municipal functions under Article 243W of the Constitution, thus taxable under GST.
3)	Services provided to a Governmental Authority by way of - (a) water supply (b) public health (c) sanitation conservancy (d) solid waste management (e) slum improvement & upgradation
4)	Insurance scheme where total premium is paid by Government
5)	Training program to Government where for which 75% or more expenditure is borne by Government.
6)	Passenger transport Service by air where boarding or termination at a regional connectivity scheme, Airport avails the consideration in the form of viability gap funding.

Miscellaneous

Sl.No.39	Intermediary Service- Read From Notes
Sl.No.39A	Services by an intermediary of financial services
Sl.No.48	Services recognised by Biotechnology Industry Research Assistance Council
Sl.No.49	by way of collecting or providing news by ➲ An independentjournalist, ➲ Press Trust of India or ➲ United News of India;
Sl.No.50	Public Library Service
Sl.No.76	by way of public conveniences such as provision of facilitiesof Bathroom, Washrooms, Lavatories, Urinal or Toilets.
Sl.No.9B	Exempting Supply of Services associated with Transit Cargo to Nepal & Bhutan
	Exempt certain supplies to NPCIL
Sl.No.69	Service by NSDC, NCVET, etc.

Other Exemption

Sl.No.30	Services provided by Employees State Insurance Corporation
Sl.No.31	Services provided by Employees Provident Fund Organisation (EPFO) to persons governed under the Employees provident Funds and Miscellaneous Provisions Act, 1952.

Sl.No.31A	Services Provided by coal mines provident fund organisation
Sl.No.31B	Services Provided by National Pension system
Sl.No.58	Services provided by National Centre for Cold Chain Development under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.
Sl.No.38	Services by way of collection of contribution under any pension scheme of the SGs
Sl.No.41	Long term lease of plot 30 years or more by State Government Industrial Development Corporations for development of infrastructure for financial business,
Sl.No.19C	Satellite launch services
Sl.No.25	Transmission or Distribution of Electricity
Sl. No.25A	Services of renting meters, testing equipment, connecting electricity, shifting meters & issuing duplicate bills. These help utilities serve their customers.
Sl. No.44A	Research & development services funded by grants supplied by Govt entity or Notified research association, university, college, or institution. Note: The institution must be notified when the research service is provided.
Sl.No.36A	➲ GST liability on reinsurance of specified general & life insurance schemes:- GST on reinsurance services for schemes in Sl. Nos. 35 & 36 is exempt as per Cir No. 228/22/2024 ➲ GST liability on reinsurance of insurance schemes for which total premium is paid by Govt.:- GST on reinsurance services for insurance under Sl. No. 40 is exempt as per Cir No. 228/22/2024.
	Circular No. 228/22/2024:- As per IRDAI, 'Retrocession' is when a reinsured risk is further ceded to another Indian Insurer or a Cross Border Re-insurer (CBR). Thus, 'reinsurance' under Sl. No. 36A includes 'retrocession' services.
Sl.No.36B	Insurance Services Provided by the Motor Vehicle Accident Fund
Sl.No.36C	Individual Life Insurance Services
Sl.No.36D	Individual Health Insurance Services:
Sl.No.36E	Reinsurance of the insurance services specified in Sl.No 36C or 36D

Circular no. 177/09/2022

It is clarified that ➲ Services of IVF are covered under health care and thus **exempt.**

➲ Tickets purchased for transportation from one point to another irrespective of ferry is owned/operated by PSU are **exempt**

➲ If transportation takes place over pre-determined route on a pre-determined schedule. However, if it is hired for period of time, it is **taxable**

➲ Fee charged from prospective students for entrance/admission/issuance of migration certificate are **exempt.**

➲ Additional fee collected through higher toll charges from vehicles not having Fastag is also **exempt.**

➲ Services provided by the guest anchors in lieu of honorarium are **taxable**

➲ Movement of empty containers from Nepal and Bhutan, after delivery of goods there is a service associated with the transit cargo to Nepal and Bhutan, hence it is **exempt.**

➲ Services of sanitation & conservancy services are provided by Indian Army or any other Govt Department are **taxable.**

➲ Renting of trucks and other freight vehicles with driver for a period of time is a service of renting of transport vehicles with operator are **taxable.**

➲ 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 are **exempt**

Cir No. 206/18/2023

Supply of pure services & composite supplies by way of horticulture / horticulture works (where value of goods constitutes ≤ 25% of total value of supply) made to CPWD are eligible for exemption.

For Your Self Study Notes:-

Chapter 9 - SEC 49 : Payment of Tax

Sec 49(1): E-Cash Ledger

Debit	Credit
49(3) Utilization of E-Cash Ledger	**Deposit of Amount in E-Cash Ledger**
It may be utilised for making payment of [Liability Register] ➲ Tax (output/RCM) ➲ Interest ➲ Penalty ➲ Fees (late fee) ➲ Any other dues	➲ Internet banking /UPI/IMPS ➲ By using credit or debit cards ➲ NEFT or RTGS Payment (PMT-06) by above mode only through authorised bank.
Balance if any in E- cash ledger will be carry forward or refunded	➲ Amount of TDS u/s 51 ➲ Amount of TCS u/s 52

1) Over the Counter(OTC) cash Payment - ₹ 10,000 per challan per tax period
   Exception : Cash payment (OTC) without limit:-
   a) Payment by Govt. Department or person notified by Comm.
   b) P.O. authorised to recovery dues from person including recovery through sale of property/during investigation etc.
2) Special Payment mode for OIDAR or Online money gaming:- International money transfer system of SWIFT network.

Rule 87 :- Tax Payment Challan

E-Challan	PMT- 06
Validity	for 15 days from generation on CP
Date of payment	When amount is successfully credited in government A/C. & CIN generated by Bank.
Credit to E-cash Led.	On receipt of CIN the same amt. is credited into the E-cash ledger
RBI's e-Scroll	If CIN is not generated after payment, the ledger can be updated based on RBI's e-Scroll,
Non-Generation of CIN	If CIN isn't generated or reflected on the portal, use PMT-07 to make a representation.
Reporting Discrepancies	Report any discrepancies on the CP in prescribed form.
Payment by URP	URP must pay through the E-cash ledger using a temporary ID generated on CP. eg. CTP, NRTP

Other Aspects relating to challan

CPIN:- 1. Common portal Identification Number.
2. It is created for every Challan successfully generated by the taxpayer.
3. It is a 14-digit unique number to identify the challan.
4. CPIN remains valid for a period of 15 days.

CIN:- 1. Challan Identification number
2. It is when payment is actually received by authoriesed banks or RBI & credited in the Govt. A/c
3. It is indication of successful payment of account.
4. CIN is communicated by authoriesed bank to taxpayer as well as to CP.
5. It is 18 digit number that is 14 digit CPIN plus 4 digit Bank code.

E-Credit Ledger

Debit	Credit
49(4) Utilization of E-Credit It may be used for making payment of output tax only	**49(2) Amount assessed in E-credit Ledger** The IC as self assessed in the return of a R.P. shall be credited to his E-Credit ledger
Balance if any in E-credit ledger will be carry forward (without time limit)	

Analysis:-

Tax dues	Utilisation of cash ledger	Utilisation of Credit ledger
GST	✓	✓
Other Dues		
Interest	✓	✗
Penalty	✓	✗
Fees	✓	✗
Other Amt.	✓	✗

Manner of utilization of ITC [Sec 49(5) + Sec 49(A) + Sec 49(B)]

INWARD SUPPLY	OUTWARD SUPPLY
1. IGST	First IGST, Any CGST, Any SGST
2. CGST	First CGST, Second IGST
3. SGST	First SGST, Second IGST

Note: Cross credit of CGST & SGST/UTGST are not allowed.

Imp Points - E-Credit Ledger (Cir.No. 172/04/2022)

➲ Used for Payment of Output Tax
➲ Cannot be used for RCM
➲ Cannot be used for payment of other liabilities

Note:- Cannot be used to repay erroneous refunds sanctioned in cash

Sec 49(6) Refund :- E-cash & E-Credit Ledger

Refund of excess balance:-
1) E-cash ledger:- Immediately allowed on filing application of refund in FORM RFD - 01
2) E-Credit Ledger :- Refund of excess balance of ITC is not allowed except in following cases
   i) ITC of ZRS
   ii) Inverted duty rate (Output tax is less than Input tax)

Detailed discussion in chapter refund

E- Liability Register

Discharge of Tax Liability Sec 49(7) & (8) (IMP)	1. All liabilities(tax, interest, penalty etc.) shall be recorded and maintained in an Electronic Liability Register 2. Order of Discharge of liability - (a) Self-assessed tax, and other dues related to Returns of Previous Tax Period (b) Self-assessed tax, and other dues related to the Return of the Current Tax Period (c) Any other amt payable under this Act including the demand for recovery of tax u/s 73/74/74A *Other dues : Interest, Penalty, Late fee
Utilization of E-Liability Register	E- Liability Register

Debit Amount (DR)	Credit Amount (CR)
➲ Amount payable towards tax, interest, fees penalty or any other dues.	➲ Electronic cash ledger
➲ Amount payable on demand order u/s 73/74/74A	➲ Electronic Credit ledger

Certain liability only to be discharge through cash ledger	➲ TDS u/s 51 or TCS u/s 52 ➲ Amount payable under RCM ➲ Amount payable u/s 10 (C.L.) ➲ Any amount payable towards interest, penalty, fees.
Reduction in penalty	If tax get reduced after payment of tax , interest or penalty as mentioned in SCN/DO u/s 73/74/74A the E-Liability regiser shall be credited accordingly.

Special Discussion- Transfer of balance of E-Cash Ledger (all following amounts are assumed)

	Major Head		
Minor Head	IGST (₹)	CGST (₹)	SGST (₹)
Tax	50,000	10,000	10,000
Interest	1,000	500	500
Fee	-	-	-
Penalty		2,000	2,000
Other	-	-	-

	20th of next month		
	IGST	CGST	SGST
Output Tax	60,000	30,000	30,000
Less: ITC	(30,000)	(5,000)	(5,000)
Net liability	30,000	25,000	25,000
Existing Bal.	(50,000)	(10,000)	(10,000)
Shifting	IGST Interest Penalty	10,000 1,000 2,000	10,000 1,000 2,000

Transfer between own E-cash ledger

R.P. can transfer (through PMT-09) amount between different major & minor heads within their E-cash Ledger for payment IGST/CGST/SGST/UTGST/Cess

Note :- Any transfer between any head- allowed

Transfer bet" E-Cash Ledger of DDP (PMT - 09)

R.P. can also trasfer any amount available in major & minor heads of IGST/CGST in E-cash ledger to the E-Cash Ledger for IGST/CGST of DDP (u/s 25(4)/25(5))
Provided there is no unpaid liability in his (first DDP who is transferring amount) E-Liability register.

Note:- Transfer major & minor head of SGST/UTGST between DDP is not allowed.

Sec 50 - Interest

Sec 50(1): Delay payment of Tax in Full/part

- Interest @ 18% p.a.(calculation on day wise basis)
- From next day after due date till day of payment

If tax is paid after due date but before proceeding u/s 73/74/74A started → Interest is on tax payable through E-cash Ledger (net GST liability + RCM)

If tax is paid after start of proceeding u/s 73/74/74A → Interest is payable on GST gross liability

Proviso:- If any amt is credited (deposited) to E-cash ledger by or before due of return but debited for tax payment after due date of return (because of late filing of return) interest won't payable to that intent if the amount remains in the ledger from the due date until debited.

Sec 50(3): Utilisation of wrongly availed ITC

Interest @ 18% p.a.to the extent of ITC wrongly utilise (calculation on day wise basis)

From : day next to the date of utilization of wrongly availed ITC

To : Date of reversal or date of payment

Date of utilisation (ITC balance E-credit ledger fall below the ITC wrongly availed)

- If amount in E-credit falls below wrongly availed ITC on A/c of payment of tax through return → Due date of return or actual date of filing return whichever is earlier
- If amount in credit ledger falls below wrongly availed ITC otherwise → Date of debit to E-credit ledger

Sec 50(1) - Calculation of Interest for delay Payment of Tax (all amounts are assumed)

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Output tax payable	4,50,000	2,85,000	2,85,000
Less: ITC	(2,50,000)	(55,000)	(55,000)
Net Tax **(A)**	2,00,000	2,30,000	2,30,000
Tax under reverse charge is payable in cash **(B)**	18,000	32,000	32,000
Total tax payable in cash [(A) + (B)]	**2,18,000**	**2,62,000**	**2,62,000**
Interest payable @ 18% per annum (rounded off) (assume delay 60 days)	6,450 (2,18,000*18% *60/365)	7,752 (2,62,000*18% *60/365)	7,752 (2,62,000*18% *60/365)

Sec 50(3) - Calculation of Interest for wrongly availed & utilise ITC

Month	Opening balance in electronic credit ledger [A]	Eligible ITC (B)	ITC wrongly availed (C)	Total ITC (D) = (A+B+C)	Output liability (E)	Closing balance in E-credit ledger (F) = (D-E)	Due date of return filing	Actual date of filing Return	Amount on which Interest is applicable
April	-	7,00,000	50,000	7,50,000	7,00,000	50,000	20 May XX	20 May XX	-
May	50,000	5,00,000	-	5,50,000	5,00,000	50,000	20 Jun XX	20 Jun XX	-
June	50,000	3,00,000	-	3,50,000	3,30,000	20,000	20 Jul XX	20 Jul XX	30,000
July	20,000	6,00,000	-	6,20,000	6,10,000	10,000	20 Aug XX	18 Aug XX	10,000
Aug	10,000	5,00,000	-	5,10,000	5,10,000	-	20 Sep XX	25 Sep XX	10,000

June :- Interest = ₹ 30,000 * 18% *92 days (21st July to 20th Oct 20XX)/ 365 days = **₹ 1,361**

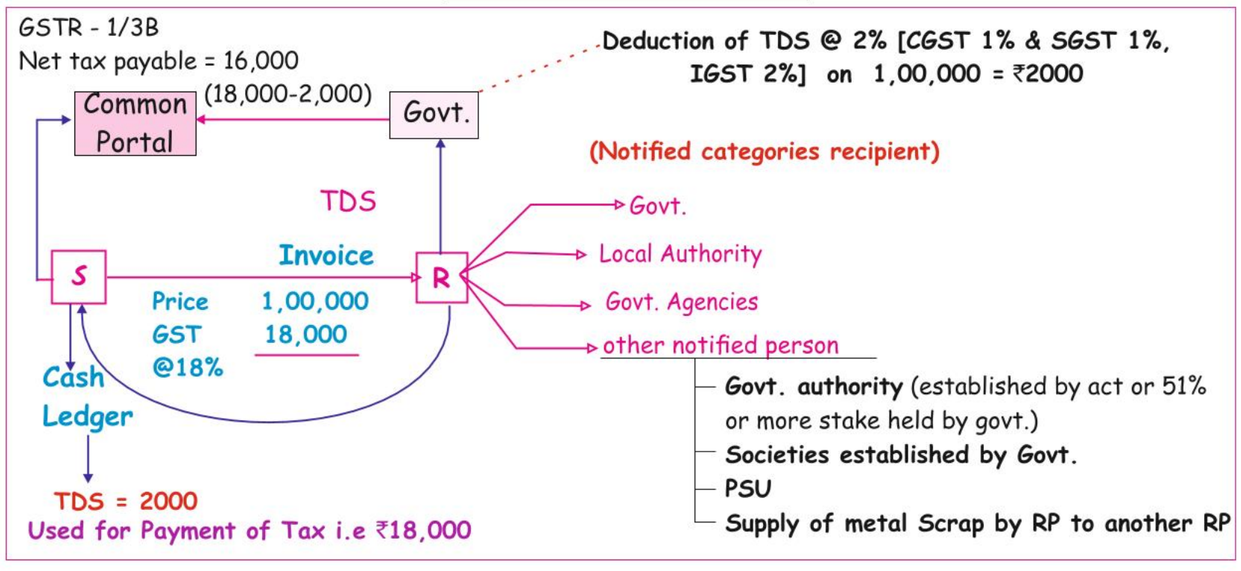
July :- Interest = ₹ 10,000 * 18% *63 days (19th Aug to 20th Oct 20XX)/ 365 days = **₹ 311**

August :- Interest = 10,000 * 18% *30 days (21st Sep to 20 th Oct 20XX)/ 365 days = **₹ 148**

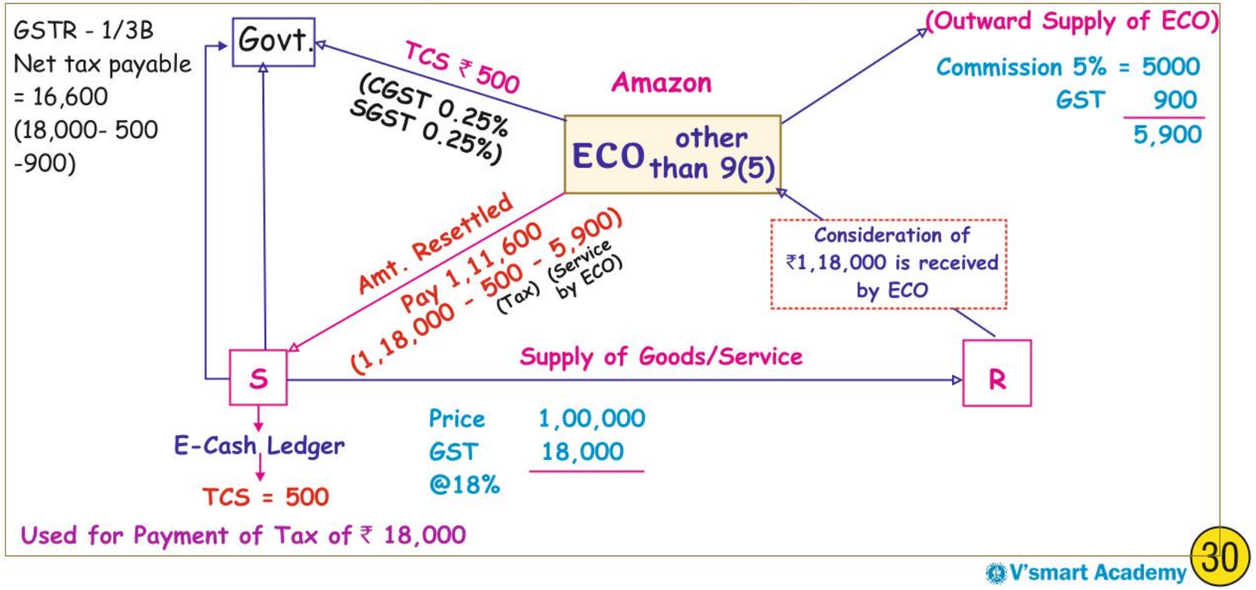
Assume payment/ reversal of ITC made on 20th October

Chapter 09 - TDS - TCS

Sec 51 TDS



Sec 52 TCS



Sec 51- TDS

Who is liable (i.e who will deduct TDS)	➲ Specified persons like **CG, SG, LA , Govt Agencies.** ➲ Public Sector Undertakings **(PSU).** ➲ **Society** established by CG/SG under Society Act. ➲ An **authority/Board** or Other body established by Any act or Govt. with 51% or more equity concern with Govt. ➲ Any RP receiving supplies of **metal scrap** from other RP.
TDS rate	1% CGST, 1% SGST or 2% IGST
Threshold limit	TDS is applicable only when taxable value of contract exceeds ₹2.5 lakh (excluding GST). TDS is deducted at the time of credit or payment, whichever is earlier.
Payment	Total contract value ₹ 2,00,000 — (1) Payment 1,50,000 No TDS; (2) Payment 50,000 No TDS Total contract value ₹ 3,00,000 — (1) Payment 2,00,000 TDS = 4,000; (2) Payment 1,00,000 TDS = 2,000
Due date	Deductor shall deposited TDS deducted by **10th of succeeding month.**
TDS Certificate	**GSTR-7A** to be provided to deductee.
TDS Return	**FORM GSTR-7** (on or before the 10th day of the month succeeding the calendar month)
Non-Compliance	Failure to deposit TDS: Interest @ 18% u/s 50(1) & Penalty u/s Sec 73 or 74/74A/122
E-cash ledger	TDS deducted shall **reflect in Cash ledger** of Deductee.
Excess or erroneous deduction of TDS	**Refund** as per Sec 54, but no refund, if TDS is credited to E-cash ledger of deductee.
Non-Applicability	➲ **Value of taxable supply in a Contract value <= ₹ 2,50,000** ➲ **Exempt supplies** ➲ **Supplies under RCM.** ➲ **Supplier is URP.** ➲ **LOS & POS are in same state, but LOR is in different state.** ➲ **SOG/SOS between all notified persons u/s 51(1)(a) to (d), excluding metal scrap received by RPs.**

Sec 52- TCS

ECO
- ECO notified u/s 9(5) → No provision of TCS is applicable & 100% liability to pay tax is on ECO
- All other ECO of goods or Services
  - If own goods or services are supplied from own website → No TCS
  - If ECO is acting an agent → No TCS
  - If Goods or Services supplied through ECO where the consideration with respect to such supplies is to be collected by the operator → TCS provision is applicable

Who is liable	Every ECO not being an agent is required to collect tax on **Net value of Taxable supplies.**
TCS Rate	**0.25 % CGST, 0.25% SGST & 0.50% IGST**
Net Value of Taxable supplies:	Aggregate value of taxable supplies other than notifies services u/s 9(5) XX **Less:** Aggregate value of taxable supplies returned to supplier (XX) Net value of taxable supplies XX **Note:** Above value is calculated for each supplier on monthly basis. No TCS if net value is Nil or Negative.
Monthly Statement	**GSTR-8 by 10th of next month** but maximum within 3 years from its due date. **Note:** After filing of GSTR-8 by ECO, supplier can claim TCS in their E-cash ledger.
Annual Statement	**GSTR-9B before 31st Dec following the end of FY.**
Rectification of errors:	Any omission or incorrect particulars (other than in scrutiny, audit, inspection), ECO can rectify in the statement along with interest. **Time limit:** Earlier of 30th Nov of next FY or date of filing Annual statement.
Late Fee	**Lower of:** ₹ 200 [₹100 each for CGST & SGST] for every day during which such failure continues or ₹ 10,000 [₹5,000 each for CGST & SGST]
Penalty	U/s 122 & Penalty upto ₹ 25,000
Foreign ECO:	Foreign ECO not having place of business in India would be liable to TCS where supplier & customers are in India & shall register in each state/UT.
Non-Applicability	➲ **If supplier is not liable for registration, ECO is not required to collect TCS.** ➲ **Exempt supplies.** ➲ **Composition taxpayers cannot make SOS through ECO.** ➲ **Import of goods or services as it is covered under RCM.** ➲ **Supplies own product through his own website.** ➲ **Goods purchased from different Vendors & then sold under own billing.**

CHAPTER 10: Input Tax Credit

Sec 2(59) Input : Means any goods used/ intended to be used by supplier, in the course / furtherance of business.(other than Capital Goods)	Sec 2(60) Input Service : Means any service used/ intended to be used by supplier, in the course / furtherance of business.	Sec 2(19) Capital Goods : Means goods, the value of which is capitalised in the books of accounts of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business	Sec 2(62) "Input Tax":- 1) CGST / SGST / UTGST / IGST charged on any supply of goods or services or both made to him (Inward Supply) 2) the IGST charged on import of goods 3) the tax payable under the RCM but does not include the tax paid under the composition levy	Sec 2(82) "Output Tax":"Output tax" in relation to a taxable person, means the tax chargeable under this Act on ➲ taxable supply ➲ of goods or services or both ➲ made by him or by his agent but excludes tax payable by him on reverse charge basis.

Sec 16 : Eligibility & Conditions for ITC

1) Eligibility criteria-

➲ **Person**= Registered,

➲ **Supply**= Used/Intended to be used in course / furtherence of his business

2) Conditions for availment of ITC:- (Overriding sec 16)

a) He is in possession of a Tax Invoice/ debit not or other documents (as specified below)

Rule 36- Documents Requirement :-

1) ITC availed on the basis of following docs.- Invoice by supplier/ Invoice by recipient (RCM)Self-invoice/ Debit note/ Bill of entry/ Revised Invoice/ Docs. by ISD.

2) Mandatary Requirement in Invoice - Details of tax, descriptions of goods or service, value of supply, GSTIN & place of supply (Only in case of Inter-State Supply).

3) No ITC- if tax has been paid & demand is confirmed because of fraud etc.

aa) the details of the invoice or debit note has been furnished by the supplier in GSTR-1/1A and such details have been updated in GSTR - 2B of recipient.

36(4) No ITC by a RP unless,-

(a) The details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in Form GSTR 1 & **GSTR 1A** or using IFF &

(b) the details of **ITC in respect of** such invoices or debit notes have been communicated to the RP in FORM GSTR-2B.

b) He has received the Goods/Services/Both

(**For Bill to Ship to-** it shall be deemed to be received

➲ Goods- When goods are delivered by supplier to the recipient

➲ Services- When services are provided by supplier

Cummulative Conditions of 16(2)(a)/(ab)/(b)

Situations	Date of receipt of Invoice	Date of receipt of G/S	Updated in GSTR -2B	Eligibility of ITC
A)	25.04.XX	26.04.XX	April	In April
B)	28.04.XX	03.05.XX	April	In May
C)	05.05.XX	29.04.XX	May	In May
D)	10.04.XX	15.04.XX	July	In July

ITC Eligibility for Goods Delivered Under Ex-Works Contract – Sec 16(2)(b) [Cir. No. 241/35/2024]-

➲ In the automobiles sector, dealers can claim ITC when vehicles are handed over to the transporter at the OEM's factory gate under EXW contracts. This is considered as "receipt of goods" u/s 16(2)(b)

➲ If the supplier arranges transport and insurance on behalf of the dealer, and the dealer bears the risk of loss in transit, ITC is still allowed.

➲ However, ITC is not allowed if the goods are used for non-business purposes, lost, stolen, or given as gifts/free samples.

(ba) The details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted(blacklist)

c) Tax charged on such supply= has been actually paid to Govt. by the supplier

Sec 41 :- Claim of ITC and Provisional acceptance thereof

➲ The taxpayer shall self-assess and claim ITC in GSTR 3B.

➲ In case the taxpayer has claimed ITC of GST which is not paid/ deposited by the corresponding supplier, than the taxpayer / recipient shall reverse the ITC along with interest as per rule 37A.

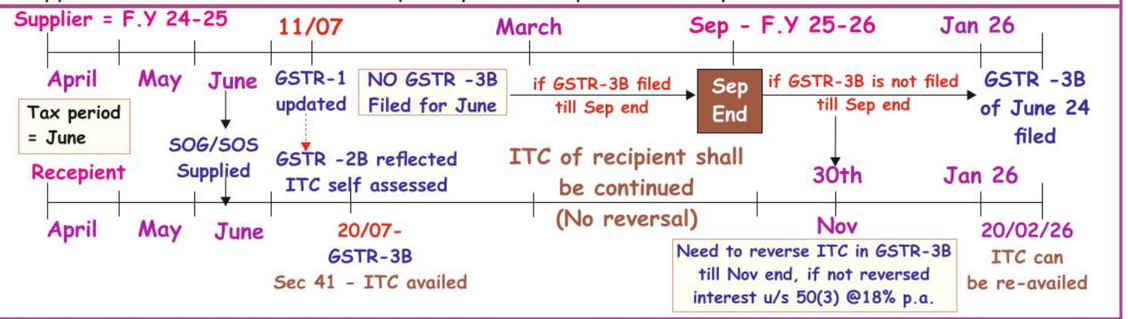
➲ The recipient shall be eligible to re-claim the ITC reversed, on payment of GST by the supplier.

Rule 37A: Reversal of ITC in the case of non-payment of tax by the supplier and reavailment thereof:-

➲ If the **RP** has availed ITC & supplier furnished his **GSTR-1 /1A** & if supplier has not furnished GSTR-3B of tax period till the **30th Sep** following the end of F.Y., then the **RP** shall reverse ITC in his GSTR-3B on or before **30th Nov** following the end of FY.

➲ If ITC is not reversed by **RP** till **30th Nov**, then amount shall be payable with interest u/s 50

➲ If supplier furnishes GSTR-3B subsequently for a tax period, **RP** may re avail ITC reverse earlier.



d) He has furnished return u/s 39

Proviso 1 :- ITC if Goods are received in Lot :- Where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment

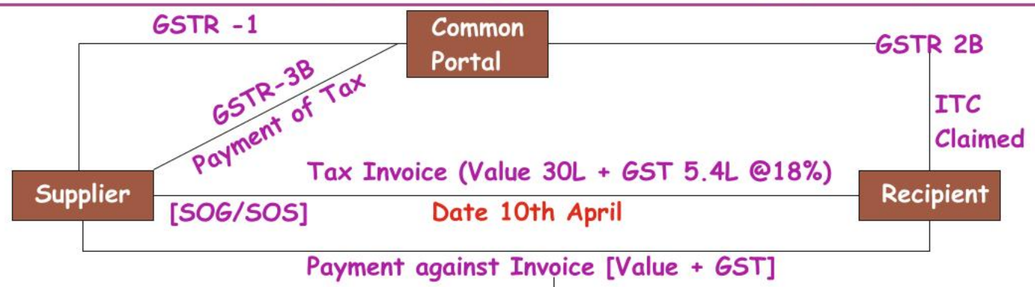
Proviso 2:- Payment for the invoice to be made within 180 days (Rule 37)

1. **Default** : Failure by Recipient to pay (Wholly or partly) to the supplier the within 180 days from Invoice date.
2. **Consequence** : Amount equal to the ITC availed proportionate to amount not paid to supplier shall be **paid by him along with interest payable u/s 50**.
3. **Details to be furnished** : Details of defaulted supply, value not paid, ITC availed to be mentioned in GSTR-3B for the month immediately after the expiry of 180 days from Invoice date.
4. **Regain of Credit** : Regain when payment is made **to supplier** (Time limit u/s 16(4) is N.A. for regaining of ITC)
5. **Non Applicability** : This provision not applicable

a) Tax payable under RCM b) Deemed supplies without consideration [Sch.I]

c) Value of supplies on account as per sec 15(2)(b)

2nd Proviso:- Payment to supplier within 180 Days [Rule 37]



If payment is made by recipient (RP) within 180 days from the date of Invoice (i.e. till 7th Oct)

- ITC already availed will be continued

If payment is not made by recipient (RP) within 180 days from the date of Invoice (i.e.till 7th Oct)

- Amount payable or reversal - ITC availed
  1) Amount payable or reversible in GSTR-3B of tax period immediately following the period of 180 days [i.e. 20th Oct]
  2) Interest is payable u/s 50(3)

If payment is made by recipient (RP) after 180 days from the date of Invoice

- Reavailment of ITC = recipient can reavail ITC already reversed in the month in which payment is made by recipient.
  Note: No regaining of interest paid, if any.

Note:- If payment partly made within 180 days then proportionate reversal for outstanding amount & after such outstanting payment regain that proportionate credit.

3) When depreciation is claimed on tax component-

Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961,
the input tax credit on the said tax component shall not be allowed.

4) Time limit of availing ITC-

A RP shall not be entitled to take input tax credit in respect of any invoice or debit note for SOG or SOS or both
- after the **30th day of November** following the end of F.Y to which such invoice or debit note pertains or
- **furnishing of the relevant annual return,**
  whichever is earlier.

Time Limit for Availing ITC on RCM Supplies from URPs u/s 16(4) (Cir. No. 211/5/2024)

Issue	Clarification
Services received from URP without consideration	The recipient must issue an invoice and pay tax under RCM.
Time limit for ITC u/s 16(4)	ITC time limit is based on the F.Y. when the self invoice is issued, not when the supply was received.
Invoice issued after TOS	If the self invoice is issued late, the recipient must pay interest on delayed tax & may face penalty u/s 122.

6) Claimimg ITC for invoices post revocation of registration cancellation

- If RP's registration is cancelled and later revoked, he can **claim ITC for invoices not restricted** by Sec 16(4) at the time of cancellation.
- ITC can be claimed in the return filed till the **later** of following dates:
  - **Earlier** of 30th Nov of following year or date of furnishing Annual return.
  - The return for the period between cancellation and revocation, if filed **within 30 days** of the revocation order.

Sec - 17(5) Blocked Credit

(a) Motor vehicles

- Motor vehicle is used for transportation of person (car/bus)
  - approved & seating capacity (including driver 13 or less)
    - (*) Normally on such MV → ITC not allowed
    - (**) Exceptions: If MV issued for following TS
      a) further supply of such motor vehicle
      b) Transportation of Passenger
      c) Training & driving of such motor vehicles
      → ITC allowed
  - approved & seating capacity including driver more than 13 → ITC allowed
- (**) Motor vehicle is used for transportation of Goods (Truck/Lorry etc.) → ITC allowed

(aa) Vessel & Aircraft

- Vessel/Aircraft is used for transportation of person
  - (*) Normally → ITC not allowed
  - (**) Exceptions
    It used for making **taxable supply**
    a) further supply of such Vessel / aircraft
    b) Transportation of Passenger
    c) Imparting Training & navigation such vessel
    d) Imparting training or flying such aircraft
    → ITC allowed
- (**) Vessel /aircraft is used for transportation of goods → ITC allowed

(ab) Specified services

1) General insurance,
2) servicing,
3) repair and maintenance
4) Leasing/hiring/renting (clause b)

(*) → ITC Not available
(**) → ITC available

Availability of ITC in respect of Demo Vehicles (Cir. no. 231/25/2024)

ITC on demo vehicles used for transporting up to 13 people (including the driver) u/s 17(5)(a)	Clarification
Demo vehicles used to promote sales (Trial run & Demonstration to potential buyers)	ITC is not blocked
Demo vehicles used for employee transport or management (not for further supply)	ITC is blocked
Dealers merely acting as agent of manufacturer and manufacturer is selling demo vehicles later	ITC is blocked

ITC on demo vehicles capitalized in books of account by authorized dealers	Clarification
Demo vehicles capitalized as "capital goods"	ITC can be claimed on taxes paid.
Depreciation claimed on the tax portion of the capitalized demo vehicle	ITC cannot be claimed.
Capitalized demo vehicle sold later	Tax must be paid u/s 18(6) & Rule 44(6).

(b) Goods /services used in business not eligible for IT (mostly for employee, director, Guest etc.)

(I)
- ➲ Food & beverages
- ➲ Outdoor catering
- ➲ Beauty Treatment
- ➲ Healthy Services
- ➲ Cosmetic plastic surgery
- ➲ Life insurance heath insurance
- ➲ Leasing, renting, of ineligible MV/vessel/aircraft

→ No ITC

(ii) Membership of a club, health & fitness center → No ITC

(iii)Travels benefits extended to employee on vacation such leave or home travel concession → No ITC

Exceptions(in following cases ITC allowed) :-
a) making outward supply of same category of goods/services or both or
b) Element of composite or Mixed supply

Note:- If above supplies are provided to employees under any statutory abligation, ITC Allowed

c) & d) Construction Sector

(c) Works Contract (services + Goods) — (d) Goods/Services or both

Construction of immovable property other than Plant & machinery → ITC not allowed

Note:- If any works contract services or goods or service is purchased for construction & plant & machinery - ITC allowed

Explanation 1 Construction includes
- ➢ Reconstruction
- ➢ renovation
- ➢ addition / alteration
- ➢ repairs to the extent of capitalisation

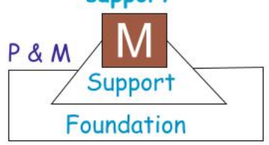
IMP note:- If as per GAAP they are treated as revenue expenditure - ITC allowed

Explanation 2 :- Definition of Plant & Machinery

Means
- ➢ Apparatus
- ➢ Equipments
- ➢ Machinery

Fixed to the earth by foundation or structural support — used for making an outward supply

Includes
Such foundation or structural support



I/CG/IS : ITC Allowed

Excludes
- ➢ Land & Building or other civil Structure
- ➢ Telecommunication Towers
- ➢ Pipelines land outside the Factory

Note:- if works contract or goods or services purchased for construction of above = No ITC

Important Note :- ➲If works contract services is availed for providing works contract services - ITC allowed
➲ If goods or services are purchased for construction of other's building intended for sale - ITC allowed

Other Points

	Non eligibility of ITC	Explanation
e)	Goods or services or both on which tax has been paid under sec 10	अगर composition supplier के composition tax, invoice मे लगाकर दे रहा हे, जो नहीं देना चाहिये था. So, recipient को उस Tax का credit नही मिलेगा
f)	Goods or services or both received by NRTP	No ITC (Remark: ITC available on imported goods by NRTP)
fa)	Goods &/or services received by taxable person, which are used/intended to be used CSR activities.	No ITC
g)	Goods or services or both used for personal consumption	No ITC
h)	Goods → Lost, destroyed, stolen, written off Wholly or Partly	Goods → Distributed by way of Gift/sample
	➲ No ITC is avalable ➲ If ITC is availed then it needs to be reversed	If ITC is taken on such goods: As per para I Sch I, it is treated as supply. GST is payable on value as determined u/r 30. No need to reverse ITC If ITC is not taken on such goods: Then as per sec 17(5) (h) ITC is not allowed
i)	Any tax paid u/s 74 for any period up to FY 2023-24.	

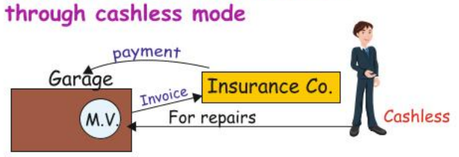
ITC for Ducts & Manholes in Optical Fiber Cable Networks u/s 17(5) (Cir. No. 219/13/2024)

Issue	Clarification
Ducts & Manholes classification	Ducts and manholes are part of the OFC network and not land or buildings, so they are "Plant & Machinery."
ITC eligibility	Ducts & manholes are eligible for ITC & not blocked u/s 17(5)(c) & (d).

ITC Entitlement for Insurance Co. on Motor Vehicle Repairs in Reimbursement Claims (Cir.No.217/11/2024)

Insurance Co. = General insurance of Motor vehicle

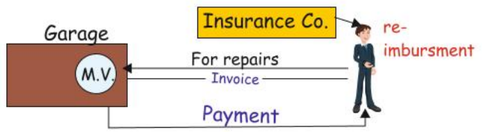
Handling of repair/damage cost through cashless mode



ITC to Insurance co. on invoice of garage for repair
- ➢ not blocked u/s 17(5)
- ➢ Invoice in the name of Insurance Co.
- ➢ Use in outward supply

ITC allowed

Handling of repair/damage cost through Re-imbursment mode



ITC to Insurance co. on invoice of Garage for repair
- ➢ not blocked u/s 17(5)
- ➢ Invoice not in the name of Insurance Co.

Hence ITC in-eligible u/s 16(2)(a)/(aa)

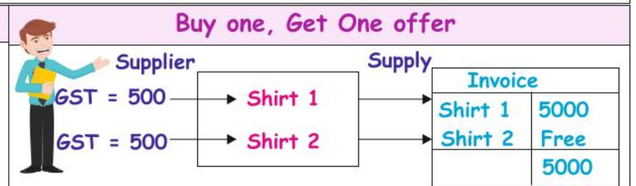
Free Sample and gift treatment under GST

Not a supply as no consideration is included but

ITC taken on such goods → It shall be treated as supply; Value - Rule 31; ITC - available

ITC not taken → don't take it u/s 17(5)(h)

Buy one, Get One offer



Single price for both shirts, hence No need to reverse ITC

Sec 18 : Availment or Reversal of Credit

Sec 18(1) Availment of Credit

(a) Person applied for reg. within 30 days of becoming liable for reg.

(b) Person abtaining voluntary registration

(c) RP switching from CL to normal tax payment

(d) Rp's exempt supply become taxable

Person entitles to claim ITC of
- Inputs a such held in stock
- Inputs contained in semi finished goods
- Inputs contained in finished goods held in stock
- No ITC on Capital Goods

Person entitles to claim ITC of
- Inputs a such held in stock
- Inputs contained in semi finished goods
- Inputs contained in finished goods
- Capital goods = ITC - 5% per Quarter or part thereof

Person liable to registration on the date immediately preceding the date when he becomes liable for registration

Voluntary Registration on the date immediately preceding the date of RC

CL to Normal on the date immediately preceding the date when person is liable to pay tax under normal scheme

Exempt to Taxable on the date immediately preceding the date when supply becomes exempt to taxable

if person fails to apply for registration within 30 days, then he is not eligible to claim such ITC

IMP Notes:
a) Declaration in prescribed form within 30 days of switching
b) If aggregate claim amount > ₹ 2L, then it should be certified by CA/CMA
(above applicable in all situations)

Section 18(2) : Person is not entitled to take ITC of I/CG after expiry of one year from the date of invoice.

Sec 18 (3) Transfer of ITC

In case of - Sale, Amalgamation, Lease, Transfer of business → The RP shall transfer his unutilized ITC in E-cr ledger of transferee

In case of Demerger → RP apportion his ITC in ratio of Value of asset transferred to demerged unit

"Value of assets" means the value of the entire assets of the business, whether or not input tax credit has been availed thereon

Conditions
1) There is a specific provision for transfer of liabilities
2) Conditions of Rule 41
   (a) declaration of details in the GST ITC 02 for transfer of credit .
   (b) Certification of transfer of liabilities from CA/CMA
   (c) Acceptance of transferred credit by transferee on common portal
   (d) inputs & capital goods so transferred are duly accounted by transferee in his books of A/c

Reversal of Credit

Sec 18(4) Reversal of credit in Special Cases

Registered person switching from normal scheme of payment of tax to composition Scheme

1) Amt to be reversed is equivalent to ITC on
- Input as such held in stock
- Inputs contained in semi finished goods
- Inputs contained in finished goods held in stock
- Capital goods [reversal on prorata basis pertaining to remaining useful life in a month (taking useful life as 5 yrs.

After reversal balance if any in Ecr. ledger shall lapse

Illustration: Capital goods have been in use for 4 years, 6 month and 15 days.

The useful remaining life in months= 5 months ignoring a part of the month

Input tax credit taken on such capital goods= C

Input tax credit attributable to remaining useful life= C multiplied by 5/60

Rule 44 : Procedure & conditions

1) Reversal of inputs shall be determined with

Taxable supply becomes exempt Supply

corresponding invoices. If invoice is not available then reversal is based on prevailing market price of inputs.
2) Reversal of ITC shall be calculated separately for CGST, SGST & IGST.
3) Reversal amt. will be added in output tax liability & details to be furnished in GST ITC- 03

Cancellation of Registration

Sec 18 (6) : Reversal of credit on supply of Capital Goods/ Plant & Machinery on which ITC has been taken

1) If capital goods or plant & machinery on which ITC has been taken are supplied [Removed as such by way of sale transfer barter etc.] then registered person shall pay **higher** of the following
   a) Payment = ITC - 5% per Qtr. or part thereof **OR**
   b) GST on transaction value
2) In case of refractory bricks, moulds & dies, jigs & fixtures supplied as a scrap then person may pay tax on transaction value instead of above 2 options.

Reverse Switching [Section 18(4)]

(1) Normal Tax — 1/04 — 1) composition levy 3) Unregistered 2) Exemption

	I	CG	IS		I	CG	IS
ITC	✔	✔	✔	ITC	✘	✘	✘

preceding Day — 31st March

Case 1

E-Credit LEdger Balance

Reversal 10,00,000 | ITC 10,00,000 (assume)

Balance: Extra payable 2,00,000 ← E-Cash Ledger

OR

Case 2

E-Credit Ledger

Reversal 6,00,000 | ITC Bal 10,00,000

Lapsed 4,00,000

(Cannot be carry forward or refunded)

1) Inputs
- Lying stock
- semi finished goods
- finished goods

2) capital goods

ITC for reversal as per formula

Calculate the ITC for reversal

ITC (Lets assume)

case 1 = 12,00,000 (I + CG)

OR

Case 2 = 6,00,000 (I + CG)

CG (assume life of CG 5 years)

Switch 1st April

Normal	CL/exempt
Used 4 year 6 Mon & 15 days [From the date of invoice] [4 years & 7 months (round up)]	Remaining life prorata basis 5 months

Reversal of ITC on C.G = $\frac{\text{Input tax [C]}}{\text{[GST on C.G.]}} \times \frac{5}{60}$

Why Sec 18(6) is given

Case 1

Supply of CG

40%

April — CG — OS — April — May

Value 50,00,000
GST @ 18% 9,00,000

ITC Taken → E- Credit Ledger

Utilise 9,00,000 | ITC 9,00,000

Outward Supply value = 60,00,000
GST @40% 24,00,000

CG → Supply (Sold) (Second Hand Machinery) (T.V)

value 10,00,000
GST@18% 1,80,000

Statement of net GST Payable (April)	
Output Tax	24,00,000
Less ITC	9,00,000
Net ITC payable	15,00,000

Section 18(6)

Payment higher of following = 8,55,000

1) GST on TV= 1,80,000 [10,00,000 X 18%]

OR

2) ITC taken- 5% per quarter [Part thereof]

= 9,00,000 - 5% X 1 Qtr. X 9L

= 8,55,000

Imp Note :-In case of refactories bricks, mpulds, dies, jigs sold as scrap then amount payable = T.V. X GST [criteria of reduction of 5% frpm ITC is not applicable]

Rule 86A: Restrictions on ITC Utilisation	
Authority to Restrict ITC	Commissioner or authorized officer can restrict ITC.
Restriction on Liability & Refund	➢ ITC cannot be used to pay any liability u/s 49. ➢ Unutilized ITC cannot be refunded.
Circumstances for imposing Restrictions	1. **Invalid Documents:** ITC claimed on documents issued by ➢ A non-existent or inactive business, a ➢ A person who hasn't paid the tax, or ➢ Without receipt of goods/services. 2. **Non-existent RP:** ITC claimed by a RP found to be non-existent or not operating from the registered business place. 3. **Lack of Valid Documents:** ITC claimed without possession of valid documents (tax invoices, debit notes etc.)
Duration of Restrictions	Restrictions last up to 1 year, can be lifted if conditions change.

Rule 86B: Restrictions on ITC available in Credit Ledger	
Applicability of Rule 86B	Applies to RPs with taxable supply > ₹ 50 lakh/month.
ITC Utilization Limit	➢ Cannot use > 99% of output tax to discharge output tax liability. ➢ 1% must be paid from E-cash ledger.
Exceptions	1. Paid more than ₹ 1L of income tax in last 2 years. 2. Received more than ₹ 1L of ITC refund (ZRS/ITS). 3. Paid more than 1% of tax from E-cash ledger. 4. Government/PSU/LA/Statutory body.
Commissioner's Authority	May remove restriction after verification.

For Your Self Study Notes:-

Chapter 11:- REGISTRATION

Sec 22 Persons liable for registration

Every supplier liable to be registered in the State or UT from where he makes a taxable supply , if his Agg. T/O in a F.Y. exceeds following limits.

Analysis:-Limit for Threshold

State/UT	If exclusively enggaged in SOG	If enggaged in SOS or SOG + SOS
➲ Manipur ➲Mizoram ➲Nagaland ➲Tripura	10 lakhs	10 lakhs
➲ Pondicherry ➲ Uttarakhand ➲ Meghalaya ➲ Arunachal Pradesh ➲ Telangana ➲ Sikkim	20 lakhs	20 lakhs
All the other States incl. following Sp. category state - Assam, J& K, H.P.	40 lakhs	20 lakhs

In following cases extended limit 40 Lakh is not applicable

a)	Required to take compulsory registration	General threshold also not available
b)	Person who taken voluntary registration.	
c)	Supply of i) Ice-cream or edible ice ii) Pan Masala iii) All Tobacco & Tobacco product iv) Fly ash bricks v) Fly ash aggregates vi) Fly ash blocks vii) Building Bricks viii) Bricks of fossils ix) Earthen or roofing tiles or ruffing tiles	10L/20L threshold is available

Interest or Discounting :- For Calculation of threshold limit, Interest or Discount on loan, advances & deposits is includible, but for determining extended limit, it shall not be considered.

Other aspects:-

Agent	Supply made by agent on the behalf of principals to be added in agg. t/o of agent (if agent issues own invoice = compulsory reg. u/s 24)
Job-worker	Supply made by job worker on the behalf of principals not to be added in agg. t/o of JW
Transfer of business	When business is transferred, whether on account of succession or otherwise then Transferee/Successors shall take new reg.

Sec 23: Persons not liable for Registration (even if agg. t/o exceeds threshold)

1. Engaged in exclusive supply of
   - ➲ not liable to tax or
   - ➲ wholly exempt from tax.
2. An Agriculturist, to the extent of supply of produce out of cultivation of land.
3. Person who are only engaged in making supplies on which is tax liable to be paid on reverse charge basis by the recipient u/s 9(3)

Note: This notification doesn't apply to suppliers of metal scrap.

Sec 2(7) of "agriculturist" means an individual or a HUF who undertakes cultivation of land -
(a) by own labour, or
(b) by the labour of family, or
(c) by servants on wages under own or family supervision

Sec 24:- Compulsory Registration

(i) Persons making any inter-State taxable supply

Exceptions : Following category of person not required to register till threshold of 20/10Leventhough making Inter- State taxable supply
(a) Persons making inter-State supplies of taxable services
(b) Person making inter-state taxable supplies of handicraft goods.
Conditions: Person holding PAN & generate E way bill

(ii) Casual taxable persons making taxable supply

Exceptions : CTP making taxable supplies of handicraft goods.(eligible for 10L/20L/40L threshold)

(iii) Persons who are required to pay tax under reverse charge

(iv) Person who are required to pay tax under Sec 9(5) -ECO

(v) Non-resident taxable persons making taxable supply

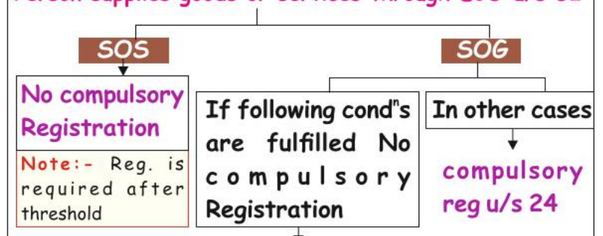
(vi) Persons who are required to deduct TDS u/s 51. (Separate Registration for TDS is required)

(vii) Persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise (agent issuing own invoice)

(viii) Input Service Distributor, (Separate Registration for ISD is required)

(ix) every ECO who is required to collect TCS u/s 51. ((Separate Registration for TCS is required)

(x) Person supplies goods or services through ECO u/s 52



- ➲ No inter State Supply for such supplier by ECO
- ➲ Declared on portal PAN & address of POB & State
- ➲ Portal will grant enrollment no. after validation of PAN
- ➲ ECO shall not allow supply unless enrolment no. provided to it.
- ➲ Supplier after crossing threshold apply for Reg. & enrollment no. shall be ceases

Note:- Registration is required after threshold

(xi) every person supplying OIDAR services from a place outside India to a person in India, other than a RP.

(xia) every person supplying online money gaming from a place outside India to a person in India; and

(xii) Any other person notified by C.G.

Sec25:- Timeline for application for Registration & other procedure

Particulars	Where	When
Person who is liable to be register u/s 22/24	In every such ST/UT in which he is so liable	within 30 days from the date on which he becomes liable to registration
Units in SEZ or SEZ Developer	shall apply for a separate registration for unit in SEZ & outside the SEZ in a same ST or UT.	
Person making supply in Territory Water	in the coastal State or UT where the nearest point of the appropriate baseline is located.	
A CTP or a NRTP	in every such State/UT in which he is so liable	at least 5 days prior to the commencement of business

PAN	1. Person shall have a PAN in order to be eligible for grant of registration 2. Exceptions : (a) A Person required to deduct TDS (b) A NRTP (Passport basis)
Registration in State	Normally single registration in a state shall be allowed but Separate registration if multiple place of business within a State/UT may be granted at the option of supplier.

Voluntary Registration	A person who is not liable to be registered under section 22 or section 24 may get himself registered voluntarily. All the provision of this act is applicable.
DDP	Already discussed in sec 25(4) and 25(5)
Bank Details	Rule 10A :- RP (except person liable to TDS/TCS) shall furnished Bank A/c details on common portal after obtaining certificate of registration & a GSTIN but earlier of : ➲ within 30 days from date of grant of registration, or ➲ before furnishing GSTR-1 or IFF. Note:- In case of TDS/TCS, Bank details are mandatory at the time of Registration.
Issue of Registration Certificate [Rule 10]	1. Certificate of registration in GST REG-06 and GSTIN of 15 digit . 2. Display of RC and GSTIN on the name board at the entry and in a prominent location at his Principal POB and additional POB. 3. Effective date of registration :

Application files from Liability date	Registration Effective from
within 30 days	Date on which the person becomes liable to registration
Not within 30 days	date of grant of registration

Sec 25 - Authentication (Aadhar) Process under GST

Object To control fake invoices, dummy address registration & multiple registration at same place.

Sec 25 (6A) read with Rule 10B

RP shall undergo authentication of Addhar no.(if addhar is not authenticated earlier) for following purposes

1) application for revocation of cancellation of registration
2) For filing of refund application
3) refund for export goods

Person Applying for fresh Registration

Sec 25 (6B): Individual

1) **Authentication:** Individual shall undergo
   - ➲ Authentication or
   - ➲ Furnish proof of possession of Aadhar no. with Reg. application in order to eligible for grant of reg.

Sec 25 (6C) : Every person other than individual

1) **Authentication:** Such person shall undergo Authentication or Furnish proof of possession of Aadhar no. of
   - ➲ Karta (HUF)
   - ➲ M.D. (Company)
   - ➲ Whole time director (Company)
   - ➲ Member of managing committee (AOP)
   - ➲ Board of trustees (Trust)
   - ➲ Authorised representative
   - ➲ Authorised Signatory
   - ➲ Notified person by C.G.

The consequences for failure to undergo authentication or Aadhar No. is not assigned : Reg. shall be granted only after physical verification of the place of business in the presence of the said person

AA not applicable to 25(6D)	(a) not a citizen of India (b) a Department or establishment of the CG or SG (c) a Local Authority (d) a Statutory Body (e) a Public Sector Undertaking (f) a person applying for registration u/s 25(9)(UIN)
Physical verification of business premises	(1) If physical verification of POB is needed after grant of registration:- PO may get it done & verification report & other documents with photos, shall be uploaded in REG-30 within 15 working days following date of such verification. (2) If physical verification of POB is needed before grant of registration:- PO shall get it done & verification report & other documents with photos shall be uploaded in REG-30 at least 5 working days prior to completion of time period to grant reg.

Procedure under Rule 8(4A) & Rule 9: - Registration & Adhar Authentication (AA)

W.D. = working days

Application + AA Opted [PART A + PART B]

AA Successfully done within 15 days

Date of Application = Date of AA

No deficiency in Application

Grant of Registration (RC) within 7 W.D.from the date of application

Deemed Reg.:If Reg not given within 7 WD from the date of submission of the application

Deficiency in Application

E-Notice(REG-03)within 7 W.D. from the date of Application

Clarification by Applicants (REG-04) within 7 W.D from the date of receipt of such notice

- P.O. not satisfied with clarification → Reject Application
- P.O. satisfied with clarification or no objection → Grant Reg. within 7 W.D of clarification
  Deemed Reg. : If Reg not given within 7 WD from the date of clarification

AA failed within 15 W.D.

Date of application = 15th day from the date of submission of Application

No deficiency in Application

1) Physical examination of POB OR 2) Verification of such document as deemed fit by P.O.
Example ➲ Passport ➲ ID

Grant of R.C. within 30 days from the date of submission of application

Deemed Reg. : If Reg not given within 30 Days from the date of submission of the application

Deficiency in Application

E-Notice (REG-03) within 30 days from the date of submission of App

Clarification by applicant (REG-04) within 7 W.D. from the date of notice

- P.O not satisfied with clarification → Reject application
- P.O. is satisfied with clarification or having no objection → grant of R.C. within 7 W.D. of clarification
  Deemed Reg. : If Reg not given within 7 WD from the date of clarification

Applicant not opted for AA

Date of Application = Date of Submission of App (PART A + PART B)

Deficiency

No Deficiency

1) Physical examination of POB OR 2) Verification of such document as deemed fit by P.O.
Example ➲ Passport ➲ ID

Grant of R.C. within 30 days from the date of submission of application

Deemed Reg. : If Reg not given within 30 Days from the date of submission of the application

Persons liable to obtain UIN

Notified Persons :

- ➲ Any specialized agency of the UN Organization or
- ➲ any Multilateral Financial institution and organization as notified under the UN
- ➲ consulate or embassy of foreign countries and
- ➲ any other person notified by the Commissioner

It is for Refund of taxes on the notified supplies of goods or services received by them, as may be prescribed.

Imp Points for Grant of UIN

a. Application shall be submitted by persons requiring UIN
b. within 3 working days from the date of application, officer shall assign UIN or reject the application.
c. Registration is deemed to have been granted after expiry of 3 days.
d. It shall be applicable to the territory of India

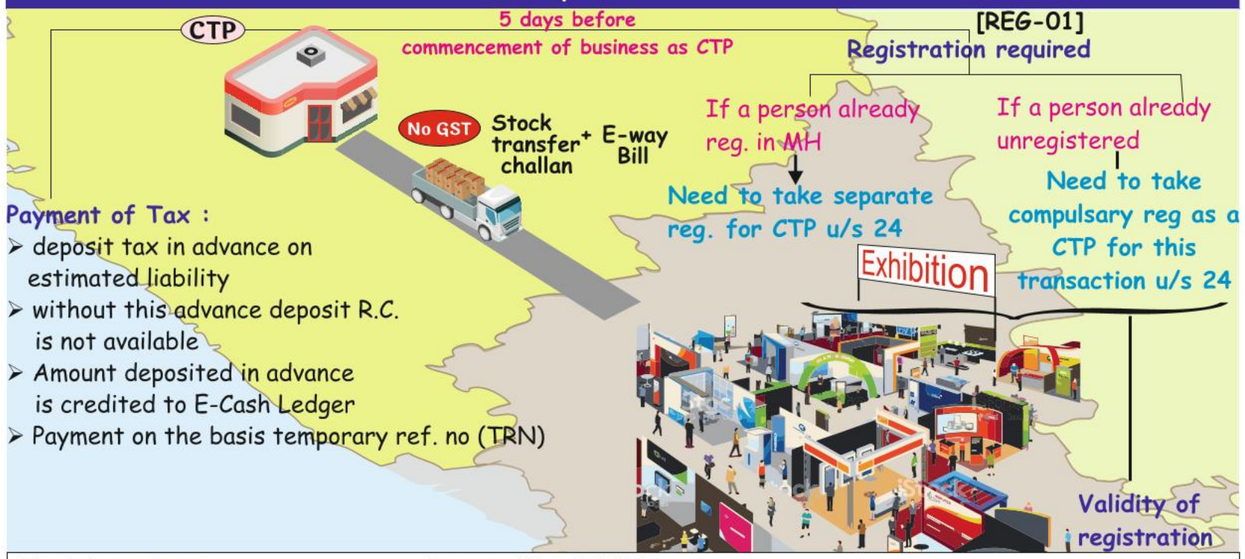
Rule 14A : Simplified Option for Small Taxpayer [Applicable for Sep 26 Exam]

Small taxpayer?	Whose monthly output tax liability is up to ₹ 2.5 lakh	Option?	To opt electronic registration after Aadhaar authentication
Registration allowed?	Yes, 1 per PAN in a State/UT is allowed by portal electronically within 3 working days from applying based on data analysis & risk parameters under rule 9A	Withdrawal?	Allowed after filing required returns, updating details, & ensuring no cancellation proceedings are pendingAadhaar/biometric authentication apply to these applications

Sec 26 - Deemed Registration

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

Sec 27 Concept of CTP and NRTP



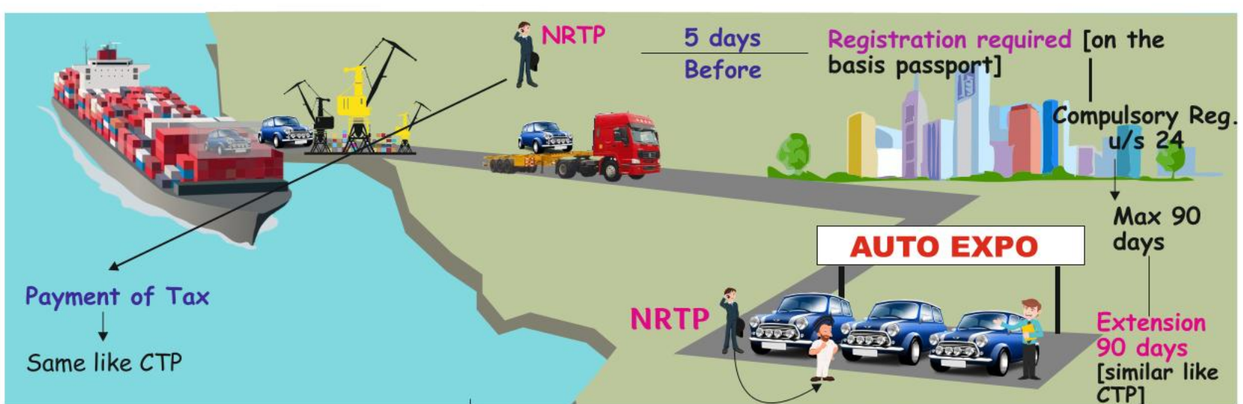
Eligibility ofITC

- CTP can take ITC of Input/CG/IS while making payment of tax in advance
- If reg. extended for further 90 days then he again deposit tax on estimate liability

Return filing [CTP]

1) He will submit GSTR -1 on 11th of next month [during CTP period]
2) He will submit GSTR -3B on due date [during CTP period]
3) a) If final tax is more than adv. tax paid then differential amt. is payable
   b) If final tax is less than adv. tax paid then he can claim Refund

1) For a period as mentioned in application
2) but max for 90 days [which can be further extended for 90 days]



Eligible of ITC
No ITC except Imported goods

Return
Special Return (GSTR-5)

Sale - Tax invoice
value 1,00,000
IGST @ 18% 18,000

Concept of CTP and NRTP

CTP= a person who occasionally undertakes transactions	NRTP= any person who occasionally undertakes transactions
➲ involving supply of SOG &/or SOS ➲ in the course or furtherance of business, ➲ whether as principal, agent or in any other capacity, ➲ in a ST/UT where he has no fixed POB	➲ involving supply of SOG &/or SOS ➲ whether as principal or agent or in any other capacity, ➲ but who has no fixed place of business or residence in India .
Registration provisions	
➲ Compulsory registration u/s 24 ➲ Registration before commencement of business and with advance POT ➲ **Registration REG-01** ➲ PAN required	➲ Compulsory registration u/s 24 ➲ Registration before commencement of business and with advance POT ➲ **Registration REG-09** ➲ Valid passport required
Threshold Exemption	
Not available	Not available
Composition Scheme	
Not available	Not available
Return provisions	
GSTR-1, GSTR-3B	GSTR-5
ITC provisions	
ITC of all I/CG/IS is available	ITC only on imported goods is available

Important Comment

1) CTP or NRTP will apply for Registration at least 5 days prior to commencement of business
2) Advance deposit of tax at the time of Submitting the registration application.
3) Registration is valid for 90 days (further extension for 90 days)
4) Annual Return is not required for CTP & NRTP

Sec 28 :- Amendment of Registration

1. **Intimation of any changes in the information furnished to be made to proper officer within 15 days.**
2. **Amendments in non core field can be made directly on common portal but approval is required for Amendments in core fields.**

Core Field → **Legal name of business** — Address of PPoB/ APoB - Principal place of Business

Non Core Field — Addition, deletion or retirement of partners or directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer or equivalent, responsible for day to day affairs of the business

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

Sec 29:- Cancellation of Registration

Suo Moto Cancellation [Section 29 (1) & (2)]

- ➲ Business discontinued ➲ Transferred including death ➲ Demerged
- ➲ Amalgamated with others ➲ Otherwise disposed of
- ➲ Change in the constitution of the business
- ➲ The TP is no longer liable to be registered u/s 22 or 24 or
- ➲ intends to optout of the registration voluntarily

Cancellation of registration by PO on his own motion only

Following are the circumstances where the PO may cancel the registration of a person from such date, including any retrospective date, as he may deem fit:-

a) b) & c) A RP has contravened following provisions (Rule 21):-

Dummy POB or invoice	➲ He does not conduct any business from the declared POB or ➲ He issues invoice/bill without supply in violation of GST law.	
Violation of Specified provision	➲ He violates the provisions of Anti-Profeetering measure ➲ He violates the provision of furnishing of bank account details ➲ He avails ITC in violation of sec 16 oread with rules ➲ He violates the provision of rule 86B [restriction of 99% ITC]	
Mismatch of GSTR-1/1A & 3B	Outward supply declared in GSTR-1/1A for one or more tax period is in excess of supplies declared in return.	
Non-filing of return	Normal scheme	RP has not furnished monthly returns for a continuous period of 6 months
	QRMP scheme	RP has not furnished returns under QRMP for a continuous period of 2 tax periods (i.e. 2 quarters).
	Composi-tion Levy	A person paying tax under Composition Scheme (Sec 10) has not furnished return for a F.Y. beyond 3 months from the due date of furnishing the said return
	fails to file return after revocation order	➲ failed to file returns due between the order of cancellation and revocation of registration within 30 days of the revocation order. ➲ If the cancellation was retrospective, failed to file all returns from the date of order of cancellation date to the revocation order within 30 days.

d)	No start of business	Voluntary RP u/s 25(3)(Volunary registration) has not commenced business within 6 months from the date of registration.
e)	Fraudulent Activity	Registration has been obtained by means of fraud, wilful misstatement or suppression of facts.

Proviso	PO shall not cancel registration without giving the person an opportunity of being heard.
Proviso	During pendency of proceedings relating to cancellation of registration, PO may suspend the registration for the period & in the manner prescribed.

Suspension of Registration

Applied for cancellation **OR** Suspend the Registration

→ While pendency of cancellation proceeding

Scenerio	Effective Date of Suspension
Registered Person applied for cancellation of registration.	Date of Submission of application or Date from which cancellation is sort } Later
Cancellation initiation by Department	Date Determination by Proper Office

- ➢ While Registration suspended -
  - ➲ shall not make taxable supply (i.e. shall not issue a tax invoice & shall not charge the tax on supplies paid not him)
  - ➲ Shall not furnish any return
- ➢ Suspension shall be revoked with effect from suspension Date
  [Provision of revised tax invoice & first return applicable]

Procedure for Cancellation

Where the RP applies for cancellation

1) RP shall apply within 30 days of occurrence of the event warranting cancellation,
2) furnishing the details of
   - ➲ inputs held in stock or
   - ➲ inputs contained in semi-finished/ finished goods held in stock and of
   - ➲ capital goods held in stock

   on the date from which cancellation of registration is sought, liability thereon, payment, if any made & relevant documents.

↓

Proper officer (PO) shall issue the order of cancellation within 30 days of submission of application for the same.

Where the PO cancels the registration

PO shall issue a SCN to the registered person who has to reply to said notice within 7 days.

↓

Proceedings shall be dropped

- If reply to SCN is satisfactory
- Where instead of replying to SCN, person furnishes all pending returns & makes full payment of tax along with interest & late fee.

Cancellation order shall be issued within 30days of reply to SCN where registration is liable to be cancelled

Sec 30:- Revocation of Cancellation of Registration

1) RP whose reg. is cancelled by P.O. apply for revocation [subject to rule 10B] of cancellation within 90 Days from date of service of order of cancellation.
2) Extension :- by Commissioner or an authorised officer- not below the rank of AC or JC for further upto 180 days
3) On application P.O. may revoke cancellation or reject application
4) Revocation under SGST/UTGST act shall deemed to revocation under CGST/ IGST Act.

CHAPTER 12 - TAX INVOICE, DEBIT NOTE & CREDIT NOTE

- **Invoice**
  - Tax Invoice
  - Revised Invoice
  - Bill of Supply
- **Vouchers**
  - Receipt Voucher
  - Refund Voucher
  - Payment Voucher
- **Invoice in Special Cass**
  - Bank/FI etc
  - Passenger Transport service
  - GTA
  - Multiplex
- **Challan**
  - ISD Challan
  - Rule 55 Challan
- **Note**
  - Debit Note & Credit Note

Particular	Tax Invoice : Supply of goods		Tax Invoice : Supply of Service		
Normal case	Invoice shall be issued - On or before		Invoice shall be issued - On or before		
	a) If movement involved-	At the time of removal for supply	a)	Provision of services	within 30 days from Completion
			b)	Bank/FI/NBFC/ Insurer	within 45 days from Completion
	b) In other case-	At the time of delivery or made available		Insurer/ Bank/ FI/ NBFC/ Telecom/ other notified person	where service to DDP, i) When Supplier records in books of A/c ii) Last date of qtr. whichever is earlier
Continuous Supply of goods / services	Invoice shall be issued before or at the time ➢ each such successive statement or ➢ each such successive payment is received Whichever is earlier		Invoice shall be issued on or before a) Due date of payment by recipient ascertainable in contract-on such date b) If due date not ascertainable - date of payment received c) If completion of event are fixed in contract-Last date of completion of such event		
Supply on sale or return/ Approval basis	Invoice shall be issued a) Before/at the time of supply [i.e. approval given by recipient] b) 6 months from the date of removal, — whichever is earlier		—		
Cessation of SOS	—		Invoice shall be issued at the time when supply ceases & such invoice only to the extent supply made before such cessation		

Government may
(a) specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.
(b) subject to the condition mentioned therein, specify the categories of services in respect of which—
(i) any other document deemed to be a tax invoice or
(ii) tax invoice may not be issued.

Content of Invoice [Rule 46]

a) Name, Address and GSTIN	f) HSN code	i) Total value	n) Address of delivery
b) Consecutive Number Series	g) Description of SOG/SOS	j) Taxable value	o) If reverse charge applicable
c) Date of Issue	h) Quantity of goods	k) Rate of tax	p) Signature of digital Signature
d) Name of address & GSTIN or UIN of recipient	l) Amount of tax charged		q) Nature of document
e) Other details of Unregistered recipient	m) Place of supply		r) Quick Response(QR) Code

s) Declaration that not required to prepare an invoice as per rule 48(4)

Notes : 1)Consecutive serial number shall not exceed 16 characters for tax Invoice in one/multiple series shall be maintained same for a F.Y.

Where the value of the goods or services or both supplied is less than ₹200

Issue of Tax Invoice

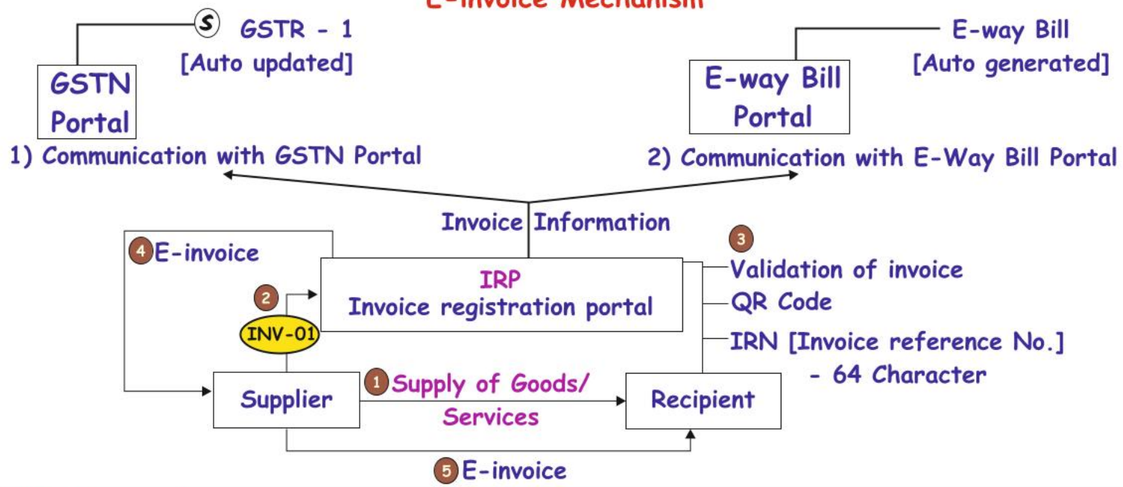
- **Value is less than ₹ 200**
  - **Supply B2B** → Issue of Tax Invoice is mandatory irrespective of value
  - **Supply B2C**
    - **Multiplex** → Issue of Tax Invoice is mandatory; Tax Invoice = Ticket
    - **Recipient want tax invoice** → Required to issue tax invoice
    - **In other cases** → Supply may not issue Tax Invoice
      Note: In such case supplier shall issue a consolidated tax invoice at the end of each day
- **Value ₹ 200 or more** → Tax Invoice is mandatory

Manner of issuing Tax Invoice Rule 48:-

Normal Invoice	1) In case of taxable SOG Invoice shall be prepared in Triplicate 2) In case of taxable SOS Invoice shall be prepared in Duplicate 3) Serial number of invoices issued during a tax period shall be furnished electronically in GSTR - 1/ 1A
E-Invoice	1)Notified classes of person obtaining invoice reference no. from E-invoice portal 2) Invoice void, if invoice reference no. not quoted 3) Does not require to issue Duplicate or Triplicate copy

Rule 48(4) : E-invoicing

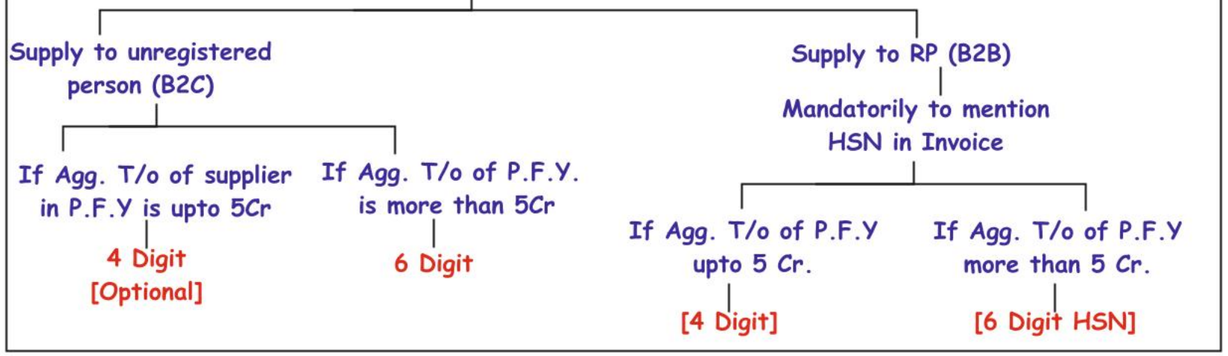
E-invoice Mechanism



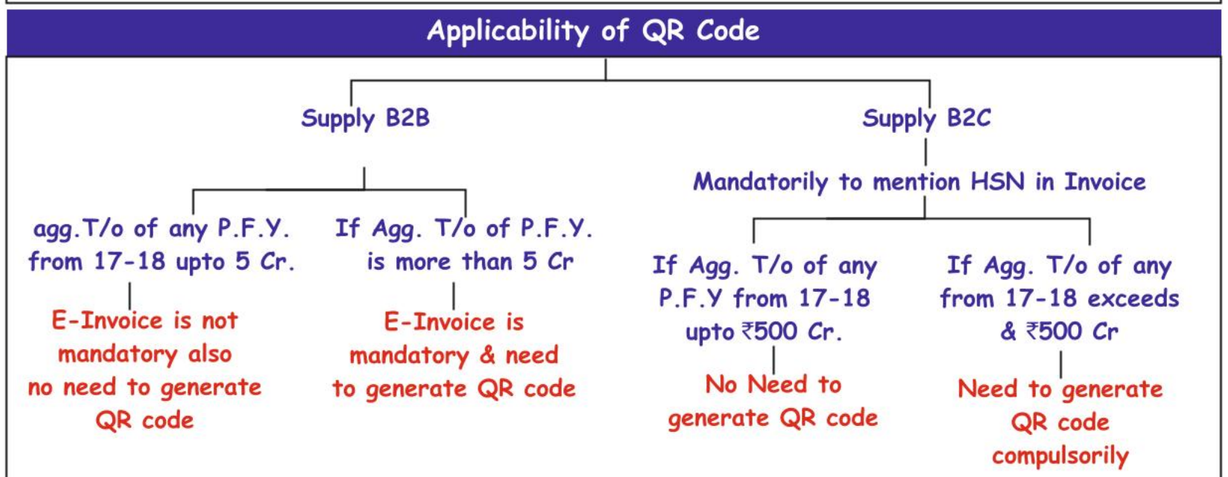
1	What is E-Invoicing?	An E-invoice refers to the requirement for businesses to generate and issue invoices electronically through the government's IRP (Invoice registration portal).
2	Applicability	RP with an Agg. T/o exceeds ₹5 crores in Any P.F.Y. from 2017-18 onwards are required to issue e-invoices for ➢ **B2B transactions** ➢ **exports Supply** ➢ **Debit Note & Credit note.**
3	Non-Applicability	1) for B2C invoices 2) RP with an Agg. T/o below / upto ₹5 crores in all F.Y. from 2017-18, 3) Input Service Distributors (ISD), 4) Import of goods, 5) Government, LA, SEZ units, insurers, banks, NBFCs, GTA, suppliers of passenger transportation & Multiplexes. 6) Certain reverse charge scenarios (explain later). 7) Exempt Supply (nil rate + wholly exempt + non-taxable)
4	Advantages of E-Invoicing	➲ **Efficiency:** Automates reporting of invoices in GST returns and e-way bill generation. ➲ **Accuracy:** Reduces transcription errors & facilitates reconciliation with purchase orders. ➲ **Tax Compliance:** Helps in matching ITC with output tax, reducing tax evasion. ➲ **Fraud Prevention:** Curbs fake invoicing and fraudulent ITC claims.
5	Important Notes for SEZ	➲ **SEZ Units vs. Developers:** Only SEZ units are exempt from E-invocing & not SEZ developers i.e. provision of E-invoice applicable to SEZ Developer. ➲ **Entity-Wide Exemption:** The exemption applies to the entire entity of SEZ unit, regardless of the nature of the supply.
6	E-Invoice incase of Reverse Charge	**E-invoicing mandates are primarily directed at suppliers based on their annual turnover thresholds** ➲ **If supplier is RP (u/s 9(3))** :- Supplier required to generate an E-invoice for taxable supplies (for B2B), regardless of whether the transaction is under RCM or not. ➲ **If supply from URP to RP (u/s 9(3)/(4))**:- Since the supplier is unregistered, they are not required to generate an e-invoice. Note:- Although the recipient is responsible for paying GST under RCM, they are not required to generate an e-invoice as the responsibility of e-invoicing rests solely with the registered suppliers who meet the turnover criteria, and this does not extend to recipients under RCM.
7	Non-applicability of provision of normal invoice	➲ Normal Invoice or computer generated invoice applies in any manner shall not be treated as an invoice (if provision of E-invoice is applicable). ➲ 3 copies of invoices is not required in case of E-invoice. ➲ Digital signature also not required in case of E-invoice.
8	Amendment/ cancellation of e-invoices	➲ Cancellation need to be reported into the IRN **Portal within 24 hours.** ➲ After 24 hrs should be manually cancelled on the GST portal before the returns are filed. ➲ Once an IRN is cancelled, the same invoice number cannot be used again. ➲ Any amendments to an e-invoice can be made only on the GST Portal.
9	Circular No. 198/10/2023	E-invoices must be issued for supplies to registered Government Departments / agencies / LA by RP surpassing the turnover threshold of ₹5 CR.

HSN & QR Code in Invoice

Required of HSN invoice



Applicability of QR Code



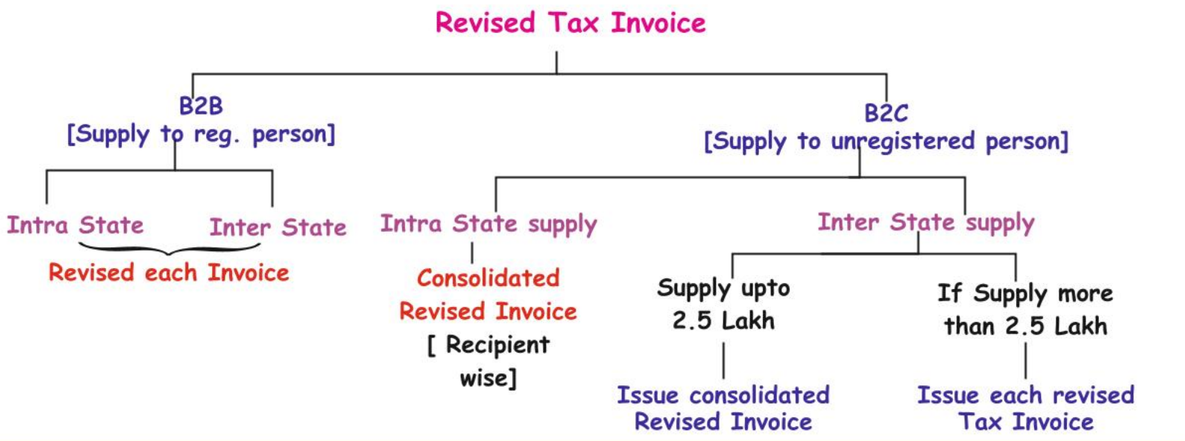
Student Notes:-

Revised Invoice:-

Revised Invoice to be issued from effective date of registration till the date of issuance of RC within 1 month from the date of issuance of RC.

Consolidated revised tax invoice:- RP may issue a consolidated revised tax invoice

1. in respect of all taxable supplies made to a recipient who is URP
2. In the case of inter-State supplies, where the VOS does not exceed ₹ 2.5 Lakhs to URP



Bill of Supply:-

1. On Supply of Exempt Goods or Services
2. Paying tax under Composition Scheme.

Endorsement for Export Invoice:-

Condition	Declaration in invoice	Required Details
Payment of Integrated Tax	"Supply meant for export/supply to SEZ unit or SEZ developer for authorised operations on payment of integrated tax"	(i) Name and address of the recipient (ii) Address of delivery (iii) Name of the country of destination
Without Payment of Integrated Tax	"Supply meant for export/supply to SEZ unit or SEZ developer for authorised operations under bond or letter of undertaking without payment of integrated tax"	(i) Name and address of the recipient (ii) Address of delivery (iii) Name of the country of destination

Invoice-cum-bill of supply

Person is supplying taxable as well as exempted supply a single "Invoice-cum-bill of supply" may be issued for all such supplies.

Student notes

VOUCHERS

Receipt Voucher Sec 31 (3)(d)

A RP shall, on receipt of advance payment with respect to any supply of goods or services , issue a Receipt Voucher evidencing receipt of such payment.

if, at the time of receipt of advance, rate of tax/nature of supply is not determinable

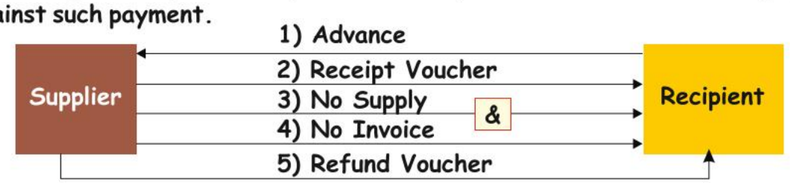
Where at the time of receipt of advance	Rule & Nature
(i)Rate of tax is not determinable	tax shall be paid at the rate of 18%
(ii) nature of supply is not determinable	Same shall be treated as inter-State supply

Refund Voucher Sec 31 (3)(e)

Where on receipt of advance payment with respect to any supply of goods or services the RP issues a Receipt Voucher, but subsequently

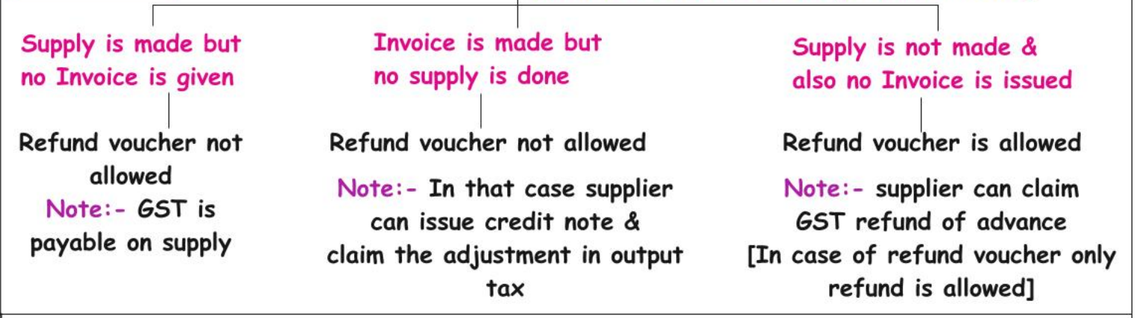
- ➲ no supply is made and
- ➲ no tax invoice is issued in pursuance thereof,

the said registered person may issue to the person who had made the payment, a Refund Voucher against such payment.



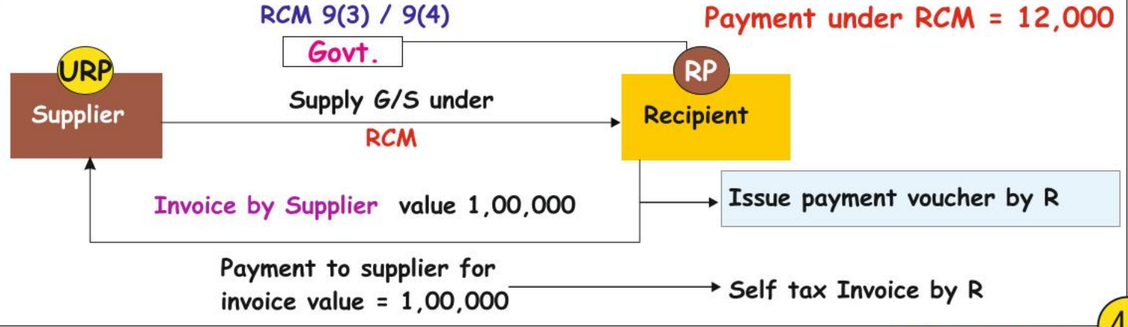
When to issue refund voucher

Analysis:-



Payment Voucher & Self Invoice Sec 31 (3)(f)/(g)

- ➲ Payment Voucher: It is issued by recipient when making payment to supplier under RCM.
- ➲ Self-Invoice: If goods/services are received from an unregistered supplier (including TDS-only registered), the recipient must issue a self-invoice under RCM.
- ➲ Time Limit: Recipient must issue self-invoice within 30 days of receiving goods/services (Rule 47A).



Tax invoices in Special Cases (Rule 54)

Supplier of taxable service	Document in lieu of the tax invoice	
	Optional information	Mandatory information
Insurer/Banking/ FI/ NBFC	• Serial number • Address of the recipient	Information for a Tax Invoice, u/r 46
		Such document may be required
	The said supplier may issue a consolidated tax invoice for SOS made during a month at the end month.	
Supplier of passenger transportation service	• Serial number • Address of the recipient	Information for a tax invoice, u/r 46
		Tax invoice = ticket
Admission to Exhibition of cinematography films in multiplex screens	Tax Invoice = E-Ticket	
	Other information as prescribed for a tax invoice, u/r 46	

Delivery Challan/ Invoice for Transportation of Goods (Rule 55)

Nature of supply

(1) Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,

(2) Transportation of goods for job work,

(3) Transportation of goods for reasons other than by way of supply, or

(4) Such other supplies as may be notified by the Board

Supply of goods in SKD/CKD/batches/lots:-

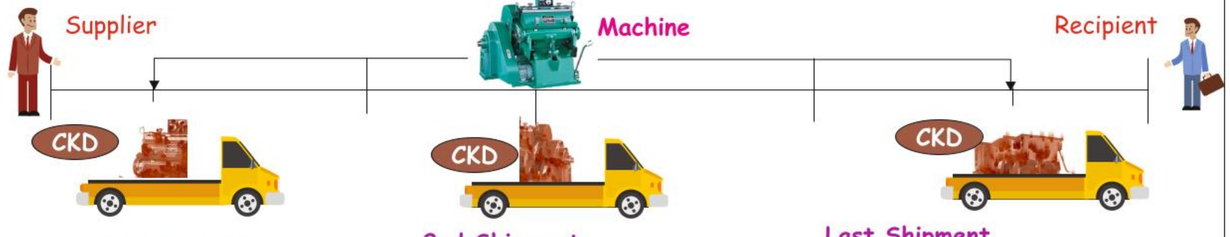
Where the goods are being transported in a semi knocked down (SKD) or completely knocked down condition (CKD) or in batches or lots,

(a) the supplier shall issue the complete invoice before dispatch of the first consignment;

(b) the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;

(c) Copies of the corresponding delivery challan shall accompany each consignment along with a duly certified copy of the invoice; and

(d) the original copy of the invoice shall be sent along with the last consignment.



Sec 34 - Credit Note & Debit Note

Credit Note :-

Circumstances of Issuance of Credit Note	➲ the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, ➲ the goods supplied are returned by recipient, ➲ the goods &/or services supplied are found to be deficient, ➲ the goods or services don't meet the recipient's quality expectations. ➲ Any other similar reasons.
Reducing Tax Liability	➲ Issuing a credit note decreases the supplier's tax liability. ➲ Correspondingly, the recipient's Input Tax Credit also reduces.
Restrictions on Credit Notes	Exceptions: GST credit note can not be issued ➲ Not allowed for secondary discounts which is not agreed at he time of supply. ➲ Financial/commercial credit notes can be issued but won't affect Tax Liability.

Debit Note:-

Circumstances of Issuance of Debit Note	➲ the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, ➲ the quantity received by recipient is more than what is declared in tax invoice, or ➲ any other similar reasons.
Additional Tax Liability	➲ A debit note/supplementary invoice creates additional tax liability (**"Debit note" = supplementary invoice**). ➲ Treatment of a debit note/ supplementary invoice is identical to that of a tax invoice for returns and payment purposes.

Details of Debit Note/Credit Note to be declared in return

Time limit to declare details of Credit note issued & other relevant pts.	➲ Declaration in Returns: Must be declared in the tax return of the month when the credit note is issued. ➲ Deadline for Declaration: Earlier of two dates: ➢ 30th November following the end of F.Y. in which such supply was made or ➢ Date of furnishing of the relevant annual return. ➲ Adjustment of Tax Liability: Tax liability to be reduce in the month in which credit note is issued. ➲ Restriction: The supplier cannot reduce their output tax liability if: (i) a registered recipient has not reversed the ITC related to the credit note or (ii) in other cases, the tax burden has been passed on to another person. ➲ Flexibility: A single credit can address multiple invoices.
Time limit to declare details of Debit note issued	➲ Declaration Timing: In the tax return for the month when the debit note is issued. ➲ Tax Liability Adjustment: added in tax liability in which debit is issued. ➲ Flexibility: Single debit note can address multiple invoices Note:- **There is no time limit for issue of Debit note.**

CHAPTER 13: ACCOUNTS & RECORDS

Registered Person

General

Sec 35 (1): Books of Accounts

1) Books of accounts to be kept & maintained at -
   - ➲ Principal Place of business (PPOB)
   - ➲ Additional place of business (APOB)
2) Books found at unregistered premises
   - ➲ deemed to belong to RP

Sec 35 (1): Accounts and Records

Accounts [Sec 35(1)]
- ➲ Production of goods
- ➲ inward/outward supply of G/S
- ➲ Stock of goods
- ➲ Output tax payable/paid
- ➲ ITC availed
- ➲ Other particulars

Not required for composition Scheme

Goods kept at other than declared location - deemed as supply & tax payable thereon

Records & Documents [CGST Rules]
- ➲ Goods/services imported or exported
- ➲ Supplies attracting payment of tax on RCM along with relevant documents like invoices, Challan, Credit & Debit Note & Vouchers etc.
- ➲ Advances received, paid and adjusted
- ➲ Required to keep particulars of name & complete address of supplier, recipient & premises where goods are stored

Special Cases

Sec 35(2) read with Rule 58 Warehouse Owner and Transporter

Owner/Operator of Godown/ Warehouse (RP / URP Obtain unique enrollment number)

Sec 35(2)	shall maintain records of the consignor, consignee and other relevant details of the goods in such manner as may be prescribed
Rule 58(4)	maintain books of accounts ➲ with respect to the period for which particular goods remain in the warehouse, ➲ particulars relating to dispatch, movement, receipt and disposal of such goods
Rule 58(5)	store the goods in such manner that they can be identified item-wise and owner-wise and shall facilitate any physical verification or inspection by the proper officer on demand

Transporter (Registered / URP Obtain unique enrollment number)

Sec 35(2)	shall maintain records of the consignor, consignee and other relevant details of the goods in such manner as may be prescribed
Rule 58(4)	shall maintain records of ➲ Goods transported, delivered and goods stored in transit by him alongwith the ➲ GSTIN of the registered consigner andconsignee for each of his branches.
Rule 58(1A)	IF transporter is Registered in more than one State/ UT- May apply for unique common enrollment number for EWB

Rule 56(11) : Records to be maintained by Agent (P=every principal)
- ➲ Particulars of Authorization received from each
- ➲ Principal to receive or supply of G/S
- ➲ Description value & Quantity of G/S received on behalf of P
- ➲ Description value & Quantity of G/S supplied on behalf of P Details of accounts furnished to P
- ➲ Tax paid on receipts/ supply of goods on behalf of P

Rule 56(12) : Records to be maintained by Manufacturer
- ➲ Monthly production accounts showing quantity of RM/service used in the manufacture
- ➲ Quantitative details of goods manufactured, waste and by products

Rule 56(13) : Records to be maintained by Supplier of Services
- ➲ Quantitative details of goods used in provision of service
- ➲ Details of input service
- ➲ Details of services supplied

Rule 56(14) : Records to be maintained by Works Contractor
- ➲ Names & Address of person on whose behalf the works contract is executed
- ➲ Description, value & Qty.of G/S received for each W.C.
- ➲ Description, value & Qty. of G/S utilized for each W.C.
- ➲ Details of payment received for each W.C.
- ➲ Name and address of suppliers

Rule 56(17) : Records to be maintained by C&F Agent
- ➲ Maintain true & correct records of goods handled on behalf of registered person
- ➲ Produce details as required by PO

Procedure for maintenance of A/C
- ➲ Records may be in electronic form
- ➲ Proper backup of electronic Records
- ➲ Records to be produces to officer on demand along with files and passwords
- ➲ No Entry to be erased/ over written
- ➲ Manual Records- serially numbered

Sec 35(6) - Consequences for failure to maintain books of accounts
- ➲ Non accounted G/S - regarded as deemed supply & tax payable thereon
- ➲ Provisions of Section 73 or 74 or 74A shall apply

Sec 36- Retention of Accounts
- ➲ Till the expiry of 72 months from due date furnishing of annual return
- ➲ If subject matter is for appeal/ revision - retention shall be later of-
  - ➢ 1 year after its final disposal of appeal/revision
  - ➢ 72 months from due date of furnishing AR

Chapter 13- Sec 68 & Rule 138 : E-Way Bill

General Discussion

What is an E-Way bill why is it required?

E-Way Bill is a compliance mechanism

- Where in by way of a digital interface
- The person causing the movement of goods
- upload the relevant information prior to commencement of movement of goods
- Generates E-Way Bill on GST Portal

Relevance :-

- Hassle free movement
- Track movement of goods
- Control tax evasion
- Eliminate State boundary check post

Who & When E-way Bill is required to be generate?

Who :- Every R.P. (Supplier or recipient) who causes the movement of goods

- in relation to a supply or
- Reasons other than supply or
- Due to inward supply from an URP

When :- Consignment value exceeds ₹ 50,000

Voluntary Generation (even if consignment value is ₹ 50000 or less)

- Every R.P. causing movement of goods
- Can authorized ECO or Courier Agency or Transporter to furnish details in Part-A

Mandatory Generation

Consignment value exceeds ₹ 50,000 — Every R.P. causing movement of goods

Job Work — **Principal or Job Worker (if Registered)**

- Inter State movement
- **E-Way Bill is required Irrespective of consignment value**

handicraft goods — **Person exempted from obtaining registration U/s 24(i)&(ii)**

Details in E-Way Bill

Part A		Part B
GSTIN of Supplier,		Vehicle Number for Road
Place of Dispatch (Indicate the PIN Code of place of dispatch.)	Bill To / Ship To	Transporter document no. / Defense vehicle no./Temporary vehicle Registration no./Nepal or Bhutan Vehicle Registration no.)
GSTIN of Recipient		
Place of Delivery (PIN Code also), indicate the PIN Code of place of delivery.		
Document Number (May be of Tax Invoice, Bill of Supply, Delivery Challan or Bill of Entry.)		
Document Date		
Value of Goods,		
HSN Code,		
Reason for Transportation, etc.		

Annual T/O of preceding F.Y.	HSN Code Digit
Upto 5 Cr	4 Digit
Above 5 Cr	6 Digit

Information in part B is optional

If Distance up to **50 Km within State** or UT in case of transportation from POB to transporter's Place or vice-versa

Determination of Value

Mandatory generation of E-Way bill if Value exceeds ₹50,000

- Determined as per Section 15
- Declared in invoice/ Bill of Supply/ Delivery Challan
- Issued in respect of said consignment

Includes: CGST, SGST/UTGST, IGST, Cess

Excludes: Value of Exempt Supply of goods

Note:- Specially for E-Way Bill value includes GST

Following shall submit details on common portal & on validation, UEN is generated & communicated:

- URP making inter-State transport of handicraft goods, exempt from registration & irrespective of consignment value.
- URP opting to generate e-way bill.

When E-Way Bill is required to be generated?

Goods Transported by Road	Goods Transported by Railways	Goods transported by Air/Vessel
E-way bill to be generated before movement of goods	• by R.P.(supplier/recipient) • Information in Part B before/After commencement of movement of goods but it shall not be delivered unless EWB is produced at the time of delivery	

Self Transportation (own vehicle/hired or public conveyance)

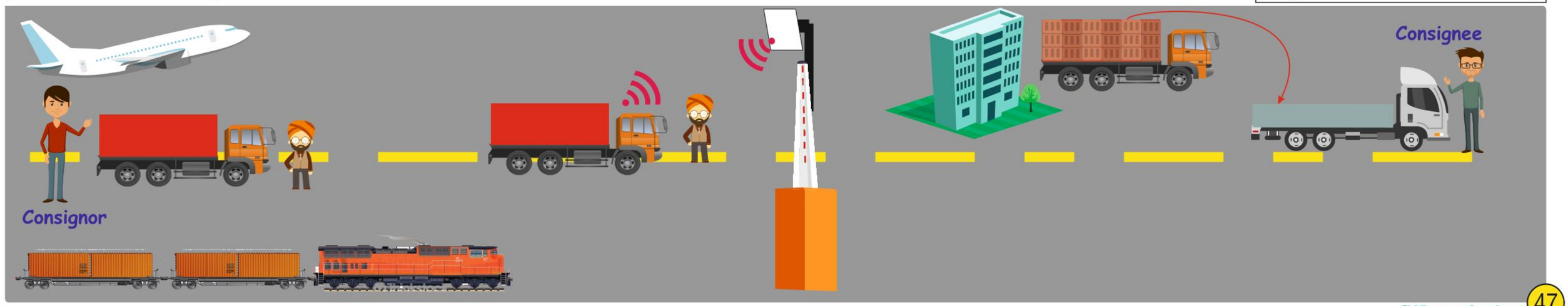
- Part A — Consignment Details
- Part B — Vehicle Number

Third party (Transporter)

- Part A — Consignment Details
- Part B — Vehicle Number

RP → Transporter (UEN/GSTIN)

- GTA Unregistered → Unique Enrollment Number (UEN)
- GTA Registered
  - Single Registration → GSTIN
  - Multiple Registration → Common UEN



Validity of E-Way Bill

Other than over dimensional cargo

- upto 200km → 1 day
- for every additional 200 km or part → 1 additional day

In case of Over Dimensional Cargo

- upto 20km → 1 day
- for every additional 20 km or part → 1 additional day

Note :- Multi modal shipment where one leg in ship the above both options are available

Other Points:-

- Validity period shall be counted from time at which E-Way bill has been generated (after completion of info in part B by transporter)
- Validity of E-way bill may be extended within 8 hrs from the time of its expiry
- First day shall be expired on mid night of succeeding day

14th April		15th -16th		16th-17th
10 am EWB	1- Day	12 am Midnight	1- Day	12 am Midnight

Non-Requirement of E-Way Bill

- Transportation of
  - Non Taxable Goods
  - Jewellery/ precious stone **excepting Imitation Jewellery**
  - Currency
  - Postal, Baggage
  - Personal effect
  - Empty cargo container
- Transported by non motorised vehicles
- Movement of goods under-ministry of defense
- Supply under Schedule-III
- Supply under Custom supervision
- Transport of exempt goods (except de-oiled cake) etc.

Note- there are more cases of non requirement of EWB for that refer notes.

Documents to be carried by Person in Charge

The person in charge of a conveyance shall carry—

(a) the invoice or bill of supply or delivery challan, Bill of Entry etc. and

(b) a copy of the e-way bill in

- physical form or
- EWB no. in electronic form or
- mapped to a RFI Device embedded on to the conveyance

Clause (b) Not Applicable :- for movement of goods by rail or by air or vessel.

Inspection of E-Way Bill

Rights of Commissioner

- Right to intercept any conveyance verify E-way bill
- Right to install Radio Frequency
- Identification device reader Right to physical verification of conveyance

Rights of person

If vehicle detained for more than 30 mins transporter may upload the information in EWB-04 on common portal

Summary Report & final Report -to be recorded online in EWB-03

Part A(summary)- within 24 hrs of inspection

Part B (Final)- within 3 days of inspection [Extension available for further 3 days

Non Compliance of E-Way Bill

Sec 122

Taxable person Transporting the goods liable to penalty of ₹ 10,000 or Tax evaded (whichever is higher)

Sec 129

Confiscation of Goods & conveyance

Acceptance/Rejection/cancellation of E-Way Bill

1) **Acceptance/Rejection**

by the Recipient (if registered) or supplier within

- 72 hours
- Before delivery of goods (whichever is earlier) or else Deemed Acceptance

or

2) **Cancellation of E-Way bill**

a) Goods not transported

b) Goods not transported as per details furnished

- Cancellation to be done within 24 hours.
- Cannot be cancelled if verified in transit

Special Discussion

Transhipment of Goods

- Consignor / Recipient (who has furnished Part A)
  or
- Transporter

↓

can assign the E-Way Bill to another registered transporter to update Part B of E-Way bill for further movement of goods.

Note- only 1 EWB is required

Bill to Ship to Transportation

Part A of E-Way Bill shall contain :

- Place of Dispatch(address of Place)
- Bill to (Details of "Bill to"party)
- Ship to (Address of "Ship to" party)

Note- only 1 EWB is required

Invoice Reference Number

Reduces burden of carrying physical copy of Invoice

Auto populates part A of E-way Bill

Multiple Consignment

Transporter will generate the E-Way Bill in following cases

1. If consignor & Consignee has not generated E-Way Bill and Value of Goods carried in the conveyance is more than ₹ 50000 -Generation of E-Way bill in EWB-01.
2. May also generate a consolidated e-way bill in EWB-02.

Note - Applicable only for transportation by Road

Rule 138E:-Restriction of furnishing of information in part A of EWB-01.

in respect of any outward movement of goods of a registered person who -

(a) composition dealer has not furnished the returns for two consecutive tax periods; or

(b) Other Person has not furnished the returns for a consecutive period of Two Tax Periods

(c) Other person has not furnished the statement of outward supplies for anytwo months or quarters, as the case may be.

(d) being a person, whose registration has been suspended under the provision of rule 21A(1) or 21A(2) or 21A(2A)

Student Notes:-

Chapter 14 - RETURN

Statement / Return

Statement

Section 37 Outward Supply

GSTR -1	1-11th of following Month/Qtr.
GSTR -1A	After filing GSTR-1, but before filing GSTR-3B
IFF (QRMP Scheme)	1-13th of following Month
Maximum time limit	within 3 Yrs from due date

Comment :- Composition tax payer required to filed quartely statement

Section 38 Inward Supply

GSTR-2B
~~Auto Generated~~

Normal Return

Regular return

Section 39

Person	Form	Due date
Regular TP & CTP	GSTR-3B	20th of next Month
NRTP	GSTR-5	13th of next month
Composition Dealer	From F.Y. 24-25	
	GSTR-4	30th Jun of following F.Y.
Max time limit	Return for tax period	within 3 Yrs from due date
TDS Deductor	GSTR-7	on or before 10th of the next month

Annual return

Section 44

Person	Regular TP	Composition TP
Form	GSTR-9	GSTR-9A
Due date	31st Dec of the next F.Y.	
Max. Time Limit	within 3 Yrs from due date of Annual return	

Other Return

First Return

Section 40 First Tax Period

First return shall cover all outward supplies from the date from which he becomes liable for registration

Final Return

Section 45 De-registation

Final return shall be furnished within 3 months of the

- Date of cancellation order
- Date of Cancellation

→ Whichever is later

Outward and Inward Supply Statement (Sec 37 & Sec 38)

Type of TP	Form No.	Periodicity	Due date	Not Applicable to
Every registered person (Incl. CTP)	GSTR-1	Monthly (Details of outward supplies)	11th of the next month	(a) Composition taxpayer (b) NRTP (c) ISD (d) Person liable to TDS & TCS (e) OIDAR
	GSTR-1A	Amended or Additional details of Outward supply	Between 11th to 21st of next month	

Details of Outward Supply		Rectification of Error:
Invoice wise details	➲ Inter-State and Intra-State supplies made to RP, and ➲ Inter-State supplies with invoice value more than ₹ 1L made to URP	RP can rectify error in GSTR 1 & GSTR 3B (other than scrutiny, Audit & Inspection)& time limit is Earlier of 30th Nov or Date of Annual return
Consolidated details	➲ Intra-State supplies made to URP for each rate of tax, and ➲ State wise Inter-State supplies with invoice value upto ₹ 1L made to URP for each rate of tax	

Furnishing of Returns [Sec 39]

Type of TP	Form No.	Periodicity	Due date	Not Applicable to
Every registered person	GSTR-3B	Monthly (or a part of the month) Note:- In case of QRMP scheme refer next page)	20th of the next month	(a) Supplier of OIDAR services (b) Composition taxpayer (c) NRTP (d) ISD (e) Person deducting TDS &TCS

2) Return by Composition taxpayer (Sec. 39(2) and rule 62)

Type of TP	Form No.	Periodicity	Due date
Composition taxpayer	GSTR-4	Yearly (or part thereof) Note: Furnish a statement every quarter or, part thereof containing the details of payment of self-assessed tax in FORM GST CMP -08 till the 18th day of the month succeding such quarter	30th June following the end of such F.Y

3) Annual Return

Type of TP	Form No.	Periodicity	Due date	
Registered Normal taxpayer	GSTR-9	Annual Return	31st Dec of next F.Y.	(a) Supplier of OIDAR services (b) Composition taxpayer (c) NRTP (d) ISD (e) Person deducting TDS&TCS f) CTP (g) those referred to in the proviso to sec 35(5),

➲ a **self-certified reconciliation statement**, reconciling the value of supplies declared in the return furnished for the F.Y.,
➲ with the **audited annual financial statement** for every financial year electronically,

Commissioner exempt the RP whose Agg. T/o in any F.Y. 2024-25 onwards is up to ₹ 2Cr from filling annual return for that said F.Y.

4) Final Return

Type of taxable person	Form No.	Periodicity	Due date
RP and whose registration has been cancelled	GSTR-10	Final Return	within 3 months of date of cancellation or date of order of cancellation (whichever is later)

5) OIDAR Services & Online money gaming from outside India

Type of taxable person	Form No.	Periodicity	Due date
OIDAR Services to NTOR or other RP & Online money gaming	GSTR-5A	Monthly Return	On or before 20th day of succeeding month

First Return (Sec 40)

Every RP who has made outward supplies in the period between the date on which he became liable to registration till the date on which registration has been granted shall declare the same in the first return furnished by him after grant of registration.

Rule 59(6) :- Restriction on furnishing GSTR -1 or IFF

Restriction on furnishing GSTR -1 or IFF :- Notwithstanding anything contained in this rule,

(a)	RP (Monthly Scheme): Can not furnished GSTR-1	if he has not furnished the return in FORM GSTR-3B for preceding month
(b)	RP (QRMP Scheme): Can not furnished GSTR-1 or using IFF	if he has not furnished the return in FORM GSTR-3B for preceding tax period
(d)	If intimation is issued under Rule 88C(1) :- RP cannot furnish GSTR-1 or using IFF for a subsequent tax period, unless he deposits intimated amount or furnishes a reply to explain it	
(e)	If intimation is issued under rule 88D(1):- RP cannot file GSTR-1 or using IFF for subsequent tax period, unless he pays such excess ITC or furnishes a reply to explain it.	
(f)	Bank details under rule 10A:- RP cannot file GSTR-1/using IFF, if he has not furnished details of bank account as per rule 10A.	

Late fee u/s 47 for delayed filing of GSTR-1 and/or GSTR-3B

1) RP - GSTR -1 = Nil or GSTR 3B =Nil	₹20 per day(i.e. ₹10 per day each under CGST & SGST) but max.=₹ 500 (i.e. 250 under CGST & SGST each)	
2) RP other than those covered in (1) above (i.e. there is outward supply in GSTR - 1 or tax payable as per GSTR-3B)	Agg. T/o of ≤ ₹1.5 cr. in PFY	➲ ₹50 per day(i.e. ₹25 per day each under CGST & SGST) ➲ max.= ₹2000 (i.e. 1000 under CGST & SGST each)
	Agg. T/o more than 1.5 Cr but ≤ 5 Cr. in PFY	➲ ₹ 50 per day(i.e. ₹25 per day each under CGST & SGST) ➲ max.=₹ 5000 (i.e. 2500 under CGST & SGST each)
3) RP having Agg. T/o > 5 Cr. in PFY	₹ 50 per day (i.e. ₹25 per day each under CGST & SGST) but max.=₹10,000 (i.e. 5000 under CGST & SGST each)	

Late fee u/s 47 for delayed filing of GSTR - 4 under Composition scheme

1)	If Total tax payable in GSTR-4 is Nil	➲ ₹20 per day(i.e. ₹ 10 per day each under CGST & SGST/UTGST) but ➲ maximum=₹ 500 (i.e. 250 under CGST & SGST/UTGST each)
2)	If RP other than in (1) above	➲ ₹ 50 per day(i.e. ₹25 per day each under CGST & SGST/UTGST) but ➲ maximum=₹2000 (i.e. 1000 under CGST & SGST/UTGST each)

Late fee u/s 47 for failure to furnish annual return by due date [N/No. 07/2023- CT]

1)	RP having an aggregate turnover <= ₹5 Cr. in relevant F.Y.	➲ ₹ 50 per day(i.e. ₹ 25 per day each under CGST & SGST/UTGST) but ➲ maximum= 0.04% (i.e. 0.02 % under CGST & SGST/UTGST each) of T/o in State or UT
2)	RP having an Agg. T/O of > ₹ 5 Cr & and <= ₹20 Cr in relevant F.Y.	➲ ₹100 per day (i.e. ₹50 per day each under CGST & SGST/UTGST) but ➲ maximum=0.04% (i.e. 0.02 % under CGST & SGST/UTGST each) of T/o in State or UT
3)	RP having an Agg T/O of > ₹20 Crores in relevant F.Y.	➲ ₹200 per day (i.e. ₹100 per day each under CGST & SGST/UTGST) but ➲ 0.50% of the turnover in State/UT (0.25 % under CGST & SGST/UTGST each)

Late fee u/s 47 for delayed filing of GSTR - 7 by person liable to deduct tax at source u/s 51

➲ ₹ 50 per day(i.e. ₹ 25 per day each under CGST & SGST/UTGST) but maximum = ₹ 2,000 (i.e. ₹ 1,000 under CGST & SGST/UTGST each)

N/n 23/2024: The government has reduced the late fee for filing GSTR-7 (TDS return) late, from June 2021 onwards:

1. Late fee is limited to ₹25 per day of delay.
2. Maximum late fee is ₹1,000 total for each return.
3. No late fee if no TDS (CGST) was deducted for that month.

Late Fee for Delay in GSTR-9C Filing (Cir no. 246/03/25)

- ➲ Taxpayers with t/o > ₹5 cr must file GSTR-9 & GSTR-9C.
- ➲ If GSTR-9C is delayed, the annual return is incomplete, and late fee u/s 47(2) applies until both are filed.
- ➲ Late fees for FYs up to 2022-23 are waived if GSTR-9C is filed by 31st Mar 2025 (N/N 08/2025).
- ➲ No refund of already paid late fees.

Goods and Service Tax Practitioners

Concept of GSTP

- ➲ A RP may authorised an approved GSTP to furnish information, on his behalf, to the Government.
- ➲ GSTN will provide separate user ID and Password to GSTP to enable him to work on behalf of his clients without asking for their user ID and passwords.
- ➲ They can do all the work on behalf of taxpayers as allowed under GST Law.
- ➲ A taxpayer may choose a different GSTP by simply unselecting the previous one and then choosing a new GSTP on the GST portal.

Eligibility Criteria for GSTP

Basic Conditions:- 1) Citizen of India 2) Person of Sound Mind 3) Not adjudication as insolvent 4) not been convicted by court

Other Conditions:- 1) Retired officer of Govt. Not below lower the rank of group B gazetted officer for not less than 2 years

2) enrolled as a sales tax practitioner or tax return preparer under the existing law for a period of not less than five years

3) he has passed, (i) a graduate of postgraduate degree (ii) a degree of any Foreign University recognized by any Indian University or

(iii) any other examination notified by the Government, or (iv) He has passed a) ICAI ; or b) ICAI (CMA); or c) ICSI.

Activities which can be undertaken by a GSTP

(a) furnish the details of outward supplies;
(b) furnish monthly, quarterly, annual or final return;
(c) make deposit for credit into the electronic cash ledger;
(d) file a claim for refund;
(e)file an application for amendment or cancellation of registration;
(f) furnish information for generation of e-way bill;
(g) furnish details of challan in FORM GST ITC-04;
(h) file an application for amendment or cancellation of enrolment under rule 58; and
(i) file an intimation to pay tax under the composition scheme or withdraw from the said scheme:

- ➲ Provided that where any application relating to
- ➲ a claim for refund or
- ➲ an application for amendment or
- ➲ cancellation of registration or
- ➲ where an intimation to pay tax under composition scheme or to withdraw from such scheme has been submitted

QRMP SCHEME (This new Scheme will be effective from 01.01.2021)

Registered Person - Opting for QRMP Scheme (Submission of details of Outward supplies)

Registered Person *(Supplier)*

- Ü who is required to furnish a return in FORM GSTR-3B
- Ü Whose Aggregate annual turnover upto 5 Cr in P.F.Y

If opted for quarterly GSTR- 1

- Month 1
- Month 2
- Month 3

Can upload B2B invoices*/ CDN in invoice furnishing Facility (IFF)

The uploading be done from 1st to 13th of the subsequent month

Whether uploaded B2B invoices */ CDN of month 1 & month 2 in IFF

- Yes → Upload month 3 B2B invoices/ CDN (also B2C of 3 months) in GSTR-1 → The uploading should be done from 1st to 13th of the first month of the next quarter
- No → Upload invoices/ CDN of month 3 & pending invoices/ CDN of month 1 & 2 → The uploading should be done from 1st to 13th of the first month of the next quarter

GSTN Portal

The details uploaded in GSTR-1 or IFF will be reflected in GSTR-2A & GSTR -2B (on 14th of each month)

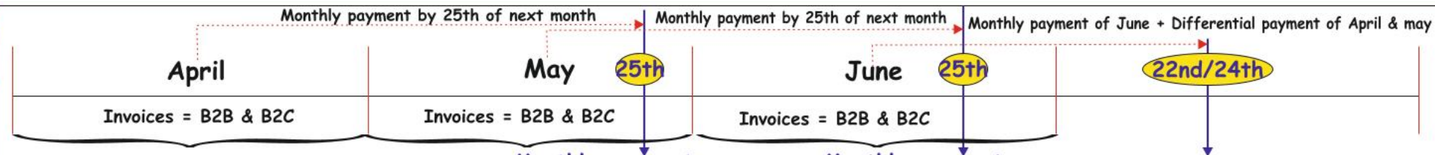
Recipient

*CDN :- Credit note & Debit note

QRMP - Monthly Payment & Interest Liability

Registered Person (Supplier)

(Whose Aggregate annual turnover upto 5 Cr in P.F.Y)



Payment Method

OR

1. Fixed Sum Method (FSM)

Payment of tax in the 1st and the 2nd month of the quarter.

Sr. No.	Type of Taxpayer	Tax to be paid
1.	Who furnished GSTR-3B quarterly for the last quarter	35% of tax paid in cash(E-Cash Ledger) in the preceding quarter
2	Who furnished GSTR-3B monthly during the last quarter	100% of tax paid in cash in the last month of the immediately preceding quarter

The balancing amount of tax is to be paid in the 3rd month.

2. Self-Assessment Method (SAM)

Here the taxpayer can pay the tax liability by considering the tax liabilities on inward and outward supplies and as per the ITC available.

There are certain conditions where no tax needs to be paid:

- **1st Month of Quarter:** The tax liability is Nil. OR The balance in the electronic cash ledger is adequate for the tax liability for the same month.
- **2nd Month of Quarter:** The tax liability is Nil. OR The balance in the electronic cash ledger is adequate for the cumulative tax liability for the IThst two months of the quarter.

Example

In case the last return filed was on quarterly basis for Quarter Ending March, 2021:

Tax paid in Cash in Quarter (January -March, 2021)		Tax required to be paid in each of the months - April and May, 21	
CGST	100	CGST	35
SGST	100	SGST	35
IGST	500	IGST	175
Cess	50	Cess	17.5

In case the last return filed was monthly for tax period March, 2021:

Tax paid in Cash in March,21		Tax required to be paid in each of the months - April and May, 21	
CGST	50	CGST	50
SGST	50	SGST	50
IGST	80	IGST	80
Cess	----	Cess	---

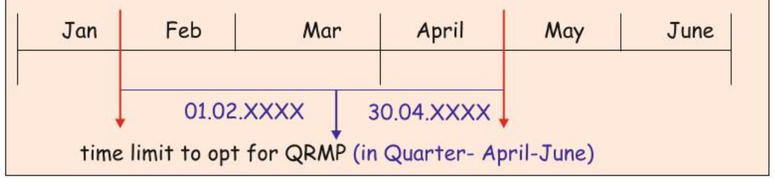
Important Points

1. The aggregate annual turnover for the P.F.Y. shall be calculated in the common portal taking into account the details furnished in the returns by the taxpayer for the tax periods in the P.F.Y.
2. Value of supply in IFF shall not exceeds ` 50 lakhs for each month
3. After 13th of the month, this facility for furnishing IFF for previous month would not be available.
4. Details given in IFF not required to be given again in GSTR-1
5. Where QRMP option has been exercised once, they shall continue unless RP revise the said option.
6. It is further clarified that the option to avail the QRMP Scheme is GSTIN wise
7. Some GSTINs of same PAN can opt for the QRMP Scheme and remaining GSTINs may not opt for the Scheme.

Rule 61A: Manner of opting Quarterly return

ÜFacility to avail the Scheme on the common portal would be available throughout the year.

ÜA registered person can opt in for any quarter from first day of second month of preceding quarter to the last day of the first month of the quarter.



Student Notes :-

For Your Self Study Notes:-