

Charge

Inter



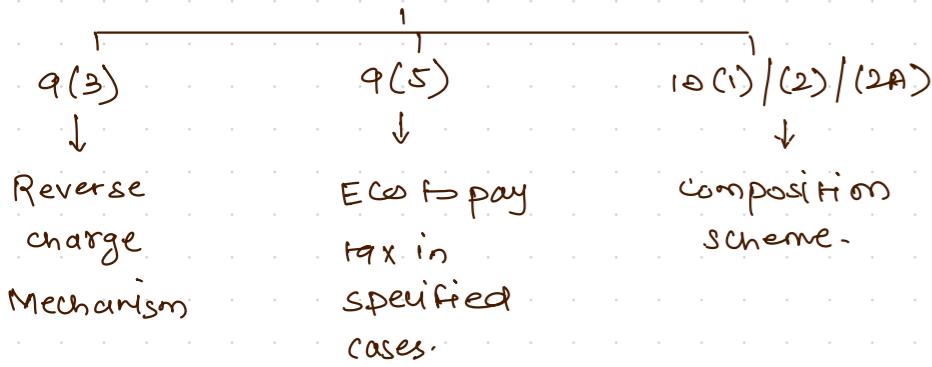
Telegram

For Final - CA CMA Final Tax - CA Amit Mahajan
Generic - Tax Notes and Guidance - CA Amit Mahajan

*** Changing Section ***

- CUST Act → Section 9
- IUST Act → Section 5

*** Overview of the Chapter ***



*** Important Defn ***

i) Exempt supply

Supply which attracts Nil Rate of tax
OR
wholly exempt from tax
OR
Non-taxable supply.

Section 9(1)

- Levy of CUST on Intra-state supply
- on the value determined u/s 15
- on supply of goods/ser/both
- Except on alcoholic liquor for human consumption & Un-debated extra neutral alcohol or rectified spirit used for mfg of alcoholic liquor for human consumption.

*** Section 9(2) ***

No levy of UST on petroleum crude, high speed diesel, motor spirit (Petrol), natural gas & aviation turbine fuel till recommended by UST Council

*** Section 9(3) ***

RCM → covered separately

*** Section 9(4) ***

check next page.

*** Section 9(5) ***

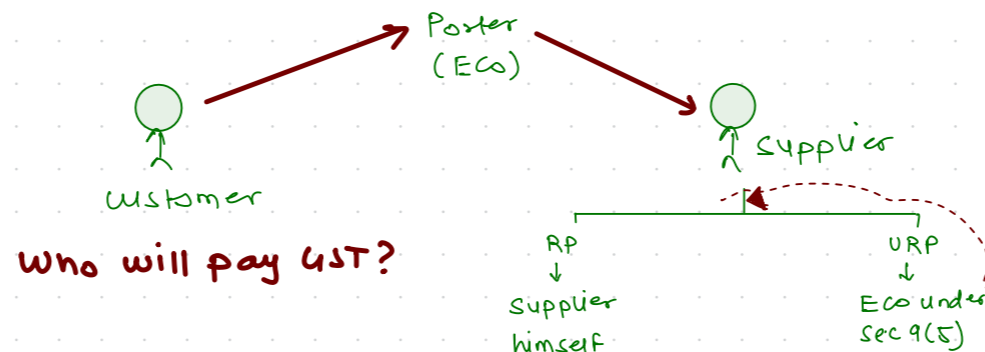
Payment of UST

Govt has specified certain services which are supplied through ECo & the liability to pay tax is of the ECo.

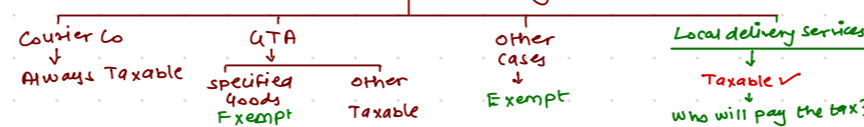
Amdt

Local delivery service.

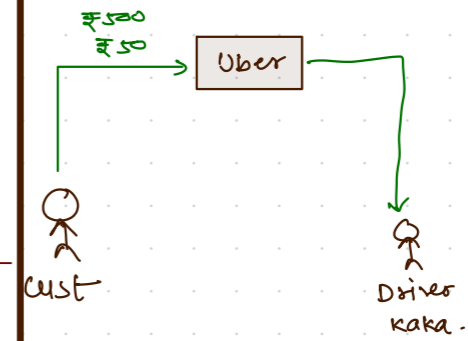
Remember Local delivery service will NOT get categorized as GTA.



Transportation of Goods by Road



Transportation of passn Uber/OLA.

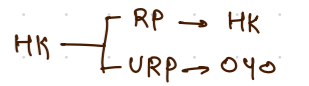
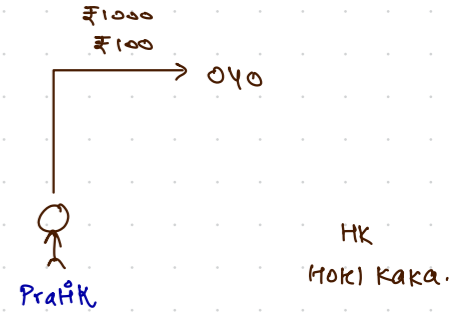


Exception

Responsibility will be of the supplier i.e. DK & not of UBER if following conditions are satisfied:

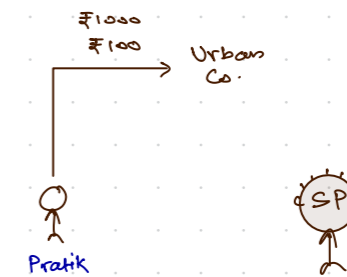
- 1) Supplier is a Company/BC
- 2) Vehicle is omnibus i.e. vehicle carrying > 6 persons

Service of accommodation OYO



Housekeeping Service

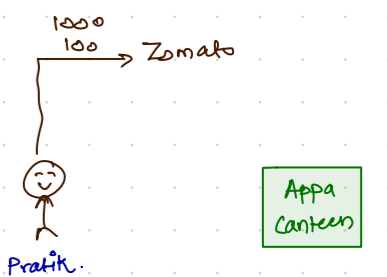
Urban Co.



SP → RP → SP ✓
URP → Urban Co ✓

Restaurant Service

Swiggy / Zomato.



Usual scenario

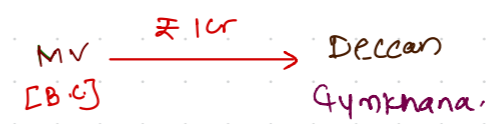
Zomato will go to the govt & pay the UST.

Exception

Restaurant will go to the govt & pay the UST if Restaurant is located in a hotel where declared tariff per day per unit > ₹7500

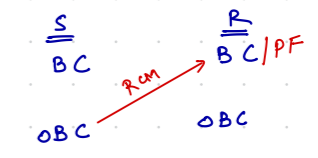
Reverse Charge Mechanism Services

2. Sponsorship Service ✓



Any Person (other than Body Corporate)

- 1] Body Corporate
- 2] Partnership Firm



Imp
What if sponsorship service is given to any person other than Body Corporate / Partnership Firm.

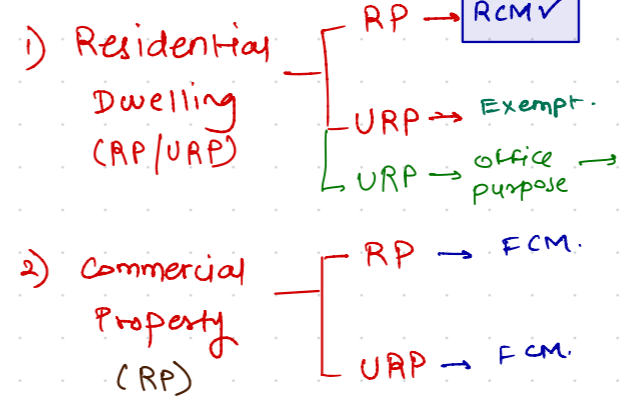
↓
FCM ✓

Also remember → the person who makes the payment is a service recipient.

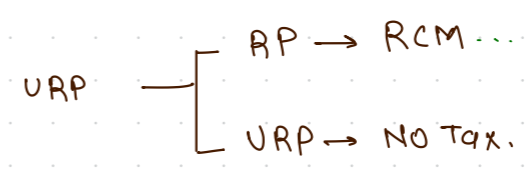
3. Renting of Residential Dwelling to Regd. Person.

Any person Regd Person.

Renting of



FEM.



IF such RP has opted for composition scheme
 ↓
 Exempt

* sole-proprietor
 ↓
 prove that → He will use the property.
 ↓
 Residential Purpose
 ↓
 Exempt ✓ (if proved)

Nature of services.

Supplier

Recipient

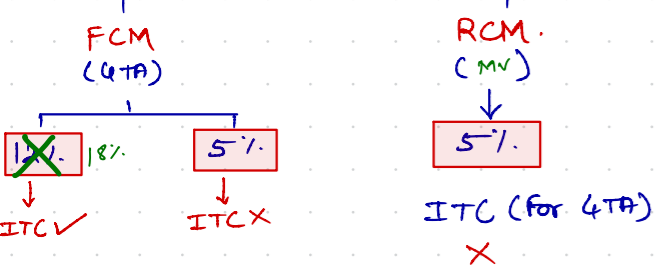
1] Goods Transportation Agency (GTA)



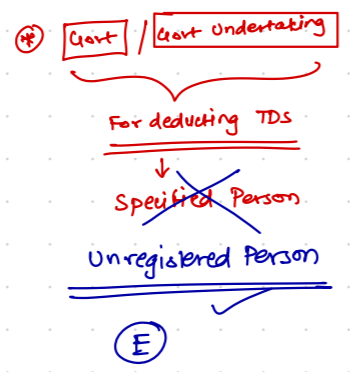
GTA → Non-specified → Exempt Person

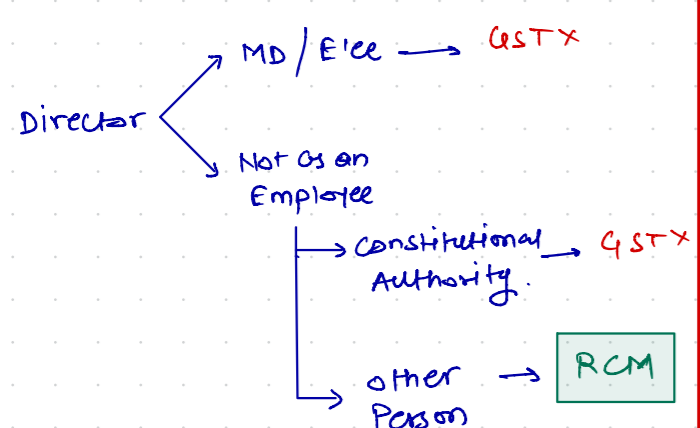

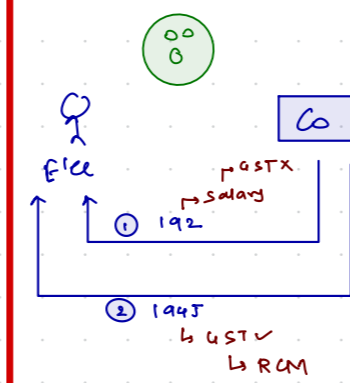
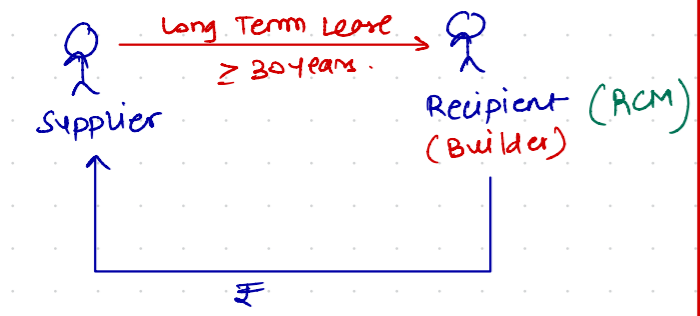



↓
specified person.

GTA has 2 options:





RP/URP



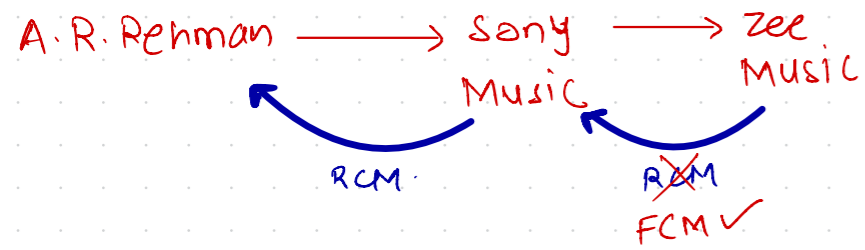
4.	Transfer of developmental rights/ Floor Space Index for const ⁿ of Project by a Promotor (Builder)	Any Person	Promotor (Builder)
5.	Services by Directors. 	Director NOTE  Any service given by the Director to the Co is personal capacity ✓ ↓ RCM <u>FCMV</u>	Any company Body Corporate. 
6.	Long Term lease of land [≥ 30 years] 	Any Person	Promotor Builder 
7.	Services supplied by Insurance Agent.	Insurance Agent	Insurance company
8.	Services supplied by Recovery Agent. 	Recovery Agent	Banking company or Financial Institution or NBFC. 

9. Transfer / Permitting use or enjoyment of copyright related to original literary, dramatic, musical or artistic works.

- RCM.  FCM → Zee Music
- 1) Music Composer (A.R. Rehman) → Music Co. (Sony Music)
- 2) Author → Publisher.
Author can opt for FCM:
- (i) Author is required to take regⁿ ✓ 
 - (ii) Author is required to intimate the Jurisdictional Commissioner stating that he is opting for FCM.
 - (iii) Author shall opt for FCM for 1 year (He shall continue opting for FCM for 1 year)
 - (iv) Author shall intimate about opting for FCM in the invoice raised on the publisher ✓.
- 3) Photographer Artist → Producer [YRF]
[Farhan / Aamir]



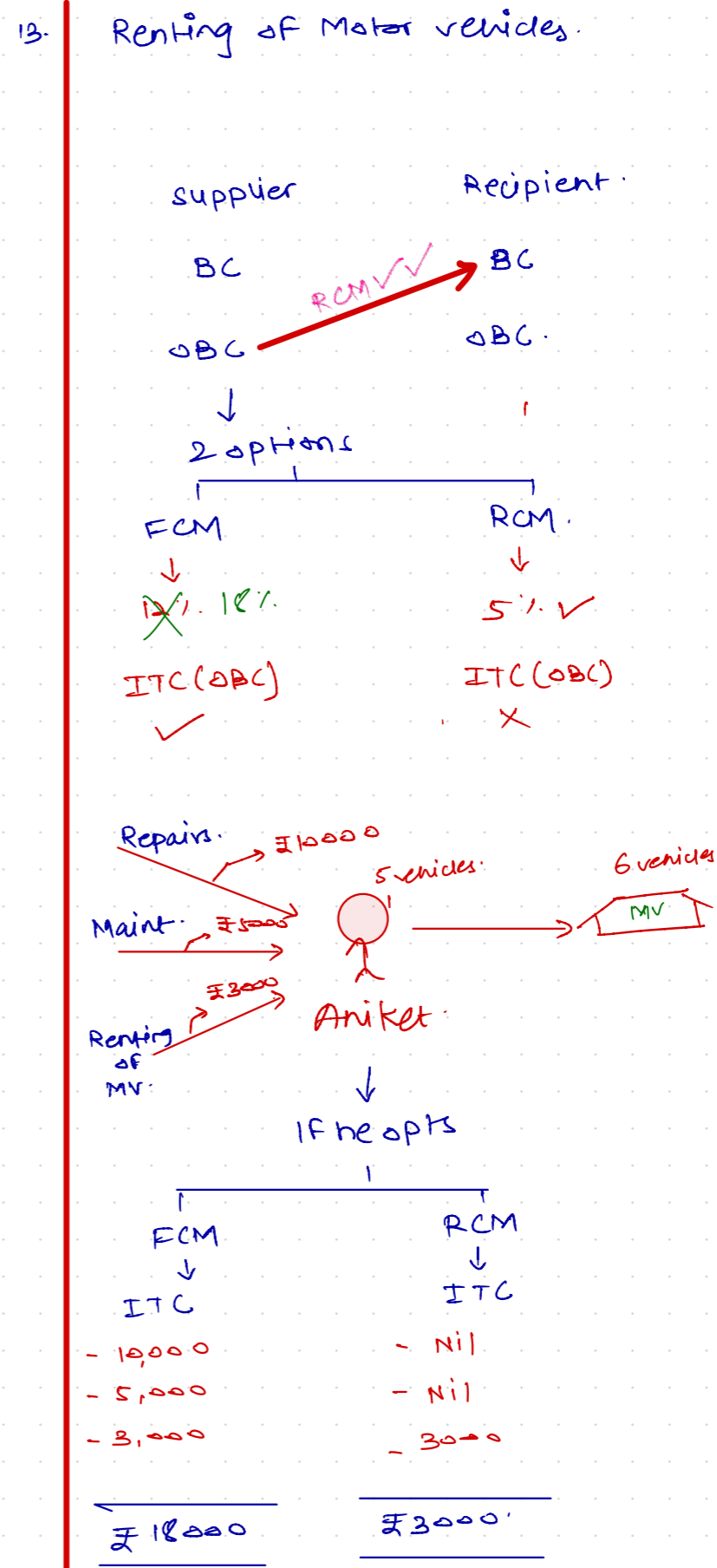
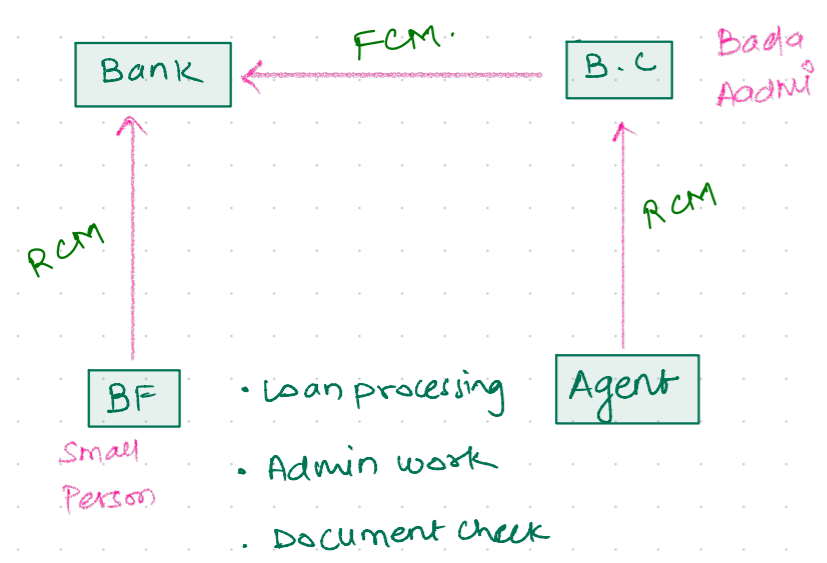
RCM is applicable only in case of original work.



10. Supply of services by members of RBI overseeing committee. Member of overseeing committee. RBI.

11. Services supplied by Individual Direct selling Agent [DSA]. Individual Direct selling Agent (other than Body Corp, P. Firm, LLP). Banking company or NBFC.

12. Services provided by Business Correspondent & Business facilitator. Business facilitator. Bank. Agent of Business correspondent. Business correspondent.



Person other than Body Corporate.

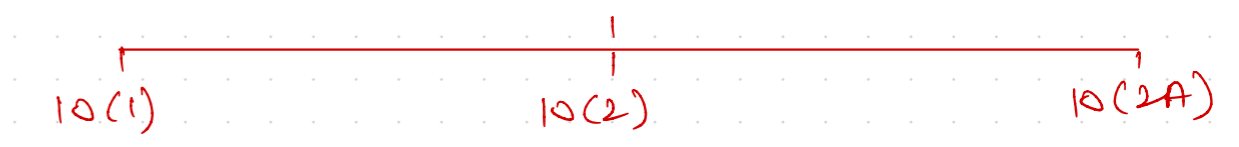
Even if RP has opted for RCM
 ↓
 He is eligible for the ITC of such Inward supply for which he is in the same line of business.



<p>14. Security Services</p> <p>FCM when → security services are supplied to Govt / Govt entities (taken regⁿ for deductⁿ of TDS) OR recipient is composite Dealer</p>	<p>Any person other than Body Corporat.</p>	<p>Any Regd. Person.</p>
<p>15. services of lending & Borrowing of securities.</p>	<p>Lender</p>	<p>Borrower</p>
<p>16. Any service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online recipient.</p> <p>(Netflix) Non-Taxable Territory.</p> <pre> graph TD A["(Netflix) Non-Taxable Territory."] --> B["Taxable Territory"] A --> C["Taxable Territory"] B --> D["Non-Taxable online Recipient."] D --> E["FCM"] C --> F["Taxable online recipient."] F --> G["RCM"] </pre>	<p>Any person located in non-taxable territory</p>	<p>Any person located in the taxable territory other than non-taxable online recipient.</p>



Composition Scheme



once I take the regⁿ → I have to file

Usually → 24 returns

→ 24 returns ✓

compliance cost → Higher ✓

composition scheme → ~~24 Returns~~ 1 Return ✓

Applicable to : T/O in pre CFU ≤ ₹1.50 cr. / ₹75L
↓
special category state.

Benefit:

- ① Usually → 24 Returns } Reduction in compliance cost
- Comp. scheme → 1 Return }

- ② Reduction in GST Rate ✓

Conditions

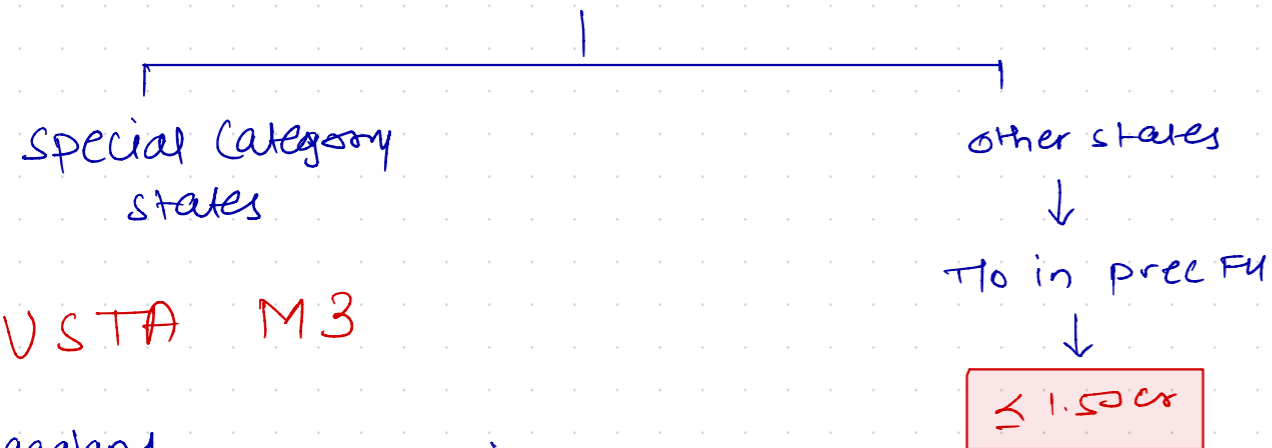
- 1] 1 Return Annually ✓
- 2] Cannot charge GST from the customer X
- 3] ITC cannot be claimed X



Points of comparison before deciding whether to opt for composition scheme.

Savings in Compliance Cost v/s Amt of GST

Q Who is eligible for Compⁿ scheme?



NUSTA M3

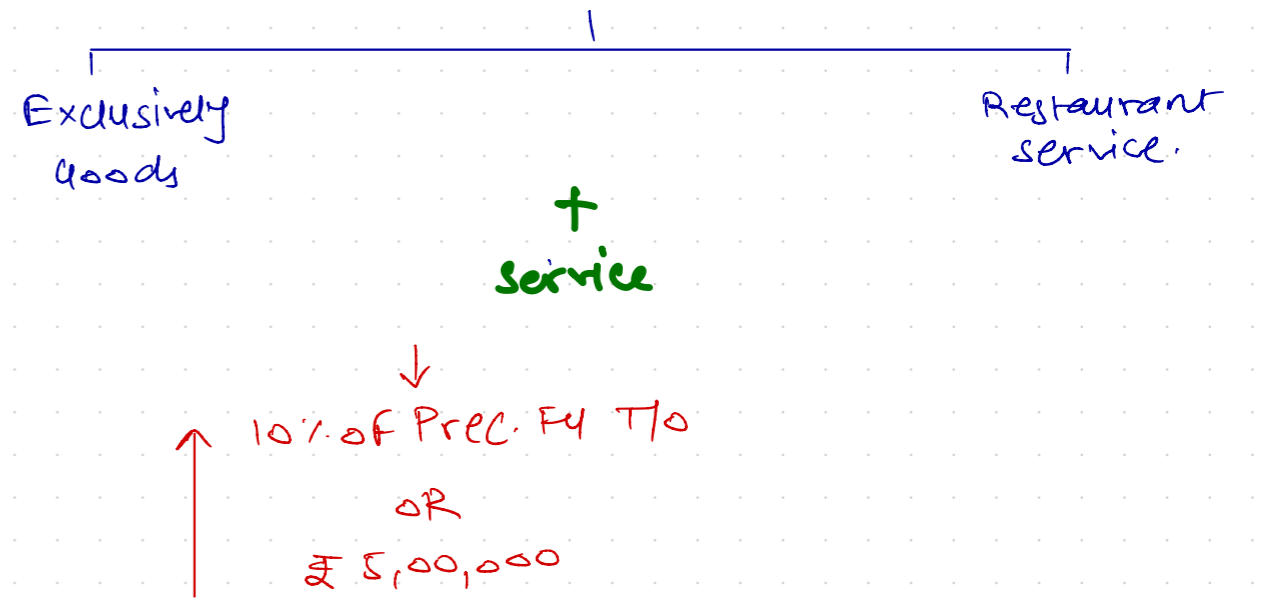
- Nagaland
- Uttarakhand
- Sikkim
- Tripura
- Arunachal Pradesh
- Manipur
- Mizoram
- Meghalaya

↓
T10 in prec. FY

↓
≤ 75L



Section 10(1) & 10(2)

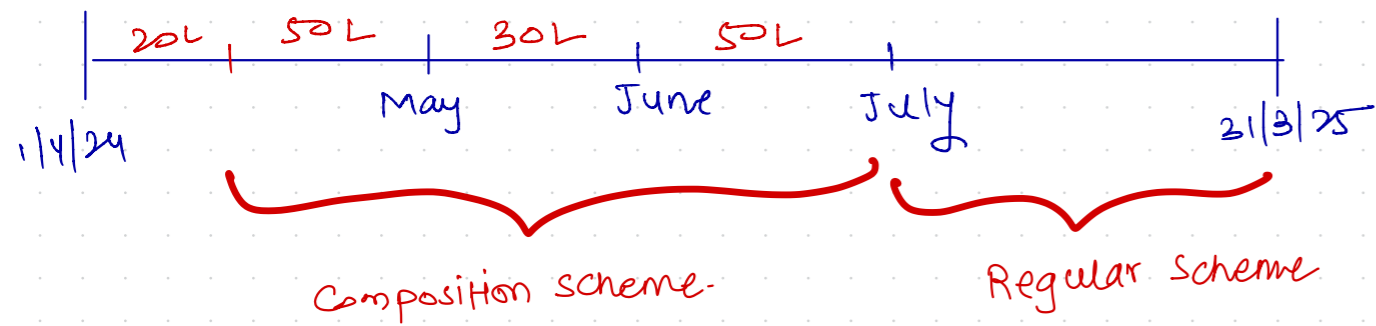


* Initially sec 10(1) & sec 10(2) were introduced only for those suppliers who are exclusively dealing in goods / in case of services only restaurant service ✓

However, Govt allows some proportion of services along with supply of goods / restaurant service.

* we always see the eligibility based on the agg. T10 of the prec. FY.

If in the current FY my T10 exceeds ₹ 1.50 cr, I will be shifted to regular scheme with imm. effect that is on the same day.



↓
 1 Return ✓

↓
 Returns = 2 returns / month
 ×
 8m [Aug-Mar]
 ↓
 16 Returns

* GST Return → **GSTR-4** → Annually → **30 JUNE** next FY

* Tax payment → **CMP-08** → Quarterly.

usually → Monthly return & monthly payt ✓
 comp. scheme → Yearly return & qtrly payt

* Rates under Composition Scheme *

Mfng	Retailer	Restaurant service.
1%	1%	5%
T+E	T	T+E

* SECTION 10(2A) *

* Concessional Rate Scheme *

* Comp. scheme u/s 10(2A) *

→ Exclusively service

↳ other than restaurant service.

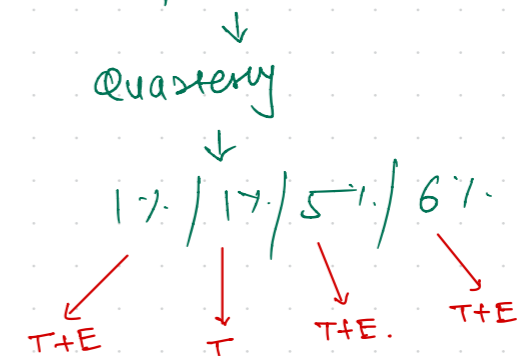
Limit → T/o in prec FY ≤ ₹50L

Tax Rate → 6% of T+E

we need to identify 2 turnover:

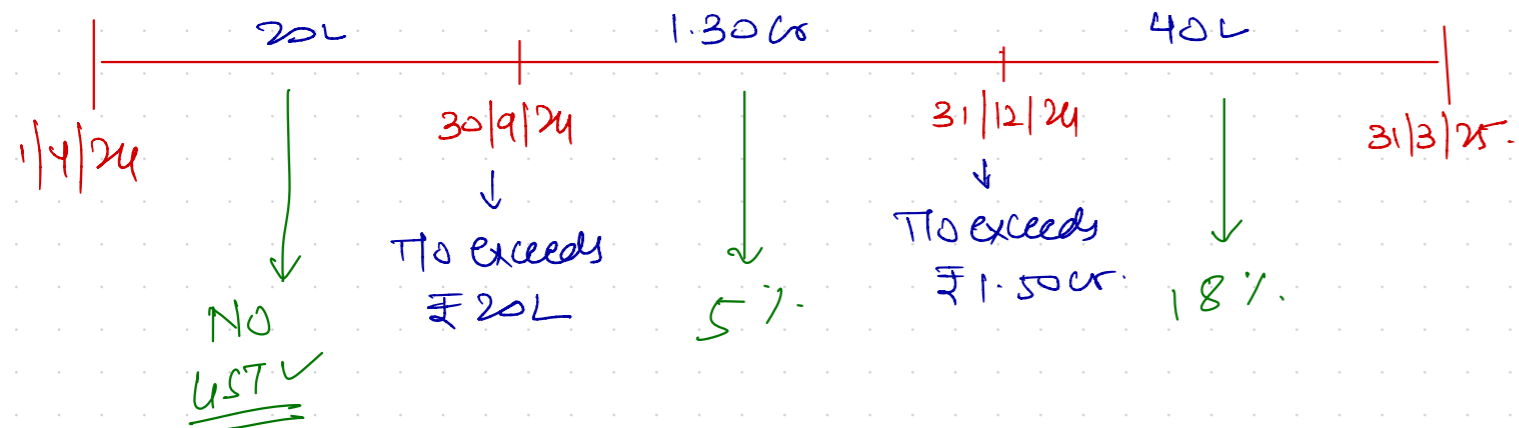
1] Prec FY → 1.5cr / 75L / 50L → Eligibility purpose.

2] Curr. FY → For payt of tax



* Important Point *

Mr. Chintu has started his business on 1/4/24 - Restaurant service - opting for comp. scheme.



Normal GST Rate → 18%.

Calculate GST Liab for Fy 24-25.

* Conditions for Sec 10(1)/10(2)/10(2A) *

- 1] Cannot make an outward supply of goods which are not liable to GST.
- 2] Restricted from making inter-state o/w supply. There is no restriction on inter-state inward supply.
- 3] If opted for comp. scheme → cannot supply goods through EOs.
- 4] Restⁿ on Mnfg of notified goods. No restriction on trader.
- 5] Opting for comp. scheme is PAN based & not locatⁿ based.

PAN		
MH	RJ	DL
- 6] Composite Dealer cannot collect GST from cust.
- 7] Comp. dealer cannot avail the ITC.
- 8] on the Bill of supply → specifically mention the words 'Composition Taxable Person, not eligible to collect tax on supplies'
- 9] CTP / NRTP cannot opt for composition scheme.

X



New Point

original law → Supply of goods }
 Supply of services } → ECo

Cannot opt for the composition scheme.

Now supply of

Goods $\xrightarrow{\text{through}}$ ECo → can opt for composition scheme.
 Condition ✓

Service $\xrightarrow{\text{through}}$ ECo → No composition scheme.

For the supplier of goods who wants to opt for composition scheme needs to fulfill the following conditions:

- 1) ECo shall not allow inter-state supply
- 2) ECo shall collect & pay the TCS.
- 3) ECo shall furnish the details in Form CESTR-8.
- 4) ECo shall make necessary checks & verifications on their systems/platforms.

X

Aggregate T/O - PREVIOUS YEAR - For eligibility purpose

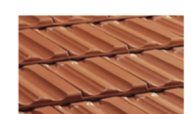
	Taxable Supply	Exempt supply or NIL rated supply	Export of goods / services	Inter state supply	Interest on - Deposit - Advance - Loan	TOTAL
Mnfg	✓	✓	✓	✓	✗	This amount should be < 1.5 Cr / 75L (Of ALL offices together regd under 1 PAN)
Supplier or Dealer	✓	✓	✓	✓	✗	
Restaurant services	✓	✓	✓	✓	✗	
Sec 10(2A)	✓	✓	✓	✓	✗	

Aggregate T/O - CURRENT YEAR - For payment of TAXES

	Taxable Supply	Exempt supply or NIL rated supply	Export of goods / services	Inter state supply	Interest on - Deposit - Advance - Loan	TOTAL
Mnfg	✓	✓	✗	✗	✗	XX * 1%
Supplier or Dealer	✓	✗	✗	✗	✗	XX * 1%
Restaurant services	✓	✓	✗	✗	✗	XX * 5%
Sec 10(2A)	✓	✓	✗	✗	✗	XX * 6%

Notified Goods

1. Ice cream and other edible ice, whether or not containing cocoa
2. Pan Masala
3. All goods i.e. Tobacco and manufactured tobacco substitutes
4. Aerated water
5. Fly ash bricks or fly ash content, Fly ash blocks
6. Bricks of fossil meals or similar siliceous earths
7. Building bricks
8. Earthen or roofing tiles



Rule 3

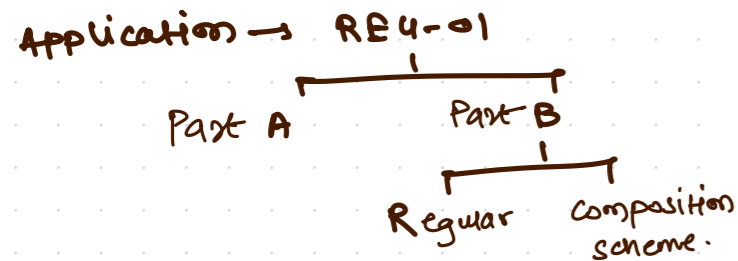
Effective date of Composition scheme

↓
where person is taking a fresh registration

↓
Date of certificate of registration.

EXAMPLE

started a bus → 1/4/24.
TTO crossed 20L → 05/5/24.



Regⁿ Certificate → 30/6/24
↓
Effective date of Comp. scheme.
↓
30/6/24.

Rule 4

Effective date of Composition scheme

7/7/25
↓
where person had taken the regⁿ in the past & opted for Regular scheme → Now wants to opt for comp. scheme.

↓
1st day of the subsequent FY.

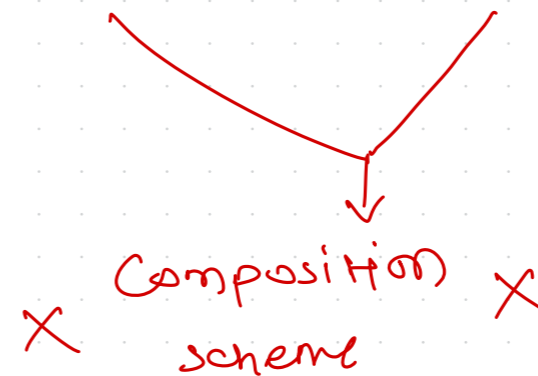
EXAMPLE

started a business → 7/7/20
opted for → Regular scheme.
wants to opt for composition scheme → 30/5/25

Effective date → 1/4/26.

Rule 5

CTP OR NRTP



Imp Point on ITC

I] Normal Scheme → Composition scheme

↓
File Form GST-03

↓
≤ 60 days of commencement of financial year

II] Composition → Regular scheme

↓
File a statement ≤ 30 days from the date on which such option is withdrawn

Rule 6

Withdrawal of scheme.
↓
IF TTo exceeds ₹1.50 Cr/75L SOL
↓
Person who had opted for composition scheme will be shifted to a Regular scheme with immediate effect.

↓
once the TTo exceeds the limit
↓
file intimation in Form CMP-04
↓
within 7 days of exceeding the limit

* In case of voluntary shift
↓
Intimate the authorities
↓
in Form CMP-04
↓
before the date of withdrawal.

