MAY 2026

CA FINAL

INDIRECT TAX

200 HOTS

HIGHER ORDER THINKING SKILLS

MINUTE PTS I LIMITS I MISTAKES

CONCEPTS GRIP ⬆ MARKS

"STUDY IDT LIKE NEVER BEFORE"

Lecture on this refer to the **YOUTUBE CHANNEL**

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Relevant For: May'26

Author's Note: *There is a context and understanding for each point. So, don't miss the IDT HOTS Lecture on my YT channel:* ***IDT by CA Siddhesh Valimbe****. Mere reading of the points may not be that useful!*

CA FINAL IDT HOTS

IMP POINTS | SHORT SUMMARIES | LIMITS | INTERLINKED | TESTABLE

Part I: GST

CHAPTER 1: SUPPLY AND DEFINITIONS

1	DDA (Delhi Development Authority) NOT a Local Authority
2	A Ltd. holds 30% in B Ltd: Not a case of related person ↳ 25% condition: applies when one person is holding min. 25% in two companies
3	❑ Cost Petroleum: not a consideration ❑ Profit Petroleum: it's a supply [S = Gov | R = Contractor], but its ultimately exempt from GST
4	Derivative [Futures | Forward] ⇨ If Delivery of Commodity: Supply of Goods: GST Applicable ⇨ If Net Settlement: Derivative: = Security = No GST
5	Para (3), Sch I: Principal – Agent: only goods covered, not services. → So, for services to fall under "supply" between Principal-Agent, consideration required. If DCA = Agent under Para 3, Sch I: Interest on loan by DCA to Recipient is part of value of goods by DCA to Buyer
6	E.g. Factory in Lucknow and showroom in Kanpur and single registration obtained in UP- NOT a case of "distinct persons" per section 25. [This is tested a lot in MCQs] ***Note****: APOB in the state is not a distinct person, because that's same GSTIN.*
7	Import of Services → *For Consideration*: don't see import from whom. It's a supply whether import in course of business or not, but may get exempt later - [See IGST Exemptions Table (first entry)- purposes other than trade, commerce...except OIDAR]

	→ *Without Consideration - - - Sch I, Para 4 hits [2 conditions apply]* • From related persons or own establishment + in the course of business- Supply ☑ • Other Cases: Not a supply ❌
8	Line to be used in: Liquidated Damages etc.: It's not for tolerating the breach of contract, rather they are payments for not tolerating the breach. Mere money flow, not consideration. <u>GST Applicable</u> ☑: ➯ Late fee | Forfeiture (travel tickets), cancellations | Lease termination | Loan pre payment penalty <u>No GST</u> ❌ ➯ Liquidated Damages | Cheque Dish. Fine | Law Violation Fine | Salary Bond | Power Fixed Charge Penal Charges by Banks/NBFCs: Treatment just like liquidated damages
9	Entry: Hotel providing stay to EE say ₹ 25,00,000 worth, out of which ₹ 5,00,000 voucher was used by the EE which was given as a part of employment agreement GST: on ₹ 25,00,000 [if asked supply value by Hotel to the EE]
10	- Amount paid to new joinee not to join rival firm: Not in course of employment: GST Applicable - Perquisites as a part of employment contractual - No GST because it's in course of employment - Gifts by ER to EE- not a part of employment contract = Supply if > 50,000 Per EE Per Year [Sch 1, P2]
11	Independent Director's remuneration: always under the ambit of GST. Can never be "salary". RCM if services in official capacity.
12	Only Individual and HUF can be "agriculturist" – section 2(7) "Father in Law" NOT family
13	Exempt supply is a "SUPPLY" first | Zero Rated Supply NOT an exempt supply.
CHAPTER 2: CHARGE	
14	Structured Thinking for Services: First analyze exemptions, then analyze RCM FCM.
15	- Recovery Agent service to Eg a Trader of Goods- FCM, not RCM

	- Silk Yarn manufacturer (from silk yarn or silk worm cocoons) may be registered or maybe a company: Doesn't matter! If it supplies silk yarn to any registered person, RCM applies. - Priority Sector Lender Certificates: Goods | IGST | RCM
16	Security Services under RCM if S = Any Person Other than Body Corporate. May or may not be registered. If S is a Body Corporate and is Unregistered: Supplier won't charge GST, hence no question of ITC for Recipient.
17	- Goods Transport Operator is NOT a GTA - Regardless of what rate of GST is on GTA services: Recipient will always get ITC - Pay attention on "who" is liable to pay the GTA Freight: That person is the Recipient - Freight paid for inward transport of exempt goods: RCM ✓ ITC ✗ - GTA Service Recipient = Dept/Est of Gov or LA taken reg. only for TDS – EXEMPT [no Q of FCM/RCM]
18	Metal Scrap Short Summary ❑ Unreg to Reg: RCM | No TDS ❑ Unreg to Unreg: No Tax | No TDS ❑ Reg to Reg: FCM | TDS ❑ Reg to Unreg: FCM | No TDS 
19	Property on Rent • No exemption for "commercial property". • "Commercial property" on rent by Unreg Person to Composition Reg Person: FCM | No GST • Eg: A residential flat given on rent to IFCI Ltd (registered under composition scheme) for stay of it's employee: Taxable @ RCM
20	Renting of Immovable Property by Government: RCM applies only when Recipient = Registered Person
21	RCM for MV on Hire: Check following 2 conditions as well → Designed to carry passenger ~~goods~~ + Consideration should include cost of fuel

22	Author's FCM Option: 1 Year lock in period Banks optional method (ITC): Remaining year Rule 32(2)(b) Slab Based Valuation: Remaining year
23	Insurance Industry (Rural Areas): BC/BF exempt, but not Intermediary
24	Composition Scheme If already registered under 10(2A), can later on start supply of goods. Interest/Discount Income: Exclude everywhere in composition scheme
25	- Composition Levy: Traders will pay 1% of "taxable" supplies in the State/UT - Marginal Services: allowed as per limit; but composition levy to be paid on it. - Some notified goods (ice cream etc.): Manufacturing not allowed, trading permitted. - Filing of Statements w.r.t ITC: 30 days and 60 days time limits
	CHAPTER 3: PLACE OF SUPPLY
26	Structured Thinking: First identify Goods or Services → identify the Recipient → Check Locations → then section
27	10(1)(b)- ICAI Typical Treatment… "on instructions" "delivered"
28	Note: 10(1)(ca) overrides 10(1)(a) and 10(1)(c) Note: 10(1)(ca)- exact address not required, only state name is required.
29	13(3)(a) Exception No. 2 (temporary import..): If no info. w.r.t use of goods post RTP → take assumption and mention it clearly
30	When location of S or R is outside India i.e. sec 13 Hiring of aircrafts and vessels for any period || others (incl yacht) > more than 1 month: ⇨ Apply 13(2), not 13(8) Also note: in 13(8).. service by Bank/FI/NBFC: when R is "account holder", if not → 13(2) ~~13(8)~~
31	***Section 14, 14A of IGST + 24 (CGST) Mandatory Registration*** OIDAR  ✓ S in India: Apply law as usual ✓ S outside India: o R in India is Reg: Import of Service | Tax under RCM by R

	○ R in India is Unreg i.e. he is NTOR: S will pay IGST under FCM (S to take mandatory registration u/s 24) Online Money Gaming (Specified Actionable Claim) S outside India, R in India (reg or unreg. doesn't matter): S will pay IGST under FCM, mandatory registration section 24 applicable for the supplier!
CHAPTER 4: EXEMPTIONS	
32	Meaning of Charitable Activities: Educational Prog/Skill Development- Persons in rural area > 65 years Old Age Home by Gov/Reg Charitable Entities: Res Age ≥ 60 Years | Consideration ≤ 25,000 p.m per mem
33	Renting of precincts of religious places meant for general public [owned or managed by it] → exemption if rents are ≤ ₹ 999 or ₹ 9,999 [no exemption if it touches 1,000 or 10,000]
34	Training/coaching in recreational activities w.r.t arts/culture ~~[SPORTS]:~~ → exempt only when provided by an Individual
35	Paper supplied to an Education Institution – TAXABLE: It's a Good, not service.
36	Security/cleaning/house keeping: exempt only when provided "to schools" and that too "in schools" Entry: Bus fees collected from students, by a College [curriculum recog. by Law]: Exempt
37	- Healthcare can be at home as well. - Air Ambulance = exempt. - REIKI not recognized system of medical care.
38	ERCC GST Exemption ≤ GST by Mining Lease Holder → If more: to be paid by ERCC under RCM Nov'19 Entry in Q1: *Assigned the right to collect royalty on behalf of MH Gov., as ERCC. He has noticed that the mining lease holders have short paid 2,00,000 as IGST from what had been exempted to him under the assignment: He will pay IGST ₹ 2,00,000 under RCM and take ITC*

39	- Construction Services: exemption for Pure Labour ~~commercial~~ - Housing for All/PM Awas Yojana- includes repairs, main, renovation, along with original works - Others: Original works only
40	Non AC Contract Carriage… And Non AC Stage Carriage: if through ECO [9(5)]- Taxable
41	RCS Airport Exemption [Airline – Gov]: for 3 years from commencement of operations at airport
42	Goods Specific Exemption [Entry 20,21] of Transportation: Rail, Vessel or GTA - - - ~~AIR~~
43	Entry 34 benefit [service by acquiring bank, settlement up to ₹ 2,000]  → to Payment Aggregator, not Payment Gateway
44	Micro Life Insurance Product: Maximum cover of Rs. 2,00,000
45	Supply of railway equipments by way of transportation by a vessel from one place in India to another: Taxable since not specifically exempt
46	Entry 3 (pure) & 3A (composite): when provided to CG/SG/UT/LA; not "government authority or entity". Horticulture and Horticulture Works to CPWD: Apply Entry 3 and 3A Entry 3B [Water supply, public health etc]: only when provided "to" Governmental Authority RERA = Governmental Authority [collections = exempt] DMFTs by SG = Governmental Authority
47	If a means of transportation of passengers is given on hire to a GTA: Taxable
48	Services "BY" foreign diplomatic mission = exempt. Not "To".
49	Services by way of storage/warehousing of raw vegetable fibre such as cotton flex, jute etc.: TAX ✓
CHAPTER 5: TIME OF SUPPLY	
50	Revise 13(3) properly: [Do Sep25 Ques]
CHAPTER 6: VALUATION	
51	*See if there is any need to go to Valuation Rules or not. Don't get carried away by the information given.*

52	Municipal Levy; Mandi Tax = Part of Valuation 15(2)(a) → But excluded from "turnover" everywhere else for: Rule 42, ISD
53	Rule 28 [distinct persons/related]: Invoice value = deemed OMV when "R" can take full ITC → this is applicable for both Goods and Services. ↳ Trf. to Distinct Person for distribution as free sample: ITC Blocked The option of 90% of price of like kind and quality goods by recipient to unrelated customer ✓ This option only for goods, not services. ✓ Also, the goods should be supplied "as such" (no processing) by the recipient.
54	28(2) Corporate Guarantee valuation applies only when Recipient is in India 1% - p.a. [if less or more: adjust accordingly] If R eligible for full ITC: Invoice value = deemed OMV
55	Subsidies Mini Summary  - Subsidy by CG/SG: Never in value of supply - Subsidy by Non-Gov; Price Linked- Part of Value of Supply [Section 15(2)(e)] - Subsidy by Non-Gov; Blanket/General - Not part of Value of Supply
56	Agent Valuation Sole Agent: Rule 28, Normal Agent: Rule 29
CHAPTER 7: INPUT TAX CREDIT	
57	E-Invoice without IRN: not a valid document for taking ITC for the Recipient
58	Rule 37- 180 days payment condition NA: ▪ RCM ▪ deemed supplies (Sch I) ▪ 15(2)(b) seller's obligation paid by R
59	Ex-Works contract [Automobile Industry]: Receipt of Goods = when goods handed over to the Transporter
60	Rule 37A: If supplier doesn't file GSTR-3B by 30th Sep following the end of FY in which ITC is availed

61	16(6) – Main condition to check: On the date of cancellation order, 16(4) should not have expired.
62	Take care of inclusions in "exempt" supply for Rule 42 [Q won't ask you specifically for R.42 apportionment]: ▪ Outward RCM supplies ▪ Securities Transaction = 1% of sale value ▪ Land & Building: Circle Rate (on which stamp duty is paid) ▪ Sale of warehoused goods before clearance of HC - Duty Free Shops Value Exclude: Interest Income (but not in case of banking company, NBFC, Financial Inst) ➲ Inclusions: Add in both numerator and denominator ➲ Exclusion [Interest]: Don't include in numerator. Will be a part of denominator
63	Rule 43 | Special Situation: Change of use of capital asset from exclusive use for non-business/exempt to common use ➲ "Tie" = ITC x 5% per quarter
64	Advance of Goods = part of Total Turnover (F) for Rule 42 computation; but no GST to be paid on it yet
65	Optional method of claiming ITC for Banks/FI/NBFC ➲ Use for non-business supplies and blocked credits: No ITC available [as usual] ➲ Balance Credit: Avail 50% net
66	Not a Motor Vehic for 17(5): on fixed rail | SPV in factories | < 4 wheels - engine up to 25 CC
67	17(5)(c)/(d): 3 cases where ITC allowed [all are independent of each other] 1) *Sub-contracting* 2) *P&L Expense, not capitalized* 3) *Eligible P&M*
68	If pipelines laid inside a factory: ITC allowed
69	Section 18 (special credit): ITC w.r.t existing Capital Goods only in 2 cases [S is Reg] → composition to Regular [18(1)(c)] | Supply Exempt to Taxable [18(1)(d)]

	Situation: Person is unregistered as the supply is exempt. Now, exemption withdrawn, due to which liability to register arises: 18(1)(a) ✓ 18(1)(d) ✗
70	Scrap Sale of moulds/dies/jigs/fixtures [section 18(6)]: tax can be paid on the Transaction Value instead of comparing it with ITC – 5%...
71	- Change in constitution of Reg. Person: Specific provision for liabilities transfer is the primary condition for transfer of ITC - Individual heads transfer: Person can decide; just that Total ITC transfer should not be more than allowed i.e. as per the assets transfer ratio w.r.t ITC of that State - Golden Line: for the purpose of apportionment of ITC, the ratio of the value of assets taken as on the "appointed date of demerger" should be applied on the ITC balance of the transferor on the "date of filing Form GST ITC - 02". - Assets Ratio Computation: Can be current or non-current | ITC on them availed or not doesn't matter
72	Capital Goods Reversal: 5%/Qtr or Pro Rata? • 18(1) Existing ITC: 5%/quarter • 18(4) Switch to composition or supply becomes exempt: Pro rata • 29(5) Cancellation: Pro rata • 18(6) Supply of capital goods: 5%/quarter in exam [but pro rata also allowed legally]
73	ISD • Ineligible ITC or if R is unregistered or making exempt supplies? Doesn't matter. Still, distribute! • Same month distribution. If inadvertently skipped- can't distribute later on • ITC on "inputs" given in Ques: ISD concept not applicable. → ISD is w.r.t "input services"; not "inputs"

CHAPTER 8: REGISTRATION	
74	Structured Answer to start in registration threshold Question as per diff states: ☑ Goods [intra exclusive] • MMNT: 10 Lacs • PT MUSA: 20 Lacs • Balance [incl. J&K, Assam, Himachal]: 40 Lacs ☑ Services | Goods + Service • MMNT: 10 Lacs • Others: 20 Lacs
75	Physical Verification of Business Premises: No need of the applicant present there
76	Handmade Goods: some machinery use is allowed [if half-half: not handmade goods]
77	Non-Applicability of Rule 10A relaxation w.r.t furnishing of bank account details: 1. TDS Deductor or 2. TCS Collector or 3. suo-motu registration by PO

CHAPTER 9: TAX INVOICE | DR. CR. NOTES	
78	• SEZ units are exempt from E-invoicing; not SEZ developers • SEZ Unit's turnover shall be taken in Agg T/o to check whether E-Invoicing applicable or not, but if applicable- it won't comply with E-Invoicing, DTA unit shall comply. • Supply to UIN Holders: B2C, not B2B as UIN holders are not Registered Persons: ~~E-Invoicing~~
79	B2C Sale: Online Money Gaming | Taxable service by or through ECO | OIDAR ↳ Name of state of R is mandatory regardless of value [recent circular as well]
80	B2C Services to a Person outside India, POS = India, Forex Payment: Dynamic QR code not mandatory
81	For Exports: E Invoicing; not Dynamic QR
82	E-Invoice QR Code contains: HSN only of main item i.e. highest taxable value
83	- Self-Invoicing is relevant in case of RCM supplies received from an unregistered supplier

	- Payment voucher is relevant for: RCM supplies, S may be registered or unregistered
84	Commercial/financial Cr Note i.e. a credit note without any GST impact.
CHAPTER 10: RECORDS | E-WAY BILL	
85	Accounts of APOB – at APOB only
86	EWB mandatory in 2 Cases irrespective of consignment value: ➢ interstate transfer by Principal to job-worker ➢ interstate transfer of handicraft goods by a person exempt from registration
87	EWB Days Calculation ○ EWB generated on 00:04 on 14 March: first day expiry @ 12 midnight of 15-16 March. ○ EWB generated on 23:58 or 11:58 PM on 14 March: first day expiry @ 12 midnight of 15-16 March.
88	Consignment value > ₹ 50,000 Good transport up to 50 km within the State/UT [Consignor's to Transporter's or from Transporter's to Consignee]: Part A required; but Part B not required
89	Imitation jewelry & de-oiled cake: EWB required LPG for non-domestic taxable category: EWB required Empty cylinders supply: EWB required Movement caused by defence formation: as consignor or consignee – EWB not required Consignor is CG/SG/LA & transport of goods by rail: EWB not required
90	Stock and Tax Details: need not be maintained by a Composition Supplier
91	➢ Unique Enrolment Number: For warehouse owner/operator and transporter: if unregistered ENR-01 ➢ Unique Common Enrolment Number: Transporters registered > one state or UT – for use in EWB system. Cannot use GSTIN thereafter. ➢ TRANSIN- Transporter unregistered- for use in EWB system

CHAPTER 11: PAYMENT OF TAX	
92	Inter head (major/minor) transfer allowed in case of "E-Cash Ledger": not "E-Credit Ledger" → Can be transferred to Distinct Person as well: CGST Balance → IGST/CGST provided no unpaid liability in E-Liab Register
93	GSTR-7 TDS Return: mandatory filing [sequential filing]
94	Output tax as a result of proceedings: Can be paid via ITC
95	Section 50(1) Interest ✍ 3B Filed Late; 74A not invoked: Interest on "Net" tax paid. No Interest on balance lying in E-Cash Ledger since due date of 3B till debit via filing 3B ✍ 3B Filed Late; 74A invoked: Interest on "Gross" tax paid. No Interest on balance lying in E-Cash Ledger since due date of 3B till debit via filing 3B*** ✍ 3B Filed in time; Supply inadvertently missed out, declared later: Interest on "Gross" tax paid w.r.t the missed supply
96	No interest on wrongly "availed" ITC. Interest when ITC is wrongly "availed" and "utilized". When can we say that wrongly availed ITC has been utilized? What Amount? ➲ When E-Credit Ledger balance < wrongly availed ITC [This difference = amount for interest]
97	TDS: See contract value | of Taxable Supply | > 2,50,000 | TDS deduction on payment amount Special Case of no TDS: Location of "S" and POS in Delhi and Location of "R" in say MH ↳ Such point not in TCS registration
CHAPTER 12: TCS	
98	Passenger transport by omnibus: if supplier is a "company": <u>not covered</u> u/s 9(5)- TCS Applies
99	"Specified Premises": In last FY, Declared Tariff of any unit of accommodation > ₹ 7,500 per unit per day *Voluntary Declaration [Amendment via revised corrigendum]* • *Existing Registration: file a declaration b/w 1st Jan – 31st March of preceding FY* • *New Registration: file a declaration within 15 days of obtaining acknowledgement of Reg.*

101	Composition Supplier: Goods through ECO: Allowed, subject to conditions – TCS ☑ GSTR 8 ☑
101	9(5) Accommodation and house keeping: …… "except" when S liable to register u/s 22
CHAPTER 13: RETURNS	
102	GSTR-1A: after filing GSTR-1; before filing 3B | Can't revise earlier period's data
103	IFF not mandatory. Relevant for the first 2 months of a quarter for QRMP. Limit = 50 Lacs supplies pm
104	If a person not required to file GSTR-3B i.e. sec. 39(1); he is not required to file GSTR-10 (final return) ~~ISD, NRTP, Composition, TDS/TCS, OIDAR Supplier from NTT to NTOR~~
105	GSTR-5A: also contains details of OIDAR from NTT to a registered person
106	QRMP Exercise/opt out time frame: 1st of second month of preceding quarter till last day of first month of the relevant quarter Eg: Oct-Dec: 1st August till 31st Oct
107	In Annual Return Question: Don' forget to mention about exemption for department of CG/SG or a local authority, whose books are subject to audit by CAG of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force. Exemption from Annual Return for a year [24-25 onwards]: if ATO ≤ ₹ 2 crores
CHAPTER 14: IMPORT EXPORT UNDER GST	
108	Merchant Export [0.1% concessional rate] - Mandatory LUT/Bond route: Can't export on payment of IGST - Export within 90 days from the date of issue of tax invoice
109	SEZ Developer or Unit in the transaction: Always a Inter State Supply ☑ Holding and Subsidiary: Export of Service possible ☑ HO and Branch: not 2 separate entities, hence export of service not possible ✗ "Establishment" (in or outside India): See if "incorporated" under the local laws. If yes, export of service possible ☑

110	Mohit Minerals Case Law: No separate GST on ocean freight under RCM basis in case of goods import [mention in 14M Ques. 1 w.r.t import of goods transaction]
	CHAPTER 15: REFUNDS
111	Adjusted Total Turnover in Rule 89(4)/(5): Don't include exempt turnover unless it's zero rated
112	E Credit Ledger Refund Claim Rejected – Recredit in E Credit Ledger? ➲ IGST paid → Refund filed → Rejected: No recredit in E Credit Ledger as no debit of E. Cr. Ledger i.e. Rule 89(4) NA ➲ LUT/Bond option → Refund filed → Rejected: Recredit YES as E Credit Ledger was debited earlier while filing refund application
113	If a good is notified for non-eligibility of refund under Rule 89(5) but its exported: Refund Eligible under Rule 89(4)
114	"Net ITC" in 89(4) = Inputs and Services | in 89(5) = only Inputs
115	Minimum refund claim (each head) = ₹ 1,000 [NA for cash ledger]
116	CSD- Refund: 50% of GST paid on "Inputs"
117	*Advance Received → Invoice Issued → GST Paid → Supply cancelled*: Adjustment via Cr Note is the first priority (w.r.t goods + services); if no output liab to adjust against, go for refund *Advance Received → GST Paid → Supply cancelled [applicable only for services]*: Go for refund application under the reason of "excess payment of tax, if any"
	CHAPTER 16: JOB WORK
118	Opening line: Meaning of job work and that it's considered a supply of service
119	✓ 1 year/3 years time limits for return of Goods: from date of sending out the goods to JW ✓ If not: deemed supply when goods were sent out ✓ In case of direct sending to a JW by supplier of the Principal: Time limits to be counted from date of receipt by the JW
	CHAPTER 17: ASSESSMENT AND AUDIT
120	In section 64 (Summary Assessment): in case of goods ~~services:~~ Mention this in the Answer If unable to ascertain the taxable person, the PIC of goods shall be assessed to tax

121	• Two cases of withdrawal of assessment order passed by PO: 62 and 64 • Also Note: in section 62 (best judgement) if return u/s 39 or 45 not filed… But in sec. 45 final return – only 39(1) is referred to i.e. GSTR 3B
122	Section 66 (Special Audit) ☑ *Special Audit never a first step itself- but rather during any stage of scrutiny, inquiry etc.* ☑ *Reason for special audit: Value not correct or ITC not in normal limits*
CHAPTER 18: INSPECTION | SEARCH | SEIZURE | ARREST	
123	Approvals: Except arrest, all approvals are by JC or above Tip: Do learn the specific reasons for Inspection, Search and Liable for confiscation
CHAPTER 19: DEMANDS AND RECOVERY	
124	74A demand - only if there is a "supply"- and corresponding "tax"; otherwise Sec 122.
125	Non-payment of self-assessed tax | Non-Payment of amount collected as representing tax Penalty mandatory in above 2 cases, if GST not paid within 30 days of due date [no waivers at all]: but provided SCN is issued i.e. demand proceedings invoked Adjudication order pursuant to directions by AA/Tribunal/Court: within 2 years from communication of the said direction
126	Section 76: Tax collected but not deposited ✓ No time limit for issue of SCN; Order <u>within 1 year</u> of SCN ✓ Interest @ 18% p.a. from date of collection
127	Monthly installments [max. 24] not allowed for self-assessed tax or where Amount < ₹ 25,000
CHAPTER 21: OFFENCES AND PENALTIES	
128	No penalty for "minor" breach i.e. amount of tax involved is < ₹ 5,000
129	Arrest: With sanction of Commissioner >1 crore, ≤ 2 crores limit: Only for 1 offence: Invoice without Supply [132(1)(b)] Balance offences: > 2 crore limit
130	Cognizable Offence: SAIF > 5 crores

131	132(1)(b): No compounding
132	Compounding of offence: Commissioner can | before or after institution of prosecution
CHAPTER 22: APPEALS AND REVISIONS	
133	Who will be AA? ✓ Order by Add. C/JC = Commissioner (Appeals) ✓ Order by Deputy/Assistant C or Superintendent = Not below JC (Appeals)
134	Section 108 (RA): Record = "available at the time of examination by RA" Who will be RA? ✓ Order by Add. C/JC = Principal Commissioner/Commissioner ✓ Order by Deputy/Assistant C or Superintendent = Additional/Joint Commissioner
135	AA cannot refer the case back to the Adjudicating Authority. Tribunal can.
136	<u>Revision u/s 108</u> ✍ An order can be revised only once. ✍ Revision order can't be revised. ✍ Section 121 [4 orders]: No Appeal | No Revision
137	Partial Integration confirmed in RA: RA can pass an order on point not raised and decided in an appeal before AA/Tribunal/HC/SC: before <u>later</u> of • 1 year from date of order of appeal • 3 years from date of initial order
138	Single Member Bench in Tribunal: ☑ amount involved ≤ ₹ 50 Lacs [cumulative] ☑ doesn't involved a Q of law i.e. involves a Q of Fact ☑ President Approval
139	Appellate Tribunal = final fact finding authority
140	Interest on Pre-Deposit Refund: 9% pa from date of payment till the refund [no int on admitted liability since it won't be refunded]
141	Appeal to HC: against orders of State Bench of Tribunal + substantial ques. of law

142	Appeal to SC: against order of HC or Principal Bench of Tribunal + substantial ques. of law Matter involves POS (with/without other issues): Appeal against order of Tribunal → to SC
143	<u>Pre Deposit Limits</u> AA: Admitted liability + 10% of CGST in dispute subject to ₹ 20 crores AT (in addition to what paid to AA): Admitted liability + 10% of CGST in dispute subject to ₹ 20 crores ➲ IGST: Max Amount under AA and AT = ₹ 40 crores If it's a penalty order: 10% (AA) + 10% (Tribunal)
144	Section 120: Department Appeal- Monetary Limits • AT = 20 Lacs | HC = 1 crore | SC = 2 crores • Check what's included in AI ➢ If Tax with or without penalty/interest: Consider only the tax amount ➢ Limits NA in some cases: among other cases includes- PCRV [POS, Classification, Refund, Valuation] ➢ In case of composite orders (>1 appeal, demand notice): Apply limit on total amount of TIP/late fee, not individual appeal or demand notice
CHAPTER 23: ADVANCE RULING	
145	To obtain advance ruling: person may be registered or desirous to be registered
146	AAR Minimum Rank: JC
Part II: Customs	
CHAPTER 1: LEVY AND EXEMPTIONS & DEFINITIONS	
147	Constitution Power to charge customs duty: Entry 83 Union List
148	Goods exported for repairs aboard and re-imported: Concession on import duty → No duty on cost of goods, but only on [fair cost of repairs + materials + insurance & freight (both ways)]: This is when the same goods are coming back, not any replacement.

149	<u>IGCR</u>: ➢ Report quarterly ➢ To Job Worker: max 1 Year ➢ Re-export of unutilized/defective goods: period as per notification. If not mentioned- 1 year from import
150	<u>Periods Covered</u> Section 13: After unloading and before PO's order for home consumption or deposit in warehouse Section 23 (Lost/Destroyed): Anytime before clearance of home consumption [covers warehoused goods] Section 23 (Abandon): before PO's order for home consumption or deposit in warehouse
151	Section 22 "deteriorated" – only 1 case is covered i.e. when before or during unloading "Damage" after examination u/s 17: not covered
152	Minimum Customs Duty Payable: ₹ 101 | Minimum Customs Refund: ₹ 100
153	• "Indian Customs Waters"- up to EEZ • Maximum Depth of Sea Water in Continental Shelf: 200 metres • "Stores" definition - not for vehicles
CHAPTER 2: TYPES OF DUTIES	
154	- Safeguard duty (section 8B) possible on PROVISIONSL BASIS: For maximum 200 days - No Safeguard duty if from developing country with share ≤ 3% of total imports; and if from more than 1 developing country: Individual < 3% and total ≤ 9% of total imports
155	CVD (subsidized) & anti-dumping duty: Retrospective impact of max. 90 days from notification
156	Calculation of Anti-Dumping Duty: Lower of Dumping v Injury Dumping = Normal Value – Export Price || Injury = NIP – Landed Value
157	Anti Circumvention Measure [Subsidy, Anti Dumping]: Not earlier than the date of initiation of inquiry

158	<u>Section 8, 8A (Emergency Powers)</u>- 2 Differences ⇨ 8A- Import Duty: Goods should be specified in first schedule unlike for export duty ⇨ 8A- Import Duty: Earlier notification under 8A should be placed before Parliament and passed with or without modification.
159	3(8A): Computation of Value of Warehoused Goods… comparison of AV v Last Sale Transaction: → That's only for IGST calculation, not BCD!!
CHAPTER 3 CLASSIFICATION	
160	<u>Project Imports</u> • Limit of spare parts, raw material, consumable stores: ≤ 10% of value of goods • Individual item exemption (if any) shall apply (Ruled by SC)
CHAPTER 4 VALUATION	
161	BCD Rate [Home Consumption]: Later of ✓ Presentation of BOE ✓ Arrival (vehicle/aircraft)/Entry Inwards (vessel) BCD Rate [Warehousing]: date on which BOE is presented for home consumption
162	Rate of Exchange: of CBIC ❑ Home Consumption: of BOE date, even if filed in advance ❑ Warehousing: of BOE date – Into Bond
163	Buying Commission is to be excluded always If not mentioned explicitly: → Commission paid to local agent in India = Includible [it will not be considered a buying commission]
164	Engineering, Development, Art Work, Design: Add if undertaken outside India and necessary for the goods Cost of packing (labor or material); cost of container: Don't see condition for sale or not
165	If Air Transport: check 20% limit

	Also note that 20% covers: transport; loading; unloading; handling charges w.r.t delivery at import place
166	Rule 4 [Identical goods]: if more than 1 available- take the lowest one
167	Rule 7 [Deductive Value]: Unit price to be taken of imported identical/similar goods sold in "greatest aggregate quantity" to unrelated buyers in India
168	Valuation Points to be Noted ➲ Ship Demurrage = Include [deemed to be included in 20%..] ➲ Demurrage charges for delay in goods clearance from airport = exclude ➲ Lighterage Charge = Include [deemed to be included in 20%..] ➲ Transhipment related Cost = Exclude ➲ Payment for Right to Distribute/Resell imported goods: If not a condition for sale- Don't ADD Calculation Note: If actual not given, we have to compute insurance cost i.e. 1.125% of Adj FOB- don't include lighterage and ship demurrage cost in the Adj. FOB
169	Materials and components supplied by buyer free of cost: Include
CHAPTER 5: IMPORT EXPORT PROCEDURE	
170	Recent Amendment Alert ❗ ❗ - Baggage Duty Rate: 35% - Firearms and cartridges > 50: 70% - Balance: respective rates as per CTA
171	Import Report [vehicles] within 12 hrs of arrival | IGM (vessel/aircraft)- prior to arrival
172	BOE Time Limit: - *Before end of the day (including holiday) preceding the day of arrival* - *Board may prescribe different time limits: Not later than end of day of arrival of conveyance* - *Advance Filing: Possible, but not exceeding 30 days prior to expected arrival of conveyance*
173	Provisional Assessment: if less payment- interest payable from first day of the month of provisional assessment till the payment date.

	If amount to be refunded: Interest if amount not refunded within 3 months $\boxed{\text{from}}$ final assessment
174	Deferred Payment of Duty: Not to everyone 1. Importers certified under AEO- Tier Two or Tier Three 2. Authorized Public Undertaking
175	Laptop Computer: Adult (not crew) – Only Age condition
176	Annexure 1 covers exceeding the limit items ➢ Till Limits specified = covered under Baggage and eligible for GFA limits i.e. Rule 3, 4 Domestic Refrigerator of Capacity ≤ 300 Litre: in Annexure III i.e. allowed under Rule 6 Transfer of Residence
177	Infant (up to 2 years of age) = only used personal effects allowed – that too if infant is travelling
178	Anyone coming from Nepal/Bhutan/Myanmar by Land: only used personal effects allowed
179	Jewelry Allowance: only if stayed aboard > 1 year [Jewelry is not personal effects]
180	Section 48 | Disposal of Goods not cleared → Here, post auction, BOE is filed by the $\boxed{\text{concerned custodian}}$, not the buyer or importer.
181	Supply as Stores Duty paid imported goods exported within 2 years: Drawback ✓ ✍ *Fuel/lubricants on Foreign Going Aircraft*: Drawback of whole duty instead of 98% ✍ *Ship stores to Indian Naval Vessel*: Drawback of whole duty instead of 98%
182	Basic Import Flow: IGM > Entry Inwards Grant (Vessel) > Unloading > BOE > Assessment > Duty Payment Basic Export Flow: Shipping Bill/BOE > Ensure not prohibited & duty paid > Clearance & Loading Order > Loading > PO delivers EGM/Ex Report to PO > PO's order to leave
	CHAPTER 6: WAREHOUSING
183	Warehousing period (where no manufacturing) = 1 year from order of permission of warehousing;

	But interest starts from 91st Day from the date of order of PO permitting deposit.
184	Manufacturing in Warehouse (section 65): Not in Public Bonded Warehouse
CHAPTER 7: REFUND	
185	Interest only on "duty" portion; not w.r.t "deposits"
186	Section 26, 26A: ➢ Time limit for refund application: 6 months, not 1 year

BONUS POINTS

☑ Company supplies goods on delivery challan on approval for sale or return basis on 01.03.2024 with option of returning within 60 days. The other party signified approval on 15.05.2024.

⇨ TOS = 30 April 2024

☑ If Intra Supply – in state other than of the Recipient: Recipient can't take ITC

Example: Immovable property related service in Mumbai; Recipient was of Delhi; CGST and MH SGST charged;

→ Delhi Recipient can't take ITC

Example: Goods purchased "as is where is" condition from other state

☑ Brother/Sister (earning): won't be a Family; as they are not wholly or mainly dependent on the person.

⇨ Any transaction with them: Transaction Value shall be taken. No need to apply any valuation rule

☑ Intentional Lot v Unintentional Lot *[not legal terms]*

↳ Intentional Lot: ITC on receipt of last lot

↳ Unintentional Lot Example: Tax Period = June. Out of goods worth ₹ 1,00,000, ₹ 20,000 worth received on 2nd July. So, only w.r.t ₹ 20,000 purchase- ITC in July. Balance ₹ 80,000- ITC in June.

☑ Check if asking for Total CGST + SGST or only CGST [especially in MCQs]

☑ Governmental Authority or Government Entity: Ch 4 Exemptions: Min. 90% equity /control by Gov

Authority/Board/Body: 51(1)(d) notified person- Min. 51% equity/control by Gov

☑ Know the meanings of "ex factory" "FOR"

☑ "Service Apartments at a daily rent" Renting [Nov'20 Exam]: Entry 12 NA, basis the view that such renting is for a longer duration and does not cover in its ambit renting for a day!

☑ Consequences for non issuance of EWB:

1. Penalty of 10,000 or tax sought to be evaded: Higher
2. Detention seizure – goods and conveyance
3. Confiscation - goods and conveyance

☑ Ques: Would period of limitation for claiming refund apply to refund of amount paid on account of duty paid twice under mistake? Case of *Parimal Ray*: Limitation under customs is applicable to duty or interest paid under the Act. However, sum paid to exchequer by mistake is not the duty or excess duty but is simply money paid to the account of Gov. Hence, 1 year limitation NA.

☑ Purchase of 10 apple i-pads which were given as gift to employees: ITC block

Hope you learned something new! :)

Best wishes,

Siddhesh