

CA/ CS/ CMA FINAL

# DECODED IDT

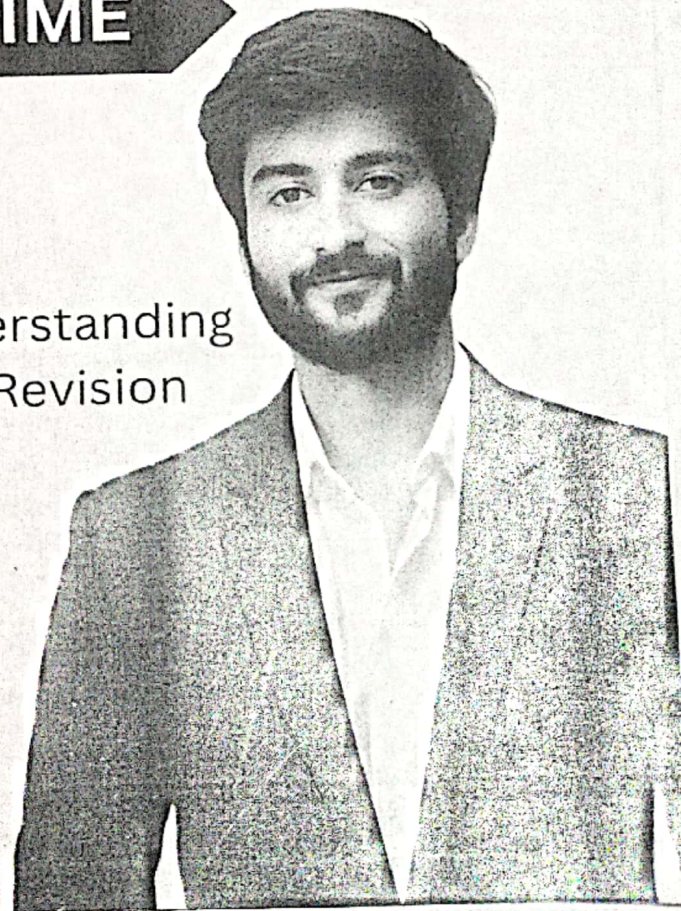
*Summary Book for Indirect Tax Laws*

CA AKSHANSH GARG

**SCORE MORE IN LESS TIME**

- For May 26 / Sep 26 and Beyond
- Covers 100% Syllabus
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**8th Edition**



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## IMPORTANT CIRCULARS

1. Donations received by charitable institutions from individual donors without quid pro quo i.e., nothing is to be done by donee in return

GST is not levied when below 3 conditions are satisfied: -

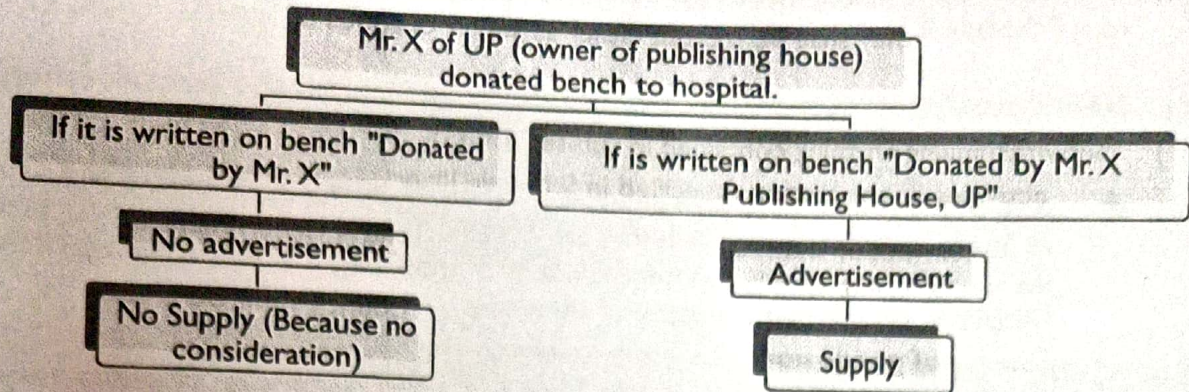
Gift/donation is made to charitable organization

Payment has the character of gift or donation

Purpose is philanthropic & not for advertisement

2.4

Example: -



2. Art works sent by artists to galleries for exhibition is not a supply as no consideration flows from the gallery to the artists.
3. Service by way of grant of alcoholic liquor license, against consideration in the form of license fee or application fee or by whatever name it is called (valid on alcoholic licence only, not on other licences) will not be treated as Supply.
4. **'No Claim Bonus' offered by an insurance company to the insured**  
No supply of service by the insured to the insurance company in lieu of 'No Claim Bonus' offered by said insurance company to him.

As per practice prevailing in the insurance sector, the insurance companies deduct 'No Claim Bonus' from the gross insurance premium amount, when no claim is made by the insured person during the previous insurance period(s). The customer/ insured procures insurance policy to indemnify himself from any loss/ injury as per the terms of the policy and is not under any contractual obligation not to claim insurance claim during any period covered under the policy, in lieu of NCB.

It is, therefore, clarified that there is no supply provided by the insured to the insurance company in form of agreeing to the obligation to refrain from the act of lodging insurance claim during the previous year(s) and NCB cannot be considered as a consideration for any supply provided by the insured to the insurance company.

#### 5. **Financial Transactions:**

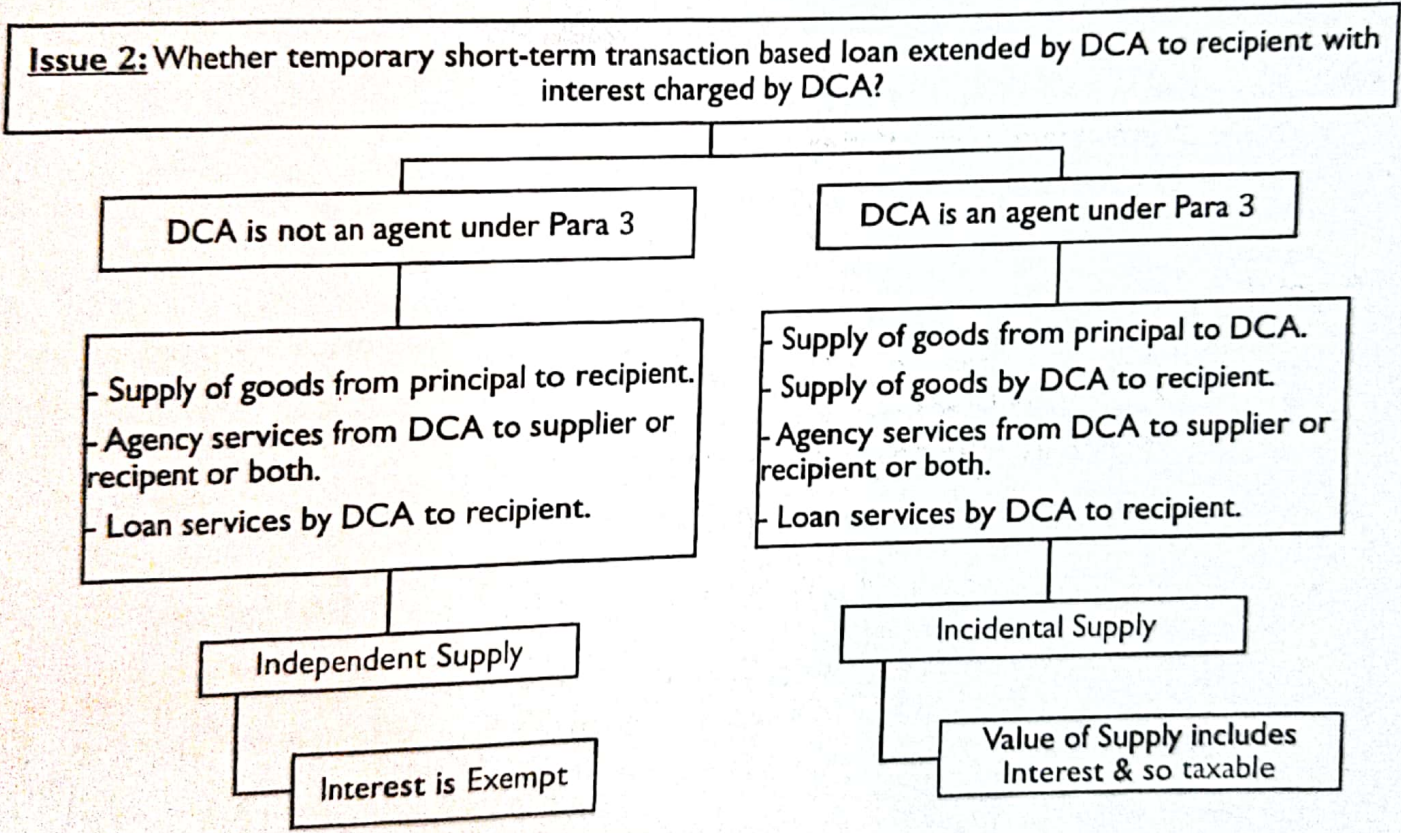
- ❖ **GST implications on future contracts:** They are in the nature of derivatives and qualify as "securities", hence are not liable for GST. However, where the future contracts having a delivery option would be treated as normal supply of goods and liable to GST.
- ❖ **GST implications on forward contracts:**
  - If settlement takes place by way of actual delivery – Supply of goods – Liable for GST.
  - If settlement takes place by way of net settlement – Considered as securities – No GST.

**Clarification of issues pertaining to Del-credere agent (DCA)**

- DCA guarantees the payment to the supplier.
- Where the buyer fails to make payment to the principal by due date, DCA makes payment to principal on behalf of the buyer.
- DCA collects the payment from the buyer along with interest.

**Issue 1: Whether a DCA falls within the scope of Para 3?**

- If invoice is issued by DCA in his own name – DCA covered under Para 3
- If invoice issued by DCA in the name of principal – DCA not covered under Para 3



## SOME IMPORTANT & RELEVANT CLARIFICATIONS

- 1. Sales Promotion Schemes:** The goods or services which are supplied free of cost (without any consideration) shall not be treated as "supply" except in case of activities mentioned in Schedule I of the CGST Act. In view of the same, few sales promotion schemes have been examined as under:
  - **Free samples and gifts:** Samples which are supplied free of cost, without any consideration, do not qualify as "supply" under GST, except where the activity falls within the ambit of Schedule I of the CGST Act.
  - **Buy one get one free offer:** It may appear at first glance that in case of offers like "Buy One, Get One Free", one item is being "supplied free of cost" without any consideration. In fact, it is not an individual supply of free goods, but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one. Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply & the rate of tax shall be determined accordingly.
- 2. Taxability of 'tenancy rights' under GST:**

Activity of transfer of tenancy right against consideration [i.e., tenancy premium] is squarely covered under supply of service liable to GST.
- 3. Clarification on taxability of printing contracts:**

**Printing contracts are composite supply.**

In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing is the principal supply and therefore such supplies would constitute supply of service.

In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. printed with design, logo etc. supplied by the recipient of goods but made using physical inputs including paper belonging to the printer, predominant supply is that of goods and the supply of printing of the content is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods.

**4. Clarification regarding servicing of cars involving both supply of goods (spare parts) and services (labour):**

The taxability of supply would have to be determined on a case-to-case basis looking at the facts and circumstances of each case.

Where a supply involves supply of both goods and services and the value of such goods and services supplied are shown separately, the goods and services would be liable to tax at the rates as applicable to such goods and services separately.

**5. Clarification regarding retreading of tyres is a supply of goods or services?**

Retreading of tyres, which is a composite supply, the pre-dominant element is the process of retreading which is a supply of service.

Supply of retreaded tyres, where the old tyres belong to the supplier of retreaded tyres, is a supply of goods.

**6. Clarification regarding Cost Petroleum**

When an oil exploration & production contractor gets a license/lease to explore/mine the petroleum crude and/or natural gas from the Govt. it enters into a Production Sharing Contract (PSC) with Govt. The relationship of the contractors with the Govt. is of licensor/lessor & licensee/lessee.

The value of petroleum which the contractor is entitled to take in a year for recovery of the contract costs is called the cost petroleum & the total value of petroleum produced & saved from the contract area in a particular period, as reduced by cost petroleum is called the profit petroleum.

The gov't's share of profit petroleum paid by contractor to gov't. for grant of lease is exempt from GST. The cost petroleum is not taxable as it is not a consideration received by the contractor for services provided to gov't.

**7. Clarification regarding moulds and dies**

Moulds & dies owned by Original Equipment Manufacturers (OEM) are sent free of cost to component manufacturer, in course or furtherance of business, do not constitute supply as they are not related persons or distinct persons and there is no consideration involved.

**8. Clarification on GST applicability on Liquidated Damages, Compensation and Penalty arising out of breach of contract or other provisions of law**

"Agreeing to the obligation to refrain from an act or to tolerate an act or a situation, or to do an act" has been specifically declared to be a supply of service in para 5(e) of Schedule II of CGST Act if the same constitutes a "supply" within the meaning of the Act.

The above statement has following 3 parts:

Parts	Example
Agreeing to the obligation refrain from an act	Non-Compete Agreements
Agreeing to the obligation tolerate an act or a situation	A shopkeeper allowing a hawker to operate from the common pavement in front of his shop against a monthly payment by the hawker.
Agreeing to the obligation to do an act	An Industrial unit agrees to install equipment for zero emission/discharge residential complex against a consideration paid by such RWA, even though the emission/discharge from the industrial unit was within permissible limits and there was no legal obligation upon the individual unit to do so.

**Taxability of various transactions:**

Transaction	Taxability
Liquidated damages	<ul style="list-style-type: none"> <li>➤ Liquidated damages are compensation payable for breach of contract to the aggrieved party.</li> <li>➤ Where an amount is paid only to compensate for injury, loss or damage suffered by aggrieved party, then such payments are merely flow of money and are not a consideration for any supply. Hence, such payment does not constitute consideration for a supply and are not taxable.</li> <li>➤ Examples: - <ul style="list-style-type: none"> <li>- Damages resulting from damage to property – Not Taxable</li> <li>- Penalty stipulated in a contract for delayed construction of houses – Not Taxable</li> <li>- Forfeiture of earnest money by Govt. or local authority in the event of a successful bidder failing to act after winning the bid, for allotment of natural resources – Not Taxable</li> <li>- A contract for lease of movable or immovable property may stipulate that the lessee shall not terminate the lease before a certain period and if he does so he will have to pay certain amount as early termination fee or penalty – Taxable</li> </ul> </li> </ul>
Cheque dishonor fine / penalty	<ul style="list-style-type: none"> <li>➤ The supplier wants payment to be received on time &amp; there is never an implied or express offer/willingness of supplier.</li> <li>➤ Therefore, cheque dishonor fine is not a consideration for any service and not taxable.</li> </ul>
Penalty imposed for violation of laws	<ul style="list-style-type: none"> <li>➤ Not a consideration for any supply received and not taxable.</li> <li>➤ E.g., Traffic violations, pollution norms or other laws.</li> </ul>
Forfeiture of salary or payment of bond amount in event of employee leaving employment before minimum agreed period	<ul style="list-style-type: none"> <li>➤ Not taxable since it is incorporated in employment contract to discourage non-serious employees &amp; also employee does not get anything in return from employer against payment of such amount.</li> </ul>

Late payment fees or surcharge	<p>➤ The facility of accepting late payments with interest or late payment fee, fine or penalty is a facility granted by supplier naturally bundled with the main supply. Since, it is ancillary to and naturally bundled with the principal supply such as of electricity, water, telecommunication, cooking gas, insurance etc., it should be assessed at the same rate as the principal supply.</p>
Fixed Capacity charges for Power	<p>➤ The minimum fixed charge is payable even if '0' units of electricity is consumed so thus not taxable as electricity is exempt from GST.</p>
Cancellation charges	<p>➤ The amount forfeited in the case of non-refundable ticket for air travel or security deposit or earnest money forfeited in case of the customer failing to avail the travel, tour operator or hotel accommodation service or such other intended supplies are elements of composite supply and should be assessed at the same rate as applicable to the service contract, say air transport or tour operator service, or other such services.</p> <p>➤ Examples: -</p> <ul style="list-style-type: none"> <li>- Forfeiture of earnest money is not a consideration for any supply and is not taxable.</li> <li>- Cancellation charges of railway tickets for a class would attract GST at the same rate as applicable to the class of travel (i.e., 5% GST on first class or AC coach ticket and nil for other classes such as second sleeper class). Same is the case for air travel.</li> </ul>

**9. Clarifications regarding applicability of GST on Sale of Land after levelling, laying down of drainage lines, etc.**

- (i) Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc. It is clarified that sale of such developed land is also sale of land and is covered by Sr. No. 5 of Schedule III of the CGST Act, 2017 and accordingly does not attract GST.
- (ii) However, it may be noted that any service provided for development of land, like levelling, laying of drainage lines (as may be received by developers) shall attract GST at applicable rate for such services.

**10. Clarification on taxability of shares held in a subsidiary company by the holding company.**

It is clarified that the activity of holding of shares of subsidiary company by the holding company cannot be treated as a supply of services by a holding company to the said subsidiary company and cannot be taxed under GST laws. Further, purchase or sale of shares or securities, in itself is neither a supply of goods nor a supply of services.

11. Clarification whether services supplied by director of a company in his personal capacity such as renting of immovable property to the company or body corporate are subject to Reverse Charge mechanism.

It is hereby clarified that services supplied by a director of a company or body corporate to the company or body corporate in his private or personal capacity such as services supplied by way of renting of immovable property to the company or body corporate are not taxable under RCM. Only those services supplied by director of company or body corporate, which are supplied by him as or in the capacity of director of that company or body corporate shall be taxable under RCM in the hands of the company or body corporate.

12. Clarification whether supply of food or beverages in cinema hall is taxable as restaurant service.

It is hereby clarified that supply of food or beverages in a cinema hall is taxable as 'restaurant service' as long as:

- a) the food or beverages are supplied by way of or as part of a service, and
- b) supplied independent of the cinema exhibition service.

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

13. Clarification on Taxability of Personal Guarantee & Corporate Guarantee in GST.

- a) Taxability of Personal Guarantee by Directors Vishal Bhavad VOSO

It deals with the taxability of personal guarantees provided by directors to banks for securing credit facilities for the company, especially when provided without any consideration. According to the CGST Act, the director and the company are treated as related persons. The circular explains that even when provided without consideration, this activity is treated as a supply of service as per the CGST Act.

To determine the taxable value, Rule 28 of the CGST Rules is invoked. However, it mentions that if the RBI mandates that no consideration, including commission or fees, can be paid to directors for providing personal guarantees, the open market value is effectively zero. Therefore, no GST is payable on such supplies when no consideration can be paid.

In exceptional cases where promoters, directors, other managerial personnel or guarantors are paid remuneration, the taxable value of the supply of service shall be the remuneration / consideration provided to such a person / guarantor by the company, directly or indirectly.

- b) Taxability of Corporate Guarantee

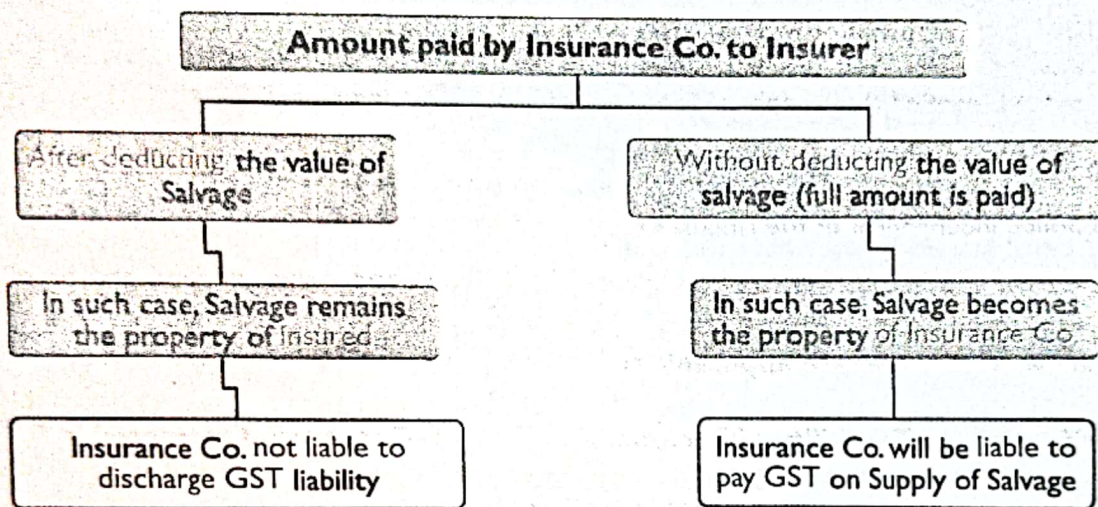
It addresses the taxability of corporate guarantees provided by one company on behalf of another related company or a holding company to secure credit facilities, even when provided without consideration. In both cases, the activities are treated as supplies of service between related parties as per Schedule I of the CGST Act.

To determine the taxable value, Rule 28 of the CGST Rules is employed. However, recognizing the variations in practices followed by field formations and taxpayers in determining the taxable value, a new sub-rule (2) has been added to Rule 28 of the CGST Rules. This sub-rule provides a standardized method for determining the taxable value of such supplies between related persons.

The circular emphasizes that the new sub-rule (2) will apply to all cases of supply of services involving the provision of corporate guarantees between related persons.

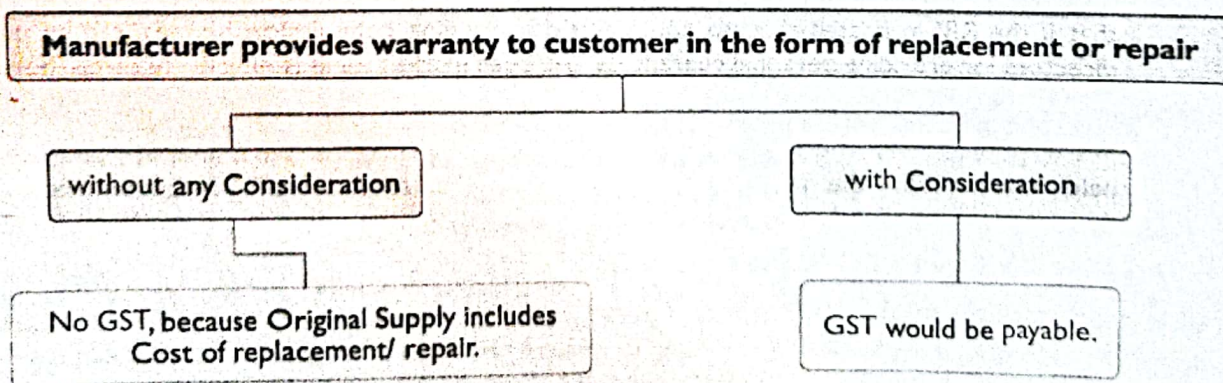
The new sub-rule (2) shall not be applicable for transactions of personal guarantee by directors.

14. Salvage/wreck value earmarked in claim assessment of damage caused to motor vehicle



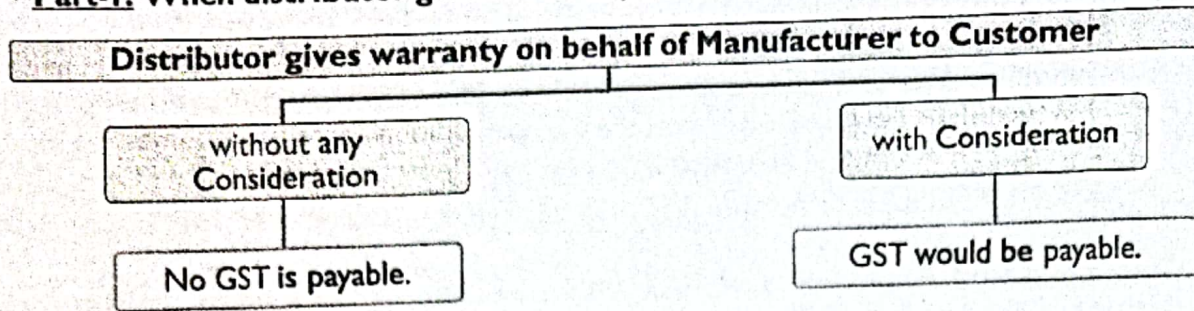
15. Applicability of GST in respect of warranty replacement of goods or its parts &/ repair services during warranty period:

**Case I:** When manufacturer provides warranty to Customer in the form of replacement of Goods/ Repair services:

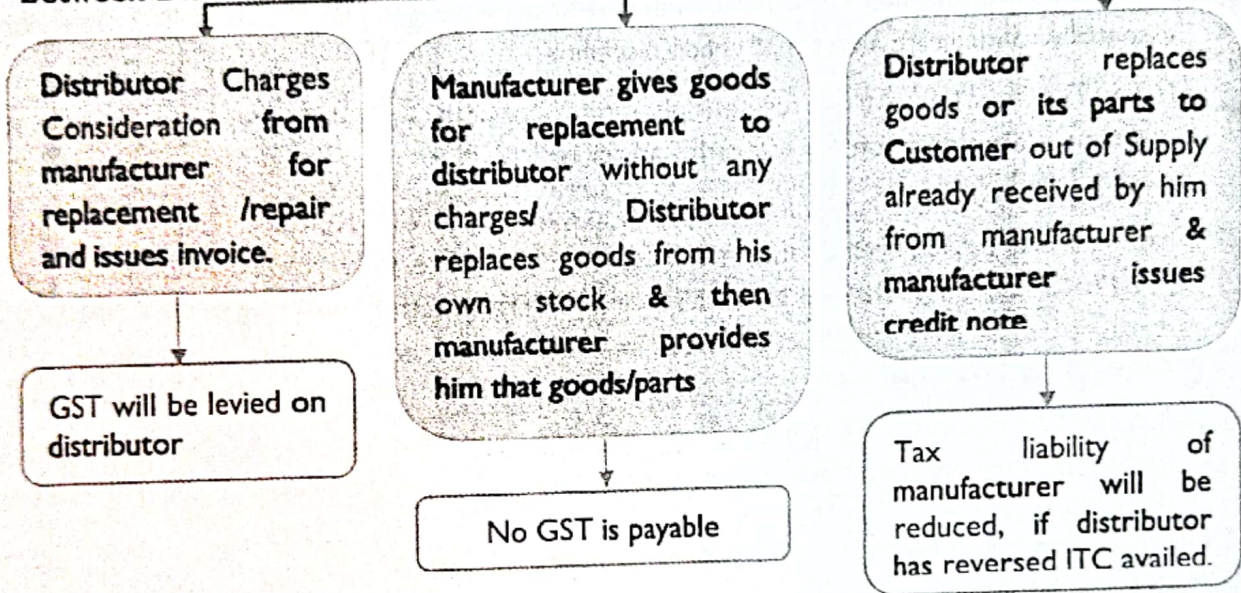


**Case II:**

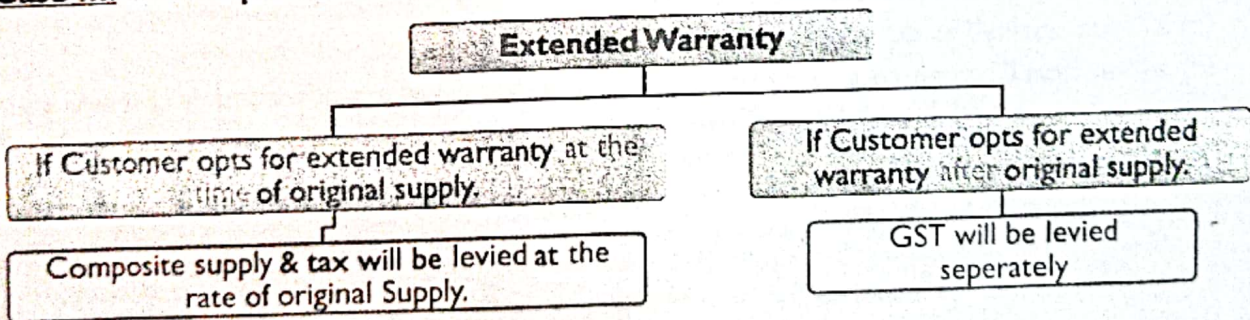
➤ **Part-I: When distributor gives warranty on behalf of Manufacturer to Customer.**



➤ **Part-II: When distributor gives warranty & any activity /transaction undertakes between Distributor & Manufacturer:**



**Case III: GST Implication in case of Extended Warranty:**



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

- PLC is part of consideration charged for supply of construction services before issuance of completion certificate.
- PLC forms part of the composite supply where supply of construction services is the main service and PLC is naturally bundled with it and eligible for same GST rate as the main supply of construction service.

17. **ESOP/ESPP/Restricted Stock unit (RSU) provided by a company to its employees through its Overseas Holding Co.:**
- Where securities of the Foreign Holding Co. are transferred to the employees of Domestic Subsidiary Co. as Employee Stock Purchase Plan (ESPP) / Employee stock option Plan (ESOP)/RSU, GST is not leviable on the Compensation paid in form of Securities [Sch. III].
  - However, if the Foreign Holding Co. charges any additional fees from Domestic Co. for issuing ESOP/ESPP/RSU, in such cases, GST shall be payable by Domestic Holding Co. on RCM basis.

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

REs such as banks and NBFCs have been instructed, vide RBI instructions to levy penal charges for non-compliance with loan terms instead of penal interest. The intent of levying penal charges is essentially to inculcate a sense of credit discipline.

**Issue:** The issue which arose for consideration was whether penal charges so levied are in the nature of payment/consideration for tolerating an act or situation.

**Clarification:** Penal charges levied by REs, in compliance with RBI directions, are essentially in the nature of charges for breach of terms of contract and hence, fall within the ambit of the Circular No. 178/10/2022-GST, wherein it has already been clarified that certain payments such as liquidated damages for breach of contract are not a consideration for tolerating an act or situation.

It is clarified that **no GST** is payable on the penal charges levied by REs, in compliance with RBI directions, for non-compliance with material terms and conditions of loan contract by the borrower.

19. **Amendment in Definition of "Local Authority" [Section 2(69)]**

**Local authority means –**

- (a) a "Panchayat" as defined in clause (d) of article 243 of the Constitution.
- (b) a "Municipality" as defined in clause (e) of article 243P of the Constitution.
- (c) a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal fund or local fund.

**Explanation —** For the purposes of this sub-clause-

- (i) "local fund" means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Panchayat area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called
- (ii) "municipal fund" means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Metropolitan area or Municipal area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called.

- (d) a Cantonment Board as defined in section 3 of the Cantonments Act, 2006.

- (e) a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution.
- (f) a Development Board constituted under article 371 and article 371J of the Constitution.
- (g) a Regional Council constituted under article 371A of the Constitution.

## 20. Clarification on various issues pertaining to GST treatment of vouchers

### 1. Nature of Vouchers – Goods, Services, or Otherwise

Vouchers, whether or not covered under RBI-recognized Pre-paid Instruments (PPIs), are not treated as supply of goods or services:

- ❖ If covered under RBI PPIs, they are considered money, which is excluded from GST.
- ❖ If not RBI-recognized, they are considered actionable claims (other than specified actionable claims), and thus neither goods nor services under Schedule III of CGST Act.
- ❖ Therefore, transactions in vouchers themselves are neither supply of goods nor supply of services.
- ❖ However, the underlying supply of goods or services (when the voucher is redeemed) is subject to GST.

### 2. Distribution Models and GST Applicability

- ↓ **Principal-to-Principal (P2P) Model:** Distributors buy vouchers at a discount and sell them — this is considered trading and not subject to GST since vouchers are not goods/services.
- ↓ **Commission-Based Model:** Distributors or agents distribute vouchers on behalf of issuers for a commission — GST is applicable on the commission amount as it is considered a taxable supply of services.

### 3. GST on Ancillary Services

Additional services like marketing, promotion, technology support, customization, etc., provided by agents or others to the voucher issuer for a fee are considered supply of services and taxable under GST.

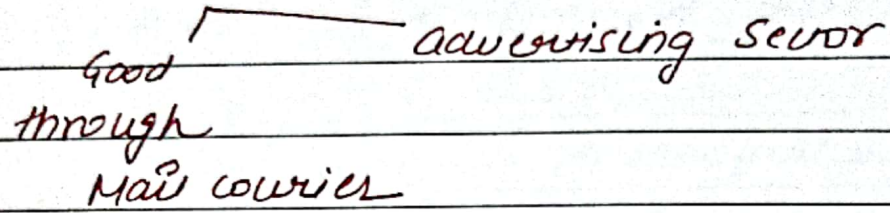
### 4. GST treatment of Unredeemed Vouchers (Breakage)

If a voucher is not redeemed by the customer:

- ❖ No underlying supply of goods or services takes place.
- ❖ The amount retained (breakage) is not treated as consideration and hence, not liable to GST.

POS

- Electronic semiconductor & Design Manufacturing
- Cargo handling
- Export of services
- POS are related



- Billing address diff from delivery of goods
- custodial services provide by bank to FPI
- Data hosting general Rwe.
- DIDAR
- Media
- advt service to foreign client

**1. Place of supply in case of software/ design services related to Electronics Semiconductor and Design Manufacturing (ESDM) industry.**

The place of supply of software / design by supplier located in taxable territory to service recipient located in non-taxable territory by using sample prototype hardware / test kits in a composite supply, where such testing is an ancillary supply, is the location of the service recipient as per section 13(2). Provisions of section 13(3)(a) do not apply separately for determining the place of supply for ancillary supply in such cases.

**2. Cargo handling services provided by ports to clients**

Such services are ancillary to / related to cargo handling services and not related to immovable property. So, for Place of Supply - general rule i.e., Sec 12(2) / 13(2) shall apply.

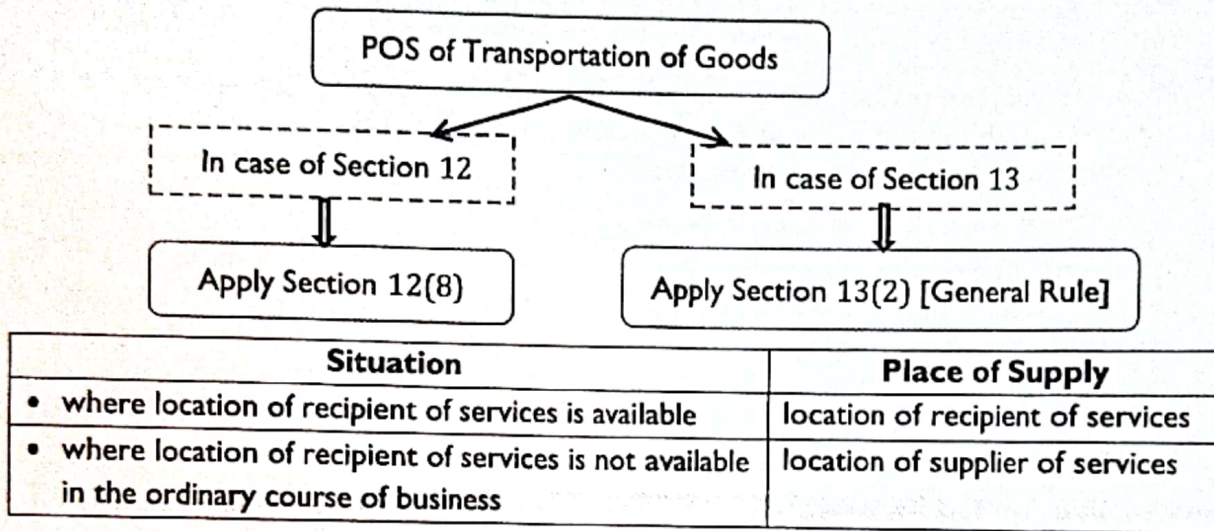
**3. Clarification relating to export of services – Section 2(6)(iv) of the IGST Act 2017**

**Issue:** Various representations have been received requesting for clarification regarding admissibility of export remittances received in Special INR Vostro account, as permitted by RBI, for the purpose of consideration of supply of services to qualify as export of services as per the provisions of section 2(6) of the IGST Act, 2017.

**Clarification:** It is clarified that, when Indian exporters are paid export proceeds in INR from the Special Rupee Vostro Accounts of correspondent bank(s) of the partner trading country, opened by Authorised Dealer (AD) banks, the same shall be considered to be fulfilling the condition in section 2(6)(iv) of the IGST Act, subject to the conditions/ restrictions mentioned in Foreign Trade Policy, 2023, and RBI circulars and without prejudice to permissions/ approvals, if any, required under any other law.

4. Clarification regarding determination of place of supply in various cases

A. Place of supply in case of supply of service of transportation of goods, including through mail and courier where either supplier/recipient is outside India



Further, the PoS in case of service of transportation of goods by mail or courier will continue to be determined as per the default rule u/s 13(2) of IGST Act (i.e., in case where location of recipient of services is available, the PoS shall be location of recipient of services and in case where location of recipient of services is not available in the ordinary course of business, the PoS shall be location of supplier of services.

B. Place of supply in case of supply of services in respect of advertising sector

**Issue:** Advertising companies often involve in procuring space on hoardings/ bill boards erected & mounted on buildings/land from various vendors for providing advertisement services to its clients & there may be variety of arrangements.

- **Case 1:** Wherein there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/ structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/ structure. What will be the PoS of services provided by the vendor to the advertising company in such case?

**Clarification:** The hoarding / structure erected on land & embedded on earth should be considered as immovable structure. Therefore, the PoS shall be governed by section 12(3)(a) of the IGST Act, i.e., location at which the immovable property is located.

- **Case II:** Where the advertising company wants to display its advertisement on hoardings/ bill boards at a specific location availing the services of a vendor. The Responsibility of arranging the hoardings/ bill boards lies with the vendor who may himself own such structure or may be taking it on rent or rights to use basis from another person. The vendor is responsible for display of the advertisement of the advertising company at the said location & during this entire time of display of the advertisement, the vendor is in possession of the hoarding/structure at the said location on which advertisement is displayed and the advertising company is not occupying the space or the structure. What will be the PoS of such services provided by the vendor to the advertising company?

**Clarification:** In this case, the vendor is providing advertisement services by providing visibility to an advertising company's advertisement for a specific period of time on the vendor's structure at the specified location. Therefore, the service does not amount to sale of advertising space or supply by way of grant of rights to use immovable property. Therefore, the PoS shall be determined in terms of section 12(2) of the IGST Act.

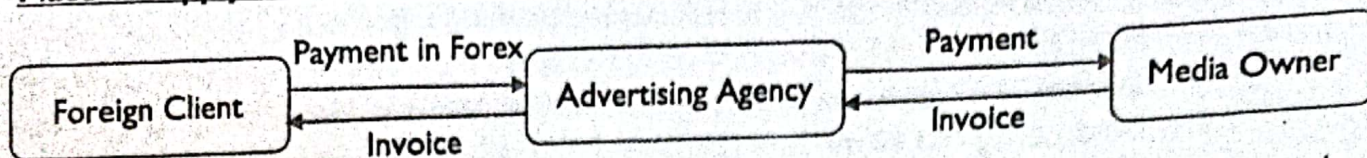
5. Place of supply of the goods (particularly being supplied through ECO) to unregistered persons where billing address is different from address of delivery of goods

- As per the provisions of section 10(1)(ca), the place of supply of goods shall be the address of delivery of goods recorded on the invoice where the delivery address is located.
- Also, in such cases involving supply of goods to an unregistered person, where the billing address and delivery address are different, the supplier may record the delivery address as the address of the recipient on the invoice for the purpose of determination of place of supply of the said supply of goods.

6. Place of supply of Custodial Services provided by banks to Foreign Portfolio Investors (FPIs)

- 'Custodial Services' in relation to securities means safekeeping of securities of a client and providing services like maintaining accounts of securities of a client, collecting the benefits accruing to the client in respect of securities, maintaining and reconciling records of the services, etc.
- Banks provide custodial services to FPIs, which include maintaining their securities accounts and handling transactions. These services help FPIs invest in other countries by managing regulatory requirements.
- Section 13(8) covers services supplied by banking companies to account holders. However, custodial services are not considered as services provided to account holders but rather to non-account holders.
- Therefore, the place of supply for custodial services to FPIs is not determined under Section 13(8). Instead, it falls under the default provision of Section 13(2).

### 7. Place of supply of Advertising Services provided to foreign clients



**Issue 1:** Whether the advertising company can be considered an "intermediary" between the foreign client and the media owners?

**Clarification:**

- In the given case, advertising agency raises invoice to foreign clients & payment is received in foreign currency.
- Media company also bills the advertising agency & the payment is made by advertising agency.
- Thus, advertising company is not acting as an intermediary but is providing the services to the client on its own account.

**Issue 2:** Who will be considered as the "recipient of the services" - the representative of foreign client in India or the target audience of the advertisement in India?

**Clarification:**

- The "recipient" of the services means the person who is liable to pay consideration.
- In the given case, the foreign client is liable to pay the consideration to the advertising company. So, the recipient is the foreign client.
- Even if a representative of foreign client based in India, including a subsidiary or related person is interacting with the advertising company on behalf of foreign client & the payment is made by such foreign client to advertising company, then also recipient is the foreign client not his Indian representative.

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

**Clarification:**

- The supply of advertising services does not require physical presence of the goods / recipient. Hence, it will not be covered u/s 13(3).
- POS shall be determined as per the default provision, i.e. Section 13(2), i.e. the location of the recipient of the services & the said service can be considered to be export of services as the location of the said foreign client is outside India.

### 8. Place of supply in cases where the advertising company located in India merely acts as an agent of the foreign client in engaging with the media owner for providing media space to the foreign client.

- The media owner invoices the foreign client directly, and the foreign client pays the media owner directly for providing media space & broadcast of advertisement to foreign client.
- Thus, the advertising company is an "intermediary" and accordingly, the place of supply in respect of the said services is determined as per section 13(8), i.e. the location of the supplier of such said services, i.e. location of the advertising company.

9. Place of supply of data hosting services provided by service providers located in India to cloud computing service providers located outside India

- ❖ Data Hosting Service Providers (DHSPs) contract with foreign Cloud Computing Service Providers (CCSPs) to host cloud computing services using Indian data centers.
- ❖ DHSPs may own/lease the premises for data centers & independently manage infrastructure.
- ❖ DHSPs have no direct contact with the end users of the foreign CCSPs.
- ❖ Services provided by DHSPs include data collection, storage, processing, distribution, etc.
- ❖ CCSPs provide cloud-based applications & software services to end users for various purposes such as data storage, analytics, AI, machine learning, processing, and database analysis.
- ❖ End users access these services seamlessly over the internet through technology hosted on data centers.

**Clarification:**

- (a) DHSPs provide data hosting services on a principal-to-principal basis, not as brokers or agents.
  - (b) Data hosting services are not related to goods "made available" by CCSPs to DHSPs in India.
  - (c) Data hosting services are not considered as services directly related to immovable property or physical premises.
- The place of supply is determined by the default provision under section 13(2), which is the location of the recipient of the services.
  - If the CCSP receiving the data hosting services is located outside India, the place of supply is considered to be outside India.
  - Thus, the supply of data hosting services by a DHSP in India to an overseas CCSP can be considered as an export of services.

10. Clarification on POS of Online Services supplied by the suppliers of services to unregistered recipients

- In case of supply of online money gaming, OIDAR services or through an ECO to unregistered persons, tax invoice is compulsory required to be issued irrespective of the value of said supply.
- Supplier records the name of state of unregistered recipient on the tax invoice & the place of supply of such services shall be considered as location of recipient of service u/s 12(2).

Time of supply :-

NHAI  
Spectrum.

## CERTAIN CLARIFICATIONS

### 1. Clarification on time of supply in respect of supply of services of construction of road and maintenance thereof of National Highway Projects of National Highways Authority of India (NHAI) in Hybrid Annuity Mode (HAM) model

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

#### Clarification:

- HAM contracts are Design, Build, Operate, and Transfer (DBOT) models where the concessionaire undertakes both construction and O&M of highways.
- The contract is treated as a single entity covering both construction and O&M services, and cannot be split into separate contracts for tax purposes.

Payments are made in installments over the contract period, based on specified periods or completion of events. The services under HAM contracts are considered a "continuous supply of services" as defined in section 2(33) of the CGST Act, 2017.

**Time of supply of services under HAM contract, including construction and O&M portion:**

- ❖ As per section 13(2) read with section 31(5), if an invoice is issued on or before the specified date/event completion: **EARLIER** of
  - date of issuance of such invoice, or
  - date of receipt of payment.
- ❖ If the invoice is not issued on or before the specified date/event completion: **EARLIER** of
  - date of provision of the service (i.e., the due date of payment as per the contract), or
  - date of receipt of payment.

**Interest Component:**

- Installments/annuities payable by NHAI include an interest component, which must be included in the taxable value for tax payment purposes.

**2. Clarification on time of supply of services of spectrum usage and other similar services under GST**

Under the spectrum allocation model followed by Department of Telecommunications (DoT), bidder (the telecom operator) bids for securing the right to use spectrum offered by the Government.

- Service Provider:** Government of India (through DoT).
- Service Recipient:** Telecom operator (bidder).

GST is to be discharged on the supply of spectrum allocation services by the recipient of services (the telecom operator) on reverse charge basis.

In case where full upfront payment is made by the telecom operator, GST would be payable when the payment of the said upfront amount is made or is due, whichever is earlier.

In case where deferred payment is made by the telecom operator in specified installments, same shall be considered as 'continuous supply of services', since the supply of services (spectrum usage) is agreed to be provided by the supplier (DoT) to the recipient (telecom operator) continuously for a period which is exceeding three months with periodic payment obligations.

If the due date of payment is ascertainable from the contract, invoices must be issued on or before the due date of each installment. Accordingly, tax invoice will be required to be issued in respect of the said supply of services, on or before such due date of payment as per the option exercised by the telecom operator. Thus, in this case, GST would be payable as and when the payments are due or made, whichever is earlier.

Similar treatment applies to the allocation of other natural resources by the Government for use over a period of time with payment options either upfront or in deferred installments, constituting continuous supply of services.

Value of supply of service of providing corporate guarantees to banks/financial institution by a supplier to a related person located in India

Issue	Clarification <span style="float: right;">value of supply</span>
Loan only partly availed or not availed at all	The value of supply of corporate guarantee will be calculated based on the amount guaranteed and not based on the amount of loan actually disbursed. Also, full ITC will be available to the recipient.
Takeover of existing loans	GST is not payable, unless there is issuance of fresh corporate guarantee or there is a renewal of the existing corporate guarantee. However, GST would be payable if the takeover of the loan is followed by issuance of fresh corporate guarantee.
Intra-group corporate guarantee	<ul style="list-style-type: none"> <li>• Domestic corporate issue intra-group guarantees – GST under FCM</li> <li>• Corporate guarantee by foreign/overseas entity – GST under RCM</li> </ul>
Export of service	In cases of export of the services of providing corporate guarantee between related persons, i.e where the recipient of service between related persons is located outside India, above provisions will not apply.
Corporate guarantee for multiple years or for less than 1 year	<ul style="list-style-type: none"> <li>• <b><u>If provided for a particular number of years:</u></b> Value of supply shall be 1% of amt of such guarantee x number of years for which guarantee is offered or actual consideration, whichever is higher.</li> <li>• <b><u>If provided for a period of less than a year:</u></b> Valuation to be done on proportionate basis for the said period. For e.g. say 6 months, <math>(6/12 \times 1\%)</math> or actual consideration, w.e. higher</li> </ul>
Corporate guarantee by multiple related entities / co-guarantor	<ul style="list-style-type: none"> <li>• We first need to determine which of the two values is higher – sum of actual consideration paid to co-guarantors or 1% of total guaranteed amount.</li> <li>• If total actual consideration is higher, value of supply will be said amount. If 1% of total guaranteed amount is higher, GST shall be payable by each co-guarantor proportionately on 1% of the amount guaranteed by them.</li> </ul>

**TAXABILITY OF AIRPORT LEVIES COLLECTED BY AIRLINES AS PURE AGENT**

Services provided by an airport operator to passengers against consideration in the form of user development fee (USF) and passenger service fee (PSF) are liable to GST.

PSF – Passenger service fees charged by airport authority for services provided at airport.

UDF – User development fees charged by airport authority for airport development.

PSF and UDF are collected by the airlines as an agent and is not a consideration for any service provided by the airlines. Thus, airline is not responsible for payment of GST on UDF or PSF provided the airline satisfies the conditions prescribed for a pure agent under rule 33 of the CGST Rules. It is the licensee, that is the airport operator which is liable to pay GST on UDF and PSF.

The airline acting as pure agent of the passenger should separately indicate actual amount of PSF and UDF and GST payable on such PSF and UDF by the airport licensee, in the invoice issued by airlines to its passengers. The airline shall not take ITC of GST payable or paid on PSF and UDF. The airline would only recover the actual PSF and UDF and GST payable on such PSF and UDF by the airline operator. The amount recovered will be excluded from the value of supplies made by the airline to its passengers.

In other words, the airline shall not be liable to pay GST on the PSF and UDF (for airport services provided by airport licensee), provided the airline satisfies the conditions prescribed for a pure agent under rule 33 of the CGST Rules.

The registered passengers, who are the ultimate recipient of the airport services, may take ITC of GST paid on PSF and UDF on the basis of pure agent's invoice issued by the airline to them.

**IMPORTANT CIRCULARS & CLARIFICATIONS**

**1. No Claim Bonus permissible as deduction u/s 15(3)(a) for the purpose of calculation of value of supply of the insurance services provided by insurance company to insured**

As per Section 15(3)(a), value of supply shall not include any discount which is given before or at the time of supply if such discount has been duly recorded in the invoice issued in respect of such supply.

The insurance companies make the disclosure in insurance policy document. It is, therefore, clarified that **NCB is a permissible deduction**. GST shall be leviable on actual insurance premium amount, payable by the policy holders to the insurer, after deduction of NCB mentioned on the invoice.

**2. Clarification on various doubts related to treatment of secondary or post sale discounts under GST**

**Issue:** Whether the full ITC is available to the recipient of supply when the recipients make discounted payments to the supplier of goods on account of financial or commercial credit notes issued by said supplier?

**Clarification:** Recipient will not be required to reverse the ITC attributed to the discount provided on the basis of financial or commercial credit notes issued by suppliers as supplier is also not eligible to reduce his original tax liability.

Hence, there is no reduction in original transaction value of supply & accordingly corresponding tax liability would also not get reduced.

**Issue:** Whether a post-sale discount offered by a manufacturer to its dealer / distributor would be treated as a consideration paid by manufacturer to dealer for inducement to supply of goods manufactured by him to end customer?

**Clarification:**

- Consideration includes monetary value of any act for the inducement of supply. In cases where there is no agreement between the manufacturer & the end customer, there are two independent sale transactions, one from manufacturer to dealer & other is from dealer to end customer.
- Any sale is completed on transfer of title of goods to buyer, after this buyer becomes owner of goods. Dealer takes ownership of goods purchased from manufacturer & transaction between manufacturer to dealer operates on principal to principal basis.
- Once the dealer purchases the goods from manufacturer & ownership passes to dealer, manufacturer cannot be said to give discount on goods that already belongs to dealer. Therefore, **such a discount cannot be included** in consideration as the monetary value of inducement.
- However, when the manufacturer agrees with the end customer to supply goods at discounted prices & issues credit note to the dealer for this purpose, such post sale discount will be treated as an inducement & included in overall consideration for dealer's supply to end customer.

**Issue:** Whether a post-sale discount extended by manufacturer to dealer can be treated as consideration in lieu of activities performed to promote the sale of goods?

**Clarification:** Post sale discount only reduces the sale price of goods owned by dealer & is not linked to any independent service rendered to the manufacturer.  
Hence such post sale discounts **shall not be treated as consideration** for a separate transaction of supply of services.

However, if dealer has agreement to provide specific sales promotional activities like advertising campaigns, co-branding, customer support services, etc. & separate consideration is paid for such activities. In such cases, dealer provides a distinct service to supplier & **GST will be charged**.

### POINTS TO REMEMBER

If a question provides both price and supply details, it should be assumed that the price is after considering any subsidy.

- If the subsidy is provided by the government, no further adjustment is required.
- However, if the subsidy is provided by anyone other than government, it must be added back.

# INPUT TAX CREDIT

CGST ACT: SECTION 16 TO SECTION 21

### ✦ Section 16(6): Time limit for taking ITC in case of revoked registration cancellation

✦ In case where registration of a taxpayer is cancelled & then it is revoked, return for the period from date of cancellation till the date of revocation of cancellation cannot be filed on the portal by the taxpayers till their cancellation of registration is revoked.

In such cases, where the recipient has not claimed the ITC because of lapse of time limit specified u/s 16(4), a relaxation has been given to avail ITC u/s 16(4) till the date of filing return - if return is filed within 30 days of revocation of cancellation of registration, subject to the condition that the time limit to avail ITC in respect of said invoice u/s 16(4) had not already expired on the date of cancellation of registration.

**✓ Clarification:**

**Moulds and dies provided by the original equipment manufacturer (OEM) to component manufacturer on FOC basis – when not considered as being in the course or furtherance of business?**

**Case:** Moulds and dies owned by the original equipment manufacturer (OEM) which are provided to a component manufacturer (the two not being related persons or distinct persons) on free on cost (FOC) basis does not constitute a supply as there is no consideration involved.

**Treatment:** Since the moulds and dies are provided on FOC basis by the OEM to the component manufacturer in the course or furtherance of his business, there is no requirement for reversal of ITC availed on such moulds and dies by the OEM.

**Case:** Where the contract between OEM and component manufacturer is for supply of components made by using the moulds / dies belonging to the component manufacturer, but the same have been supplied by the OEM to the component manufacturer on FOC basis.

**Treatment:** OEM will be required to reverse the credit availed on such moulds / dies, as the same will not be considered to be provided by OEM to the component manufacturer in the course or furtherance of the former's business.

**A. Valuation of internally generated services - where HO is providing certain services to the BOs or where the foreign affiliate is providing certain services to related domestic entity**

Let us consider a business entity which has Head Office (HO) located in State-1 and a branch offices (BOs) located in other States. The HO procures some input services e.g., security service for the entire organisation from a security agency (third party). HO also provides some other services on their own to branch offices (internally generated services).

S.No.	Issue	Clarification
1.	Services procured internally from HO (when full ITC is available to the concerned BOs) Also, applicable in case of import of services by a registered person in India from a related person located outside India, the tax is required to be paid by the registered person in India under reverse charge mechanism. In such cases, the registered person in India is required to issue self-invoice under section 31(3)(f) and pay tax on RCM basis.	1. In respect of supply of services by HO to BOs, the value of the said supply of services declared in the invoice by HO shall be deemed to be OMV of such services, if the recipient BO is eligible for full ITC, irrespective of the fact whether cost of any particular component of such services, like employee cost etc., has been included or not in the value of the services in the invoice. 2. It has also been clarified that if HO has not issued a tax invoice to the BO in respect of any particular services being rendered by HO to the said BO, the value of such services may be

		deemed to be declared as Nil by HO to BO, and may be deemed as OMV.
2.	Services procured internally from HO (when full ITC is not available to the concerned BO)	In respect of internally generated services provided by the HO to BOs, the cost of salary of employees of the HO, involved in providing the said services to the BOs, is not mandatorily required to be included while computing the taxable value of the supply of such services, even in cases where full input tax credit is not available to the concerned BO.

**B. Clarification on the requirement of reversal of ITC in respect of the portion of the premium for life insurance policies which is not included in taxable value**

- Life insurance business includes policies or instruments that combine investment and insurance components, where both investment and life insurance risk coverage are provided by the insurer.
- The premium portion not includible in taxable value is neither nil-rated nor wholly exempt from tax and also not a non-taxable supply; hence, same cannot be considered as pertaining to an exempt supply.
- ITC reversal is required only for supplies used:-
  - (i) partly for business and partly for other purpose or
  - (ii) partly for taxable supplies including zero rated supplies and partly for exempt supplies.
- It is clarified that the amount of the premium for taxable life insurance policies, not included in the taxable value, cannot be considered as non-taxable/exempt supply & therefore, no reversal of ITC is required as per provisions of Rule 42/43.

**C. Clarification on ITC availability in respect of demo vehicles which are motor vehicles for transportation of passengers having approved seating capacity of not more than 13 persons (including the driver)**

- Demo vehicles promote sale of similar type of motor vehicles; they can be considered to be used by the dealer for making 'further supply of such motor vehicles'. Hence, ITC in respect of demo vehicles is not blocked under clause (a) of section 17(5).

Issue	Clarification
Where demo vehicles are used by an authorized dealer for purposes other than for making further supply of such motor vehicles, say for transportation of its staff employees/management etc.	In such cases, the same cannot be said to be used for making 'further supply of such motor vehicles' and therefore, ITC is not available.
Where the authorized dealer merely acts as an agent or service provider to the vehicle manufacturer for providing marketing service & the sale Invoice for the vehicle is directly issued by the vehicle manufacturer to the customer.	Authorized dealer acting as marketing agent so ITC is not available.

↓ वाडी विक्रीत हे, Showroom हे

**D. Clarification on ITC availability on demo vehicles in cases where such vehicles are capitalized in the books of account by the authorized dealers**

- Demo vehicles are used by the authorized dealers to promote further sale of motor vehicles of the similar type & therefore used in the course or furtherance of business of the dealers. ITC GT
- Where such vehicles are capitalized in the books of accounts by the authorized dealer, the said vehicle falls in the definition of "capital goods" & accordingly, availability of ITC is not affected by way of capitalization. ITC GT
- Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery - ITC shall not be allowed.
- If demo vehicle, which is capitalized, is subsequently sold by the authorized dealer, then the authorized dealer to pay an amount or tax.

**E. Clarification on availability of ITC on ducts and manholes used in network of optical fiber cables (OFCs) in terms of section 17(5)**

- Ducts and manholes are used as part of the OFC network generally laid with the use of PVC ducts for making outward supply of transmission of telecommunication signals from one point to another.
  - Ducts and manholes used in network of OFCs have not been specifically excluded from the definition of "plant and machinery" as they are neither in nature of land, building or civil structures nor are in nature of telecommunication towers or pipelines laid outside the factory premises.
- Hence, it is clarified that ITC is not restricted & allowed on ducts & manholes used in OFCs.

**F. Clarification in respect of entitlement of ITC by the insurance companies on the expenses incurred for repair of motor vehicles in case of reimbursement mode of insurance claim settlement**

- Under reimbursement mode, the insured visits non-network garages & payment is first made by the insured and then reimbursed by the insurance company to the insured to the extent of approved claim cost, then the insurance company will be eligible to avail ITC upto approved reimbursement, if invoices are issued in the name of insurance company.
- Under cashless mode, the insured visits a network garage & repair is carried out, it means the insurance company will directly pay to the garage and no amount will be paid by the insured. In such cases, entire invoice will be issued in the name of insurance company & the insurance company will be eligible to claim ITC.

Issue	Clarification
Extent of ITC available in case of issue of two separate invoices by the garage for repair service - one to the insurance company for the approved claim cost & another to the customer for excess amount?	ITC is available to insurance company only on the invoice issued to it subject to reimbursement of said amount by insurance company to customer.
Extent of ITC available in case of issue of single invoice by the garage - covering the full amount for repair service & the insurance company reimburses only the approved claim cost?	ITC is available to the insurance company only to extent of the reimbursement of the approved claim cost to the insured, and not on the full invoice value.
ITC is available to the insurer if invoice for vehicle repair is not in insurance company's name?	ITC is not available to the insurance company as it violates section 16.

**Let us understand with the help of an example:**

Total repair charges paid by the insured is ₹ 1,20,000 & the insurance company has approved claim cost of ₹ 1,00,000 and the invoice is issued by the garage in the name of as below -

Insurance Co. - ₹ 1,00,000 Insured - ₹ 20,000	Insurance Co. - ₹ 1,20,000	Invoice is not issued in name of insurance company
ITC is available to insurance company for ₹ 1,00,000.	ITC is available to insurance company for ₹ 1,00,000 only.	No ITC available due to violation of Sec. 16.

**G. Credit in respect of input services leviable to IGST also to be distributed by ISD.**

Rule 39(1A) of the CGST Rules, 2017 specifying procedure for distribution of ITC by ISD has been amended to include the reference of the IGST Act, 2017. The amended rule 39(1A) provides that -

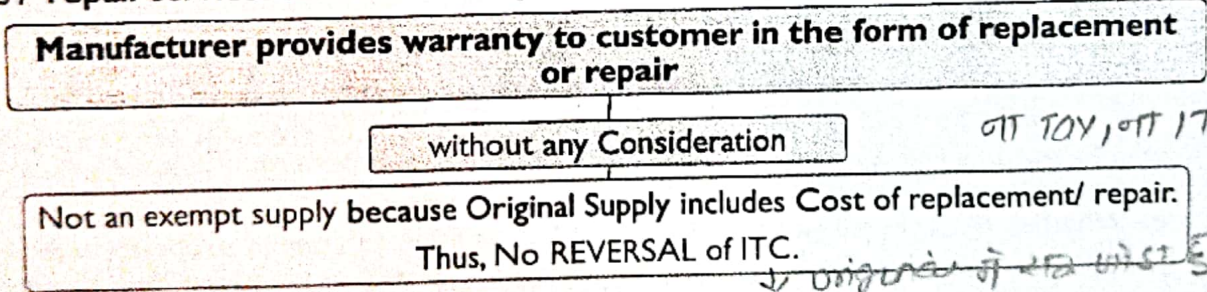
For the distribution of credit in respect of input services, attributable to one or more distinct persons, subject to levy of tax u/s 9(3)/9(4) of the CGST Act, 2017 or u/s 5(3)/5(4) of the IGST Act, 2017, a registered person, having the same PAN and State code as an ISD, may issue an invoice or, as the case may be, a credit or debit note as per the provisions of rule 54(1A) to transfer the credit of such common input services to the ISD, and such credit shall be distributed by the said ISD in the manner as provided in sub-rule (1).

Thus, credit of the services taxable under reverse charge under CGST as well as IGST received by ISD can also be distributed by the ISD.

**H. Clarification on availability of ITC in respect of warranty replacement of goods or its parts and/ repair services during warranty period**

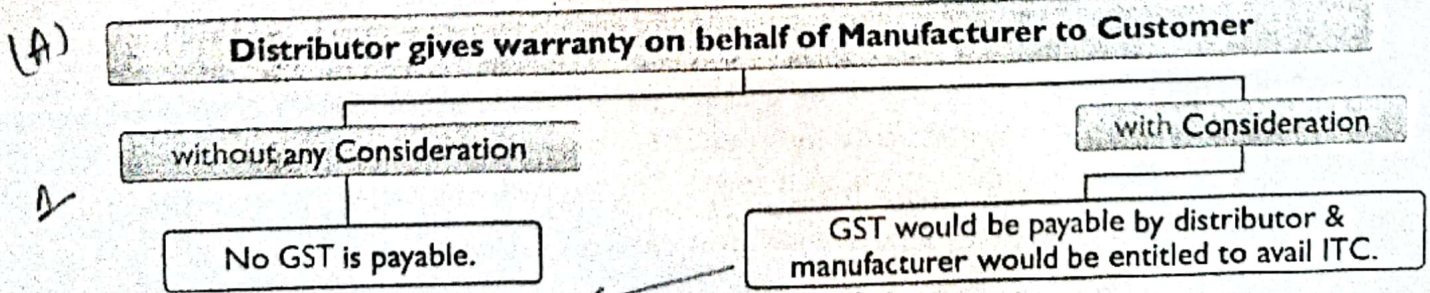
31/1/25 class

**Case I: When original equipment manufacturer offering replacement of goods or its parts / repair services under warranty to the customer:**



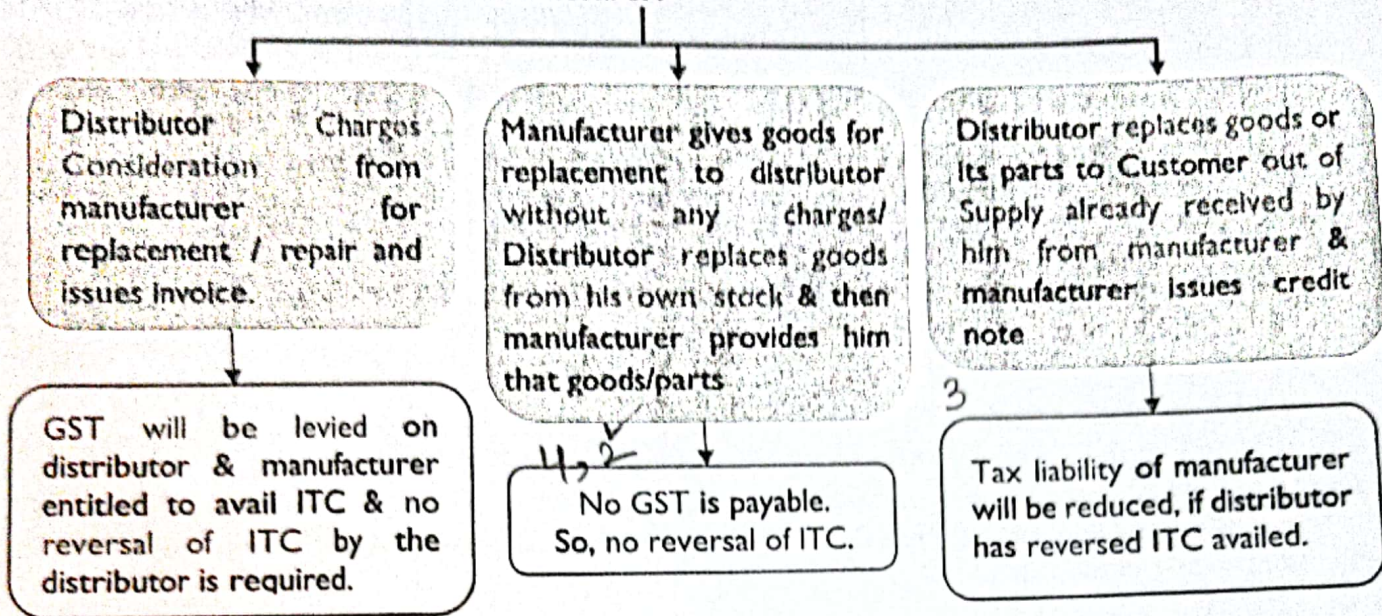
**Case II:**

**Part-I: When distributor gives warranty on behalf of Manufacturer to Customer.**



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➤ **Part-II: When distributor gives warranty & any activity /transaction undertakes between Distributor & Manufacturer:**



**I. Clarification in respect of ITC availed by ECOs where services specified u/s 9(5) are supplied through their platform**

1. ECO, required to pay tax u/s 9(5), is making supplies under two counts:
  - (i) Supplies notified u/s 9(5) for which he is liable to pay tax as if he is the supplier of the said services.
  - (ii) Supply of his own services by providing his electronic platform for which he charges platform fee /commission etc. from the platform users.
2. For providing the services mentioned at 1(ii) above, the ECO procures inputs as well as input services for which he avails ITC.

**Issue:** Whether ECO, required to pay tax u/s 9(5), is liable to reverse proportionate ITC on his inputs and input services to the extent of supplies made u/s 9(5)?

**Clarification:**

1. It has been clarified vide Circular No. 167/23/2021 – GST dated 17.12.2021 that the ECO shall not be required to reverse ITC on account of restaurant services on which he pays tax u/s 9(5). It has also been clarified that the ITC will not be allowed to be utilized for payment of tax liability u/s 9(5) and whole of the tax liability u/s 9(5) will be required to be paid in cash. This principle also applies to the supplies made in respect of other services specified u/s 9(5).
2. Thus, it is clarified that ECO, who is liable to pay tax u/s 9(5) on notified services, is not required to reverse the ITC on his inputs and input services proportionately u/s 17(1) / 17(2) to the extent of supplies made u/s 9(5).

3. It is further clarified that **ECO** will be required to pay the full tax liability on account of supplies u/s 9(5) in cash, i.e. only through electronic cash ledger. The credit availed by him in relation to the inputs and input services used to facilitate such supplies cannot be used for discharge of such tax liability u/s 9(5).
4. However, such credit can be utilized by him for discharge of tax liability in respect of supply of services on his own account.

**J. Clarification on availability of ITC as per Section 16(2)(b) in respect of goods which have been delivered by the supplier at his place of business under Ex-Works Contract**

In automobile sector, the contract between the automobile dealers and the Original Equipment Manufacturers (OEMs) is generally an **Ex-Works (EXW)** contract, and as per the terms of the contract, the property in goods (i.e. vehicles) passes to the dealer at the factory gate of the OEM, when the goods are handed over to the transporter at the instance of the dealer, and the delivery on the part of the OEM is complete at his factory gate.

As per Section 16(2)(b), a registered person is not entitled to claim ITC in respect of any supply of goods or services or both unless he has "received" the said goods or services or both.

Explanation to Section 16(2)(b) provides that the goods would be deemed to have been "received" by the registered person for the purpose of this clause, where:

- a) the goods are delivered by the supplier to a recipient or to any other person on the direction of such registered person, whether acting as an agent or otherwise;
- b) such direction may be given before or during movement of goods; and
- c) the goods may be delivered either by way of transfer of documents of title to goods or otherwise.

It is clarified, that the registered person (the dealer) can be considered to have "received" the goods at the time of handing over of the goods by the OEM to the transporter, at his factory gate, for their onward transmission to the said registered person (the dealer) under EXW contract.

It is also mentioned that as per provisions of section 16(1) of the CGST Act, a registered person is entitled to ITC only in respect of supply of goods and/or services, which is used or intended to be used in the course or furtherance of business. Thus, if the goods are found to have been diverted for non-business purposes at any stage, either before physically receiving the said goods at his business premises or subsequently, the registered person shall not be entitled to ITC on such goods in terms of section 16(1) of CGST Act.

Further, if at any time after "receiving" the goods, such goods are lost, stolen, destroyed, written off or disposed of by way of gift or free samples, the registered person would not be entitled to the ITC in respect of such goods.

## SOME IMPORTANT ITC ADJUSTMENTS / EXAMPLES

(1) Freight paid to GTA for inward transportation –

For taxable items	→	Pay tax under RCM & claim ITC.
For exempted items	→	Pay tax under RCM & No ITC.
For non-taxable items	→	Pay tax under RCM & No ITC.

(2) Advance received for future supplies of goods & services (70% is related to supply of service) - ₹ 7,00,000

→ GST will be levied on ₹ 4,90,000 only in current month but in total turnover entire ₹ 7,00,000 will be added.

(3) Payment for security services has been made by AKG Pvt. Ltd. (Registered) to Keyur Securities Pvt. Ltd. (Unregistered)

→ In this case, no GST will be paid by Keyur Securities Pvt. Ltd. & hence no ITC to AKG Pvt. Ltd.

(4) Provided free of cost training to agents – OMV is ₹ 2,00,000, value of like kind & quality is ₹ 2,50,000

→ In this case, no GST will be paid because Rule 29 applies only on Goods (not on services).