2017

FAQ's on GST

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A Compilation of 101 FAQ's on GST

Sources : GSTN, CBEC, ET, CNBC, Twitter handle, Bloomberg, ICAI Publications & other sources.

Query No.	Query	Reply
1	Which are the commodities kept outside the purview of GST	Alcohol for human consumption, Petroleum Products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas, Aviation turbine fuel (ATF) & Electricity.
2	Which authority will levy and administer GST?	Centre will levy and administer CGST & IGST while respective states will levy and administer SGST.
3	Who will decide rates for levy of GST?	The CGST and SGST would be levied at rates to be jointly decided by the Centre and States. The rates would be notified on the recommendations of the GST Council.
4	Who can notify a transaction to be supply of goods and/or services?	Central Government or State Government on the recommendation of the GST Council can notify a transaction to be the supply of goods and/or services .
5	Can a person without GST registration claim ITC and collect tax?	No. A person without GST registration can neither collect GST from his customers nor claim any input tax credit of GST paid by him.
6	Whether supplies made without consideration will also come within the purview of Supply under GST?	Yes only those cases which are specified under Schedule I of GST Act 2017.
7	What is the taxable event under GST?	Supply of goods and/or services. CGST & SGST will be levied on intra-state supplies while IGST will be levied on inter-state supplies. The charging section is section 7 (1) of CGST/SGST Act and Section 4(1) of the IGST Act.
8	How will Exports be treated under GST?	Exports will be treated as zero rated supplies. No tax will be payable on exports of goods or services, however credit of input tax credit will be available and same will be available as refund to the exporters.
9	What is aggregate turnover?	As per section 2 (6) of the CGST Act, aggregate turnover includes the aggregate value of: (i) all taxable and non-taxable supplies, (ii) exempt supplies, and (iii) exports of goods and/or service of a person having the same PAN. It shall be computed o all India basis. Aggregate turnover does not include value of supplies on which tax is levied on reverse charge basis, and value of inward supplies.
10	What is Composite supply ?	"Composite supply" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are

		naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply
11	How tax liability on composite supply to be calculated ?	In case of composite supply, the rate of principal item shall be applicable Sec 8(a).
12	What is mixed supply ?	"Mixed supply" means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price. For e.g a pack consist of variety of dry fruits, combo pizza (pizza with Coke…)
13	How tax liability on mixed supply to be calculated ?	In case of mixed supply, item which attract highest rate shall be applicable Sec 8(b).
14	What is the time limit for taking a Registration under GST Law?	Within thirty days from the date on which he becomes liable to registration
15	Is the reverse charge mechanism applicable only to services?	No, reverse charge applies to supplies of both goods and services.
16	What will be the implications in case of purchase of goods from unregistered dealers?	The receiver of goods will not be able to get Input Tax Credit (ITC). The registered dealer will be liable to pay GST under RCM.
17	Is an advocate providing interstate supply chargeable under Reverse Charge liable for registration?	No, Exemption from registration has been provided to such suppliers who are making only those supplies on which recipient is liable to discharge GST under RCM.
18	When is registration in other state required? Will giving service from Nasik to other state require registration in other state?	If services are being provided from Nasik then registration is required to be taken only in Maharashtra and IGST to be paid on inter-state supplies.
19	Not liable to tax as mentioned u/s 23 of CGST means Nil rated supply or abated value of supply?	Not liable to tax means supplies which is not leviable to tax under the CGST/SGST/IGST Act. Please refer to definition under Section 2(78) of the CGST Act.
20	Whether a separate GSTIN would be allotted to a registered person for deducting TDS u/s 51 (he has PAN and TAN as well)?	Separate registration as tax deductor is required. Ref Sec 24 (vi) CGST Act.
21	What is the time limit for cancellation of registration by the taxpayers who were provisionally migrated by virtue of being registered under the existing laws, but who are no longer required to be registered under GST.	Cancellation of registration is being extended up to 30th September, 2017.
22	Is separate registration required for trading and manufacturing by same entity in one state?	There will be only one registration per state for all activities. However having multiple business vertical in a state may be granted separate registration for each business vertical subject to certain conditions.

23	If a company in Maharashtra holds only one event in Delhi, will they have to register in Delhi? Will paying IGST from Maharashtra suffice?	Only if the company provide any supply from Delhi then need to take registration in Delhi. Else, registration at Mumbai is sufficient (and pay IGST on supplies made from Mumbai to Delhi)
24	Suppose I am in composition scheme in GST. If I purchase goods from unregistered person, then GST will be paid to Government by me or not?	The recipients who are registered under composition schemes would be liable to pay tax under reverse charge
25	What is Composition levy under GST ?	The composition levy is an alternative method of levy of tax designed for small tax payers whose turnover is up to Rs.75 lakhs (Rs.50 lakhs for North Eastern states & HP). The objective is to bring simplicity & reduce compliance cost.
26	Who are the person not eligible for Composition Scheme ?	A Causal taxable person, suppliers whose aggregate turnover exceeds Rs.75 lakhs/50 lakhs as the case may be, supplier of service other than restaurant service, person making inter state outward supply, suppliers making supply of goods through electronics commerce operator & manufacturer of specified goods such as Ice cream, Pan Masala, Tobacco .
27	How will the aggregate turnover be computed for the purpose of composition?	*Aggregate turnover will be computed on the basis of turnover on an all India basis and will include value of all taxable supplies, exempt supplies and exports made by all persons with same PAN, but would exclude inward supplies under reverse charge*
28	Whether the composition scheme will be optional or compulsory?	It is optional.
29	In case a person has registration in multiple states, can he opt for payment of tax under composition levy only in one state and not in other state ?	No, the option to pay tax under composition scheme will have to be exercised for all states.
30	When will a person opting for composition levy pay tax?	A person opting for composition levy will have to pay tax on quarterly basis before 18th of the month succeeding the quarter during which the supplies were made
31	Can a person who has opted to pay tax under the composition scheme avail Input Tax Credit on his inward supplies?	No. A taxable person opting to pay tax under the composition scheme is out of the credit chain.
32	Can a person opting for composition scheme purchase goods from Inter state suppliers.	Yes, there are no restriction on procuring goods from Inter state suppliers
33	Which goods are outside Composition scheme.	The manufacturer of Ice cream, pan Masala & Tobacco cannot opt composition scheme.

34	Which services are covered Composition scheme.	Only restaurant service is covered under composition scheme.
35	Can a person paying tax under the composition scheme issue a tax invoice under GST	No. He can issue a bill of supply in lieu of tax invoice
36	A person registered under existing law (Central Excise/Service Tax/VAT) and who has been granted registration on a provisional basis wants to opt for composition scheme. How and when can he do that?	Such a person has to electronically file a duly signed/verified intimation in FORM GST CMP-01, on the common portal, prior to 16th Aug, 2017 .
37	Can a person paying tax under composition levy, withdraw voluntarily from the scheme? If so, how?	Yes. The registered person who intends to withdraw from the composition scheme can file a duly signed or verified application in FORM GST CMP-04.
38	Can a person paying tax under composition scheme make supplies of goods to SEZ?	No. Supplies to SEZ from domestic tariff area will be treated as inter-State supply
39	What are the penal consequences if a person opts for the composition scheme in violation of the conditions?	If a taxable person has paid tax under the composition scheme though he was not eligible for the scheme then the person would be liable to penalty and the provisions of section 73 or 74 shall be applicable for determination of tax and penalty.
40	What duties will be levied on import of goods?	Customs duty and cess as applicable + IGST+ GST compensation cess. IGST and GST compensation cess shall be paid after adding all customs duty and customs cess to the value of imports.
41	Is SGST of Rajasthan charged by supplier on purchase from Rajasthan can be utilize for payment of SGST in Madhya Pradesh?	SGST of one state cannot be utilized for discharging of output tax liability of another State.
42	How one can use SGST credit for the payment of IGST on another state?	SGST Credit can be used for payment of IGST liability under the same GSTIN only.
43	Can one state CGST be used to pay another state CGST?	The CGST and SGST Credit for a State can be utilized for payment of their respective CGST/SGST liabilities within that state for the same GSTIN only.
44	How will the credit/debit note from unregistered supplier be reported to GSTN and ITC claimed in the same?	Like invoice, credit/debit notes on behalf of unregistered person will be given by registered person only. Further, GSTR2 provides for reporting of same by the recipient.
45	A shop sells taxable & exempt products to the same person (B2C), is it required to issue tax invoice and bill of supply separately?	In such a case the person can issue one tax invoice for the taxable invoice and also declare exempted supply in the same invoice.

46	All expenses like freight/transport/ packing which are charged in Sales Invoice are taxable in GST? How to charge in bill?	All expenses will have to be included in the value and invoice needs to be issued accordingly. Please refer to Section 15 of CGST Act and Invoice Rules.
47	Can we move construction material to builders on delivery challan and issue tax invoice post completion of activity?	If the goods are meant to be supplied in the course of construction an invoice is necessary. If the goods are tools which are to be used for construction then delivery challan should be issued.
48	How to treat following transaction in GST (i) Delivered supply shortages in Transit. (ii) Customer gets less quantity and pays less.	The supplier may issue credit note to the customers and adjust his liability.
49	Should we issue Self Invoice for GST liability discharge on RCM or GST can be discharge through expenses booking voucher?	For RCM liabilities tax invoice has to be issued on self.
50	Do registered dealers have to upload sale details of unregistered dealers also in GST?	Generally not. But required in case of inter-state supplies having invoice value of more than Rs 2.50 lakh.
51	How to incorporate two supplies in return for Pharma with same HSN code of four digits but having different tax rates?	Returns provide for furnishing rate wise details.
52	Should we discharge GST liability for all reverse charge having small amounts of transaction or any amount limit is there?	Total purchase of Rs. 5000/- per day in respect of supplies received from all unregistered persons by a registered dealer against one GSTIN is exempted from levy of GST.
53	What is treatment of promotional item given free to end consumers by FMCG companies?	Tax will be charged only on the total consideration charged for such supply
54	Under supply from unregistered dealer the purchaser have to pay GST on RCM basis. So whether stipend paid to intern will also come under RCM?	Stipend paid to interns will be employer-employee transactions. Hence, not liable for GST.
55	Whether GST will be leviable in case of returnable packing material like drums supplied with finished goods?	GST will be levied on the value charged for the supply only.
56	How will disposal of scrap be treated in GST?	If the disposal is in the course or furtherance of business purposes, it will be considered as a supply.
57	Will professional tax will be after implementation of GST?	Professional tax is not a tax on supply of goods or services but on being in a profession. Professional tax not subsumed in GST.
58	Employer provides bus service, meal coupon, telephone at residence, gives vehicle for official and personal use, uniform and shoes, any GST?	Where the value of such supplies is in the nature of gifts, no GST will apply till value of such gifts exceeds Rs. 50000/-in a financial year.
59	The definition of composite supply and	Section 2(30) defines what will be considered as

	the description of same under Section 8 differ. Please explain consequences.	a composite supply. Whereas, Section 8 provides that in case of a composite supply, the treatment for tax rate etc. will be that of principal supply.
60	Some service was provided on 28.06.2017 but invoice will be raised on 05.07.2017. Whether we have to charge Service Tax or GST?	If Point of Taxation arises after appointed date, then GST will be chargeable on such supply.
61	What is the GST rate for accommodation in Five Star hotel ?	The GST rate depends upon room tariff not on star rating of Hotel. For e.g room tariff of below Rs.7500/- in a star hotel will attract GST rate of 18%
62	Whether service provided by educational institute to student, faculties and staff such as lodging/ boarding in hostel, bus service etc are taxable under GST ?	No, it is out side the ambit of GST, subject to educational institution as defined in press release dated 13th July 2017.
63	Whether stipend paid to apprentices under Apprentices Act taxable under GST ?	No, It is paid under contractual appointment, so employer, employee relation exist which is exempted under GST.
64	Whether GST applicable on Bond Money/Notice pay ? if so, Plz mention SAC code & GST rate ?	Yes , taxable, SAC Code 999793, GST 18%
65	Whether Fine/Penalty recovered/levied for non performance of contract taxable under ? if so, Plz mention SAC code & GST rate ?	Yes , taxable, SAC Code 999794, GST 18%
66	A person is currently registered under Service tax but his annual turnover during F.Y 2016-17 was below Rs.20 lakhs. Is he required to registered under GST ?	Yes, it is mandatory to obtain registration under GST for every person who is registered under any existing law. However he may apply for cancellation of registration prior to 30th Sept 2017.
67	Whether training provided for arts, culture, sports taxable under GST ?	It is exempted, if provided by entities registered under section 12AA of Income tax Act, 1961
68	Whether a Works contractor having turnover of less than Rs.75 lakhs opt for Composition scheme.	Works contract is a service as mentioned in Schedule II of CGST Act 2017.As such works contractor can not opt composition scheme.(Only restaurant service is covered under composition scheme)
69	What is tax treatment of Security service provided by CISF under GST ?	Security service provided by Govt is covered under RCM.As such the recipient is liable to discharge GST liability under RCM.
70	Whether TDS to be deducted from Gross value charge by a service provider including GST.	No. TDS under IT Act 1961, to be deducted excluding GST. This has been clarified by CBDT vide Cir No.23/2017 dt.19.07.2017.

71	What are the service covered under RCM in GST ?	**Following service are covered under RCM** : 1) GTA 2) Legal Service 3) Tribunal services 4) Service provided by Central/State Govt/ local Authority (Except Rent/Postal service/Aircraft /vessel/transport of goods/passenger) 5) Service provided by insurance agent to insurance business 6) Service provided by recovery agent to bank/other 7) service provided by Author/Music composer/artist/ photo grapher
72	What are the Goods covered under RCM in GST ?	Cashew nut, biddi wrapper, tobacco leaves, Silk yarn, supply of lottery.
73	Whether GST applicable on contract which was awarded in pre-GST regime but either partly completed/yet to be completed (Long term contract)	Section 142(10) of the Central Goods and Service Tax Act, 2017 provides that the goods and/or services supplied on or after the appointed day in pursuance of a contract entered into prior to the appointed day shall be liable to tax under the provisions of this Act.
74	A taxable person's business is in many states. All supplies are below 10 Lakhs. He makes an Inter State supply from one state. Is he liable for registration?	He is liable to register if the aggregate turnover (all India) is more than 20 lacs or if he is engaged in inter-State supplies.
75	Whether civil contractor doing projects in various states requires separate registration for all states or a single registration at state of head office will suffice?	A supplier of service will have to register at the location from where he is supplying services
76	When goods are being imported from SEZ who will pay IGST?	Such supply is treated as import and present procedure of payment of duty continues with the variation that IGST is levied in place of CVD
77	Is it required to distinguish whether a particular supply involves supply of goods or services or both?	Yes. The CGST Act, 2017 specifies certain provisions separately for supply of goods and supply of services viz., Section 12 and Section 13 provides for ascertaining time of supply of goods and time of supply of services respectively.
78	Whether supply of goods or services without consideration is liable to tax?	The activities enumerated in Schedule I of CGST Act will qualify as supply even if made without consideration. Accordingly, such supplies in the absence of consideration are liable to tax.
79	Whether transfer of goods to another branch located outside the State is taxable?	In terms of Section 25(4) of the CGST Act, 2017, every person is required to obtain separate registration for every branch located in different states or UT and shall be treated as distinct persons. Accordingly, the supply of goods (stock transfers) to a branch located outside the State would qualify as supply liable to tax in terms of Cl.2 to Schedule I of CGST Act

80	Whether supply of goods by principal to his agent or by agent to his principal is taxable in the absence of consideration?	**In terms of Section 7 read with Schedule I, following would qualify as supply :** 1. Supply of goods by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or 2. Supply of goods by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal
81	What are the taxes that are levied on an intra-State supply?	In terms of Section 9 of the CGST Act, 2017, intra-State supplies are liable to CGST & SGST. In terms of Section 7 of UTGST Act, 2017, intra-State supplies effected by a taxable person located in Union Territory (within the Union Territory) will be liable to CGST & UTGST.
82	Whether Council has powers to grant exemption from payment of taxes?	No. The power to grant exemption is vested with the Government. In other words, the Government by notification on the recommendations of the council may grant exemption from tax subject to such conditions as may be notified..
83	How are the provisions relating to ‘time of supply’ relevant under GST Law?	The provisions relating to time of supply of goods / services are relevant in ascertaining the time to remit the taxes on a particular transaction involving supply of goods / services under the GST Law. The CGST Act, 2017 provides separate provisions for time of supply of goods and services viz., Section 12 for time of supply of goods and Section 13 for time of supply of services.
84	What will be the time of supply where multiple invoices are issued for a single consignment involving supply of goods?	The time of supply of goods shall be the date of issuance of invoice; or due date for issuance of invoice or receipt of payment by the supplier, whichever is earlier. In the event, the supplier has not received the payment in case of multiple invoices issued for a single consignment of supply, the time of supply shall be earlier of date of issuance of invoice; or due date for issuance of invoice.
85	What is Time of supply in case of Composite supply ?	Section 8(a) provides that the composite supply whether involves supply of goods or services shall be decided based on the principal supply forming part of ‘composite supply’. In other words, if the composite supply involves supply of services as principal supply, such composite supply would qualify as supply of services and accordingly the provisions relating to time of supply of services would be applicable. Alternatively, if composite supply involves

		supply of goods as principal supply, such composite supply would qualify as supply of goods and accordingly, the provisions relating to time of supply of services would be applicable.
86	What is Time of supply in case of addition in value by way of interest, late fee or penalty?	In terms of Section 12(6) of the CGST Act, 2017 the date on which the supplier receives interest, penalty or late fee which forms part of value will be the time of supply.
87	How to ascertain the time of supply of services?	In terms of Section 13, the time of supply of services shall be the earliest of the following: (a) Date of issue of invoice; or (b) Due date of issue of invoice under Section 31; or (c) Date when the payment entry in relation to supply of services is recorded in books of accounts; or (d) Date on which the payment is credited to suppliers bank account
88	What is time of supply with respect to escalation in price after the issuance of invoice ? (Eg: Invoice is issued for Rs. 5,000 on June 22, 2017 by the supplier. Subsequently, due to variation in price the recipient pays scenario 1: Rs. 5,500/- and scenario 2: 8,000/-)?	In terms of the proviso to Section 13(2)(b) of the CGST Act, 2017 the time of supply with respect to the amount received in excess up to Rs. 1,000/- of the amount indicated in tax invoice, the time of supply shall be the date of issue of invoice. Where the amount received exceeds Rs. 1,000/-, the time of supply of services shall be the earliest of the following (in case where the invoice is already issued): (a) Date on which debit note is issued; or (b) Date on which payment is entered in books of accounts of the supplier; or (c) Date on which payment is credited to the bank account
89	Whether the advance received prior to provision of service is liable to tax under GST Law?	In terms of Section 13 of the CGST Act, 2017 the time of supply of services refers to the date on which payment is received by the supplier. Accordingly, the service provider should remit the applicable taxes on such advances in the month in which the money is received in advance even though the services are not supplied / provided
90	What would be the time of supply of services taxable under reverse charge mechanism?	In terms of Section 13(3) of the CGST Act, 2017, the time of supply of services for remittance of tax under reverse charge mechanism shall be the earliest of the following: (a) Date of payment recorded in the books of accounts; (b) Date of debit in bank account; (c) Sixty days from the date of issue of invoice

		or any other document by the supplier; or (d) Date of entry in the books of accounts of the recipient.
91	What does associated enterprises referred to in Section 13(3) of the CGST Act, 2017 mean?	In terms of Section 2(12), the ‘associated enterprises’ shall have the meaning assigned to it in Section 92A of the Income Tax Act, 1961.
92	What would be the time of supply in case of works contract?	In terms of clause 6(a) of schedule II, the works contract in relation to immovable property under the GST regime should be treated as supply of service. Accordingly, in terms of Section 13, the time of supply of services shall be the earliest of the following: (a) Date of issue of invoice; or (b) Due date of issue of invoice under Section 31; or (c) Date when the payment entry in relation to supply of services is recorded in books of accounts; or (d) Date on which the payment is credited to suppliers bank account
93	What is continuous supply of services?	‘Continuous supply of services’ in terms of Section 2(32) of CGST Act, 2017 means supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding three months with periodic payment obligations and includes supply of such service as the Central or a State Government may, whether or not subject to any condition, by notification, specify.
94	How do we determine the rate of tax in case there is change in the tax rates?	**Three important events need to be considered** – Date of raising invoice, receipt of payment and completion of supply. If any of the two events occur before the change in rate of tax then the old rate will apply else the new rate will apply.
95	What is the rate of GST to be charged on advances received before the change in rate of tax if the supply is completed after the change is rate of tax?	If the invoices is also raised before the change in rate of tax then the old rate will be applicable even though the supply is complete after the change in rate of tax. Else, the new rate will be applicable.
96	Is there any specific valuation mechanism provided for composite supplies and mixed supplies?	No. Section 15 and the rules prescribed under this Section are common for supply of goods and supply of services. The provisions of valuation and the rules would apply to composite supplies and mixed supplies equally

97	While calculating the transaction value of an intra-State supply, is there any order of calculating CGST and SGST/ UTGST?	Transaction Value does not include the taxes payable under GST. Therefore, there is no order required to be followed for arriving at the amount of tax. Both CGST and SGST/UTGST should be calculated on the ‘transaction value’.
98	Are transport charges for supply, paid by the supplier required to be included in the transaction value?	All the expenses incurred by the supplier, in relation to the supply, -are required to be included in the transaction value to the extent they are charged for. Even if the contract is for delivery of goods ex-factory, and the supplier incurs the cost of transportation on behalf of the recipient for delivery of goods to the recipient, the cost should be included in the transaction value if the supplier charges the recipient for the same
99	Will GST be applicable on any interest charged for payment after the credit period?	Interest, Penalty or Late fee charged from the customer would also be liable to GST. However, the law provides that the GST liability on such values can be paid only on receiving such additional amounts
100	Will the out-of-pocket expenses charged by professionals to claim reimbursement of expenses incurred by them for rendering services to their clients be included in the transaction value?	Yes. Any expenses incurred by the supplier relating to supply until the services are delivered, and which are charged to the recipient, will have to be included in the transaction value.
101	Whether capital goods can be considered as inputs?	No. ‘Inputs’ are defined under Section 2(59) of the CGST Act to mean any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business. ‘Capital goods’ are defined under Section 2(19) of the CGST Act to mean goods, the value of which is capitalized in the books of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business.

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