CA Inter(IPCC) Indirect taxes- GST

(Old and New)

Flow charts May. 2019/June 2019 exams

(Amended as per Finance Act 2018

Circulars and notifications up to 31.10.2018)

(Also useful for CWA/CS inter)

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Every attempt is made to avoid errors and omissions; if any error crept it is unintentional.

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Read and Understand the concept and work out some problems in study material

Numerical problems will be asked from the topics of

SN	**GST**
1	Basic Concepts and GST Calculation
2	Exempted services from GST
3	Input tax edibility and GST Calculation
4	Time and place of supply of goods and Services
5	Valuation inclusions and exclusion
6	Payment of tax

Additional reading suggested.

1. ICAI Study material/Mock test paper problems
2. RTP May 2019

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GST Basics and Introduction

Concept of GST

- GST is a **value added tax** levied on manufacture, sale and consumption of goods and services
- GST Provides **comprehensive and continuous chain of tax credits** from the producer/Service provider up to retail level /Consumer level.
- Each person will get credit for the taxes paid at earlier stage. The consumer will bear the final tax.
- Since, only the value added at each stage is taxed under GST, there is no tax on tax or cascading of taxes under GST system
- GST does not differentiate between goods and services and thus, the two are taxed at a single rate.

Need for GST in India

- Concept of one nation, one tax, and one market.
- Compete with global market as many nations are following GST regime
- Deficiency in earlier indirect tax system:
- Cenvat credit of excise and service tax is not available to retailer and vat dealers
- Central excise is includible in value for vat calculation resulting double tax.
- CST credit is not vatable for dealers.
- Difficulty in distinguish between goods and services especially in case of intellectual properties, drawings and designs, Restaurant services, software and work contract

GSTCommonPortal

- Common GST Electronic Portal – **www.gst.gov.in** – a website managed by Goods and Services Network (GSTN) [
- GSTN is a company incorporated under the provisions of section 8 of the Companies Act, 2013. It has been set by the Government to establish a uniform interface for the tax payer and a common and shared IT infrastructure between the Centre and States.
- The GST portal is accessible over Internet (by taxpayers and their CAs/Tax Advocates etc.) and Intranet by Tax Officials etc.
- The portal is one single common portal for all GST related services.
- A common GST system provides linkage to all State/ UT Commercial Tax Departments, Central Tax authorities, Taxpayers, Banks and other stakeholders.
- The eco-system consists of all stakeholders starting from taxpayer to tax professional to tax officials to GST portal to Banks to accounting authorities.
- Primarily, GSTN provides three front end services to the taxpayers namely registration, payment and return through GST Common Portal.
- The functions of the GSTN include:
    - facilitating registration;
    - forwarding the returns to Central and State authorities;
    - computation and settlement of IGST;
    - Matching of tax payment details with banking network;
    - Providing various MIS reports to the Central and the State Governments based on the taxpayer return information;
    - Providing analysis of taxpayer's profile; and running the matching engine for matching, reversal and reclaim of input tax credit

Taxes subsumed in GST

SN	Central taxes	SN	State taxes
1	Central excise	1	Sales tax/Vat
2	Additional excise duties	2	Luxury tax
3	Excise duty on medical and toilet preparations Act	3	Tax on Advertisement
4	Service tax	4	Purchase tax
5	Counter vailing duty	5	Entry tax/octroi
6	Special counter vailing duty (SAD 4%)	6	Tax on lottery, betting and gambling
7	Central sales tax	7	Surcharge and cess relating to goods and Services
8	Surcharge and cess relating to goods and Services	8	

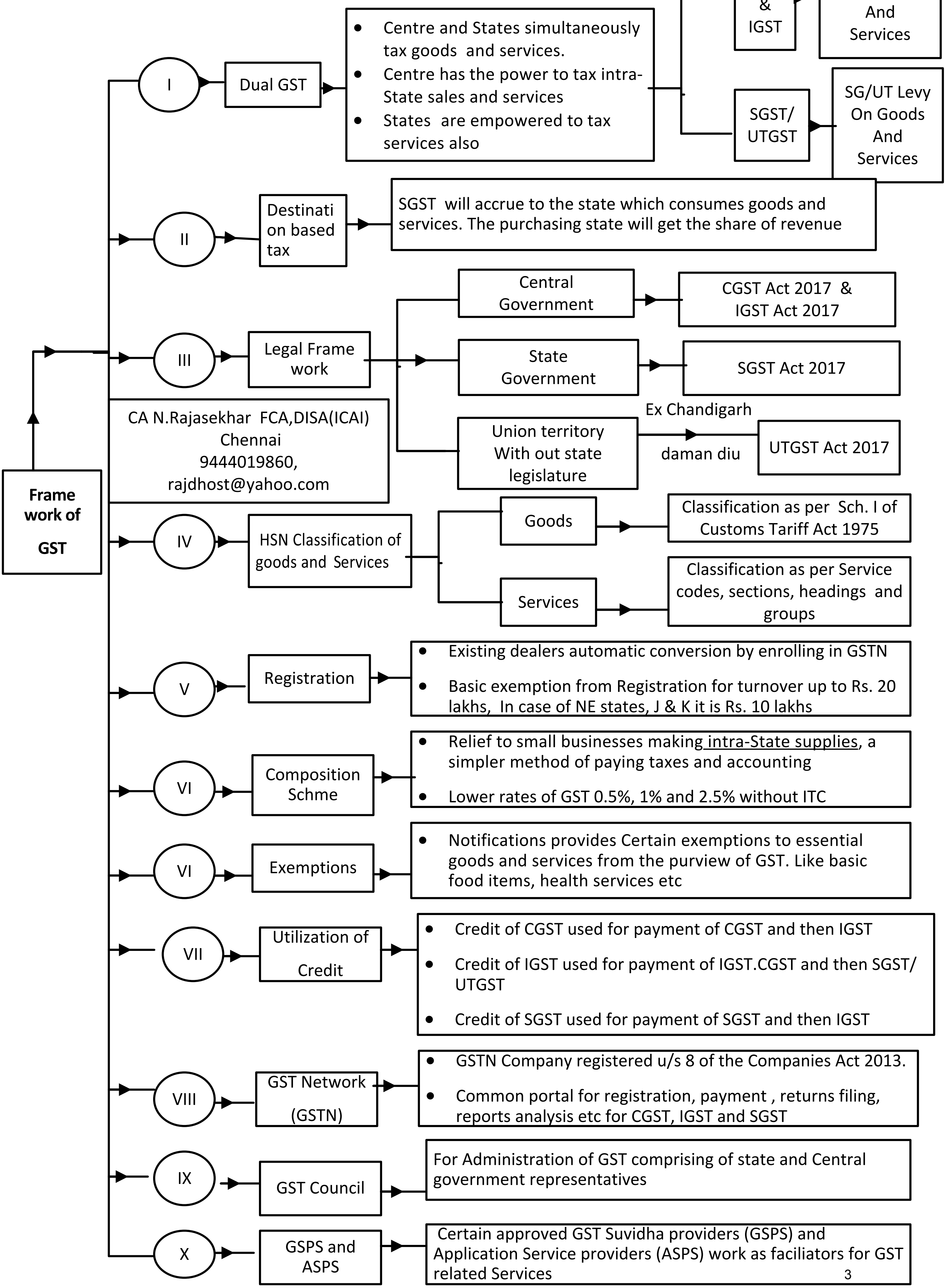
Taxes continue to remain after GST

- ❖ Central excise on petroleum products
- ❖ State Central excise duty on alcoholic liquor for human consumption
- ❖ State vat on petroleum products
- ❖ Custom duty on imports (BCD and safe guard duties)

BENEFITS OF GST

- ❖ GST brings benefits to all the stakeholders of industry, Government and the consumer. It will lower the cost of goods and services, give a boost to the economy and make the products and services globally competitive.
- ❖ Creation of unified national market:
  - o ST aims to make India a common market with common tax rates and procedures and remove the economic barriers thus paving the way for an integrated economy at the national level.
- ❖ Mitigation of ill effects of cascading:
  - o By subsuming most of the Central and State taxes into a single tax and by allowing a set-off of prior-stage taxes for the transactions across the entire value chain, it would mitigate the ill effects of cascading, improve competitiveness and improve liquidity of the businesses.
- ❖ Elimination of multiple taxes and double taxation:
  - o GST has subsumed majority of existing indirect tax levies both at Central and State level into one tax i.e., GST which is leviable uniformly on goods and services. This will make doing business easier and will also tackle the highly disputed issues relating to double taxation of a transaction as both goods and services.
- ❖ Boost to ‘Make in India' initiative:
  - o GST will give a major boost to the ‘Make in India' initiative of the Government of India by making goods and services produced in India competitive in the national as well as international market.
- ❖ Buoyancy to the Government Revenue:
  - o GST is expected to bring buoyancy to the Government Revenue by widening the tax base and improving the taxpayer compliance.

FRAME WORK OF GST



GST basic provisions

- Introduction of GST is biggest indirect tax reform since independence.
- There is no provision for levy of GST in the Constitution and hence Levy of GST need Constitutional amendment
- The Constitution amendment Bill 2014 was passed in Lok Sabha on 6th May 2015 and on the Rajya Sabha on 3rd August 2016. The bill was subsequently ratified by more than 50% of State legislatures. Finally, Constitution 101st(Amendment) Act, 2016 received the president assent on 08.09.2016.
- The central legalisations of GST were passed in parliament and finally received the assent of President on 12th April 2017. State GST laws are also passed by the state legislatures passed and pave way for levy of GST.

GST Constitutional provisions 101(-Constistutional amendment)Act 2016

Constitutional Provisions

Article 246 A → Power to Levy GST →
- Centre and States has power to levy Goods and services tax
- Levy of GST on petroleum products will be applicable from the date notified by GST Council

Article 269 A → Power to Levy IGST →
- GST on inter state supply (IGST) will be levied and collected by Central government
- IGST will be shared between state and central in a manner provided by parliament on the recommendation of GST council.
- import of goods or services or both into India will also be deemed to be supply of goods and/ or services in the course of Inter-State trade or Commerce.

Article 366(12A) → Meaning Of GST →
- Goods and services tax means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption.
- GST can be levied on supply of all goods and services except alcoholic liquor for human consumption

Article 366(26A) → Meaning Of Service →
- Services means anything other than goods.

Article 279 A → GST Council →

1	President to constitute a joint forum of the Centre and States namely, Goods & Services Tax Council (GST Council).
2	The provisions relating to GST Council came into force on 12 th September2016. President constituted the GST Council on 15th September, 2016.
3	The Union Finance Minister is the Chairman of this Council and Ministers in charge of Finance/Taxation or any other Minister nominated by each of the States & UTs with Legislatures are its members.
4	The Union Minister of State in charge of Revenue or Finance is also its member.
5	The function of the Council is to make recommendations to the Union and the States on important issues like tax rates, exemptions, threshold limits, dispute resolution etc.
6	It shall also recommend the date on which GST be levied on petroleum crude, high speed diesel, motor spirit, natural gas and aviation turbine fuel.
7	Every decision of the GST Council is taken by a majority of not less than three-fourths of the weighted votes of the members present and voting. Vote of the Centre has a weightage of one-third of total votes cast and votes of all the State Governments taken together has a weightage of two-thirds of the total votes cast, in that meeting.

Definitions under GST-1

Goods/ Services

- **Goods Sec 2(52) Of CGST Act** — Means → Every kind of movable property
  - includes →
    - Actionable claim
    - Growing crops, grass and
    - things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply
  - Excludes → Money and securities
- **Services Sec 2(102) Of CGST Act** — Means → Anything Other than Goods
  - Excludes → Money and securities
  - includes → Activities relating to: Use of money or
    - conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

Recipient Sec 2(93) Of CGST Act

- Consideration is payable → For goods/Services → the person who is liable to pay that consideration,
- Consideration is not payable
  - Goods →
    - Person to whom the goods are delivered or made available, or
    - to whom possession or use of the goods is given or made available,
  - Services → The person to whom the service is rendered,

Person include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied.

Supplier Sec 2(105) Of CGST Act → In relation to goods and services means → person supplying the said goods or services or both — includes → Agent acting on behalf of supplier in relation to said goods or services or both

Definitions under GST-2

Business includes Sec 2(17) CGST Act

- Any trade/commerce, manufacture, profession etc. even if there is no monetary benefit
  - Any activity incidental/ ancillary to it
  - Any activity of same nature even if no volume/continuity
- Supply/acquisition of goods including capital goods & services
  - At the time of
    - Commencement of business
    - Closure of business
- Provision of facilities by club/association to its members for a consideration
- Services as holder of office accepted in course/ furtherance of trade, profession
- Admission to any premises for consideration
- Services by race club by way of totalisator or a licence to book maker in such club
- Any activity by Government /local authority as public authorities

Manufacture: means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term "manufacturer" shall be construed accordingly [Section 2(72) of CGST Act].
Taxable supply: means a supply of goods or services or both which is leviable to tax under this Act [Section 2(108) of CGST Act].
Taxable territory: means the territory to which the provisions of this Act apply [Section 2(109) of CGST Act]
India including J & K. GST is applicable to J & K also.
Supplier: in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied [Section 2(105) of CGST Act]

E-Commerce operator: means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce. [Section 2(45) of CGST Act]
Exempt supply: means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply [Section 2(47) of CGST Act].
Reverse charge: means the liability to pay tax by the recipient of supply of goods or services **or** both instead of the supplier of such goods or services or both under section 9(3)/9(4), or under section 5(3)/5(4) of the IGST Act [Section 2(98) of CGST Act].
Non-taxable supply: means a supply of goods or services or both which is not leviable to tax under CGST Act or under IGST Act. [Section 2(78) of CGST Act]
Taxable person: means a person who is registered or liable to be registered under section 22 or section 24. [Section 2(107) of CGST Act]

Intrastate supply
Where the location of the supplier and the place of supply of goods or services are in the same State/Union territory, it is treated as **intra-State supply** of goods or services respectively.
Interstate supply
Where the location of the supplier and the place of supply of goods or services are in (i) two different States or (ii) two different Union Territories or (iii) a State and a Union territory, it is treated as **inter-State supply** of goods or services respectively.

Concept of supply under GST -Sec 7 of CGST Act

Supply under GST

7(1) inclusions

7(1)(a) → All forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business

Essentials →
- Consideration
- in the course of Business (Commercial business transactions)
- Taxable supply By Taxable person

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7(1)(b) →
- importation of services, for a consideration whether or not in the course or furtherance of business,

Essentials
- Consideration
- in the course of Business Or not in the course of business (personal purpose)

7(1)(c) →
- Supplies made without Consideration listed in Schedule I

Schedule I:	
1	**Permanent transfer / disposal** of business assets for which ITC is availed
2	Supplies between **related persons/ distinct persons (person has more than one registration in same state or different state ex. Ho and branches)** in the course or furtherance of business (gifts of less than Rs. 50,000 in value in a FY by employer to employee not to be treated as supply)
3	Supply of goods **by / to principal to / by agent** where agent undertakes to supply / receive such goods on behalf of principal without consideration. Supply services with consideration.
4	**Importation of service from a related person** or from any of his other establishments outside India, in the course or furtherance of business.

7(1)(d) →
- ~~Activities treated as deemed supply of goods/Services (Deemed Supplies) Schedule II~~ FA 2018

(1A) where certain activities or transactions, constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II. FA 2018

7(2) Exclusions →
- Activities not be considered as supply (Sch-III)- Negative list of supply

7(3) → By Notification on recommendation of GST Council treat activity as
- Supply of goods and not service
- Supply of service and not goods

Continue on next

Concept of supply in GST -2

~~Deemed supply of goods/services .~~ If it is satisifed the definition of a supply under Sec 7(1) it will be the Supply of Goods/Services as below (Schedule II) Sec 7(1A)

Deemed Supply of Goods/ Services Sch II

1. Transfer Of
   - Title in goods → Supply of Goods
   - Title in goods under an agreement which stipulates that property shall pass at a future date. → Supply of Goods
   - Right in goods/ undivided share in goods without transfer of title in goods → Supply of Service

2. Land and buildings
   - Lease, tenancy, easement, licence to occupy land. → Supply of Service
   - Lease or letting out of building including a commercial, industrial or residential complex for business or commerce, wholly or partly (lease rentals) → Supply of Service

3. Treatment or Process → Applied to another person's goods 'Job Work' performed by a job worker like dyeing of fabric in various colours. → Supply of Service

4. Transfer of goods forming part of Business Assets
   - transferred or disposed off by/under directions of person carrying on the business , whether or not for consideration → Supply of Goods
   - Allowing or made available for other than business use under directions of person carrying on the business whether or not for consideration

     Ex. Company car used by director for personal purpose → Supply of Service
   - When person who ceases to be a taxable person, shall be deemed to be goods supplied by him, in the course or furtherance of his business, immediately before he ceases to be a taxable person.

     Ex: A, a trader, is winding up his business. Any goods left in stock shall be deemed to be supplied by him and GST shall be payable.

     Exceptions:

     Business is transferred as a going concern to another person.

     Business is carried on by a personal representative who is deemed to be a taxable person → Supply of Goods

5. Renting for commercial/ Construction service payments received before completion certificate/Temporary transfer or use of IPR/Information technology service, supply of software on media/ Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act/Transfer of the right to use any goods for any purpose → Supply of Service

6. Supply of goods by an unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.

   Ex: A local club supplies snacks etc. to its members during its monthly meeting for a nominal payment. → Supply of Goods

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Inter state supply and Intra state supply

- **Inter state Supply Sec 7 IGST Act**
  - Supply of goods/ services when location of the supplier and the place of supply are in two different States / UTS Sec 7(1)(2)
  - Supply of goods/ services imported into the territory of India Sec 7(3)Sec7(4)
  - Supplier located in India and the place of supply is outside India (sec 7(5)
  - Supply to/by an SEZ developer or SEZ unit; (sec 8(1)
  - Supply of goods made to a tourist who who enters India for a stay of not more than 6 months for legitimate non-immigrant purposes. Sec 8(2)
  - Supply in the taxable territory, not being an intra-State supply & not specified anywhere (sec 7(5)
- **Intra state supply Sec 8 of IGST Act**
  - location of the supplier and the place of supply of goods/services are in the same State or same Union territory shall be treated as intra-State supply. Such supplies are taxable to CGST and SGST
- **Supplies in territorial waters sec 9 of IGST Act**
  - Where the location of supplier is in territorial waters / Place of supply is in territorial waters, the coastal State or Union territory where the nearest point of the appropriate baseline is located

Taxability of Composite and Mixed Supply Sec 8 of CGST Act

Composite And Mixed Supply

Composite Supply Sec, 2(30) of the CGST Act → Supply made by a taxable person to a recipient →

- 1.Comprises two or more taxable supplies of goods or services or both, or any combination thereof.
- 2.Naturally bundled and supplied in conjunction with each other, in the ordinary course of business.
- 3. One of which is a principal supply

Treated As Principal Supply, and Taxable At Rate Applicable To Principal supply

Principal supply means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary. [Section 2(90) of CGST Act]

Mixed Supply Sec, 2(74) of the CGST Act → Supply made by a taxable person to a recipient →

- 1.Two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other
- 2 for a single price where such supply does not constitute a composite supply
- 3. The individual supplies are independent of each other and are not naturally bundled.

Treated As that Particular Supply, and Taxable At Highest rate

factors in determination of bundled in the ordinary course of business

Perception of consumer/Majority of business do such bundled service/ Nature of service

Examples of composite supply

SNo	Nature of supply	Principal supply
1	Charger supplied along with mobile phones.	Mobile phone
2	Transportation of goods along with packing insurance loading and unloading	Transportation of goods
3	Supply of food along with service charges	Restaurant service
4	Works Contract	Work contract service
5	Air ticket along with food, insurance and free longue	Airline transport of passengers
6	Supply of Equipment along with accessories and warranty	Supply of equipment
7	Hotel service along with food, telephone, laundry	Renting of immovable property

Examples of Mixed supply

SNo	Nature of supply
1	A supply of a package consisting of canned foods, sweets, Chocolates, cakes, dry fruits, aerated drink and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.
2	A gift pack comprising of chocolates and sweets.

Guiding principle of Composite and Mixed supply

SNo	Descriptions	Composite supply	Mixed supply
1	Naturally bundled	Yes	No
2	Supplied together	Yes	No
3	One is predominant supply	Yes	No
4	Can be supplied separately	No	No
5	Each supply priced separately	No	No
6	Other supply is not aim in itself	Yes	No
7	All supplies or goods or services	Yes	Yes
8	One supply is goods other service	Yes	Yes

Levy and Collection of GST Sec 9 of CGST Act
Sec 5 of IGST Act and Sec 9 of STGST/UTSGST of various states

Levy and Collection Of GST

- **Levy (fixing liability)** → Supply of goods and services Other than alcoholic liquor for human consumption
  - With in state → CGST + SGST/UTSGST
  - Outside state → IGST
- **Valuation** → GST is payable on the value determine as per sec 15 (Transaction Value)
- **Rates of GST** →
  - 5%, 12%, 18%, 28%. This rates split equally as CGST and SGST/UTGST
  - IGST will be approximately the sum total of CGST and SGST/UTGST.
  - Maximum rate of CGST + SGST / IGST is 40%
- **GST On petroleum products Sec 9(2)/5(2)** →
  - GST on petroleum products crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendations of the GST Council.

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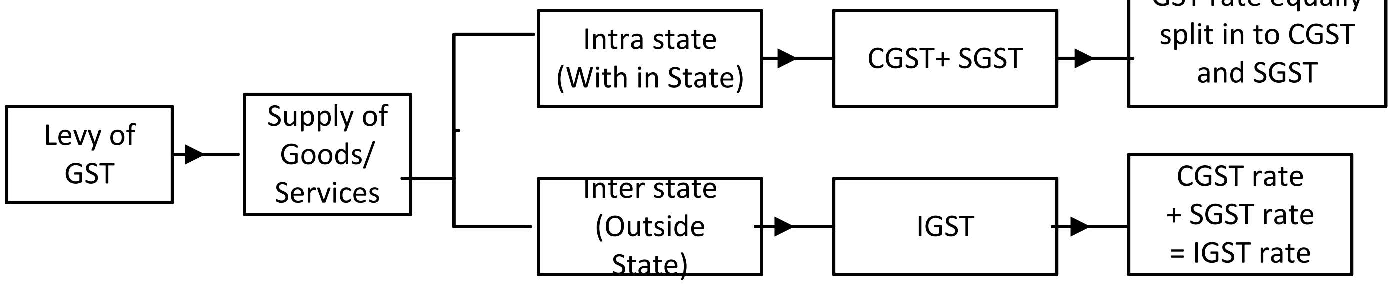
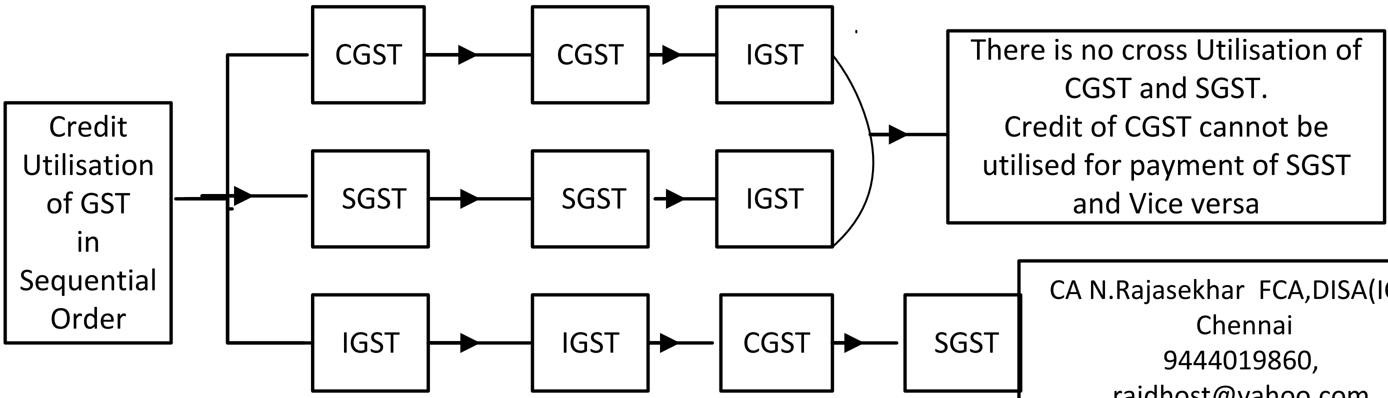
- **Reverse Charge Under GST Sec 9(3),9(4) /5(3)/5(4)**
  - CG on the recommendation of council specify the categories of supply of goods/services or both, GST shall be paid by recipient.
  - Taxable supply of goods/services by unregistered person to registered person(Purchases/services from unregistered person) GST shall be paid by recipient.
  - → All the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.
- **GST Liability in case of Electronic Commerce Operator (ECO) Sec 9(5)/ 5(5)** →
  - CG on the recommendation of council specify the categories of supply of goods/services or both, GST which shall be paid by the electronic commerce operator (ECO) if such services are supplied through it
  - All the provisions of this Act shall apply to such ECO as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.
  - IF ECO located in taxable territory → Person liable to pay GST is ECO
  - IF ECO does not physical presence in taxable territory → Person liable to pay GST is Person representing ECO
  - If the ECO has neither the physical presence nor any representative in the taxable territory → Person liable to pay GST is person appointed by the ECO for the purpose of paying the tax

❖Art works sent by artists to galleries for exhibition is not a supply no GST.

❖ when a buyer selects a particular art work displayed at the gallery, that the actual supply takes place and applicable GST would be payable at the time of such supply. Circular No. 22/22/2017 GST dated 21.12.2017

Levy of GST and Credit Utilisation





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The manner of Utilisation of Credit of has been Changed from 01.02.2019 which is not relevant for May 2019 exam

Illustrations on CGST and SGST Calculation

1. Supply of goods and services with in state

Mr. A supplies goods/Services to B with in the same state. Assume GST rate 18%	
Particulars	**Amount (in Rs.)**
Value charged for supply of goods/ services	10,000
Add: CGST @ 9%	900
Add: SGST @ 9%	900
Total price charged by A to B for local supply of goods/ services	11,800
Mr. A pays CGST Rs. 900 and SGST Rs. 900/- to Govt. He is the first seller and will not get any credit	

Mr. B supplies the same goods/Services to C with in the same state. Assume GST rate 18%	
Particulars	**Amount (in Rs.)**
Value of goods/ services purchased from A	10,000
Add: Value addition- 30% (profit and overheads)	3,000
Value of goods	13,000
Add: CGST @ 9%	1,170
Add: SGST @ 9%	1,170
Total price charged by B to C for local supply of goods/ services	15,340
Computation of GST payable by B to the Government	
CGST payable	1170
Less: Credit of CGST	900
CGST payable to Central Government	270
SGST payable	1170
Less: Credit of SGST	900
SGST payable to State Government	270

1. Supply of goods and services outside state (interstate supply)

Mr. X supplies goods/Services to Y with in the same state. Assume GST rate 18%	
Particulars	**Amount (in Rs.)**
Value charged for supply of goods/ services	10,000
Add: CGST @ 9%	900
Add: SGST @ 9%	900
Total price charged by X to Y for local supply of goods/ services	11,800
Mr. X pays CGST Rs. 900 and SGST Rs. 900/- to Govt. He is the first seller and will not get any credit	

Mr. Y supplies the same goods/Services to Z in another state. Assume GST rate 18%	
Particulars	**Amount (in Rs.)**
Value of goods/ services purchased from A	10,000
Add: Value addition- 30% (profit and overheads)	3,000
Value of goods	13,000
Add: IGST @ 18%	2,340
Total price charged by Y to Z for Interstate supply of goods/ services	15,340
Computation of IGST payable by Y to the Government	
IGST payable	2340
Less: Credit of CGST	900
Less: Credit of SGST	900
IGST payable to Central Government	540

GST LIABILITY CLARIFICATIONS

Art works sent by artists to galleries for exhibition is not a supply no GST.

when a buyer selects a particular art work displayed at the gallery, that the actual supply takes place and applicable GST would be payable at the time of such supply. Circular No. 22/22/2017 GST dated 21.12.2017

Moulds and dies owned by Original Equipment Manufacturers (OEM) that are sent free of cost (FOC) to a component manufacturer (the two not being related persons or distinct persons) does not constitute a supply as there is no consideration involved [Circular No. 47/21/2018 GST dated 08.06.2018

services of short term accommodation, conferencing, banqueting etc., provided to a SEZ developer or a SEZ unit shall be treated as an inter-State supply [Circular No. 48/22/2018 GST dated 14.06.2018].

Tenancy rights/pagadi system

- Pagadi system i.e. transfer of tenancy rights against tenancy premium, covered under supply of service liable to GST. It is a form of lease or renting of property and such activity is specifically declared to be a service Schedule II.
- The transfer of tenancy rights cannot be treated as sale of land/ building as per Schedule III.
- Further, services provided by outgoing tenant by way of surrendering the tenancy rights against consideration in the form of a portion of tenancy premium is liable to GST [Circular No.44/18/2018 CGST dated 02.05.2018].

Inter-State movement of various modes of conveyance, between distinct persons Inter-State movement of various modes of conveyance

Trains,Buses,Trucks,Tankers,Trailers,Vessels,Containers,Aircrafts,Is not liable for GST and hence no GST payable. However, applicable CGST/SGST/IGST, as the case may be, shall be leviable on repairs and maintenance done for such conveyance [Circular No. 1/1/2017 IGST dated 07.07.2017**].

inter-State movement of rigs, tools and spares, and all goods on wheels [like cranes], [except in cases where movement of such goods is for further supply of the same goods], such inter-State movement shall

be treated 'neither as a supply of goods or supply of service,' and consequently no IGST would be applicable on such movements. In this context, it is also reiterated that applicable CGST/SGST/IGST, as the case maybe, is leviable on repairs and maintenance done for such goods [Circular No. 21/21/2017-GST dated 22.11.2017].

Fee paid by litigants in the Consumer Disputes Redressal Commissions are not leviable to GST.

Any penalty or fees imposed by or amount paid to these Commissions will also not attract GST. Circular No. 32/06/2018 GST dated 12.02.2018

Activity of bus body building, is a supply of goods or services

Classification of this composite supply, as goods or service would depend on which supply is the principal supply which may be determined on the basis of facts and circumstances of each case **Circular No. 34/08/2018 GST dated 01.03.2018**

Retreading of tyres is a supply of goods or services

The pre-dominant element is the process of retreading which is a supply of service. Rubber used for retreading is an ancillary supply. Which part of a composite supply is the principal supply**. Circular No. 34/08/2018 GST dated 01.03.2018**

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

GST on taxable services provided by the members of the JV to the JV and vice versa and inter se between the members of the JV (Taxability of cash calls in case of JV) [Circular No. 35/09/2018 GST dated 05.03.2018]

Illustration	Taxability
Illustration A: There are 4 members in the JV including the operating member and each one contributes Rs. 100 as part of their share. A total amount of Rs. 400 is collected. The operating member purchases machinery for Rs. 400 for the JV to be used in oil production.	It not be the subject matter of 'ST/GST' for the reason that the operating member is not carrying out an activity for another for consideration. In Illustration A, the money paid for purchase of machinery is merely in the nature of capital contribution and is therefore a transaction in money
Illustration B: There are 4 members in the JV including the operating member and each one contributes Rs. 100 as part of their share. A total amount of Rs. 400 is. collected. The operating member thereafter uses its own machine and performs exploration and production activities on behalf of the JV	the operating member uses its own machinery and is therefore providing 'service' within the scope of supply of CGST Act. This is because in this scenario, the operating member is recovering the cost appropriated towards machinery and services from the other JV members in their participating interest ratio.

Services provided by a College Hostel Mess

- If the catering services is one of the services provided by an educational institution to its students, faculty and staff and the said educational institution is covered by the definition of 'educational institution' as given above, then the same is exempt
- If the catering services, i.e., supply of food or drink in a mess or canteen, is provided by anyone other than the educational institution, then it is a supply of service to the concerned educational institution and attracts GST [Circular No. 28/02/2018 GST dated 08.01.2018]

Clarification on hostel accommodation provided by Trusts to students

Hostel accommodation services do not fall within the ambit of charitable activities as defined in para 2(r) of Notification No. 12/2017-CT(Rate). However, services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below Rs. 1,000 per day or equivalent are exempt. Thus, accommodation service in hostels including by Trusts having declared tariff below Rs. 1,000 day is exempt.[Circular No. 32/06/2018 GST dated 12.02.2018].

GST liability on Transfer of Development rights for Construction service and Transfer of Construction service for transfer of Development rights Notification No. 4/2018 CT (R) dated 25.01.2018]

GST liability arise in both cases, the liability deferred till to the time when the possession or right in the property is transferred to the land owner by entering into a conveyance deed or similar instrument (eg. allotment l e t t e r).

Classification

cutting and packing of fabrics into pieces of different lengths from bundles or thans, will not change the nature of these goods and such pieces of fabrics would continue to be classifiable under the respective heading as the fabric. [Circular No. 13/13/2017 GST dated 27.10.2017.

Inter-State movement of various modes of conveyance, between distinct persons Inter-State movement of various modes of conveyance

Trains,Buses,Trucks,Tankers,Trailers,Vessels,Containers,Aircrafts,Is not liable for GST and hence no GST payable. However, applicable CGST/SGST/IGST, as the case may be, shall be leviable on repairs and maintenance done for such conveyance [Circular No. 1/1/2017 IGST dated 07.07.2017**].

inter-State movement of rigs, tools and spares, and all goods on wheels [like cranes], [except in cases where movement of such goods is for further supply of the same goods], such inter-State movement shall

be treated 'neither as a supply of goods or supply of service,' and consequently no IGST would be applicable on such movements. In this context, it is also reiterated that applicable CGST/SGST/IGST, as the case maybe, is leviable on repairs and maintenance done for such goods [Circular No. 21/21/2017-GST dated 22.11.2017].

Composite and Mixed Supply

Activity/Transaction	Principal supply
Supply of printed books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc., printed with design, logo, name, address or other contents supplied by the recipient of such printed goods	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 [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute
	In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. by the printer using its physical inputs including paper to print the design, logo etc. supplied by the recipient of goods, predominant supply is supply of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods. [Circular No. 11/11/2017 GST dated 20.10.2017]
Activity of bus body building	The principal supply may be determined on the basis of facts and circumstances of each case [Circular No. 34/8/2018-GST dated 01.03.2018]
Retreading of tyres	Pre-dominant element is process of retreading which is a supply of service. Rubber used for retreading is an ancillary supply. Supply of retreaded tyres, where the old tyres belong to the supplier of retreaded tyres, is a supply of goods [Circular No. 34/8/2018-GST dated 01.03.2018].

Reverse Charge under GST Sec 9(3) & Notification No. 13/2017 CT (R) dated 28.06.2017

The following table provides a combination of Supplier of service and Service Recipient where the reverse charge of GST is applicable. Any other combination of Supplier of Service or Service Recipient, if the GST is not exempted the GST is payable by Supplier of Service.

1 Services of Goods Transport Agency (GTA)

S. No	Particulars	Particulars
1	Supplier of Service	GTA who has not paid CGST @ 6%
2	Service Recipient	Consignor or consignee who is (a) factory, society, registered dealer of excisable goods, body corporate, partnership firm, AOP and (b) who pays or is liable to pay freight either himself or through his agent for transportation of such goods in goods carriage
3	GST liability of Supplier of Service	NIL
4	GST liability of Service Recipient	100%
5	Explanation	The person who pays or is liable to pay freight for the transportation of goods by road in goods carriage, located in the taxable territory shall be treated as the person who receives the service for the purpose of this notification. i.e., If such a person is located in a non-taxable territory, the supplier of service shall be liable to pay GST

2.Services of Individual Advocate/ Senior Advocate,

S. No	Particulars	Particulars
1	Supplier of Service	An individual advocate including a senior advocate or firm of advocates.
2	Nature of Service	by way of representational services before any court, tribunal or authority, directly or indirectly
3	Service Recipient	Any business entity located in the taxable territory
4	GST liability of Supplier of Service	NIL
5	GST liability of Service Recipient	100%

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

3. Services of Arbitral tribunal to a business entity.

S. No	Particulars	Particulars
1	Supplier of Service	An arbitral tribunal
2	Service Recipient	Business entity turnover
3	GST liability of Supplier of Service	NIL
4	GST liability of Service Recipient	100%

4. Services provided by way of **sponsorship** to anybody corporate or partnership firm

S. No	Particulars	Particulars
1	Supplier of Service	Any person
2	Service Recipient	Anybody corporate or partnership firm located in the taxable territory
3	GST liability of Supplier of Service	NIL

4	GST liability of Service Recipient	100%

5.All Taxable Services by Government or Local Authority *excluding* ~~renting of immovable property and~~ Postal, port, airport and railway services Notification No. 3/2018 CT (R) dated 25.01.2018 & Notification No. 3/2018 IT (R) dated 25.01.2018]

S. No	Particulars	Particulars
1	Supplier of Service	Central Government/State Government /Union Territory or Local Authority
2	Service Recipient	Any Business entity located in taxable territory
3	GST liability of Supplier of Service	NIL
4	GST liability of Service Recipient	100%

Supply of Service of Renting of immovable property by Central Government/State Government /Union Territory or Local Authority to a Registered person, GST is payable under reverse charge by recipient person i.e. by Registered Person

6. Services of director to company/Body Corporate

S. No	Particulars	Particulars
1	Supplier of Service	Director
2	Service Recipient	Company/Body Corporate located in taxable territory
3	GST liability of Supplier of Service	NIL
4	GST liability of Service Recipient	100%

7.Services supplied by an insurance agent to any person carrying on insurance business.

S. No	Particulars	Particulars
1	Supplier of Service	Insurance Agent
2	Service Recipient	Any person carrying on insurance business, located in the taxable territory
3	GST liability of Supplier of Service	NIL
4	GST liability of Service Recipient	100%

8 Services supplied by a recovery agent

S. No	Particulars	Particulars
1	Supplier of Service	A recovery agent
2	Service Recipient	A banking company or a financial institution or a non- banking financial company, located in the taxable territory
3	GST liability of Supplier of Service	NIL
4	GST liability of Service Recipient	100 %

9.Supply of services by an author, music composer, photographer, artist. or the like

S. No	Particulars	Particulars
1	Supplier of Service	A recovery agent
2	Nature of service	by way of transfer or permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literacy dramatic, music, literacy artistic work
3	Service Recipient	Publisher, music company, producer or the like, located in the taxable territory.
4	GST liability of Supplier of Service	NIL

5	GST liability of Service Recipient	100 %

10.Services of Person located in nontaxable territory		
S. No	Particulars	Particulars
1	Supplier of Service	Any person located in a non-taxable territory
2	Nature of service	Any service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online recipient
3	Service Recipient	Any person located in the taxable territory other than non-taxable online recipient.
4	GST liability of Supplier of Service	NIL
5	GST liability of Service Recipient	100 %

Non-taxable online recipient means:

As per Section 2(16) of the Integrated Goods and Services Tax (IGST) Act, 2017,

- any Government,
- local authority,
- governmental authority,
- an individual or
- any other person not registered

and receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory.

11. Services supplied by a person located in non- taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India		
S. No	Particulars	Particulars
1	Supplier of Service	**A person located in nontaxable territory**
2	Nature of service	transportation of goods by a vessel from a place outside India up to the customs station of clearance in India
3	Service Recipient	Importer includes any owner, beneficial owner or any person holding himself out to be the importer
4	GST liability of Supplier of Service	NIL
5	GST liability of Service Recipient	100 %

12. Services by way of transportation of passengers by a radio-taxi, motor cab, maxicab		
S. No	Particulars	Particulars
1	Supplier of Service	Driver of Cab
2	Nature of service	Transport of Passengers
3	Service Recipient	E Commerce Operator
4	GST liability of Supplier of Service	NIL

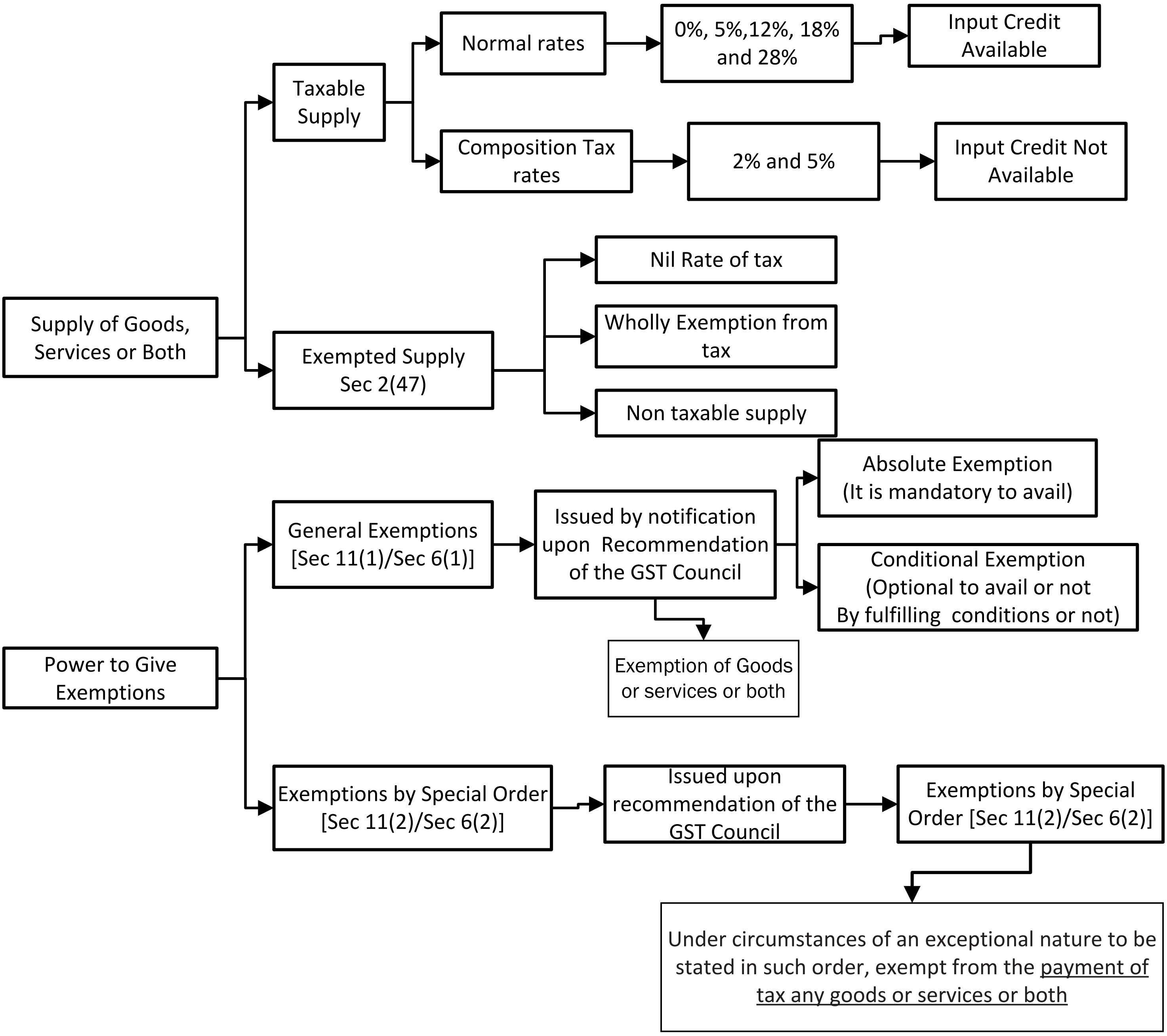
5	GST liability of Service Recipient	100 %

13. Services of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places through electronic commerce operator		
S. No	Particulars	Particulars
1	Supplier of Service	Unregistered person Supplying services through Electronic Commerce Operator
2	Nature of service	Transport of Passengers
3	Service Recipient	E Commerce Operator
4	GST liability of Supplier of Service	NIL
5	GST liability of Service Recipient	100 %

14 Services of Overseeing Committee members to RBI ***Notification No. 33 & 34/2017 IT (R) dated 13.10.2017]***		
S. No	Particulars	Particulars
1	Supplier of Service	Overseeing Committee members
2	Nature of service	Services to RBI
3	Service Recipient	RBI
4	GST liability of Supplier of Service	NIL
5	GST liability of Service Recipient	100 %

15 Services of Individual Direct Selling Agent		
S. No	Particulars	Particulars
1	Supplier of Service	Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or LLP firm
2	Nature of service	Services supplied by individual Direct Selling Agents (DSAs)
3	Service Recipient	A banking company or a NBFC, located in the taxable territory
4	GST liability of Supplier of Service	NIL
5	GST liability of Service Recipient	100 %

Exemptions under GST



- Sec 11(3) of the CGST Act, 2017 or sec 6(3) of the IGST Act, 2017, Government is empowered to clarify the scope of applicability of any notification or special order by inserting an explanation in such notification or order.
- Such clarification shall only be issued by notification within ONE year of issuing of notification or special order and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be

EXEMPTIONS UNDER GST - Notification No. 12/2017 CT (R) dated 28.06.2017

Charitable activities
Condition to claim exemption:
It should register u/s 12AA of Income Tax Act and carry one or more specified charitable activities
Notified charitable activities
Public health by way of care or counselling to
ill persons, severe physical or mental disable/ HIV or alcohol or drug addict persons
Public awareness of preventive health, family planning
Advancement of religion or spirituality including YOGA
Advancement of educational programs or skill development relating to,-- Orphans, persons over the age of 65 years residing in a rural area,, prisoners, mentally retarded persons
Preservation of environment including watershed, forests and wildlife
Rural area" means the area comprised in a village as defined in Land Revenue Records, but excluding: (a) the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee; or any area that may be notified as urban area by the Central Govt. or State Govt

Hostel accommodation provided by trusts

- Hostel accommodation services provided by trusts to students do not fall within the ambit of charitable activities as defined above.
- However, accommodation service in hostels including such services provided by trusts having declared tariff4 below ` 1,000 per day is exempt under Entry 14 of the Notification [discussed later in this chapter] [Circular No. 32/06/2018-GST dated 12.02.2018]

Religious yatras or pilgrimage

Religious Yatras/pilgrimage organised by any charitable or religious trust are not exempt. Further, services of transportation of passengers for a pilgrimage by the charitable trust are not exempt from GST.

GST on services provided TO charitable trusts

Services provided to charitable or religious trusts are not outside the ambit of GST. Unless specifically exempted, all goods and services supplied to charitable or religious trusts are leviable to GST.

Services by way of training or coaching in recreational activities relating to-

arts or culture, or sports by **charitable entities** registered under section 12AA of the Income-tax Act.

Health Care services
Health care Services of diagnosis, treatment for illness, injury, deformity, abnormality and pregnancy rendered by
Authorised Medical Practioners (ie doctors registered under medical council or any Indian law),
Hospitals, clinics, nursing homes sanatoriums, Laboratories
Paramedics, (ie Support staff like nurses, lab technicians and Physio therapist).
Plastic/Cosmetic Surgery when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma
Ambulance services provided by all service providers (whether or not by clinical establishment or an authorised medical practitioner or paramedics)
System of medicine exempted: Allopathy, Yoga, Naturopathy, Ayurveda, Homeopathy, Siddha, Unani, Any other system of medicine that may be recognized by Central Government
Not covered- (taxable)
Health care services of hair transplant or cosmetic or plastic surgery of beautification

Certain health care services of Hospitals and their taxability			
SNo	**Activity**	**Taxability**	**Reference**
1	Room rent received from Inpatients	Exempt from GST	Circular No 27/01/2018 Dated 04.01.2018
2	Amount received by senior Doctors, specialists/Technicians who attend to hospitals on contract basis/retainer basis	Exempt from GST	Circular No 32/06/2018 Dated 12.02.2018
3	Hospitals charge the patients, say, Rs. 10,000/- and pay to the consultants/technicians only Rs. 7,500/- and keep the balance for providing ancillary services which include nursing care, infrastructure facilities, paramedic care, emergency services	Exempt from GST. Services falls within the definition of health care services	Circular No 32/06/2018 Dated 12.02.2018
4	Food supplied to the patients	Hospital own canteen. No ITC on inputs and capital goods. GST is chargeable on food supplied to patients.	Circular No 32/06/2018 Dated 12.02.2018
		Outsourced canteen., canteen should charge GST to hospital. Hospital will not get ITC on food bills.	
5	Food supplied to the in-patients as advised by the doctor/nutritionists	is a part of composite supply of healthcare and not separately taxable.	Circular No 32/06/2018 Dated 12.02.2018
6	supplies of food by a hospital to patients (not admitted) or their attendants or visitors	No exemption. GST payable.	Circular No 32/06/2018 Dated 12.02.2018

7	Ambulance services by Hospitals, private parties, outsourced/ run by Government/dial 108	Exempt from GST.	
8	Supply of services other than healthcare services such as renting of shops, auditoriums in the premises of the clinical establishment, display of advertisements	No exemption. GST payable.	

Services by a Veterinary Clinic
Services **by** a Veterinary Clinic **in relation to** health care of animals or birds.
Cord Blood Bank
Service provided **by** cord blood banks **by way of** preservation of stem cells or any other service in relation to such preservation.

Renting of immovable property of precincts of religious place
Services by a person by way of-
renting of precincts of a <u>religious place</u> *meant for general public* owned by charitable or religious trust registered u/s 12AA/institution registered u/s 10(23(C)/Body Authority covered u/s 10(23BBA)
Or For conduct of any religious ceremony**;**
Religious place means a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or s p i r i t u a l i t y .
Precincts include immovable located within outer boundary wall or immediate vicinity of religious place is eligible for exemption benefit
General public means the body of people at large sufficiently defined by some common quality of public or impersonal n a t u r e
Example: Hall attached to temple renting for religious function
exemption shall not apply to,-
renting of rooms where charges are Rs. 1,000 or more per day;
renting of premises, community halls, kalyanmandapam or open area, and the like where charges are Rs.10,000 or more per day;
renting of shops or other spaces for business or commerce where charges are ` 10,000 or more per month

Renting of a hotel, inn, guest house, club, campsite or other commercial places
Renting of a hotel, inn, guest house, club, campsite or other commercial places meant for residential or lodging purposes
When declared tariff <=Rs.1000/-

Declared tariff = Room rent Published or printed (without excluding discount) + Charges for all amenities like furniture, air-conditioner, refrigerators or any other amenities
Example 1: if the declared tariff is Rs. 1100/-, but actual room rent charged is `Rs 800/-, by giving discount of Rs.300, GST will be required to be paid on Rs 800/-
Example 2. In the above example, when the declared tariff is revised as per tourist season for all customers as Rs. 800/- there is no GST liability

Pure labour contracts of a single residential unit
Services **by way of** pure labour contracts of construction, erection, commissioning, or installation of **“original works”** pertaining to a **single residential unit otherwise than as a part of a residential complex**.
“Residential complex” means any complex comprising of a building or buildings, having more than one single residential unit. **“Single residential unit”** means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family.

Services by way of renting of residential dwelling for use as residence

Exempted Services	
1	Services by way of renting of residential dwelling for use as residence
2	Houses allotted by Government department to its employees and a license fee is charged for the same
3	Furnished flats given on rent for temporary stay (a few days for a family
Taxable	
Accommodation in hotel, motel, inn, guest house, camp-site, lodge, house boat, or like places meant for temporary stay	
Residential house taken on rent used only or predominantly for commercial or nonresidential use	
House given on rent and the same being used as a hotel or a lodge	
Rooms in a hotel or a lodge let out whether or not for temporary stay	
Furnished flats given on rent for is given for a short stay for different persons over a period of time	

Pilgrimage Services
Services **by** a **“specified organization”** in respect of a **“religious pilgrimage facilitated by the ~~Ministry of External Affairs, Govt. of India,~~ under bilateral arrangement”**.
“Specified organization” means: (a) Kumaon Mandal Vikas Nigam Limited (a Govt. of Uttarakhand Undertaking), (b) Haj Committee of India, (c) State Haj Committee.
Exemption available to Services provided by “Kumaon Mandal Vikas Nigam Limited” in relation to “Kailash Mansarovar Yatra” and Service provided by “Haj Committee of India” and “State Haj Committee” in relation to “Haj Pilgrimage” is exempt.

CONSTRUCTION SERVICES

Pure labour contracts under Housing for All (Urban) Mission / Pradhan Mantri Awas Yojna

Services provided **by way of** pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other **"original works"** pertaining to the "Beneficiary- Led (individual house) Construction or Enhancement (BLC)" under the **Housing for All (Urban) Mission or Pradhan Mantri Awas Yojna.**

"Original works" means –

(a) all new constructions,

(b) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable, or

(c) erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise.

Entry No 11 Pure labour contracts of a single residential unit

Services **by way of** pure labour contracts of construction, erection, commissioning, or installation of **"original works"** pertaining to a **single residential unit otherwise than as a part of a residential**

"Residential complex" means any complex comprising of a building or buildings, having more than one single residential unit.

"Single residential unit" means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family.

Hiring of motor vehicle

Services **by way of** giving on hire –

(a) to a State Transport Undertaking, a motor vehicle meant to carry **more than** 12 passengers, or

(b) to a Goods Transport Agency (GTA), a means of transportation of goods.

Transportation of Passengers		
Coverage 1		
1	Supplier of Service	Airways like Air India, spice jet /Indigo
2	Service	Transportation of passengers with or without belongings
3	Places	Embarking from or Terminating in Airports located in North East like Assam, Meghalaya, Manipur, Mizzoram, Nagaland Arunachala Pradesh, Tripura and Bagdogra of West Bengal
4	Taxability	Service exempt
Coverage 2		
1	Supplier of Service	Passenger transport service
2	Service	Transportation of passengers by road with or without belongings
3	Transport through	NON A/C Contract carriage Other than radio taxi excluding the transportation of passengers for tourism, conducted tour, charter or hire], or by **non-air-conditioned stage carriage.**

4	Taxability	Service exempt
Coverage 3		
1	Supplier of Service	Passenger transport service
2	Service	Transportation of passengers with or without belongings
3	Transport through	Transport in Rail in 2nd class, sleeper class
		Transport of passengers by metro, monorail or tramway
		Transportation in Inland water ways
		Transport of passengers by public transport, other than predominantly for tourism purpose, in a vessel between places located in India:
		Transport in Metered cabs or auto rickshaws fare as per Govt Rules. And E - rickshaw
4	Service	Exempt
		"E-rickshaw" means a special purpose battery powered vehicle of power not exceeding 4000 watts, having 3 wheels for carrying goods or passengers, for hire or reward

Notes
transportation of passenger for tourism, conducted tour, charter or hire, there is no exemption and service is taxable
Similarly transportation of passenger through radio taxi is taxable,
Contract carriage Means: Motor vehicle transporting passengers on a contract, runs on a fixed or agreed rate on any route or point to point and includes- (i) a maxicab; and (ii) a motorcar
Radio taxi means a taxi including a radio cab, by whatever name called, which is in two-way radio communication with a central control office and is enabled for tracking using Global Positioning System (GPS) or General Packet Radio Service (GPRS).
Stage carriage: means a motor vehicle constructed or adapted to carry more than 6 passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers, either for the whole journey or for stages of the journey [Section 2(40) of the Motor Vehicles Act, 1988].

Transportation of Goods by Road, Rail, Vessel		
Coverage 1		
1	Supplier of Service	Transporter of goods other than GTA or Courier Agency
2	Service	Transportation of goods by road
3	Taxability	Exempt
Coverage 2		
1	Supplier of Service	Transporter of goods
2	Service	Transportation of goods by Inland waterways
3	Taxability	Exempt
Coverage 3		
1	Supplier of Service	Goods transport agency by road

2	Service	**<u>Transportation of any goods</u>**
3	Value based exemption	gross amount charged single goods carriage <=Rs.1500/-
		gross amount charged for all goods of single consignee <=Rs.750/-
Coverage 4		
1	Supplier of Service	Goods transport by road/ rail/Vessel
2	Service	Transportation of goods of description of goods SLNo 4
3	Taxability	Service is exempt.
4	List of services exempted	
	a) Agricultural Produce	
	b) milk, salt and food grain including flours, pulses and rice	
	c) organic manure	
	d) newspaper or magazines registered with the Registrar of Newspapers	
	e) relief materials meant for the victims of natural or man-made disasters, calamities, accidents or mishap	
	f) defence or military equipment	
Coverage 5		
1	Supplier of Service	Transporter of goods by Air/Vessel
2	Service	Services **by way of** transportation of goods **by** an **aircraft/vessel** from a place outside India up to the **customs station** of clearance in India. / Services by way of transportation of goods by an <u>aircraft/vessel</u> from customs station of clearance in India to a place outside India have been exempted till 30.09.2019 [Notification No. 2/2018 CT (R) dated 25.01.2018].
3	Taxability	Exempt
Coverage 6		
1	Supplier of Service	Goods transport Agency
2	Recipient	Unregistered person (including an unregistered casual taxable person
2	Service	Transportation of goods
3	Taxability	Service is exempt.
4	Exemption Not available when the Recipient is	
	(a) any factory registered under or governed by the Factories Act, 1948, or	
	(b) any Society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India, or	
	(c) any Co-operative Society established by or under any law for the time being in force, or	
	(d) anybody corporate established, by or under any law for the time being in force, or	
	(e) any partnership firm whether registered or not under any law including AOP,	
	(f)any casual taxable person registered under the CGST Act or IGST Act or SGST Act or UTGST	

Inland water ways comprise of rivers, canals, back waters, creeks etc., . There is around 14500 Km inland water ways in India

Examples of inland water/National water ways- for understanding

1. Ganga-Bhagirathi-Hooghly river Between Allahabad and Haldia connecting UP, Bihar, Jharkhand and West Bengal (1620 KM)
2. Sadiya- Dhubri stretch of river Brahmaputra (891 KM)
3. Bhadrachalam- Rajahmundry stretch of river Godavari Connecting Telangana and Andhra Pradesh

Legal Services

I Supplier of Service is arbitral tribunal (Sole arbitrator/panel of arbitrators)

S No	Recipient who is	Taxability
1	any person other than a business entity	Exempt
2	Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;	Exempt
3	business entity with a turnover up to Rs. 20 Lakhs (Rs. 10 lakhs in case of Special category states) in the in the preceding financial year;	Exempt
4	Other business entity	No exemption. Taxable

II.Supplier of Service who is of Individual advocate <u>other than Senior Advocate</u> /Firm of advocates

S No	Recipient who is	Taxability
1	Individual advocate/Firm of advocates	Exempt
2	any person other than a business entity	Exempt
3	Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity	Exempt
4	business entity with a turnover up to Rs. 20 Lakhs (Rs. 10 lakhs in case of Special category states) in the in the preceding financial year;	Exempt
5	Other business entity	No exemption. Taxable

Business entity means any person including individual ordinarily carrying any activity relating to industry commerce, business, or profession

III Supplier of Service is a senior advocate (

.S No	Recipient who is	Taxability
1	any person other than a business entity	Exempt
2	business entity with a turnover up to Rs. 20 Lakhs (Rs. 10 lakhs in case of Special category states) in the in the preceding financial year;	Exempt
3	Other business entity	Taxable
4	Individual advocate/Firm of advocates by way of Consultancy or Representation capacity with a turnover up to Rs. 20 Lakhs (Rs. 10 lakhs in case of Special category states) in the in the preceding financial year;	Exempt
5	Individual advocate/Firm of advocates by way of Consultancy or Representation capacity with a turnover Exceeding Rs. 20 Lakhs (Rs. 10 lakhs in case of Special category states) in the in the preceding financial year	Taxable
6	Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;	Exempt

Senior advocate has the meaning assigned to it in section 16 of the Advocates Act, 1961 which, inter alia, provides that an advocate may, with his consent, be designated as senior advocate if the Supreme Court or a High Court is of opinion that by virtue of his ability standing at the Bar or special knowledge or experience in law he is deserving of such distinction. Senior advocates shall, in the matter of their practice, be subject to such restrictions as the Bar Council of India may, in the interest of the legal profession, prescribe

IV. Supplier of Service is of person representing arbitral tribunal

S No	Recipient who is	Taxability
1	arbitral tribunal	Taxable

Sports Services

Services provided to a recognized sports body

S no	Supplier of Service	Recipient	Transaction	Taxability
1	individual as a player, referee, umpire, coach or team manager	recognised sports body	Participation in a sporting event organized by a recognized sports body	Exempt
2	recognized sports body	recognised sports body	Any service	Exempt
3	individuals such as selectors, commentators, curators, technical experts	recognised sports body	participation in a sporting event organized by a recognized sports body	Taxable
4	individual as a player, referee, umpire, coach or team manager	Unrecognized sports body like IPL	participation in a sporting event	Taxable

Recognized Sports body means

- The Indian /international Olympic Association
- Sports Authority of India
- A national sports federation or National sports promotion organizations recognized by the Ministry of Sports and Youth
- A federation or a body which regulates a sport at international levels and its affiliated federations or bodies regulating a sport in India

Sponsorship of tournaments or championships

Scope of Exempt Service –

Services by way of sponsorship of sporting events organized:

a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state or zone/ any **COUNTRY**

b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;

c) by Central Civil Services Cultural and Sports Board;

d) as part of national games, by Indian Olympic Association; or

e) Under Panchayat Yuva Kreeda Aur Khel Abhiyaan (PYKKA) Scheme.

Services by and to FIFA
Supply of services by and to Federation Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 World Cup 2017 to be hosted in India.

Admission to FIFA U-17 World Cup 2017
Supply of services by way of right to admission to the events organised under FIFA U-17 World Cup 2017.

Services relating to agriculture

Services relating to agriculture/agricultural produce by way of:

a) <u>agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;</u>
b) <u>supply of farm labour;</u>
c) <u>processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter essential characteristics of agricultural produce but make it only marketable for the primary market;</u>
d) <u>renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;</u>
e) <u>loading, unloading, packing, storage or warehousing of agricultural produce;</u>
f) <u>agricultural extension services;</u>
g) <u>services by any Agricultural Produce Marketing Committee or Board or</u>
h) <u>Services provided by a commission agent for sale or purchase of agricultural produce.</u>

All the above services from (a) to (h) in relating to agriculture are not liable for GST.

<u>Agriculture means</u> the cultivation of plants and rearing of all life-forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products [Section 65B(3)].

<u>Agricultural produce means</u> any produce of agriculture on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market [Section 65B(5)].

Examples not liable for GST.

	Agricultural Activity	Examples cover under Exemption
1	Agricultural operations	Breeding of fish (pisciculture), rearing of silk worms (sericulture), cultivation of ornamental flowers (floriculture) and horticulture, forestry
		Plantation crops like rubber, tea or coffee
		Process of cereals, pulses, copra and jiggery **<u>done by Cultivator</u>**
2	Processes which do not alter the essential characteristics of agricultural produce	tending, pruning, cutting, harvesting; drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging
3	Agricultural extension services	Application of scientific research and knowledge to agricultural practices through farmer education or training

4	Renting or leasing of agro machinery or vacant land	Leasing of vacant land with a green house or a storage shed which is incidental to its use for agriculture
5	Commission agent	Commission received on purchase/sale of paddy
6	Services by any Agricultural Produce Marketing Cmittee	provision of facilities and amenities like, sheds, water, light, electricity, grading facilities, collect market fees, license fees, rents etc

Examples: Coverage under Taxable

	Agricultural Activity	**Examples cover under taxable Service**
1	Processes which alter the essential characteristics of agricultural produce	Process of fast food snack items like Potato chips or tomato ketchup The processes of grinding, sterilizing, extraction packaging in retail packs of agricultural products for sale in retail market
2	Services by any Agricultural Produce Marketing Committee	service provided by such bodies which is not directly related to agriculture or agricultural produce will be liable to tax e.g. renting of shops or other property
3	Renting or leasing of agro machinery or vacant land	Renting and leasing of agro machinery for rice
4	Commission agent	Commission received on purchase/sale of rice

Other exemptions relating to agriculture

- Services by way of loading, unloading, packing, storage or warehousing of rice. (entry No 24)
- Services by way of warehousing of minor forest produce. (Entry No 24 A)
- Services by way of fumigation (method of pest control) in a warehouse of agricultural produce. Entry No 53 A
- Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce. (Entry No. 55)
- Services by way of artificial insemination of livestock (other than horses). (Entry No 55A)

GST on warehousing Loading unloading packing of tea coffee jaggery etc., [Circular No. 16/16/2017 GST dated 15.11.2017]

SN	Produce	GST Liability	Reason/Remarks
1	Tea (i.e. black tea, white tea etc.),/ processed coffee beans or powder	GST payable. No exemption	Tea is a processed product made in tea factories after carrying out several processes, such as drying, rolling, shaping, refining, oxidation, packing etc. Hence it is not an agricultural produce. Similarly in case of processed coffee bean/powder.
2	Jaggery	GST payable. No exemption	Processing of sugarcane into jaggery changes its essential characteristics. Thus, jaggery is also not an agricultural produce
3	Processed spices	GST payable. No exemption	Changes its essential characteristics.

4	Processed dry fruits/ cashew nuts	GST payable. No exemption	Changes its essential characteristics.
5	Dal obtained after dehusking or splitting or both of pulses	GST payable. No exemption	Dehusking or splitting done by millers and not by farmers, hence not an agricultural produce
6	Pulse grains such as whole gram, rajma	GST exemption	Agricultural produce
7	Milling of paddy in to rice	GST payable. No exemption	Milling is done by millers and not by farmers, hence not an agricultural produce

Educational Services (notification No 2/2018 dated 25/01/2018)

S N	Supplier of Service	Recipient	Transaction
1	Educational institution	Students, faculty and staff	Consideration from Services to students, faculty and staff
2	Educational institution	Any person	consideration in the form of entrance fee by way of conduct of entrance examination
3	Person located in a non- taxable territory	Educational Institution Other than Pre-school education and education up to higher secondary school or education as a part of an approved vocational education course	Consideration from the service of supply of online educational journals or periodicals
4	Any person	Educational institution ** Of Preschool and Up to Higher Secondary	Consideration from service of (i)transportation of students, faculty and staff; (ii)catering, including any mid-day meals scheme sponsored by the Government; (iii)security or cleaning or house-keeping services performed in such educational institution; (iv)services relating to admission to, or conduct of examination by, such institution (v)supply of online educational journals or periodicals
** Educational institute of Pre-school education and education up to higher secondary school or equivalent Services under Exemption under SL No 4 (i) to (iii) available		SL No 4 item (v) exemption not available to Pre-school education and education up to higher secondary school or education as a part of an approved vocational education course	

College Hostel Mess services

- Run by educational institution and service to staff, students and faculty – Exempt from GST
- Run by Outside Agency – GST payable

Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programs, except Executive Development Programme: -

- 2 year full time PGPM (Post Graduate Programme in Management) for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management;
- fellow programme in Management;
- 5 years integrated programme in Management

Skill Development Services

Services provided by: -	
1	the National Skill Development Corporation (NSDC) set up by the Government of India;
2	a Sector Skill Council (SSC) approved by the NSDC;
3	(an assessment agency approved by the SSC or the NSDC;
4	a training partner approved by the NSDC or the SSC in relation to:-
	(a) the National Skill Development Programme implemented by the NSDC; or
	(b) a vocational skill development course under the National Skill Certification and
	(c) any other Scheme implemented by the NSDC

Sponsorship of tournaments or championships
Scope of Exempt Service –
Services by way of sponsorship of sporting events organized:
by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state or zone/ any COUNTRY
by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;
by Central Civil Services Cultural and Sports Board;
as part of national games, by Indian Olympic Association; or
Under Panchayat Yuva Kreeda Aur Khel Abhiyaan (PYKKA) Scheme.

Skill Development Initiative **SDI**
Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship **by way of** assessments under the Skill Development Initiative (SDI) Scheme.
Services of DDU-GKY
Services provided **by** Training Providers (called "Project Implementation Agencies") under Deen Dayal Upadhyaya Grameen Kaushalya Yojana **(DDU-GKY)** under the Ministry of Rural Development, Govt. of India, by way of offering skill or vocational training courses certified by the National Council for Vocational Training **(NCVT)**.

Services by a performing artist in folk or classical art forms			
Supplier of Service	Recipient	Service	Taxability
Artist of folk music, folk dance and folk theatre	Any person	Performance in folk music, folk dance/Folk theatre	Exempt up to Consideration for a Performance was up to Rs. 1,50,000
Artist of Classical music, Classical dance and Classical theatre	Any person	Performance in Classical music, Classical dance/ Classical theatre	Exempt up to Consideration for a Performance was up to Rs. 1,50,000
Above (1) and (2) as a brand ambassador	Any person	Performance in above(1) and (2)	Taxable
Artist of Western music, mimicry, modern theatre, magic shows	Any person	Performance	Taxable
Artists of cinema, television	Any person	Performance	Taxable
Artists of Painting, sculpture	Any person	Performance	Taxable

Admission to museum, zoo etc.
Service **by way of** admission to a museum, zoo, national park, wildlife sanctuary or a tiger reserve.
Admission to entertainment events
Services **by way of** right to admission to,-- (i) **c**ircus, **d**ance or theatrical performance including drama or ballet; (ii) recognized sporting event; (iii) **a**ward function, **c**oncert, **p**ageant, **m**usical performance or any **s**porting event other than a recognised sporting event ***(Remember – CAMPS)***, where the consideration for admission is not more than ~~Rs. 250~~ Rs. 500/-per person.(WEF 25.01.2018)

Specified financial services

1	Interest, discount received on advancing loans, bills and deposits made
2	Service by way of purchase/sale of foreign currency among banks and authorized dealers
3	transactions are entered into by banks in instruments like repos and reverse repos (trading of goods)
4	Subscription to or trading in Commercial Paper (CP) or Certificates of Deposit (CD)
	Taxable Services
1	Service charges or administrative charges or entry charges, documentation charges, process fee recovered in addition to interest on a loan, advance or a deposit.
2	Investments by way of equity or any other manner where the investor is entitled to a share of profit.
3	Service by way of purchase/sale of foreign currency among banks/ authorized dealers and general public

- Services by an intermediary of financial services located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located outside India for international financial services in currencies other than Indian rupees (INR), have been exempted from CGST

Services by the intermediaries	
Services by the following persons in respective capacities -	
1	**by** a business facilitator / a business correspondent **to** a banking company with respect to accounts in its "rural area" branch.
2	**by** any person as an intermediary **to** a business facilitator / business correspondent with respect to services mentioned in above
3	**by** a business facilitator / business correspondent **to** an insurance company in a rural area

Renting of Motor Vehicle for transportation of passengers and goods	
Scope of Exempt Service –	
	Services by way of giving on hire-
	to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or
	to a goods transport agency, a means of transportation of goods
	vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent, [Notification No. 2/2018 CT (R) dated 25.01.2018].

Services provided by an Incubatee		
1	Supplier of Service	Incubatee located within premises of incubator
2	Service	Service Up to Total turnover of Rs.50 lakhs is exempt from GST

3	Condition for exemption	total turnover during the preceding financial year <= 50 lakhs
4	Period of exemption	Three years from the date of entering into an agreement as an incubate with incubator.
5	Incubatee" means an entrepreneur located within the premises of a Technology Business Incubator (TBI) or Science and Technology Entrepreneurship Park (STEP) recognised by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the TBI or the STEP to enable himself to develop and produce hi-tech and innovative products.	

Services provided by TBI or STEP		
1	Supplier of Service	Technology Business Incubator (TBI) or Science and Technology Entrepreneurship Park (STEP)
2	Service	Any Service to Incubatee

Business exhibition
Service **by** an organizer **to** any person **in respect of** a business exhibition held outside India.

Tour operator
Services provided **by** a tour operator **to** a foreign tourist **in relation to** a tour conducted wholly outside
"Tour operator" means any person engaged in the business of planning, scheduling, organizing, arranging tours (which may include arrangements for accommodation, sightseeing or other similar services) by any mode of transport, and includes any person engaged in the business of operating tours.
Example: Service provided by **Tavel Agency** to a Foreign National for a tour conducted in Outside India is exempted.

Import of services
Services **received from** a **Supplier of Service located in a Non-taxable Territory (NTT) by** - (a) the Central Govt., State Govt., Union Territory, Local authority, Governmental authority or an individual in relation to any purpose other than commerce, industry, business or profession; or (b) an entity registered u/s 12AA of the Income tax Act, 1961 for the purposes of providing charitable activities; or (c) a person located in a non-taxable territory (NTT).
This exemption is not allowed to – (i) Online information and database access or retrieval services **(OIDAR)** received by persons specified in Entry (a) or Entry (b); or Services by way of transportation of goods by a vessel from a place outside India upto the customs station of clearance in India.

Service by a club/association/society to own members		
Coverage 1		
1	Supplier of Service	Registered trade union
2	Service	To its own members by way of reimbursement of charges or share of contribution
3	Taxability	Exempt
Coverage 2		
1	Supplier of Service	Registered unincorporated body or a non- profit entity
2	Service	To its own members by way of reimbursement of charges or share of contribution, for the provision of carrying out any activity which is exempt from the levy of GST
3	Taxability	Exempt
Coverage 3		
1	Supplier of Service	Registered unincorporated body or a non- profit entity
2	Service	To its own members by way of reimbursement of charges or share of contribution provided by Resident welfare Association.
3	Taxability	Exempt up to an amount of Rs.~~5000/-~~ Rs. 7500/- (WEF 25.01.2018) per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex
Coverage 4		
1	Supplier of service	unincorporated body or a non-profit entity registered under any law for the time being in force
2	Activities of Supplier of service	activities relating to the welfare of industrial or agricultural labour or farmers; or
		promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment
3	Service	to its own members against consideration in the form of membership fee
4	Taxability	Exempt up to an amount of Rs. 1000/- per member per year.

Classification on Clarification regarding exemption available to services provided by a Resident Welfare Association (RWA) to its own members under earlier law is also made applicable		
	Issue	**Clarification**
1	In a residential complex, monthly contribution collected from members is used by the RWA for the purpose of making payments to the third parties, in respect of commonly used services or goods ex. Maintenance lift, sump etc	Exemption in mega exemption notification is provided specifically with reference to service provided by an unincorporated body or a non–profit entity registered under any law for the time being in force such as RWAs, to its own members
2	If the contribution of a member(s) of a RWA exceeds `Rs.5,000 per month, how should the GST liability be calculated	If per month per member contribution of any or some members of a RWA exceeds `Rs. 5,000, entire contribution of such Members liable for GST
3	If a RWA provides certain services such as payment of electricity or water bill issued by third person, in the name of its members, acting as a 'pure agent' of its members, is	Expenditure or costs incurred by a Supplier of Service as a pure agent of the recipient of service shall be excluded from the value of taxable service. If RWA do not charge any any Commission .

	exclusion from value of taxable service available for the purposes of SSP exemption or exemption provided under mega exemption notification?	If Bills were in the name of RWA there is no agent involved and hence includable in value.
5	Is ITC credit available to RWA for payment of GST	RWA may avail ITC and use the same for payment of GST

SERVICES BY CERTAIN BODIES / INSTITUTIONS

ESI
Services **by** the Employees' State Insurance Corporation (ESIC) to the persons governed under the ESI Act, 1948
EPFO
Services provided **by Employees Provident Fund Organisation (EPFO) to** the persons governed under EPF Act, 1952.
IRDA
Service provided **by** the **Insurance Regulatory and Development Authority of India (IRDA) to** insurers (i.e. insurance companies) under the IRDA Act, 1999.
SEBI
Service provided **by** the Stock Exchange Board of India **(SEBI) by way of** protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.
RBI
All services provided **by** Reserve Bank of India (RBI).
The services provided **by** RBI **to** any person are exempted but the services provided **by** any person **to** RBI are not exempted.
FDM
All services provided by a 'Foreign Diplomatic Mission' (FDM) located in India.
• 'FDM' does not cover any office or establishment of an international organization / multi-national company. Hence the services provided by such office or establishment are not exempt. • Services provided by FDM are exempt. But services provided to FDM are not exempt under this Entry.
NCCCD
Service provided by the National Centre for Cold Chain Development (NCCCD) by way of cold chain knowledge dissemination.

Miscellaneous Services

Going concern
Services **by way of** transfer of a going concern, as a whole or an independent part thereof.
Services associated with transit cargo to Nepal and Bhutan
Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).
Acquiring Bank
Services provided by an "acquiring bank" to any person in relation to settlement of an amount upto Rs. 2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card services.
"Acquiring Bank" means any banking company, financial institution including non- banking financial company (NBFC) or any other person [Example – Paytm] , who makes the payment to any person who accepts such card.

Upfront amount for industrial leasing
Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease (30 years or more) lease of industrial plots or plots for
Spectrum service
Service provided by the Central Govt., State Govt., Union Territory or Local authority by way of allowing a business entity to operate as a telecom Supplier of Service or use radio frequency spectrum during the period
Leasing of Railways assets
Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railway Finance Corporation to Indian Railways.
Journalist
Services by way of collecting or providing news by an independent journalist, Press Trust of India (PTI) or United News of India.
Public libraries
Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material.
Slaughtering service
Services by way of slaughtering of animals
Public conveniences
Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.
Services in Nepal or Bhutan
Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries) exempt from
Specified services received by RBI
Services received by the RBI, from outside India in relation to management of foreign exchange reserves.
"External asset management" services received by RBI from overseas financial institution is exempt under this
Supply of service by way of access to a road or a bridge on payment of annuity, has been exempted from GST

- Services by way of providing information under the Right to Information Act, 2005 have been exempted from CGST [Notification No. 2/2018 CT (R) dated 25.01.2018

Insurance Services Exempt from tax
NPS
Services of life insurance business provided by way of annuity under the National Pension System (NPS).
Group insurance of forces
Services of life insurance business provided by the Army, Naval and Air Force Group Insurance Funds to the members of Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Govt.
Specified schemes of General Insurance Business
Services of **general insurance business** provided under **certain specified schemes**.
(a) Hut Insurance Scheme; (b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme); (c) Scheme for Insurance of Tribals; (d) Janata Personal Accident Policy and Gramin Accident Policy; (e) Group Personal Accident Policy for Self-Employed Women; (f) Agricultural Pumpset and Failed Well Insurance; (g) premia collected on export credit insurance; (h) Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture; (i) Jan Arogya Bima Policy; National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana); (k) Pilot Scheme on Seed Crop Insurance; (l) Central Sector Scheme on CattleInsurance; (m) Universal Health Insurance Scheme; (n) Rashtriya Swasthya Bima Yojana; (o) Coconut Palm Insurance Scheme; Pradhan Mantri Suraksha BimaYojna
Services of **life insurance business** provided under **certain specified schemes**.
(a) Janashree Bima Yojana; (b) Aam Aadmi Bima Yojana; (c) Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of fifty thousand rupees; (d) Varishtha Pension Bima Yojana; (e) Pradhan Mantri Jeevan Jyoti Bima Yojana; (f) Pradhan Mantri Jan Dhan Yogana; Pradhan Mantri Vaya Vandan Yojana
Collection of contribution under Atal Pension Yojna (APY)
Service by way of collection of contribution under Atal Pension Yojna (APY).
Collection of contribution under Pension Scheme of State Govt.
Service by way of collection of contribution under any pension scheme of the State Governments.

New Notifications:

- Services of life insurance provided or agreed to be provided by the Naval Group Insurance Fund to the personnel of Coast Guard under the Group Insurance Schemes of the Central Government, have been exempted from CGST [Notification No. 2/2018 CT (R) dated 25.01.2018].
- life insurance business provided under, inter alia, life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of ` 2,00,000, have been exempted from CGST [Notification No. 2/2018 CT (R) dated 25.01.2018
- Services provided by State Government by way of general insurance (managed by Government) to employees of the State Government/Police personnel, employees of Electricity Department or students are exempt vide entry 6 of aforesaid notification which exempts services by Central Government, State Government, Union territory or local authority to individuals

Services to and BY Government Exempt from tax
SERVICES TO GOVT.
Pure services to Govt. in relation to Panchayat / Municipality function
Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Govt., State Govt., Union Territory, local authority or Governmental authority / a Government Entity by way of any activity: Notification No. 2/2018 CT (R) dated 25.01.2018 (i) in relation to any function entrusted to a Panchayat under article 243G of the Constitution, or (ii) in relation to any function entrusted to a Municipality under article 243W of the Constitution.
Service by a Govt. entity to Govt.
Supply of service by a "Government entity" to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants.
"Government entity" means an authority or a board or any other body including a society, trust, corporation, (i) set up by an Act of Parliament or State Legislature; or (ii) established by any Government, with 90% or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority."
Services by Fair Price Shops to Central Govt. State Govt. / UT
Supply of services by Fair Price Shops to Central Govt State Govt. / UT. by way of sale of wheat, rice and coarse grains under Public Distribution System (PDS) against consideration in the form of commission or margin.
Air services to the Central Govt.
Services provided to the Central Govt. by way of transport of passengers (with or without accompanied belongings), by air, embarking from or terminating at a Regional Connectivity Scheme Airport (RCS Airport), against consideration in the form of viability gap funding, for a period of 3 years from the date of commencement of operations of the regional connectivity Notification No. 2/2018 CT (R) dated 25.01.2018].
This exemption shall not be allowed after expiry of a period of 1 year from the date of commencement of operations of the RCS Airport as notified by the Ministry of Civil Aviation.
Insurance services to Govt.
Services provided to the Central Govt., State Govt., Union Territory under any insurance scheme for which total premium is paid by the Central Govt., State Govt. or Union Territory.
Training services to Govt.
Services provided to the Central Govt., State Govt. or Union Territory administration under any training programme for which total expenditure is borne by the Central Govt., State Govt. or Union Territory administration.
Services provided by GSTN to Govt.
Services provided by the Goods and Service Tax Network (GSTN) to the Central Govt., State Govt. or Union Territories for implementation of GST.

Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution, has been exempted from CGST [Notification No. 2/2018 CT (R) dated 25.01.2018].

SERVICES BY GOVT
Municipality services by Govt.
Services by Central Govt., State Govt., Union Territory, Local authority or Govermental authority by way of any activity in relation to any function entrusted to a municipality under article 243W of the Constitution.
Panchayat services by Govt.
Services by Central Govt., State Govt., UT Govt., Local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.
All services by Govt.
All services provided by Central Govt., State Govt., Union Territory or Local authority excluding following services (unless the following services are covered under any other Entry of Exemption): (i) Services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than the Central Govt., State Govt., Union territory. (ii) Services in relation to an aircraft or a vessel (inside or outside the precincts of a port or airport). (iii) Transport of goods or passengers. (iv) Any service [other than services covered under above provided to a business entity.
Services by Govt. to a small business entity
Services provided by the Central Govt., State Govt., Union Territory or Local authority to a business entity with an Aggregate Turnover of upto Rs. 20 lakh (Rs. 10 lakh in case of a Special Category States) in the preceding Financial Year [i.e. a small business entity
"Renting", in relation to immovable property, means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property.
This exemption is not allowed to following services: Services like (i) Services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than the Central Govt., State Govt., Union territory. (ii) Services in relation to an aircraft or a vessel (inside or outside the precincts of a port or airport). Transport of goods or passengers (iii) And Services by way of renting of immovable property
Services by Govt. to Govt.

Services provided by the Central Govt., State Govt., Union Territory or Local authority to another Central Govt., State Govt., Union Territory or Local authority.
This exemption is not allowed to the services (v) Services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than the Central Govt., State Govt., Union territory. (vi) Services in relation to an aircraft or a vessel (inside or outside the precincts of a port or airport). Transport of goods or passengers.
Services by Govt. upto Rs. 5,000
Services provided by Central Govt., State Govt., Union Territory or a Local authority where the consideration for such services does not exceed Rs. 5,000/-.
(iv) This exemption is not allowed to the services like Services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than the Central Govt., State Govt., Union territory. (v) Services in relation to an aircraft or a vessel (inside or outside the precincts of a port or airport). Transport of goods or passengers
Where continuous supply of service (CSS) as defined in section 2(33) is provided by the Central Govt., State Govt., Union Territory or a Local authority, the exemption shall be available only if the consideration charged for such service does not exceed Rs. 5,000/- in a financial year.
If the consideration exceeds Rs. 5,000/-, No exemption is allowed.
Certain services by Govt.
Services provided by Central Govt., State Govt., Union Territory or Local Authority by way of – (a) registration required under any law, or (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law.
Certain services by Govt. / local authority
Services provided by the Central Govt., State Govt., Union Territory or Local authority by way of issuance of passport, visa, driving licence, birth certificate or death certificate.
Services provided by the Central Govt., State Govt., Union Territory or Local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damage is payable to the Central Govt., State Govt., Union Territory or Local authority under such contract.
Services provided by the Central Govt., State Govt., Union Territory or Local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals (except the rearing of horses) for food, fiber, fuel, raw material or other similar products.
Services provided by the Central Govt., State Govt., Union Territory or Local authority by way of assignment of right to use any natural resource where such right to use was assigned by the Central Govt., State Govt., Union Territory or Local authority before 01.04.2016. This exemption is allowed only to the tax payable on one time charge (payable, in full upfront or in installments).

Service provided by the Central Govt., State Govt., Union Territory by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime Charges (MOT Charges).

New Exemptions for Services of Government

Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act 1958 or any of the State Acts, for the time being in force, have been exempted from CGST ***[Notification No. 47/2017 CT (R) dated 14.11.2017].***

Central Government's share of profit petroleum exempted from CGST

The intra-State supply of services by way of grant of license or lease to explore or mine petroleum crude or natural gas or both, has been exempted from so much of CGST as is leviable on the consideration paid to the Central Government in the form of Central Government's share of profit petroleum as defined in the contract entered into by the Central Government in this behalf. [Notification No. 5/2018 CT (R) dated 25.01.2018]

Royalty and license fee exempted from IGST to the extent it is paid on the consideration attributable to royalty and license fee included in transaction value under Rule 10(1)(c) of Customs Valuation (Determination of value of imported Goods) Rules, 2007 **Notification No. 6/2018 IT (R) dated 25.01.2018]**

Activities carried by DISCOMS against recovery of charges from consumers under State Electricity Act Circular No. 34/08/2018 GST dated 01.03.2018]

Clarification: Service by way of transmission or distribution of electricity by an electricity transmission or distribution utility is exempt from GST under *Notification No. 12/2017- CT (R), Sl. No. 25.* The other services such as, -

i. Application fee for releasing connection of electricity;

ii. Rental Charges against metering equipment;

iii. Testing fee for meters/ transformers, capacitors etc.;

iv. Labour charges from customers for shifting of meters or shifting of service lines;

v. Charges for duplicate bill;

provided by DISCOMS to <u>consumer are taxable.</u>

Guarantee provided by State Government to state owned companies against guarantee commission, is taxable under GST?

The service provided by Central Government/State Government to any business entity including PSUs by way of guaranteeing the loans taken by them from financial institutions against consideration in any form including Guarantee Commission is taxable. [Circular No. 34/08/2018 GST dated 01.03.2018]

Time of supply of Goods

Time of supply of Goods/Services various types (Point in which tax liability arise)

- Time of supply under forward charge
- Time of supply under reverse charge
- Time of supply of vouchers exchangeable for goods
- Time of supply in residual cases

Time of supply of Goods Under forward charge

- Date of issue of invoice/Due date of issue of invoice
- Date on which payment recorded in the books of supplier
- Date on which the payment is credited to the supplier's bank account

→ Which ever is earlier

The time of supply for suppliers of goods (excluding composition suppliers) will be the time of issue of invoice. Thus, GST will not be leviable on advances received against supply of goods in case of such suppliers.**[Notification No. 66/2017 CT dated 15.11.2017]**

Composition dealers are also not required to pay tax on advances received. As they have to prescribed rate on turnover.

Payment of GST in case of goods is date of invoice/ due date of invoice. Hence no need to pay tax on advances received against supply of goods Sec 12(2)(a)

Time of supply of vouchers exchangeable for goods Sec 12(4)

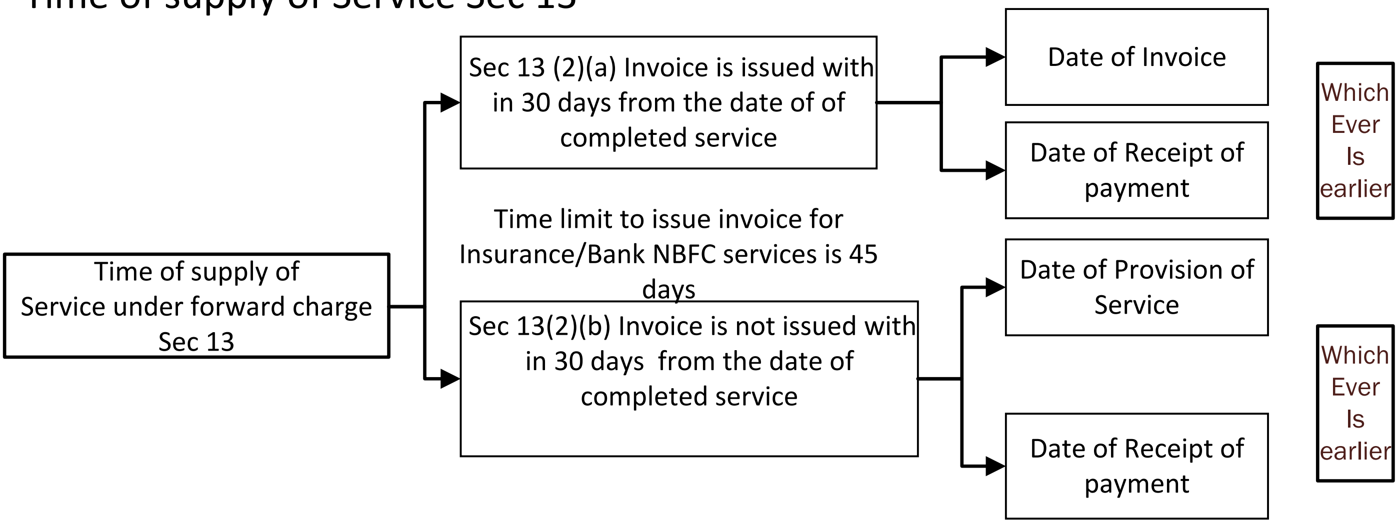
- Food pass (Any food item can be purchases)
  - Supply is identifiable at the time of issue of voucher → DATE OF ISSUE OF VOUCHER
  - Supply is not identifiable at the time of issue of the voucher → DATE OF REDEMPTION OF VOUCHER
- Shirt coupon (Only Shirt can be purchased)
  - Supply is identifiable at the time of issue of voucher → DATE OF ISSUE OF VOUCHER
  - Supply is not identifiable at the time of issue of voucher → DATE OF REDEMPTION OF VOUCHER

Addition in value by way of interest, late fee/penalty for delayed payment of consideration for goods Sec 12(6)/Services Sec 13(6) —Time of supply→ Date on which the supplier receives such addition in value

Time of supply in residual cases for supply of goods Sec 12(5)/ Services Sec 13(5)

- When GST Return is to be filed → Due date of filing of Return
- Other cases → Date of payment of GST

Time of supply of Service Sec 13



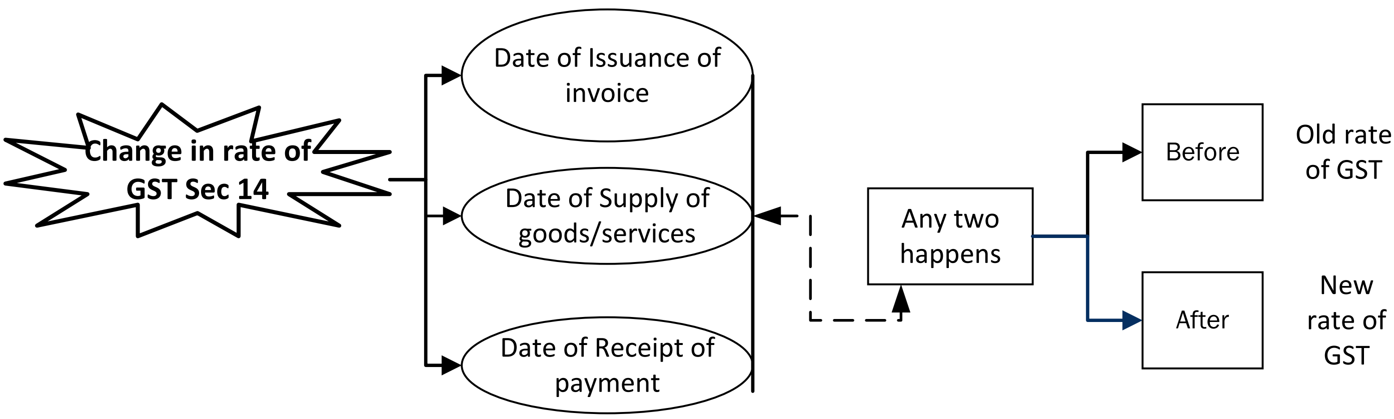
In case where Sec 13(2) (a) or Sec 13(2)(b) do not apply
the date on which the recipient shows the receipt of services in his books of account,

Supplier of taxable service receives an amount up to Rs. 1000/- in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice relating to such excess amount.

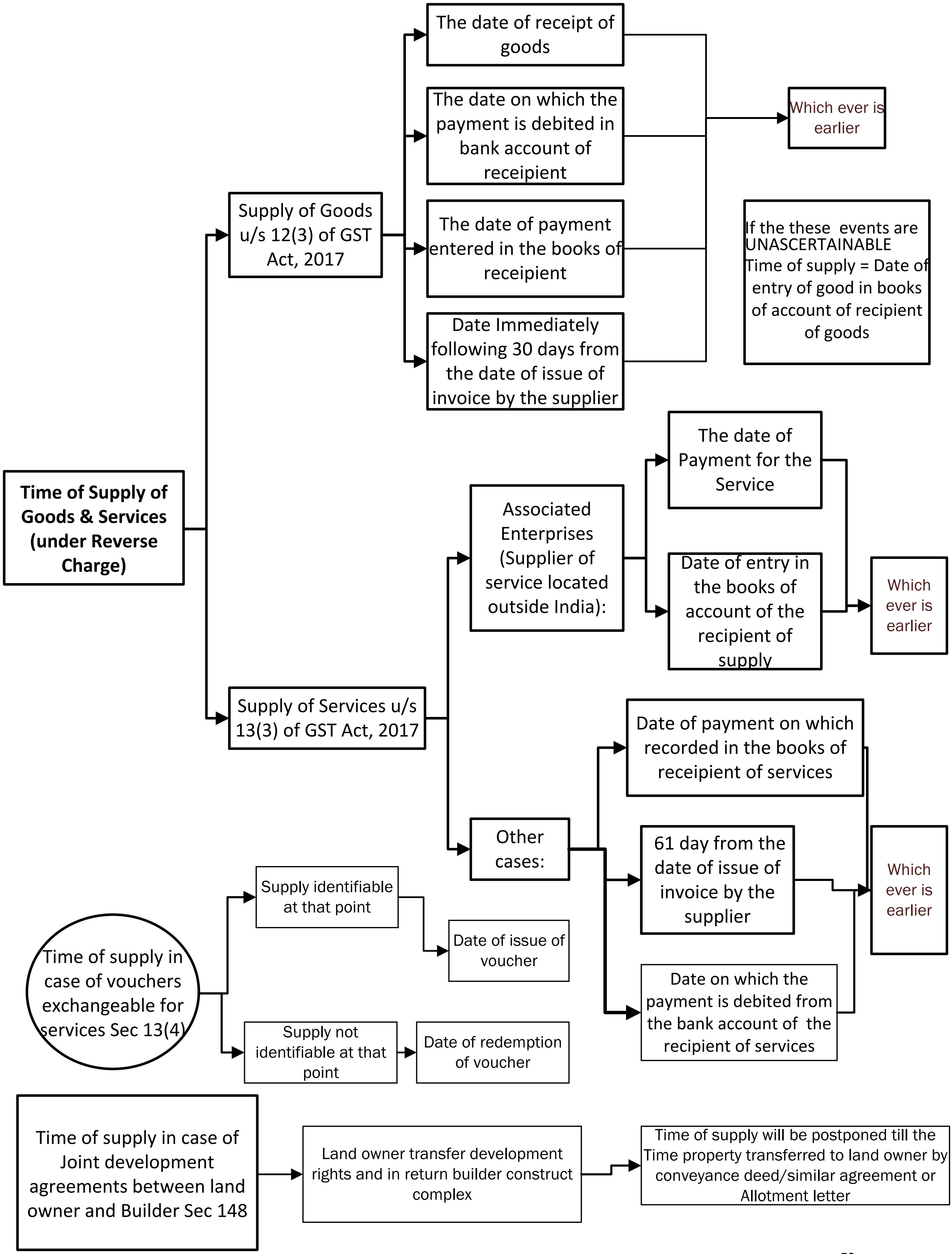
Meaning of Date of Receipt payment

1	Normal cases	Date of entry in books or date of crediting in bank account, Whichever earlier.
2	Special cases in case of Change in rate of GST	
	Rate changes between entry in books and credited in bank account	Payment is credited in the bank with in 4 days from the effective date of new rate- date of entry in the books is the date of payment
		Payment is credited in the bank after 4 days- date of Crediting in the bank account is the date of payment

Change in rate of GST in case of supply of goods/Services Sec 14



Time of Supply of Goods & Services (under Reverse Charge)



Definitions in Valuation

Money: means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any other instrument recognised by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value [Section 2(75) of CGST Act]

Meaning of Relative explanation to sec 15

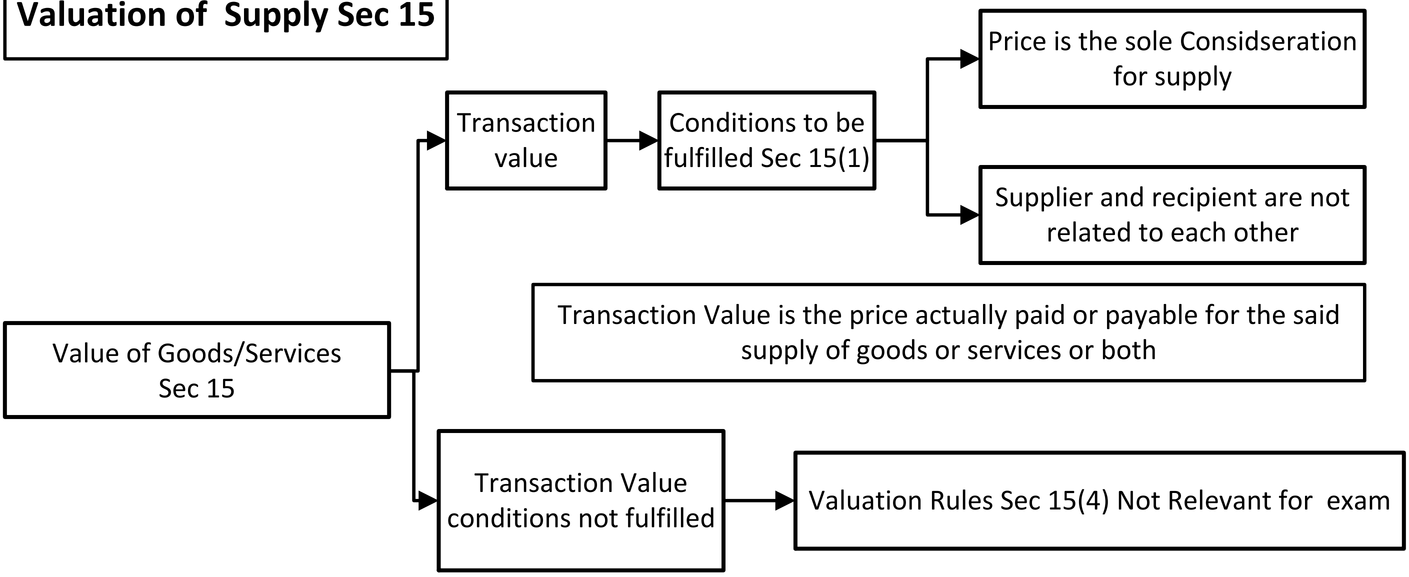
- such persons are officers or directors of one another's businesses;
- such persons are employer and employee;
- both of them are directly or indirectly controlled by a third person;
- any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them;
- one of them directly or indirectly controls the other;
- together they directly or indirectly control a third person; or they are members of the same family;
- such persons are legally recognised partners in business;
- the term "person" also includes legal persons;
- persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related

Consideration Sec 2(31) Of CGST Act

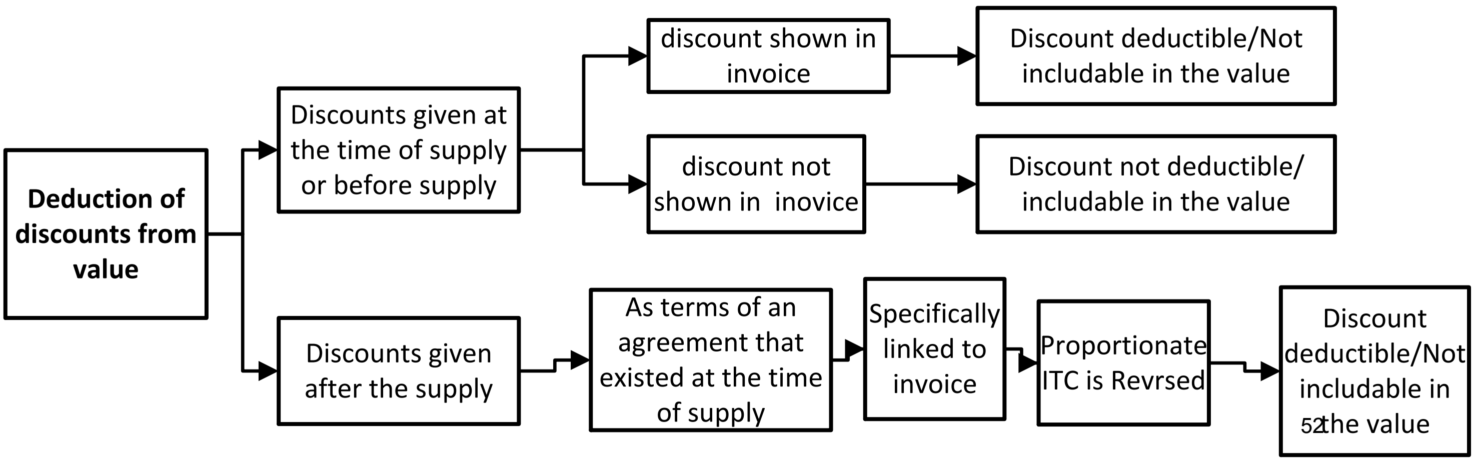
- Monetary → Payment in <u>money</u> or otherwise for supply → Deposit when the supplier applies such deposit as Consideration for Supply (ie adjustment deposit for sales) Refundable deposit is not a consideration
- Non-Monetary → Monetary value of any act or forbearance for the supply

→ Received From <u>Recipient</u> Or any Other person Excluding subsidy given by Central/ State Governments

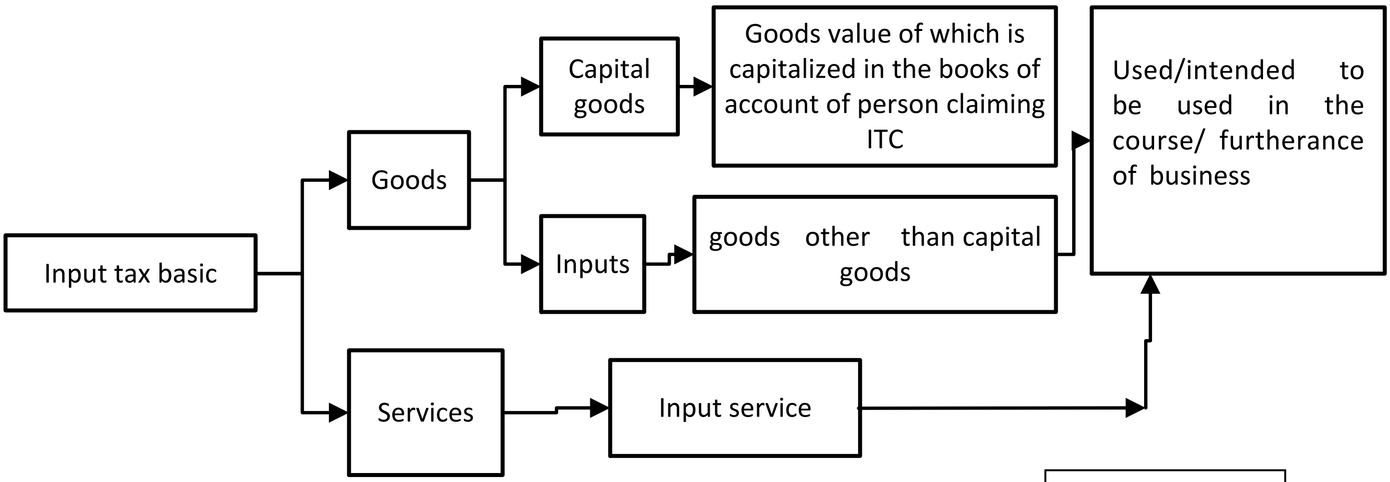
Valuation of Supply Sec 15

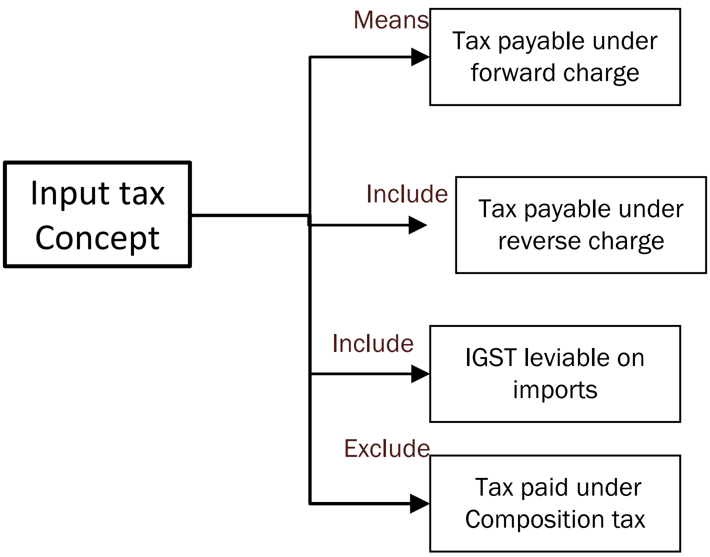


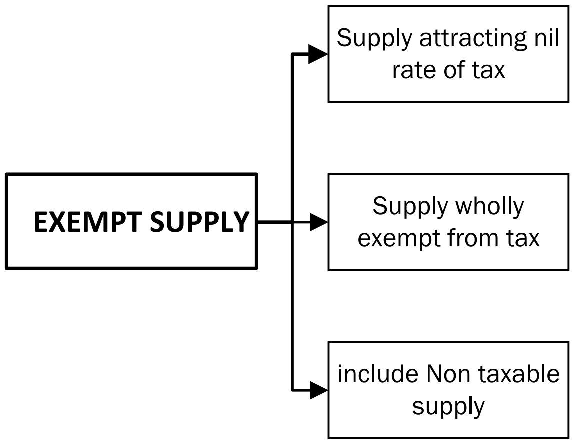
Value of Supply Sec. 15(1)	
Price/Sale consideration of goods/Services	XXX
Add: If not included in the above	
Sec. 15(2)(a): • Any taxes (other than GST), • Duties, • Cesses,	XX XX XX XX
Sec. 15(2)(b): Supplies made by the recipient on behalf of supplier	XX
Sec. 15(2)(c): Commission and packing or incidental expenses	XX
Sec. 15(2)(d): Interest or late fee or penalty for delayed payment	XX
Sec. 15(2)(e): Subsidy directly linked to the price (other than Govt. subsidy)	XX
Less:	
Sec. 15(3): Discount	XX
Transaction Value	XX

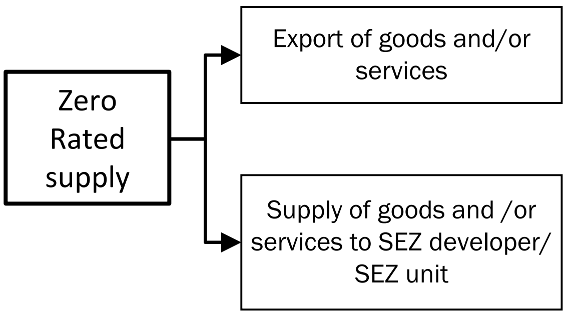


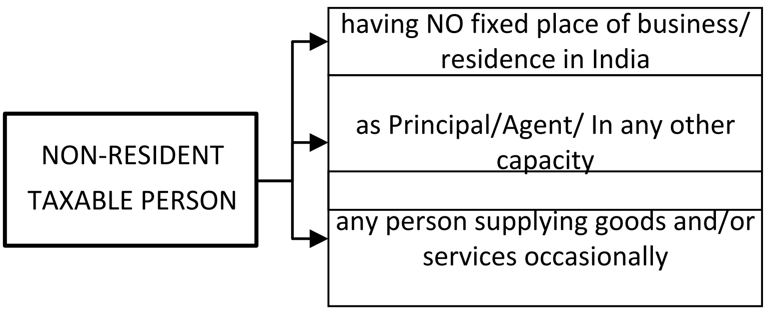
Input tax Basic Definitions

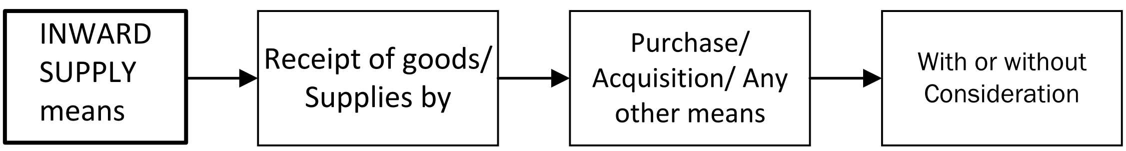






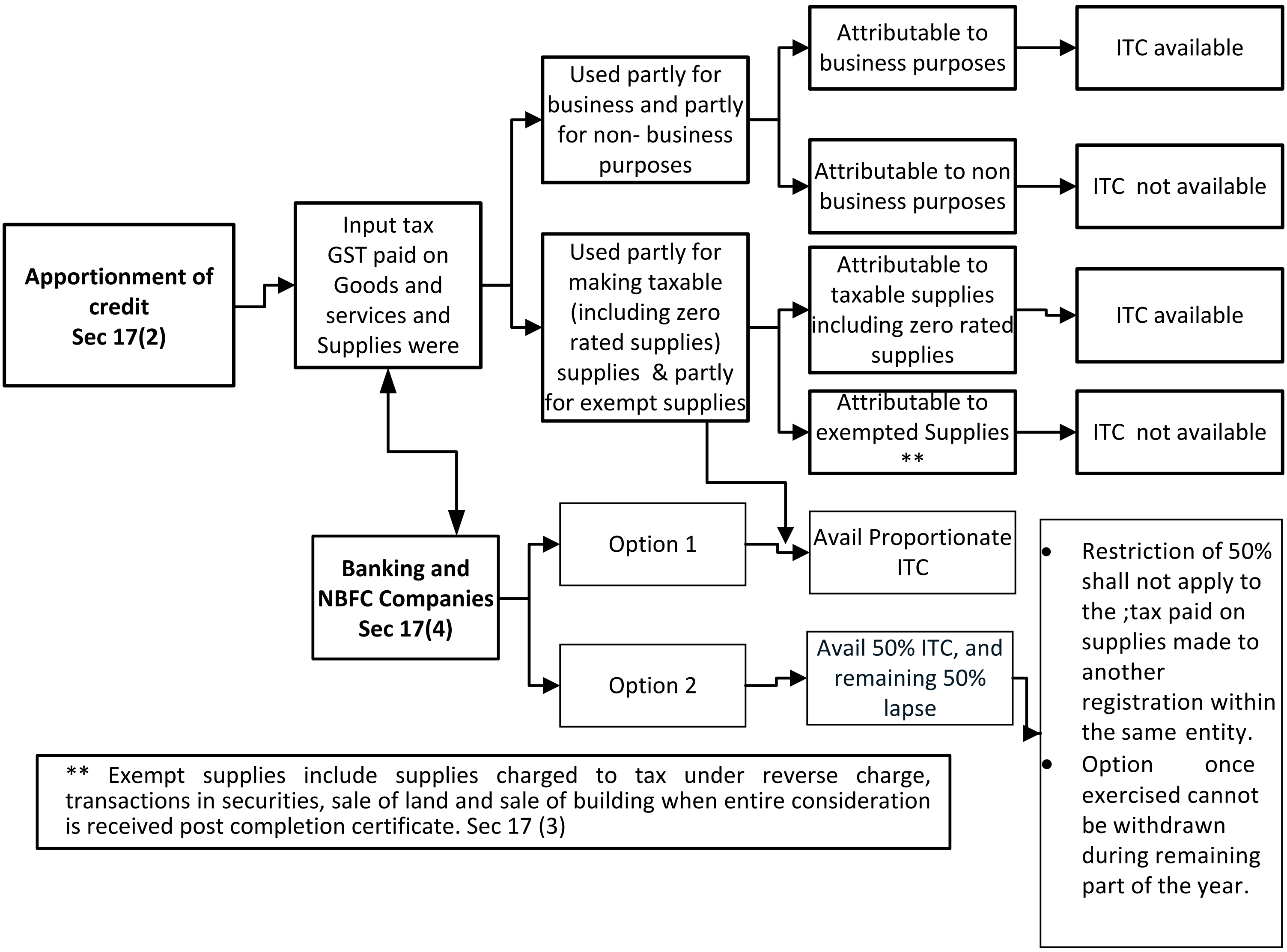






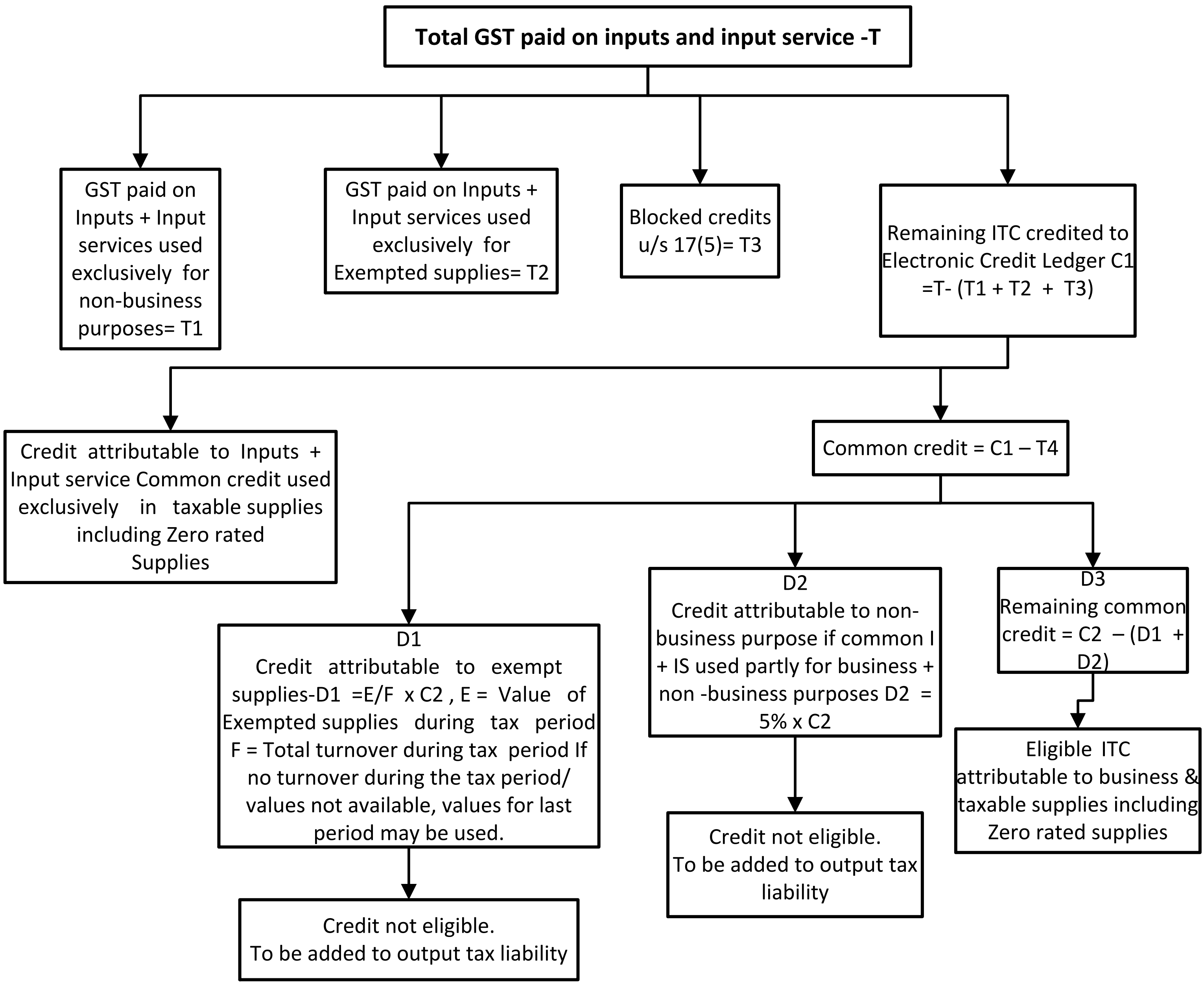
Input tax Snap shot

- Eligibility for taking ITC [Section 16(1)]
  - Person Registered under GST laws eligible to take credit
  - Goods/services to be used in the course or furtherance of business
- Conditions for taking ITC [Section 16(2)] All should be fulfilled.
  - Possession of tax paying documents like invoice/debit note etc
  - The person taking the ITC must have received the goods and / or services.
  - Tax should actually have been paid, by cash or through utilization of ITC, on the goods and / or services for which ITC is being taken
  - The registered person taking the ITC must have filed his return under section 39.
- Goods received in lots: [First proviso to section 16(2)]
  - Goods covered under an invoice are not received in a single consignment but are received in lots / instalments, the ITC can be taken only upon receipt of the last lot / instalment.
- Payment for the invoice to be made within 180 days [Second proviso to section 16(2) read with rule 37 of CGST Rules]
  - Failure to do so: Supply along with corresponding credit should shown in GSTR2 after expiry of 180 days. Credit availed will be added to output tax liability. Interest @18% from the date of availment of credit. In case of part payment proportionate credit will be allowed
- If depreciation claimed on tax component, ITC not allowed [Section 16(3)]
  - When registered person Claims Depreciation on tax portion , he is not eligible for ITC
- Time limit for availing ITC: [Section 16(4)
  - Due date of filing of return for the month of September of succeeding financial year or date of filing of annual return, whichever is earlier
  - Ie 20th October of next FY or date of filing annual return Which ever is earlier.(due date 31 st Dec of next FY)
  - The time limit u/s 16(4) does not apply to claim for re-availing of credit that had been reversed earlier
- Restriction of ITC in proportion of (i) taxable supplies (ii) business purposes Sec 17(1)(2)
  - When ITC used for both taxable and non taxable supplies Credit should be apportioned proportionately as per methods and rules
- ITC not allowed on certain supplies [Section 17(5)] (Blocked Credits)
  - There are some some negative supplies where ITC Not allowed , termed as blocked credits



** Exempt supplies include supplies charged to tax under reverse charge, transactions in securities, sale of land and sale of building when entire consideration is received post completion certificate. Sec 17 (3)

Apportionment of common credit in case of inputs and Input service -rule 42



(Exempt supplies include reverse charge supplies, transactions in securities, sale of land and sale of building when entire consideration is received after CC. Aggregate value of exempt supplies and total turnover exclude the Central excise duty, State excise duty & VAT.

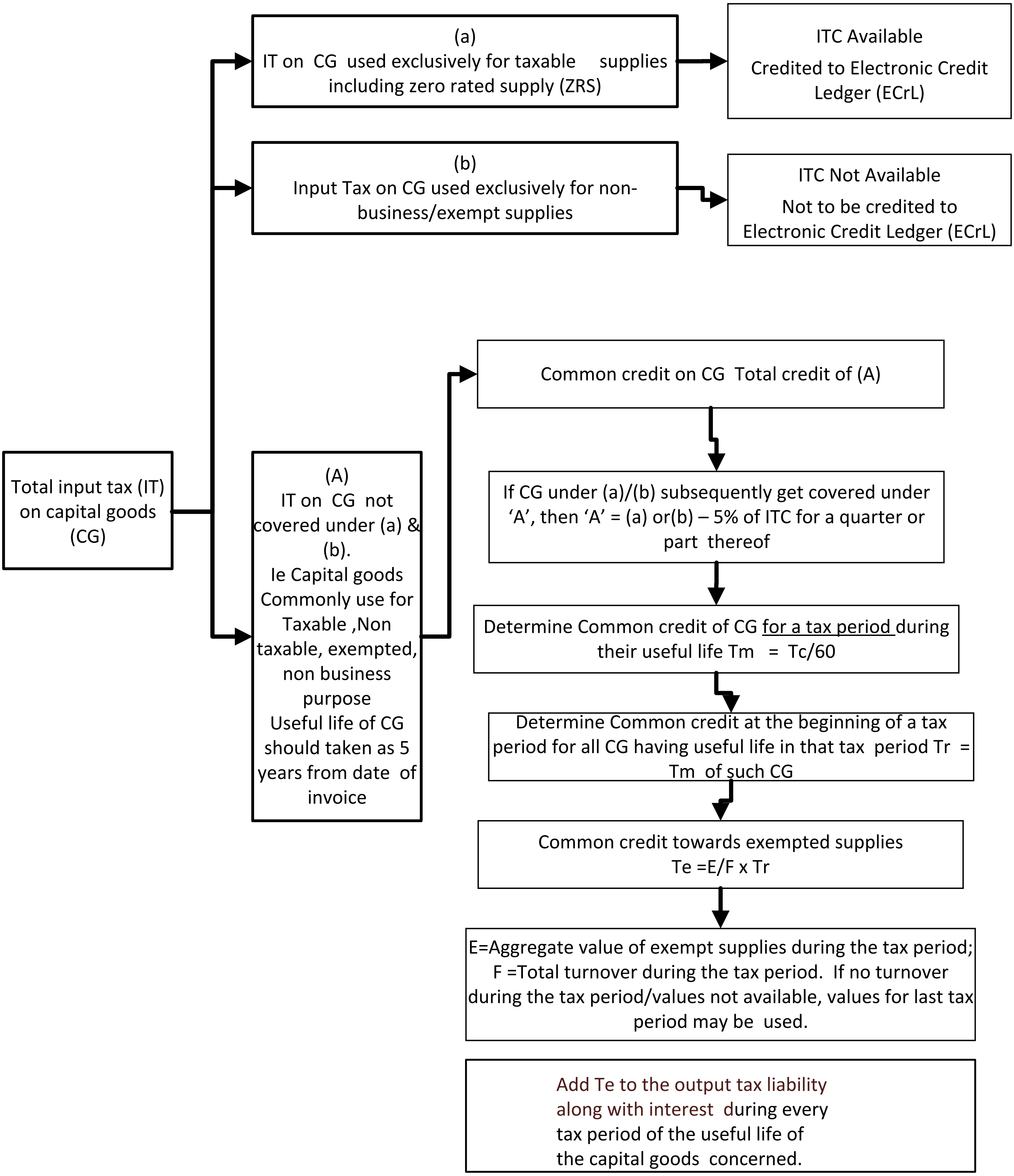
- C_3 will be computed separately for ITC of CGST, SGST/ UTGST and IGST.
- $\sum (D_1 + D_2)$ will be computed for the whole financial year, by taking exempted turnover and aggregate turnover for the whole financial year. If this amount is more than the amount already added to output tax liability every month, the differential amount will be added to the output tax liability in any of the month till September of succeeding year along with interest @ 18% from 1st April of succeeding year till the date of payment.
- If this amount is less than the amount added to output tax liability every month, the additional amount paid has to be claimed back as credit in GSTR 3 of any month till September of the succeeding year.

Rule 42 T**he aggregate value of exempt supplies exclude**

(a) the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances; and

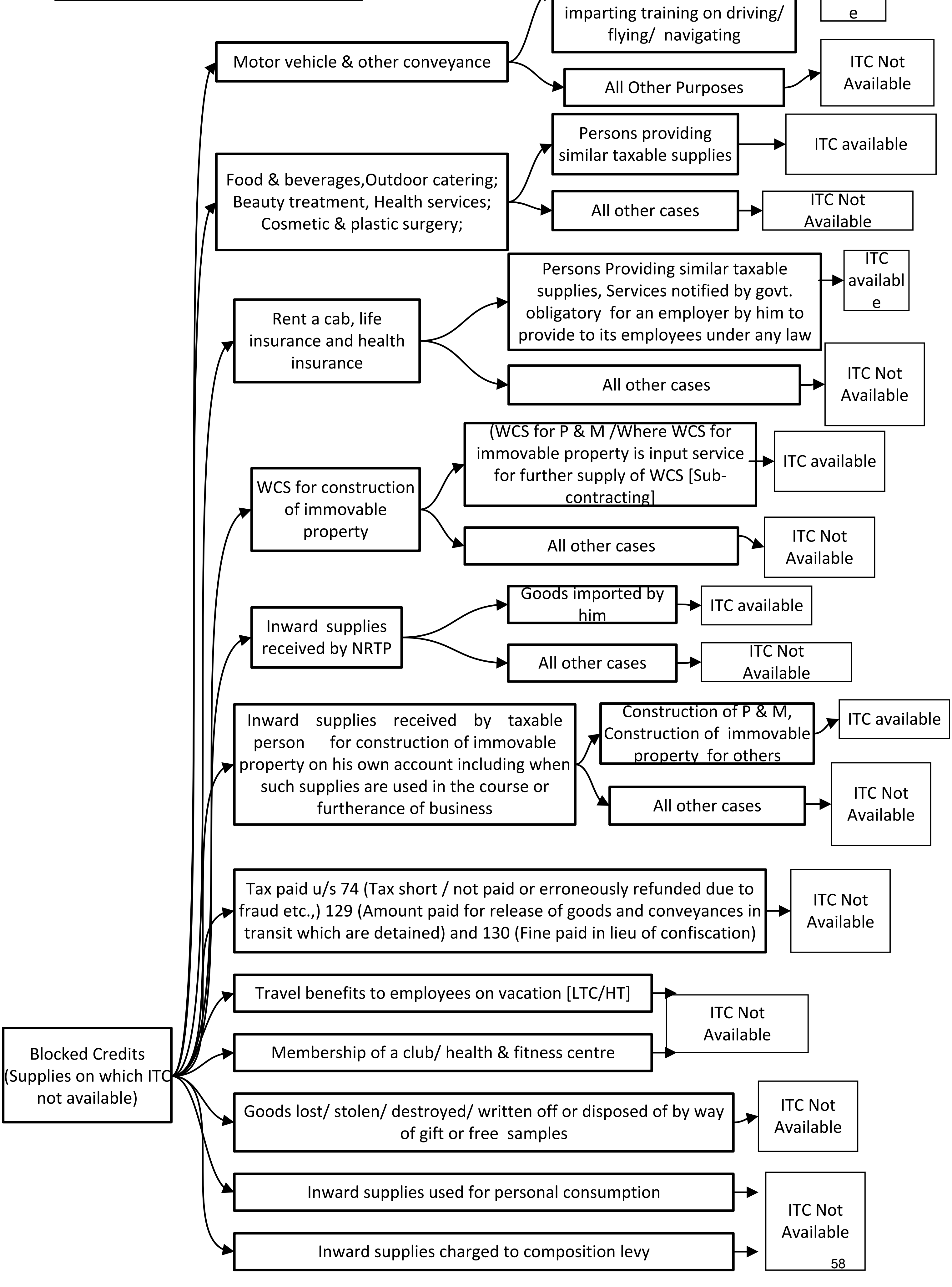
(b) the value of supply of services by way of transportation of goods by a vessel from the customs station of clearance in India to a place outside India.

Apportionment of Common Credit in case of Capital goods Rule 43 of CGST



Te will be computed separately for ITC of CGST, SGST/ UTGST and IGST.
Exempt supplies include reverse charge supplies, transactions in securities, sale of land and sale of building when entire consideration is received after completion certificate.
Aggregate value of exempt supplies and total turnover excludes the central excise duty, State excise duty & VAT.

Blocked Credits Sec 17(5)



Special circumstances enabling availing of credit when non paying tax entities becomes tax paying entities Sec 18(1)(2)(3) and rule 40

Eligibility of Input tax credit

- Registered person switching from composition levy to regular scheme of payment of taxes
- Registered person's exempt supplies becoming taxable
- Person applying for registration within 30 days of becoming liable for registration
- Person obtaining voluntary registration

Credit entitled on
- Inputs as such held in stock
- Inputs contained in semi-finished goods held in stock
- Inputs contained in finished goods held in stock
- Capital goods [In case of exempt supply becoming taxable Capital Goods used exclusively for such exempt supply] reduced by 5% per quarter or part thereof from the date of invoice

Credit entitled on
- Inputs as such held in stock
- inputs contained in semi- finished goods held in stock
- Inputs contained in finished goods held in stock

Credit available on the day immediately preceding day happening of an event in all the cases

ITC, in all the above cases, is to be availed within 1 year from the date of issue of invoice by the supplier.

Conditions for availing above credit:

- Filing of electronic declaration giving details of inputs held in stock/contained in semi-finished goods and finished goods held in stock and capital goods on the days immediately preceding the day on which credit becomes eligible.
- Declaration has to be filed within 30 days from becoming eligible to avail credit.
- Details in (i) above to be certified by a CA/ Cost Accountant if aggregate claim of CGST, SGST/ IGST credit is more than ` 2,00,000.

ITC Reversal on Return of time expired medicines/drugs

Where the time expired medicines/drugs (goods) returned by the retailer/wholesaler as a fresh supply, are destroyed by the manufacturer, he/she is required to reverse the ITC availed on the return supply in terms of section 17(5)(h) of the CGST Act. It is pertinent to mention here that the ITC which is required to be reversed in such scenario is the ITC availed on the return supply

Illustration: Supposedly, manufacturer has availed ITC of Rs. 10/- at the time of manufacture of medicines valued at Rs. 100/-. At the time of return of such medicine on the account of expiry, the ITC available to the manufacturer on the basis of fresh invoice issued by wholesaler is Rs. 15/-. So, when the time expired goods are destroyed by the manufacturer, he would be required to reverse ITC of Rs. 15/- and not of Rs. 10/.

The clarification may also be applicable to return of goods for reasons other than being time expired. [Circular No. 72/46/2018 GST dated 26.10.20184].

Special circumstances enabling availing of credit when tax paying entities becomes non tax paying entities Sec 18 (4) 18(6) and Rule 44

Reversal of Input tax credit

- Registered person (who has availed ITC) switching from regular scheme of payment 18(4)
- Supplies of registered person getting wholly exempted from tax Sec 18(4)
- Cancellation of registration Sec 18(4)
- Supply of capital goods (CG)/ plant and machinery (P& M) on which ITC has been taken Sec 18(6) rule 40(2) and 44(6)

Amount to be reversed is equivalent to ITC on :
Inputs held in stock/ inputs contained in semi-finished or finished goods held in stock
Capital goods
on the day immediately preceding the date of switch over/ date of exemption/date of cancellation of registration

Manner of reversal of credit on inputs and capital goods & other conditions

(i) **Inputs** Proportionate reversal based on corresponding invoices. If such invoices not available, prevailing market price on the effective date of switch over/ exemption/cancellation of registration should be used with due certification by a practicing CA/ Cost Accountant

(ii) **Capital goods** Reversal on *pro rata* basis pertaining to remaining useful life (in months), taking useful life as 5 years.

(iii) ITC to be reversed will be calculated separately for ITC of CGST, SGST/UTGST and IGST.

(iv) Reversal amount will be added to output tax liability of the registered person.

(v) Electronic credit/cash ledger will be debited with such amount. Balance ITC if any will lapse.

Amount to be paid is equivalent to higher of the following:

- ITC on CG or P&M less 5% per quarter or part thereof from the date of invoice
- Tax on transaction value of such CG or P & M
- If amount at (i) exceeds (ii), then reversal amount will be added to output tax liability.
- Separate ITC reversal is to be done for CGST, SGST/UTGST and IGST
- Tax to be paid on transaction value when refractory bricks, moulds, dies, jigs & fixtures are supplied as scrap.

Transfer of Unutilised Credit in case of change in constitution sec 18(3) and rule 41

Registered Person

- Leasing or business

Or

- 2. Change of ownership (sale, lease, Merger, Amalgamation, J V)

Transfers unutilised Credit

credit can be availed by transferee

Condtions

- Transferor transfers Inputs, WIP,CG with specific provision of transfer of liabilities .
- Transferee Accounts Inputs, WIP & ,CG to the satisfaction
- details of change in constitution along with request for transfer of credit to filed in common portal
- A Certificate by CA/CWA will have to be submitted certifying that change in constitution has been done with specific provision for transfer of liabilities.
- Upon acceptance of such details by the transferee on the common portal, the unutilized ITC will be credited to his Electronic Credit Ledger.

in the case of demerger, the input tax credit shall be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme.

Registration under GST

Important Definitions

Agriculturist Sec 2(7) → Individual/HUF who undertakes cultivation of land—

- by own labour
- by the labour of family,
- by servants on wages payable in cash or kind or
- by hired lab our under personal supervision or the personal supervision of any member of the family

Place of Business Sec 2(85)

- a place from where the business is ordinarily carried on
- Ware house godown any other place goods are stored
- Place where the goods/services are received supplied
- a place where a taxable person is engaged in business through an agent, by whatever name called
- Plalce where the books of accounts are kept

Principal place of business: means the place of business specified as the principal place of business in the certificate of registration [Section 2(89)].

Agent: means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another [Section 2(5)].

Casual Taxable Person Sec 2(20) → person who occasionally undertakes transactions involving supply of goods or services or both → in the course or furtherance of business, → whether as principal, agent or in any other capacity → in a State/UT where he has no fixed place of business

Non-Resident Taxable Person Sec 2(77) → Person who occasionally undertakes transactions involving supply of goods or services or both → whether as principal, agent or in any other capacity → who has no fixed place of business or residence in India

Fixed establishment: means a place (other than the registered place of business) which is characterised by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services, or to receive and use services for its own needs [Section 2(50)].

Registration Under GST

- Persons liable to get registered when turnover crosses Threshold limit Sec 22
- Person require Compulsory Registration irrespective of turnover limit Sec 24.
- Voluntary Registration by Person to boost their business Sec 25(3)
- Persons does not require Registration Sec 23

Registration Statutory Provisions

Persons liable to get registered when turnover crosses Threshold limit Sec 22

- Person whose taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds Rs. 20 lakhs(SCS states 10 lakhs)
- Taxpayers registered under earlier indirect tax laws required to migrate to GST from appointed date
- In case of transfer of business the transferee should get registered from the date of transfer/ succession.

Aggregate Turnover All India Basis of same PAN of all Branches					
SN	Inclusions		SN	Exclusions	
1	Taxable supplies	xxxx	1	CGST/SGST/UTGST/IGST	xxxx
	Exempt supplies	xxxx	2	Compensation cess	xxxx
	Outward supplies on which tax is payable under reverse charge	xxxx	3	inward supplies on which tax is payable under reverse charge	xxxx
	Inter-State supplies	xxxx		Aggregate turnover to include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals	
	Inter-State supplies of branch Ho transfers	xxxx			
	Exports	xxxx			
	Total				

.

Person require Compulsory Registration irrespective of turnover limit Sec 24

- Persons making any inter-State taxable supply Exceeding Rs. 20 lakh and in case of SCS states Rs. 10 lakhs in FY
- Casual taxable persons/Non resident taxable person making taxable supply
- A person receiving supplies on which tax is payable by recipient on reverse charge basis
- Ecommerce operators who are notified as liable for GST payment under Reverse charge
- Persons who are required to deduct tax under section 51 (TDS)whether or not separately registered under this Act
- Agents who supply taxable supplies on behalf of other taxable person
- Input Service Distributor, whether or not separately registered under this Act
- Every electronic commerce operator;
- Every person supplying online information and data base access or retrieval services from a place outside India to a person in India, other than a registered person;
- Such other person or class of persons as may be notified by the Government on the recommendations of the Council

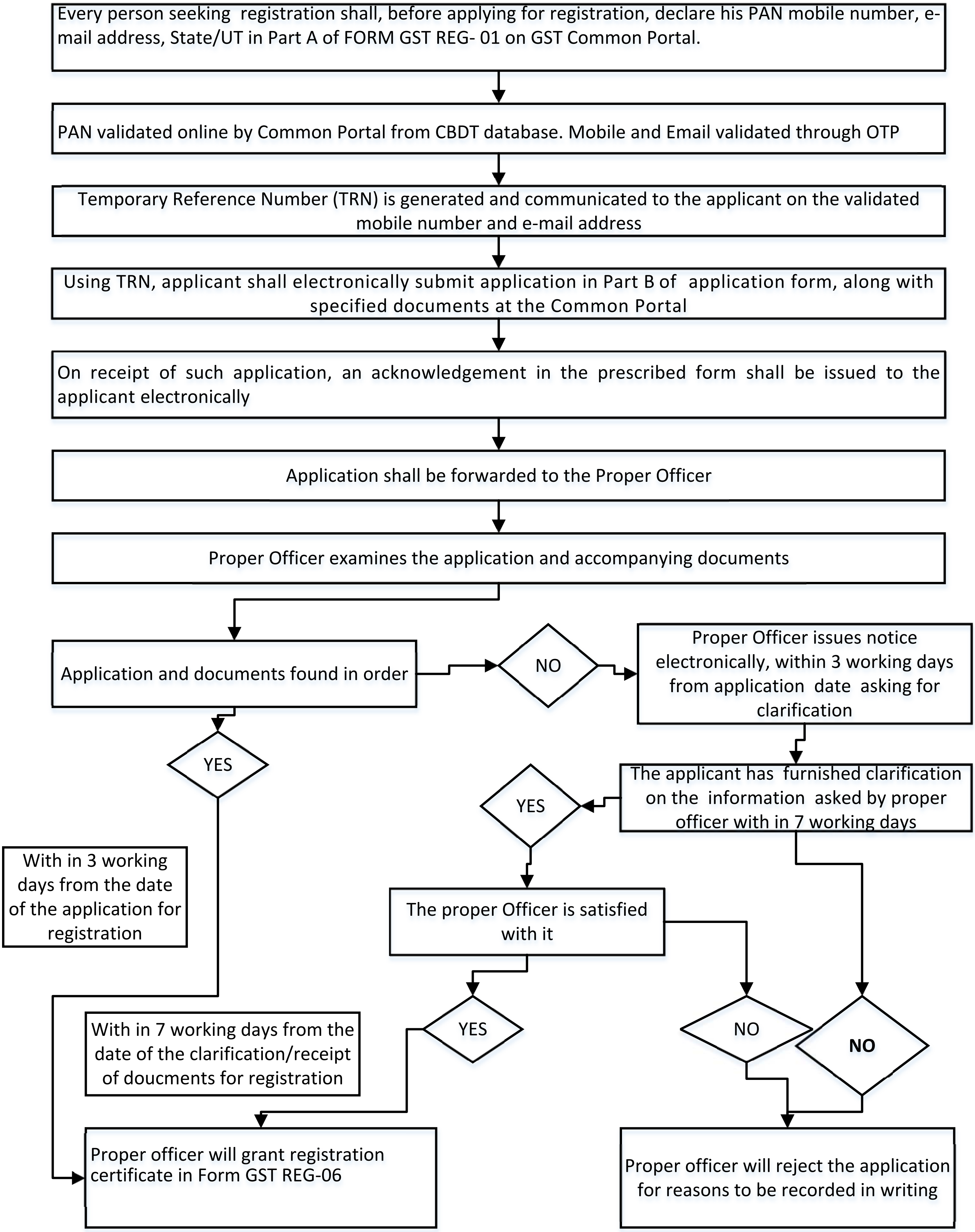
Voluntary Registration by Person to boost their business Sec 25(3)

- A person who is not liable to be registered under section 22 or section 24 may get himself registered voluntarily
- Voluntary registration is advantageous for the persons which supply of goods / services or to registered persons
- Once he get registered he is liable to pay GST irrespective of his turnover

Registration Procedure Sec 25 and 26

- **Apply for Registration Sec 25(1)**
  - Person liable for registration based on turnover limit or compulsory registration shall apply in every state/UT with in 30 days from the date of person liable
  - casual taxable person or a non-resident taxable person shall apply for registration at least five days prior to the commencement of business.
- **Separate registration In each state or UT Sec 25(2)(4) and (5).**
  - Person will be granted Multiple branches in one state single registration in such state. Multiple branches in different states, separate registration for each state
  - Person has multiple business verticals in a State or Union territory may be granted a separate registration for each business vertical, subject to such conditions as may be prescribed.
  - Person who acquired more than one registrationin respect of each such registration, be treated as distinct persons for the purposes of this Act
- **PAN/TAN mandatory Sec 25(6) (7)**
  - Every person shall have PAN in order to be eligible for grant of registration:
  - In respect of person required to deduct tax under section 51 in Lieu of PAN , TAN/TCS No, order to be eligible for grant of registration.
  - non- resident taxable person may be granted registration under on the basis of such other documents as may be prescribed
- **Suo-motu registration by the proper officer Sec 25(8) / rule 16**
  - Proper officer finds that a person liable to registration has failed to apply for such registration, such officer may register the said person on a temporary basis and issue an order in prescribed form
  - Such person submit an application for registration in prescribed form within 90 days from the date of grant of temporary registration.
- **Unique Identity Number (UIN) [Section 25(9) & (10) / rule 17]**
  - Any specialized agency of the United Nations Organization or any Multilateral Financial institution and organization, any other person notified by commissioner shall obtain UIN from GSTN Portal
  - This UIN is needed for claiming refund of taxes paid on notified supplies of goods and/or services received by them,
  - Such person shall file an application in a different prescribed form
  - UIN shall be assigned on Centralised basis and registration certificate shall be issued within 3 working days from the date of submission of application
  - UIN assigned and allotted to under state Act shall be deemed to be assigned under CGST ACT (Sec 26)
  - UIN application rejected for registration is deemed to rejected under CGST Act.

Procedure for Registration Covered under Rules 8, 9 and 10



Deemed Approval of Application

If the proper officer fails to take any action -

- within **3 working days** from the date of submission of application, or
- within **7 working days** from the date of receipt of clarification, information or documents furnished by the applicant,

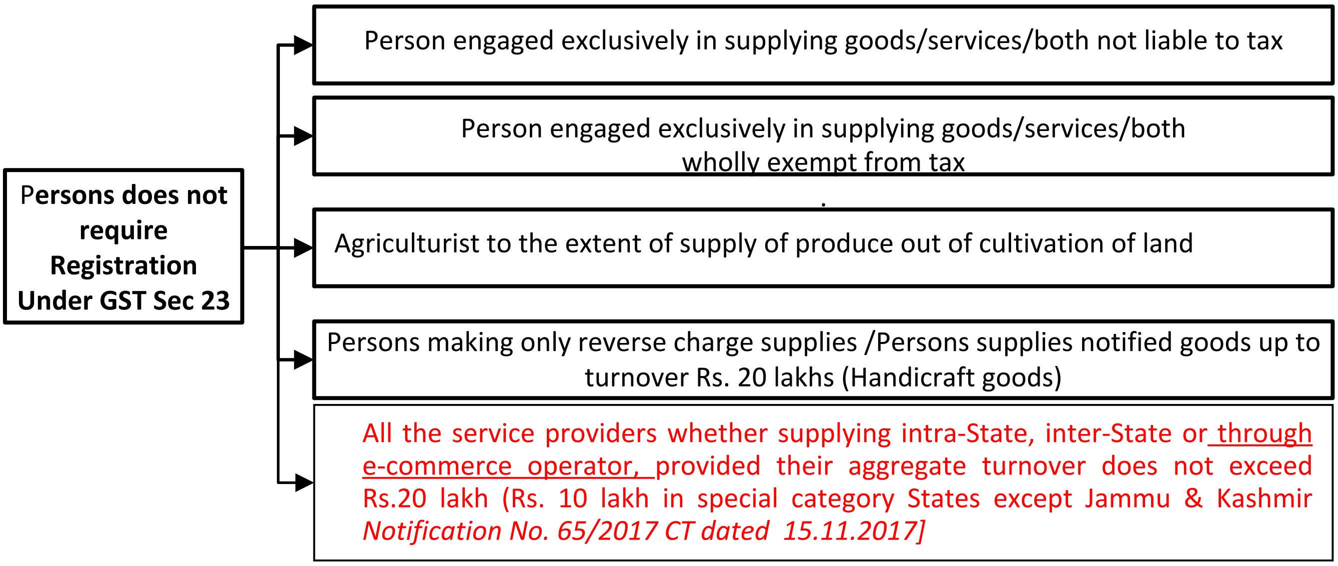
the application for grant of registration shall be deemed to have been approved.

Special Provision for grant of Registration in case of certain persons

Spl Provision for grant of Registration in case of certain persons

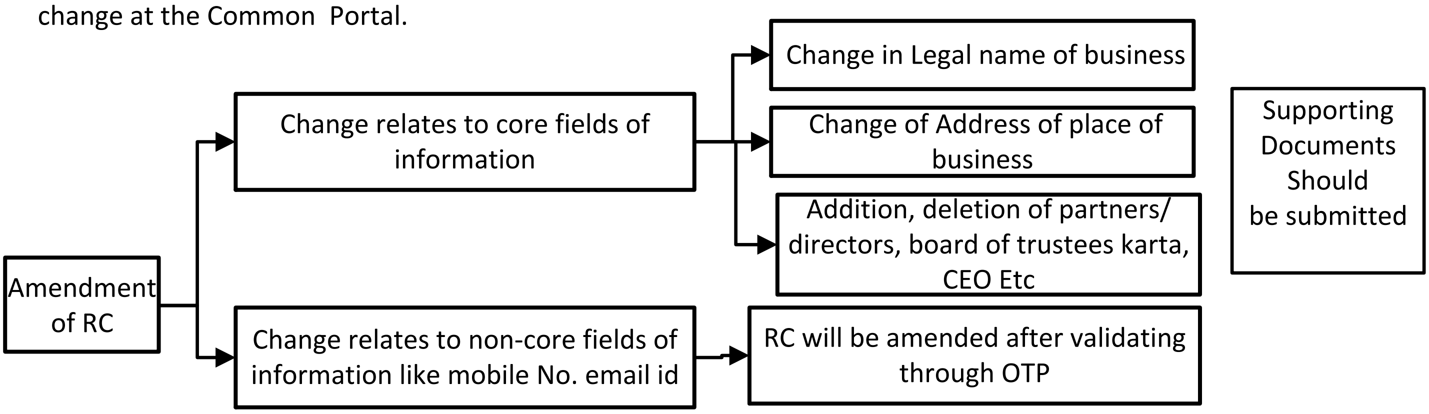
- **Non-Resident Taxable Person (NRTP) and Casual Taxable Person (CTP) [Sections 25 & 27 read with rules 13 & 15]**
  - (Both CRTP and NRTP have to compulsorily get registered under GST irrespective of the threshold limit, at least 5 days prior to commencement of business.
  - CTP will submit the application for registration in the normal form for application for registration i.e. Form GST REG 01 and his registration of CTP will be a PAN based registration.
  - Application will be submitted by NRTP in a different prescribed form along with valid passport/ TIN UIN of other country
  - CTP/NRTP are required to make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought.
  - Registration Certificate granted to CTP/NRTP will be valid for (Period specified in the registration application, or 90 days from the effective date of registration/ can be extended for further period by making an application
  - CTP and NRTP will make taxable supplies only after the issuance of the certificate of registration
  - CTP and NRTP will make taxable supplies only after the issuance of the certificate of registration
- **Persons require to deduct Tax(TDS) and collect TCS Sec 51 and 52**
  - Application for registration has to be submitted by such persons in a different prescribed form at GST Common Portal.
  - They would be granted registration within 3 working days from the date of submission of application after due verification.
  - Registration will be cancelled if proper officer is satisfied that such person is no longer liable to deduct tax at source or collect tax at source
- **Special Economic Zone (SEZ) [First proviso to rule 8(1)**
  - SEZ/SEZ developer will make a separate application for registration as a business vertical distinct from his other units located outside SEZ
  - Where two units of a tax payer are located in same State - one in SEZ and another outside SEZ. Separate registrations have to be obtained for each of the two units as separate business vertical
- **Input Service Distributor ISD [Second proviso to rule 8(1))**
  - Every person being an ISD shall make a separate application for registration as such ISD
  - There is no threshold limit for registration for an ISD.
  - An ISD is required to obtain a separate registration even though it may have registered as supplier

Other than the above, the procedure for registration like verification, asking for clarification and granting registration is same as like , in case of any other person



Amendment of registration Sec 28 and Rule 19

If is any change in the particulars furnished in registration application/UIN application, registered person shall submit an application in prescribed manner, within 15 days of such change, along with documents relating to such change at the Common Portal.



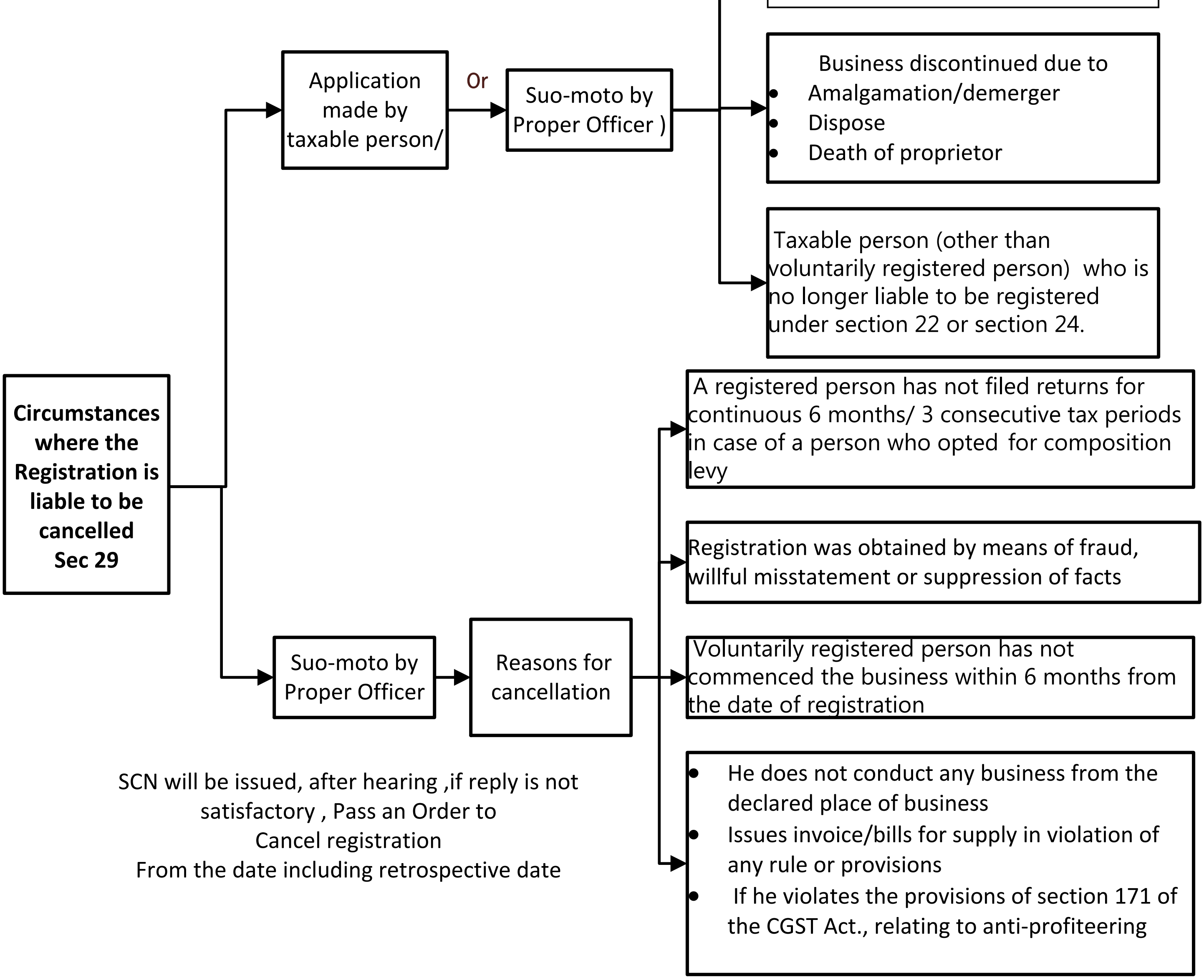
- If the documents and particulars are correct, the RC will be amended within 15 working days
- If PO is of the opinion that amendment is unwarranted or documents furnished are incomplete/ incorrect, PO will serve a SCN why application for amendment should not be rejected
- Registered person should reply to the notice within 7 working days.
- If the reply is satisfied RC will be amended. If not satisfied application for amendment will be rejected

If the proper officer fails to take any action,-
(a)within a period of fifteen working days from the date of submission of the application, or
(b)within a period of seven working days from the date of the receipt of the reply to the show cause notice,
the certificate of registration shall stand amended to the extent applied for and the amended certificate shall be made available to the registered person on the common portal.

Amendment of RC effective earlier than date of submission of application:

- Amendment order of RC from the date earlier than the date of submission of application is made only with the order of the Commissioner for reasons to be recorded in writing and subject to such conditions as the Commissioner may, in the said order, specify. **Notification No. 75/2017 CT dated 29.12.2017**

Cancellation of Registration Sec 29

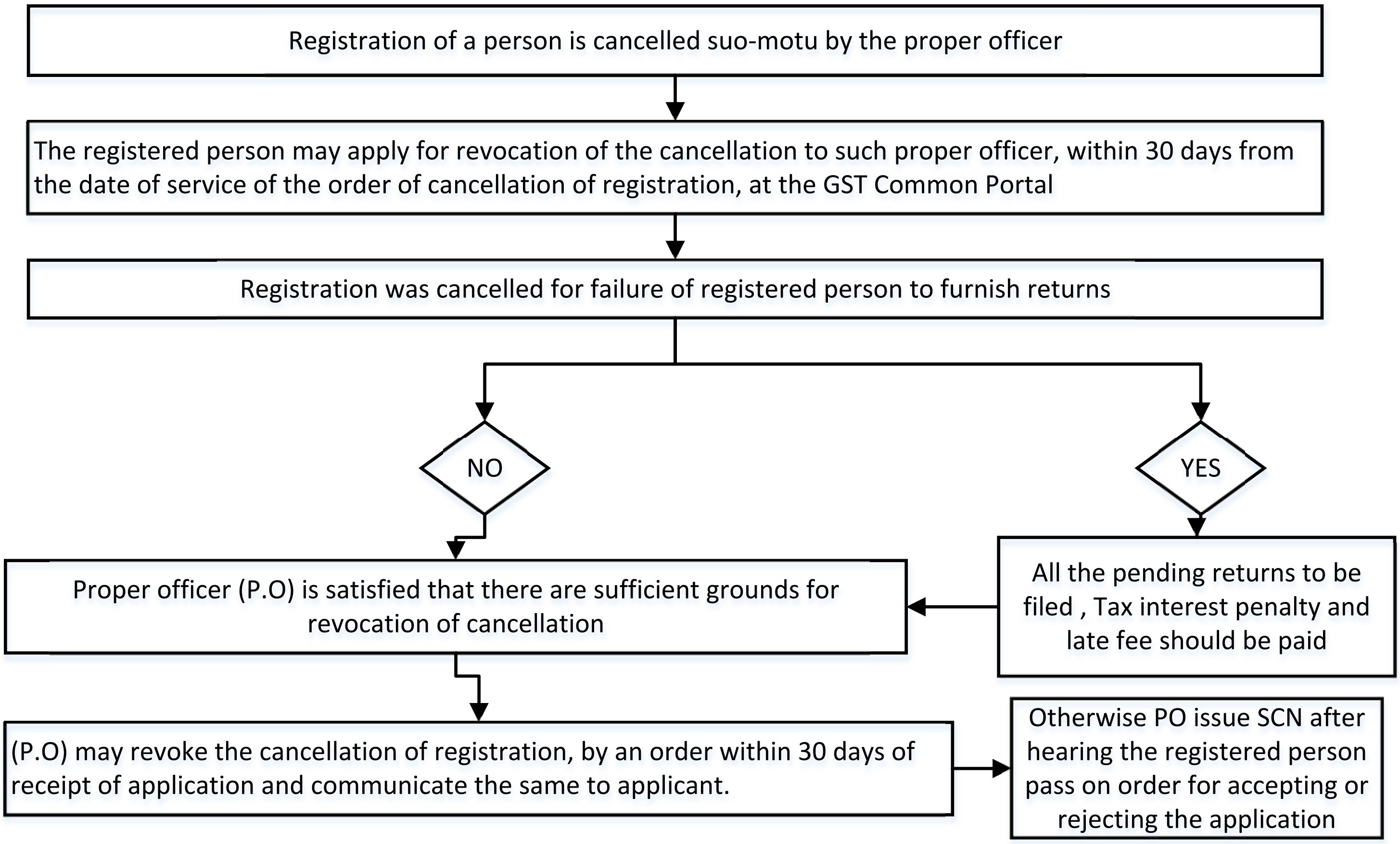


Procedure for Cancellation of Registration

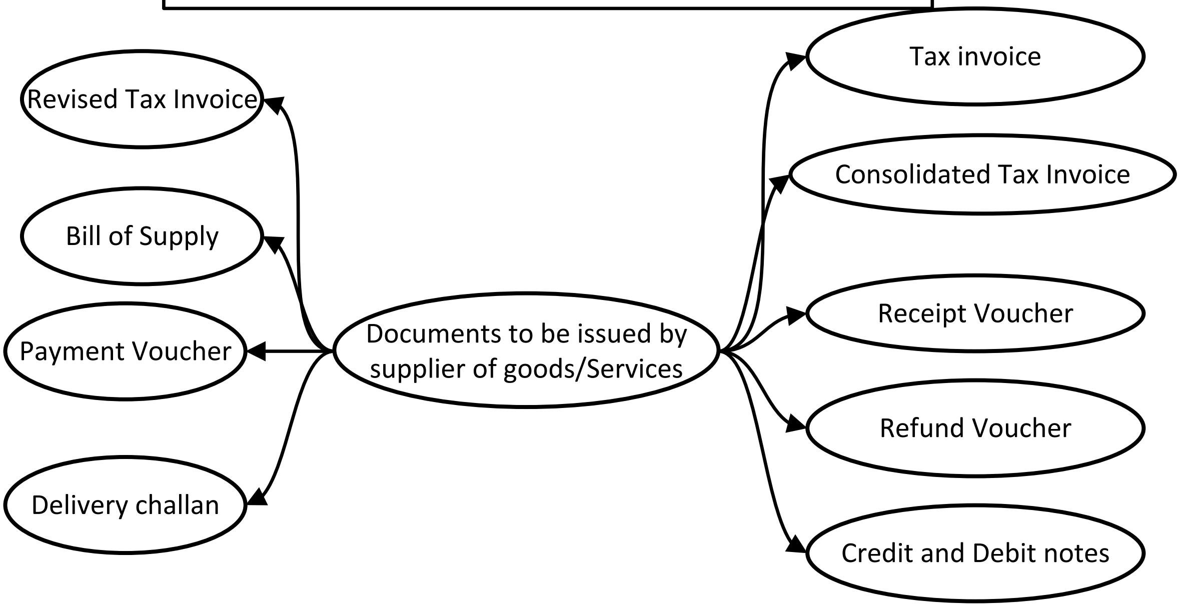
- Application for Cancellation through common portal with in 30 days of occurrence of event
- Details of stock of inputs,WIP, FG and Capital goods along with details of tax liability on the date of application should be furnished
- A registered person whose registration is cancelled will have to debit the electronic credit or cash ledger by an amount equal to credit availed on inputs, WIP, finished goods, and capital goods or output tax payable whichever is higher
- In res9(5)
- The registered person continues to liable for taxes due period prior to the date of cancellation
- pect of capital goods, credit is to be reversed by taking useful of capital goods is 60 months
- Where the proper officer cancels the registration Suo-moto, SCN is to be issued, if registered person given reply within 7 working days and if is satisfactory, the cancellation proceedings should be dropped
- ~~A voluntarily registered person cannot seek cancellation before the expiry of a period of 1 year from the effective date of registration [Proviso to rule 20]~~ Notification No. 3/2018 CT dated 23.01.2018] this condition was omitted
- A person to whom a UIN has been granted under rule 17 cannot apply for cancellation of registration [Rule 20]
- The cancellation of registration shall be effective from a date to be determined by the proper officer.
- The cancellation of registration under either SGST Act/UTGST Act shall be deemed to be a cancellation of registration under CGST Act [Section 29(4)].

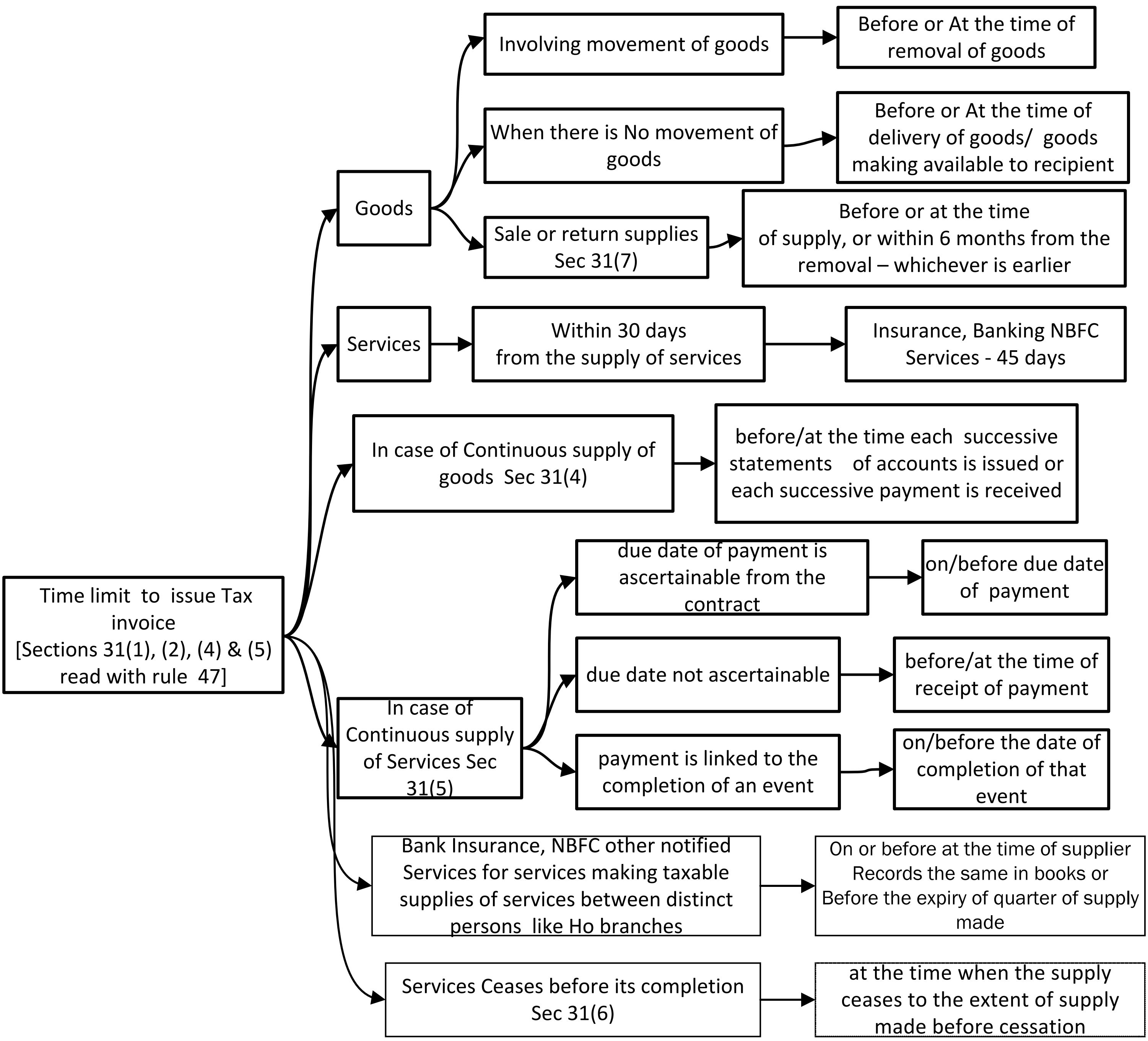
The proper officer will direct the taxable person to pay arrears of any tax, interest or penalty including the amount liable to be paid under section 2

Revocation of Cancellation of license sec 30, Rule 23



Documents for supply of goods/ Services Sec 31 and rule 46 to 55A





Revised Tax invoice with in one month from the date of issue of original invoice Section 31(3)(a) read with rule 53

person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him

Person can issue Revised Tax Invoices. against the invoices already issued during said period

person who becomes liable for registration and appplication is made for registration

Person can issue revised tax invoice time lag between the date of grant of certificate of registration and the effective date of registration.

Consolidated Tax invoice Sec 31(3)(b)

the recipient is unregistered and

Large number of transaction with the Value of the goods/services/both supplied < Rs.200 and

the recipient does not require such invoice

Registered person need not issue invoice for every such transaction. They can issue one consolidated invoice at the end of each day for all transactions done during the day

Bill of Supply Sec 31(3)(c)

Registered Person

Supplying exempted goods or services or both

Paying tax under composition levy

No tax liability

Does not Collect tax

Such persons should issue Bill of Supply. It does not contain the details pertaining to rate of tax and amount of tax. The value to be mentioned in the Bill of Supply is not a taxable value

Invoice-cum-bill of supply: Notification No. 45/2017 - Central Tax dated 13th October 2017 -

If a registered person is supplying taxable as well as exempted goods/services to an unregistered person, then he can issue a single “invoice-cum-bill of supply” for all such supplies.

Insurer/banking company/financial institution, including NBFC can issue a consolidated tax invoice at month end for the supply made during that month Notification No. 55/2017 CT dated 15.11.2017]

Receipt Voucher Sec 31(3)(d)

Registered Person receiving Advance for supply of goods/Services

Such persons should issue Receipt Voucher

nature of supply is not determinable-same shall be treated as inter-State supply

rate of tax is not determinable tax shall be paid at the rate of 18%

Refund voucher Sec 31(3)(e)

Person received advance and issued Receipt voucher

Supply does not made and no tax invoice is issued in pursuance thereof,

Such persons should issue Refund Voucher

Payment Voucher

Recipient of supply under Reverse charge When making payment to supplier shall issue Sec 31(f)(g)

Payment Voucher

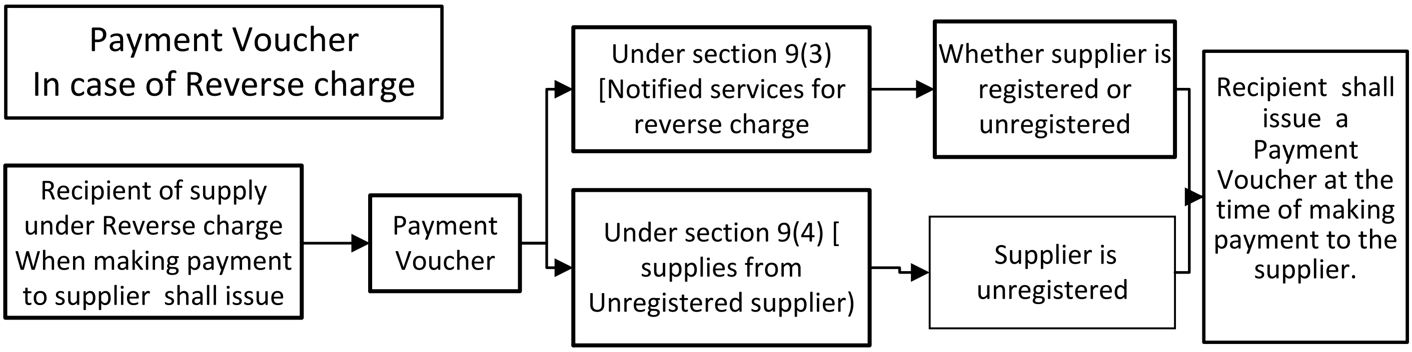
Under section 9(3) [Notified services for reverse charge

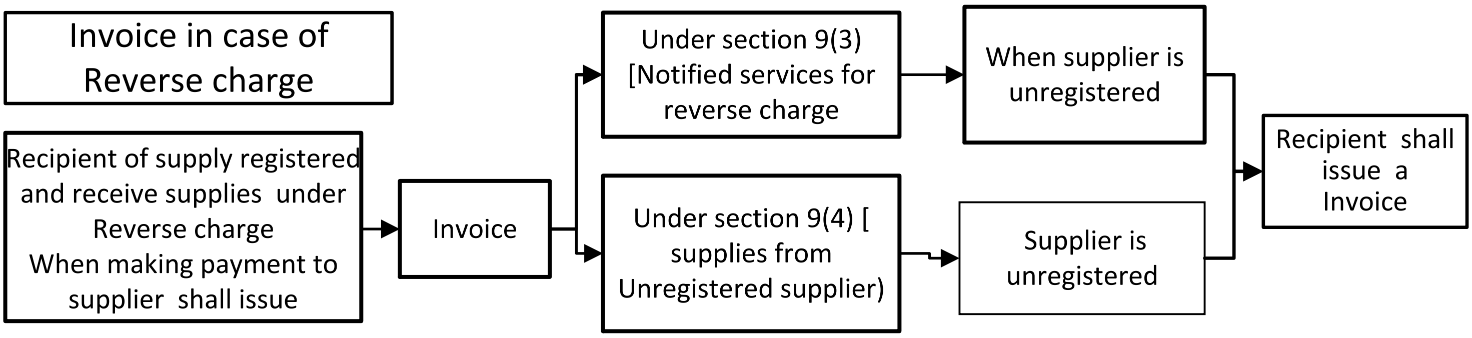
Whether supplier is registered or unregistered

Under section 9(4) [supplies from Unregistered supplier)

Supplier is unregistered

Recipient shall issue a Payment Voucher at the time of making payment to the supplier.


Payment Voucher
In case of Reverse charge
Recipient of supply under Reverse charge When making payment to supplier shall issue
Payment Voucher
Under section 9(3) [Notified services for reverse charge
Under section 9(4) [supplies from Unregistered supplier)
Whether supplier is registered or unregistered
Supplier is unregistered
Recipient shall issue a Payment Voucher at the time of making payment to the supplier.


Invoice in case of Reverse charge
Recipient of supply registered and receive supplies under Reverse charge When making payment to supplier shall issue
Invoice
Under section 9(3) [Notified services for reverse charge
Under section 9(4) [supplies from Unregistered supplier)
When supplier is unregistered
Supplier is unregistered
Recipient shall issue a Invoice

<table>
<tr><th colspan="3">Contents of Tax Invoice Sec 31(1) (2) and rule 46</th></tr>
<tr><td colspan="3">[Subject to rule 54 (i.e. other than input service Distributor, Banking or NBFC and so on) Section 31 read with Rule 46 of the CGST Rules, 2017]
There is no format prescribed for an invoice, however, invoice rules makes it mandatory for an invoice to have the following fields (only applicable field are to be filled</td></tr>
<tr><td>1</td><td colspan="2">Name, address and GSTIN of the supplier</td></tr>
<tr><td>2</td><td colspan="2">A consecutive serial number, in one or multiple series, containing alphabets or numerals or special characters like hyphen or dash and slash symbolized as “-” and “/” respectively, and any combination thereof, unique for a financial year</td></tr>
<tr><td>3</td><td colspan="2">Date of its issue</td></tr>
<tr><td>4</td><td colspan="2">Name, address and GSTIN or UIN, (Unique Identity Number for specialized agency like UNO) if registered, of the recipient</td></tr>
<tr><td rowspan="3">5</td><td>If the recipient is unregistered and value of supply</td><td>Particulars of Invoice</td></tr>
<tr><td>Rs. 50,000 or more</td><td>Name and address of the recipient and the address of delivery, along with the name of State Code.</td></tr>
<tr><td>Less than Rs.50,000</td><td>Above details should be given only if unregistered recipient ask for</td></tr>
<tr><td>6</td><td colspan="2">Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered and where the value of taxable supply is fifty thousand rupees or more</td></tr>
<tr><td>7</td><td colspan="2">HSN code of goods or Accounting Code of Services</td></tr>
<tr><td>8</td><td colspan="2">Description of goods or services</td></tr>
<tr><td>9</td><td colspan="2">Quantity in case of goods and unit or Unique Quantity Code there of</td></tr>
<tr><td>10</td><td colspan="2">Total value of supply of goods or services or both</td></tr>
<tr><td>11</td><td colspan="2">Taxable value of supply of goods or services or both, taking into account the discount or abatement, if any</td></tr>
<tr><td>12</td><td colspan="2">Rate of tax (Central tax, State tax, Integrated tax, union territory tax or cess)</td></tr>
<tr><td>13</td><td colspan="2">Amount of tax charged in respect of taxable goods or services (Central tax, State tax, Integrated tax, union territory tax or cess)</td></tr>
<tr><td>14</td><td colspan="2">Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce</td></tr>
<tr><td>15</td><td colspan="2">Address of delivery where the same is different from the place of supply</td></tr>
<tr><td>16</td><td colspan="2">Whether the tax is payable on reverse charge basis</td></tr>
<tr><td>17</td><td colspan="2">Signature or digital signature of the supplier or his authorized representative (Not required in case of Electronic Invoice issued as per IT Act 2000 .Notification No 74/2018 dated 31.12.2018</td></tr>
</table>

- A registered person may not issue a Tax Invoice if: Value of the goods/services/both supplied < Rs.200, the recipient is unregistered; and the recipient does not require such invoice.
- Instead such registered person shall issue a **Consolidated Tax Invoice** for such supplies at the close of each day in respect of all such supplies. Signature or digital signature of the supplier or his authorized representative (Not required in case of Electronic Invoice issued as per IT Act 2000. Notification No 74/2018 dated 31.12.2018

where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single **“invoice-cum-bill of supply”** may be issued for all such supplies. This rule is notwithstanding anything contained in rule 46 or rule 49 or rule 54 of CGST Rules. ***[Notification No. 45/2017 CT dated 13.10.2017]***

Invoice in case of export of goods or services [Third proviso to rule 46]

- In the case of the export of goods or services, the invoice shall carry an endorsement "SUPPLY MEANT FOR EXPORT ON PAYMENT OF INTEGRATED TAX" or "SUPPLY MEANT FOR EXPORT UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX, as the case may be
- Particulars of an Export Invoice are same as a Tax Invoice. However, where recipient is unregistered and value of supply is Rs.50,000 or more, instead of name of State and its code, in case of an export invoice, name of the country of destination is to be mentioned

Particulars of Revised Tax Invoice

The word "Revised Invoice", wherever applicable, indicated prominently;
Name, address and GSTIN of the supplier;
Nature of the document;
A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash and any combination thereof, unique for a FY;
Date of issue of the document;
Name, address and GSTIN or UIN, if registered, of the recipient;
Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered;
Serial number and date of the corresponding tax invoice or, as the case may be, bill of supply;
Value of taxable supply of goods or services, rate of tax and the amount of the tax credited/debited to the recipient
Signature/digital signature of the supplier/his authorized representative

Provisions for issuance of invoice/debit note/credit note by registered taxable person (having same PAN and State code as ISD) to ISD to transfer the credit of common input services [Notification No. 3/2018 CT dated 23.01.2018]

A new sub-rule (1A) has been inserted in rule 54 of CGST Rules. The new sub-rule provides as under:

A registered person, having the same PAN and State code as an input service distributor (ISD), may issue an invoice/credit note/debit note to transfer the credit of common input services to the ISD, which shall contain the following details :-

(i)name, address and GSTIN of the registered person having the same PAN and same State code as the ISD;

(ii)a consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters - hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, unique for a financial year;

(iii)date of its issue;

(iv)GSTIN of supplier of common service and original invoice number whose credit is sought to be transferred to the ISD;

(v)name, address and GSTIN of the ISD;

(vi)taxable value, rate and amount of the credit to be transferred; and

(vii)signature or digital signature of the registered person or his authorised representative.

(b)The taxable value in the invoice issued under clause (a) shall be the same as the value of the common services.

Particulars of Bill of Supply
Name, address and GSTIN of the supplier;
A consecutive serial number not exceeding 16 characters, in one or more multiple series, containing alphabets or numerals or special
characters -hyphen or dash and slash and any combination thereof, unique for a FY;
Date of its issue;
Name, address and GSTIN or UIN, if registered, of the recipient;
HSN Code for goods or services;
Particulars of Refund Voucher
Particulars of Receipt Voucher
Signature/digital representative.

Particulars of Payment Voucher
Name, address and GSTIN of the supplier if registered;
A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and any combination thereof, unique for a FY
Date of its issue;
Name, address and GSTIN of the recipient;
Description of goods or services;
Amount paid;
Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);

Amount of tax payable in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
Place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce; and
Signature/digital signature of supplier/his authorized representative

	Particulars/Contents of Delivery Challan
1	Date and number of the delivery challan
2	Name, address and GSTIN of the consigner, if registered
3	Name, address and GSTIN or UIN of the consignee, if registered
4	HSN code and description of goods,
5	Quantity (provisional, where the exact quantity being supplied is not known)
6	Taxable value
7	Tax rate and tax amount – central tax, state tax, integrated tax, union territory tax or cess, where the transportation is for supply to the consignee
8	Place of supply, in case of inter-state movement
9	Signature

Person-in-charge of the conveyance to carry a copy of the tax invoice/ bill of supply where such person is not required to carry an e-way bill [Notification No. 3/2018 CT dated 23.01.2018]

A new rule 55A - Tax invoice or bill of supply to accompany transport of goods, has been inserted in the CGST Rules. The new rule lays down that the person-in-charge of the conveyance shall carry a copy of the tax invoice or the bill of supply issued in accordance with the provisions of rules 46, 46A or 49 in a case where such person is not required to carry an e-way bill under these rules.

Clarification on issues wherein the goods are moved within the State or from the State of registration to another State for supply on approval basis

- Where the goods which are taken for supply on approval basis can be moved from the place of business of the registered supplier to another place within the same State or to a place outside the State on a delivery challan along with the e-way bill wherever applicable and the invoice may be issued at the time of delivery of goods.
- For this purpose, the person carrying the goods for such supply can carry the invoice book with him so that he can issue the invoice once the supply is fructified.
- It is further clarified that all such supplies, where the supplier carries goods from one State to another and supplies them in a different State, will be inter-state supplies and attract integrated tax in terms of section 5 of the IGST Act.
- It is also clarified that this clarification would be applicable to all goods supplied under similar situations.

[Circular No. 10/10/2017 GST dated 18.10.2017]

Debit notes and Credit Notes Sec 34 CGST ACT 2017

Registered Supplier of goods or services or both shall issue Credit or Debit notes to Recipient of goods or services or both

Credit notes When to be issued 34(1)

tax invoice has been issued For supply of goods or services or both

- Taxable value in invoice > Taxable value in respect of such supply
- Tax charged in invoice > Tax payable in respect of such supply or
- where the goods supplied are returned by the recipient or
- where goods or services or both supplied are found to be deficient

Debit notes When to be issued Sec 34(3)

tax invoice has been issued For supply of goods or services or both

- Taxable value in invoice < Taxable value in respect of such supply or
- Tax charged in invoice < Tax payable in respect of such supply or

Debit note shall include a supplementary invoice.

Particulars of the Debit and Credit Notes are same as the particulars of revised tax invoices.

Details of Debit Note/Credit Note to be declared in monthly Return in the month they issued

Credit note Sec 34(2) — Maximum time to disclose

- September following the end of the financial year in which such supply was made, or
- the date of furnishing of the relevant annual return, Which ever is earlier

no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.

Debit note Sec 34(4)

- In the month which it is issued

Delivery Challan

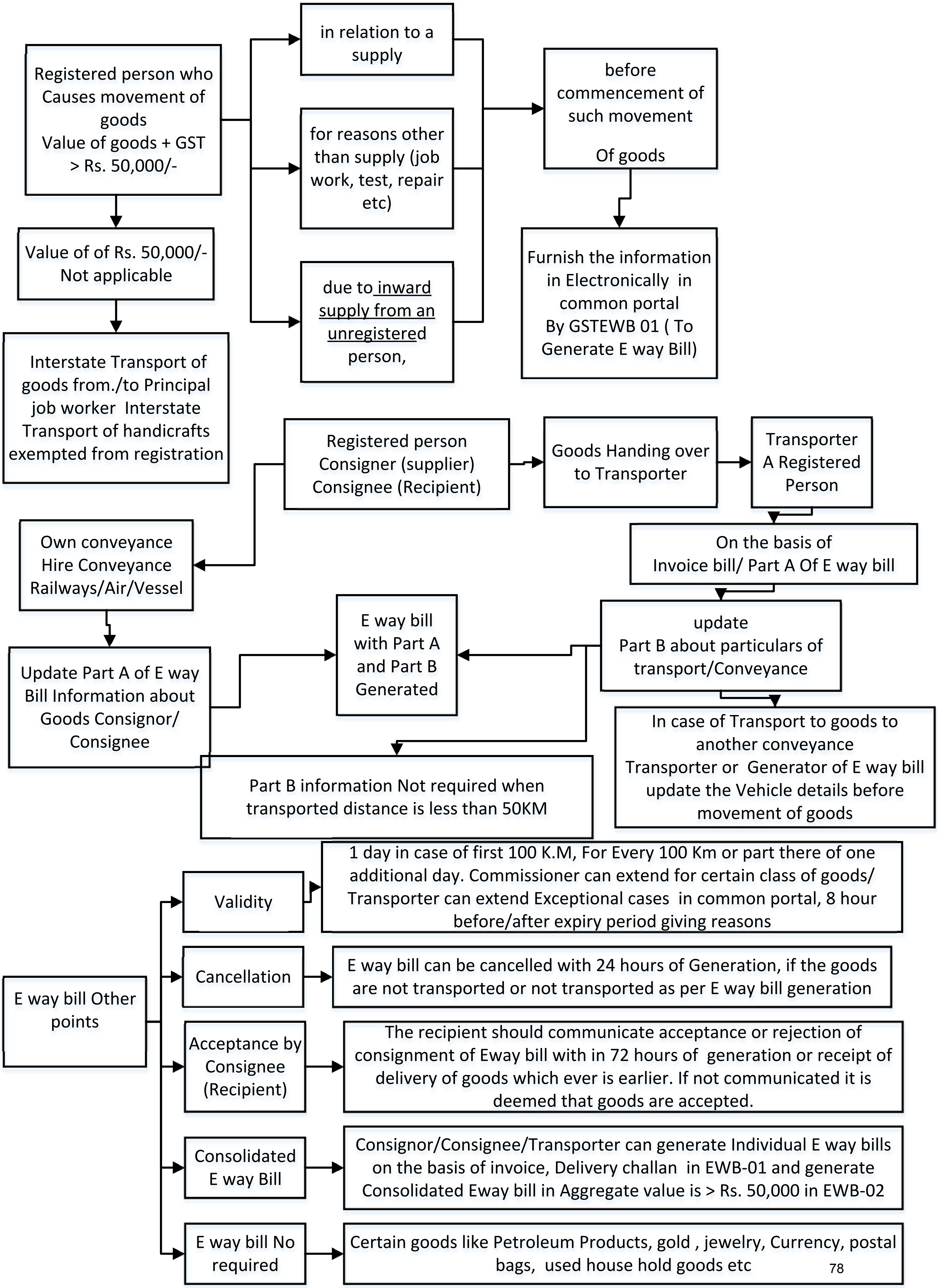
Rule 55 : Specifies the cases where at the time of removal of goods, goods may be removed on delivery challan and invoice may be issued after delivery

Delivery Challan Procedure

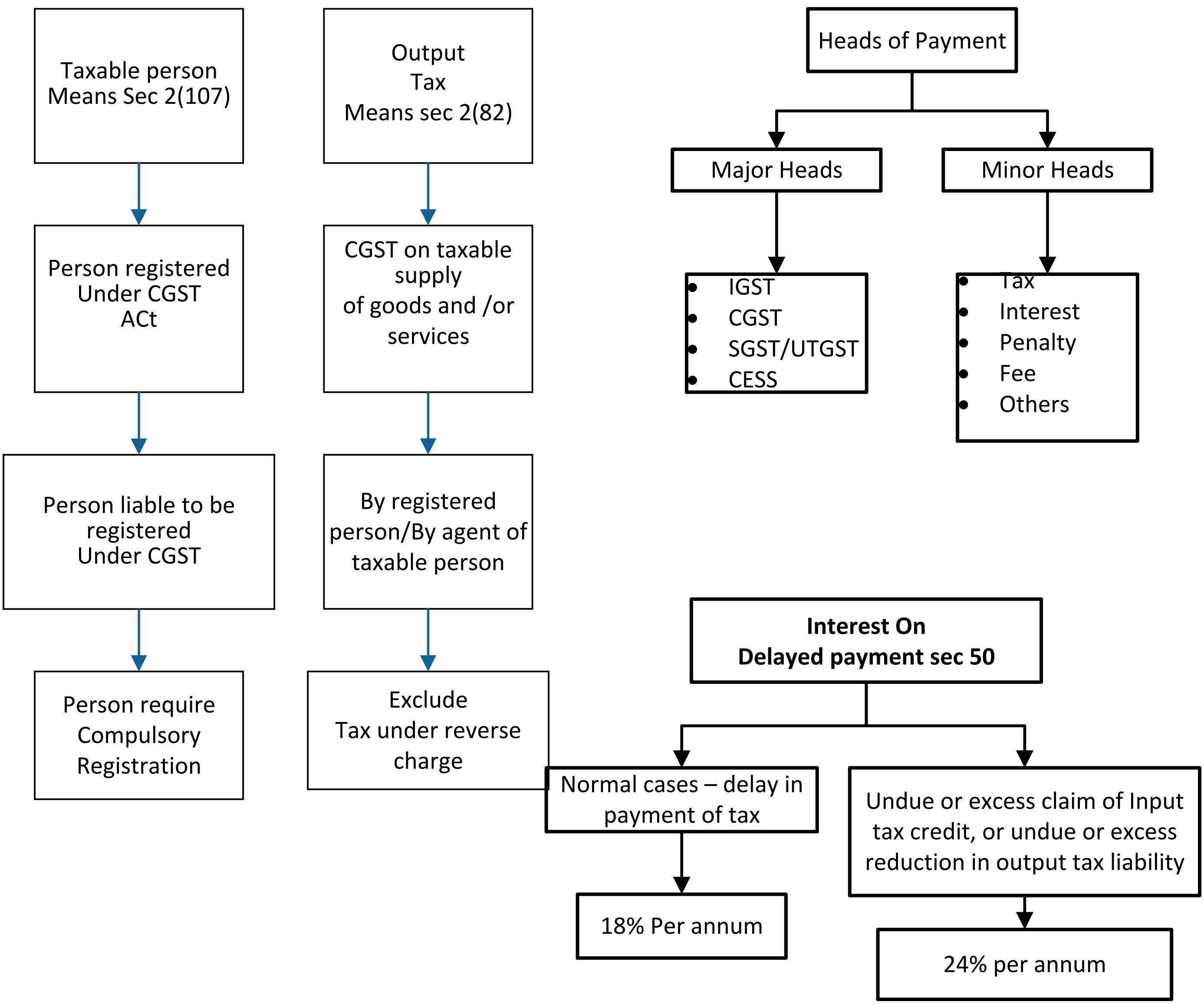
- **Nature and type of supply need to issue Delivery Challan**
  - Supply when the goods involve movement
  - Supply of liquid gas when qty not know at the time of removal from place of business
  - Tranportation of goods for job work
  - transaporation of goods for other than supply
  - Other supplies if any notified
- **Manner of issue**
  - The delivery Challan shall be prepared in TRIPLICATE
    Original for Consignee
    Duplicate for Transporter
    Triplicate for Consignor
- **Declaration in E-way Bill**
  - Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared in E-Way Bill1
- **Tax invoice to be issued after delivery of goods**
  - tax invoice could not be issued at the time of removal of goods for the purpose of supply to receipient the supplier shall issue a tax invoice after delivery of goods.
- **Goods transported in SKD/CKD condition**
  - Complete invoice before dispatch of the first consignment
  - Delivery Challan for each consignment with reference to invoice
  - Corresponding delivery Challan shall accompany each consignment along with a duly certified copy of the invoice
  - original copy of the invoice shall be sent along with the last consignment

Particulars/Contents of Delivery Challan
Date and number of the delivery challan
Name, address and GSTIN of the consigner, if registered`
Name, address and GSTIN or UIN of the consignee, if registered
HSN code and description of `,
Quantity (provisional, where the exact quantity being supplied is not known)
Taxable value
Tax rate and tax amount – central tax, state tax, integrated tax, union territory tax or cess, where the transportation is for supply to the consignee
Place of supply, in case of inter-state movement
Signature

E Way bill Section 68 & Rule 138



Definitions in payment of tax



- The payment of interest in case of belated payment of tax should be made voluntarily i.e. even without a demand.
- The interest payable under this section shallbe debited to the Electronic Liability Register.
- The liability for interest can be settled by adjustment with balance in Electronic Cash Ledger but not with balance in electronic credit ledger.

TAX WRONGFULLY COLLECTED AND PAID TO CENTRAL GOVERNMENT OR STATE GOVERNMENT [SECTION 19 OF IGST ACT]

Payment of tax based on erroneous determination of 'nature of supply' is not permitted to be adjusted because of the above appropriation of payments. Remedy lies in refund.

Taxable person who has paid tax in error is entitled to refund by first restoring the discharge of the correct tax due so that the incorrect tax paid reflects on the common portal as 'paid in excess' and

- IGST paid in error will be refunded subject to conditions prescribed

•IGST payable due to payment of CGST & SGST/UTGST is exempted from payment of interest on IGST due.

PAYMENT OF TAX, INTEREST, PENALTY AND OTHER AMOUNTS [SECTION 49)

Payment of Tax Sec 49

(1) Mode of payment of tax dues and other dues

- Internet banking or by using credit or debit cards or NEFT or RTGS
- Up to Rs.10,000 over the counter in approved banks per Challan per tax period by cash/ Cheque/DD
- Limit of Rs 10,000 not applicable in case of tax recovery proceedings under sale/attachment enforcement/ in case of govt. Persons authorised by Commissdioner
- Date of credit to CG is the date of payment

(2) Credit of input tax to Electorinic Credit ledger

- The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger

(3) Usage of amount in electronic Cash ledger

- Towards payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules

(4) Usage of amount in electronic Credit ledger

- Used for making any payment towards output tax and IGST

(5) Manner of Utilisation of Credit

Modified wef 01.02.2019 not relevant for May 2019 exam

Input Tax Credit	Can be utilized against	Order of utilization
CGST	CGST & IGST	1. CGST
		2. IGST
SGST	SGST & IGST	1. SGST
		2. IGST
UTGST	UTGST & IGST	1. UTGST
		2. IGST
IGST	IGST, CGST, SGST & UTGST	1. IGST
		2. CGST
		3.SGST/UTGST

(6)Refund of amount in Electronic Cash Ledger

- The balance in the electronic cash ledger or electronic credit ledger after payment of tax, interest, penalty, fee and any other amount shall be refunded

(7)All liabilities of a taxable person recorded in Electronic liabilities register

(8)Manner of discharge of tax liability

- self-assessed tax, and other dues as per return of previous tax period
- self-assessed tax, and other dues as per return of current tax period
- any other amount payable under this Act or the rules and demand determined u/s 73/74

(9) It is assumed that tax paid by Taxable Person deemed to have passed the incidence of tax to recipient

- tax dues" means the tax payable tax dues" means the tax payable under this Act and does not include interest, fee and penalty
- "other dues" means interest, penalty, fee or any other amount payable under this Act or the rules made there under.

Electronic Ledgers (E ledger under GST)

Electronic Cash Ledger Rule 87
FORM GST PMT-05

- It will reflect all deposits made in cash, and TDS/TCS made on account of the tax payer.
- Challan *FORM GST PMT-06* generated in common portal along with details of payments to be made. Challan valid for 15 days
- This ledger can be used for making ANY PAYMENT towards tax, interest, penalty, fees or any other amount on account of GST.

Electronic Cash Ledger	
Debit Amount (DR)	**Credit Amount (CR)**
Credit amount of this ledger may be used for payment of tax, interest, fees etc.	Any deposit made towards tax, interest, penalty, late fee etc. via internet banking, RTGS, fund transfer etc.
Remaining credit balance amount after payment of above tax etc. will be refunded to taxable person	TDS/TCS claimed

Electronic liability register Rule 85
FORM GST PMT-01

- Electronic Liability Register will Contain the total tax liability of a taxpayer (after netting) for the particular month.

Electronic credit ledger Rule 86
FORM GST PMT-02

- It will reflect Input Tax Credit as self-assessed in monthly returns.
- The credit in this ledger can be used to make payment of TAX ONLY i.e. output tax and not other amounts such as interest, penalty, fees etc.

Electronic Credit ledger	
Debit Amount (DR)	**Credit Amount (CR)**
Credit amount of this ledger may be used for payment of output tax viz IGST, CGST, SGST, UTGST in the prescribed order.	Input Tax credit as self-assessed in the return in the form of IGST, CGST, SGST, UTGST

Electronic Liability Register	
Debit Amount (DR)	Credit Amount (CR)
❖ Tax and Other dues as per return ❖ Tax and other dues determined by proper officer; ❖ Tax or interest payable due to mismatch ❖ Any other dues	Amount as per Electronic Cash Ledger
Amount payable towards output tax	Amount as per Electronic Cash Ledger

RETURNS UNDER GST

- The term “return” ordinarily means statement of information (facts) furnished by the taxpayer, tax administrators, at regular intervals.
- The information to be furnished in the return generally comprises of the details pertaining to the nature of activities/business operations of taxpayer and Tax information like sale price, turnover, or value; deductions and exemptions; and determination and discharge of tax liability for a given tax period
- The return, therefore, constitutes a kind of working sheet/supporting document for the tax authorities that can be relied upon as the basis on which the tax has been computed by the taxpayer.
- Under GST, a regular taxpayer needs to furnish monthly returns, quarterly returns and annual return. it mandatory to file all returns electronically.
- The taxpayer is generally required to furnish the return in a specific statutory format
- There are separate returns for a taxpayer registered under the composition scheme, non-resident taxpayer, taxpayer, Input Service Distributor, a person liable to deduct or collect the tax (TDS/TCS) and a person granted Unique Identification Number.
- The GST returns can be filed through GSTN portal, or GST Suvidha Providers (GSPs)
- The due date for payment of GST is on or before 20th of the following month

The Various return forms to be filed under GST

Return	Partic	Frequency	Due Date
GSTR-1	Details of outward supplies of taxable goods and/or services effected (Section 37 of the CGST Act, 2017).	Monthly (Quarterly in case of persons having aggregate annual turnover up to Rs.1.5 crore)	10th of the next month
GSTR-2	Details of inward supplies of taxable goods and/ or services effected claiming input tax credit (Section 38 of the CGST Act, 2017).	Monthly	15th of the next month (date of filing is postponed till the further announcement)
GSTR-3	Monthly return on the basis of finalization of details of outward supplies and inward supplies along with the payment of amount of tax (Sec- tion 39(1) of the CGST Act,	Monthly	20th of the next month (date of filing is postponed till the further announcement)
GSTR-3B	Simple return for Jul 2017- Mar 2019	Monthly	20th of the next month
GSTR-4	Return for compounding taxable person (Section 39(2) of the CGST Act, 2017)	Quarterly	18th of the month succeeding quarter
GSTR-5	Return for Non-Resident foreign taxable person (Section 39(5) of the CGST Act, 2017)	Monthly	20th of the next month or within 7 days after the last day of the period of registration specified u/s 27(1), whichever

GSTR-5A	Return for OIDAR Rule 64	Monthly	20th of the next month
GSTR-6	Return for Input Service Distributor (Section 39(4) of the CGST Act, 2017)	Monthly	13th of the next month
GSTR-7	Return for authorities deducting tax at source (Section 39(3) of the CGST Act, 2017)	Monthly	10th of the next month
GSTR-8	Details of supplies effected through e-commerce operator and the amount of tax collected	Monthly	10th of the next month
GSTR-9	Annual Return (section 44 of the CGST Act,217) (a) Who Files: Registered Person other than an ISD, TDS/TCS Taxpayer, Casual Taxable Person and Non-resident Taxpayer. (b) In this return, the taxpayer needs to furnish details of expenditure and details of income for the entire Financial Year.	Annually	31st December of next financial year
GSTR-10	Final Return (Section 45 of the CGST Act, 2017)	Once. When registration is cancelled or surrendered	Within three months of the date of cancellation or date of cancellation order, whichever is later.
GSTR-11	Details of inward supplies to be furnished by a person having UIN and claiming refund.	Monthly	28th of the month following the month for which statement is filed
To be notified	Information return u/s 123 and 150 by third party like taxable person/bankers, sub registrar/Local authority/Stock exchange/govt	To be notified	To be notified

The due date of filing of the returns in the table mentioned above) may be extended by the Commissioner/Commissioner of State GST/Commissioner of UTGST for a class of taxable persons by way of a notification

Persons not required to file GSTR 1 GSTR 2, and GSTR 3

- ISD
- NRTP
- Composition taxpayer
- Tax deductor/Collector

- ECO
- Supplier of OIDAR service

GSTR-3 filed without payment of self-assessed tax disclosed therein, is regarded as a invalid return in terms of section 2(117).

Due dates for payment of tax in respect of the persons required to file GSTR- 3, GSTR-4, GSTR-5 and GSTR-7 are linked with the due dates for filing of such returns i.e., the last dates (due dates) of filing such returns are also the due dates for payment of tax in respect of persons required to file such returns.

Rectification of errors/omissions [Section 39(9)]

- ❖ The mechanism of filing revised returns for any correction of errors/omissions has been done away with.
- ❖ Errors due to mismatch of ITC can be rectified in the same tax period on the GSTR 3 Valid return
- ❖ Omission or incorrect particulars discovered in the returns filed u/s 39 can be rectified in the return to be filed for the month/quarter is allowed in the subsequent/future returns in the appropriate particulars in "Amendment Tables" contained Returns.
- ❖ Any tax liability due to omission/rectification should be paid along with interest.
- ❖ Rectification of error or omission discovered on account of scrutiny, audit, inspection or enforcement activities by tax authorities is not allowed in the returns.

Time limit for making rectification other than errors due to scrutiny/audit/ inspection etc.,

- ❖ Actual Date of annual filing of return or due date of filing of September month/quarter ending September of following financial year (20 the October of next Financial year)

Notice to furnish Return sec 46

Where a registered person fails to furnish a return under section 39 (GSTR 3 to GSTR 8) or section 44 (Annual return) or section 45 (final return) a notice shall be issued requiring him to furnish such return within fifteen days in such form and manner as may be prescribed

Late fee for filing of returns Sec 47

SN	Type of return	Penalty
1	All returns other than annual return	Rs. 100 per day during such failure continues or Rs. 5000 Whichever is less
2	Annual return	Rs. 100 per day during such failure continues or Rs.0.25% of turnover Whichever is less
3	GSTR 3B	Ra. 50 Per day/ In case of tax liability is NIL Rs. 20 per day

Note: the board has power to waive late fee for filing by notification