- Taxable event under GST is Supply
- Intra-State Supply = CGST+SGST/UTGST || Inter-State Supply = IGST
- Provisions relating to levy and collection: CGST = Sec. 9 and IGST = Sec. 5
- Intra-State Supply: Location of Supplier and Place of Supply = Same State/UT
- Inter-State Supply: Location of Supplier and Place of Supply = Two Different State/UT/State+UT
- Relevant Definitions (only of importance): Definitions repeated from Chapter-2 not covered again

Exempt Supply 2(47)	➢ Supply of goods/service/both ➢ Nil rate of tax ➢ Wholly exempt from tax u/s 11 or 6 of IGST Act ➢ Includes non-taxable supply
Aggregate Turnover 2(6)	Aggregate value of all taxable supplies (+) Exempt Supplies (+) Export of goods/service/both (+) Inter-state supplies of persons under same PAN (-) Value of inward supplies under reverse charge (-) GST and Cess
Reverse Charge 2(98)	➢ Liability to pay tax by recipient of supply ➢ Instead of supplier ➢ CGST Sec. 9(3)/(4), IGST Sec. 5(3)/(4)
Taxable Person	Registered + Voluntary Registered + Liable to be registered

- State includes UT with Legislature [Delhi and Puducherry]
- UT: Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu, Chandigarh
- Classification of Goods in GST is based on HSN (Harmonized System of Nomenclature). 8 digit code in India.
- Classification of Services in GST: Modified version of the United Nations Central Product Classification (Chapter-99)
- GST Rate for Services: 4 Rates (CGST %) (2.5, 6, 9, 14). Certain specified services: Nil Rate
- Services not covered under any specific heading: Taxable @ 9% CGST

Provisions relating to levy and collection: CGST Section 9

Sec. 9(1)	**Sec. 9(2)**	**Sec. 9(3)**	**Sec. 9(4)**	**Sec. 9(5)**
CGST on all intra-state supplies of goods/service/both	CGST on following items has not yet been levied • petroleum crude • high speed diesel • motor spirit (petrol) • natural gas • aviation turbine	Tax payable on supply of goods/services/both under Reverse Charge Mechanism (RCM)		Tax on notified services shall be paid by E-Commerce Operator (ECO), if such services are supplied through it.
Paid by taxable person		CGST shall be paid by the recipient		
Not applicable on supply of alcoholic liquor for human consumption	Will be levied w.e.f. such date as notified by the Govt. on council's recommendation	Payable on goods/service notified by the CG on council's recommendation	On supply of: • specified categories of goods/service • by unregistered supplier • to specified class of registered persons.	Service Example: Transportation of passengers by a radio taxi, motor cycle etc.
Transaction value as per Sec. 15 of CGST Act		All CGST Act provisions will apply to the recipient as if he is the supplier/person liable to pay tax – *Only the compliance requirements, [i.e. to obtain registration, deposit the tax with the Govt., filing returns, etc.] have been shifted from supplier to recipient*		ECO, the aggregator, will be considered supplier and all the provisions will apply to him as if he is the supplier liable to pay tax.
Max. CGST Rate 20%		Notified Services: Annx.-1	Notified: Real Estate Sector (After Annx.-1)	
Notified Rates: 0%, 0.125%, 1.5%, 2.5%, 6%, 9% and 14%				
IGST Act: • IGST on transaction value as per Sec. 15 of CGST Act • IGST also not applicable on alcoholic liquor for human consumption • IGST=CGST+SGST/UTGST • Notified Rates: CGSTx2 • Max. IGST Rate 40%	**IGST Act:** Same under IGST Act	**IGST Act:** • Similar provisions u/s 5(3) • Same services also notified	**IGST Act:** Similar provisions u/s 5(4)	

Annx.-1: Notified Services u/s 9(3) for RCM

Service	Supplier	Specified Recipient	Other Points
Services by GTA ▪ Of transportation of goods by road	GTA not paying CGST @ 6% Explanation: 1. GTA GST @ 5% (2.5+2.5) - When GTA does not take ITC 2. GTA GST @ 12% (6+6) with ITC 3. 5% to Specified Recipient = RCM 4. 5% to Others = GST Exempt 5. 12% to Specified Recipient=Forward 6. 12% to Others = GST Exempt	▪ Factory under Factories Act ▪ Registered Society ▪ Co-operation Society under Law ▪ Person reg. under GST ▪ Body Corporate under Law ▪ Partnership/AoP ▪ Casual Taxable Person	➢ Not applicable if provided to: **x** Govt. Dept. (CG/SG/UT) **x** Local Authority **x** Govt. Agencies If above three has taken GST reg. only for deducting TDS u/s 51 and not for making any taxable supply ➢ Person who pays/liable to pay freight will be the service reciver.
Legal Services by an Advocate ▪ Directly/Indirectly	Advocate (Individual, Senior or Firm)	▪ Any business entity ▪ Located in taxable territory	▪ Legal Services means consultancy in any branch of law ▪ Includes representational services
Services by an arbitral tribunal	Arbitral tribunal	▪ Any business entity ▪ Located in taxable territory (TT)	TT means the territory to which the provisions of this Act apply
Sponsorship Services	Any Person	▪ Any body corporate ▪ Partnership Firm ▪ Located in taxable territory	
Services by CG, SG, UT, LA *Excluding:* ▪ Renting of immovable property* ▪ Postal dept. services to other than Govt. ▪ In relation to aircraft/vessel, in/out the precincts of a airport/port ▪ Transport of goods/passenger	CG, SG, UT, LA	▪ Any business entity ▪ Located in taxable territory	
***Renting of immovable property**	CG, SG, UT, LA	Any person reg. under CGST Act	
1. Transfer of: ▪ Development rights (TDR) ▪ Floor Space Index (FSI) **2. Long Term Lease of Land** ▪ 30 years or more ▪ Against consideration (upfront amount) ▪ And/Or periodic rent **For construction of a project**	Any Person	Promoter	Such services are exempt if constructed flats sold before completion certificate (CC) and tax paid. If sold after CC, exemption withdrawn: - Withdrawal of 1% (affordable houses) - 5% (other than above) Tax on such withdrawals is covered here and shifted under RCM.

Annx.-1: Notified Services u/s 9(3) for RCM (continued…)

Service	**Supplier**	**Specified Recipient**	**Other Points**
Director Services	Director of a Company	▪ Company/Body Corporate ▪ Located in taxable territory	
Insurance Agent Services	Insurance Agent	▪ Any person doing insurance business ▪ Located in taxable territory	
Recovery Agent Services	Recovery Agent	▪ Bank/FI/NBFC ▪ Located in taxable territory	
Artist Services	▪ Author (upto 30.09.19) **Note-1** ▪ Music Composer ▪ Photographer ▪ Artist/Similar Artists	▪ Publisher (upto 30.09.19) ▪ Music Company ▪ Producer etc. ▪ Located in taxable territory	Services by transfer or permitting use of copyrighted content (i.e. original work)
Overseeing Committee (OC) Services	Members of OC by RBI	RBI	
Direct Selling Agent (DSA) Services	Individual DSAs only	▪ Bank/NBFC ▪ Located in taxable territory	
Business Facilitator (BF) Services	BF	Bank located in taxable territory	
Agent of Business Correspondent (BC)	Agent	BC located in taxable territory	
Security Services	▪ Any person ▪ Other than body corporate	▪ Reg. Person ▪ Located in taxable territory	Not applicable if provided to: **x** Govt. Dept. (CG/SG/UT) **x** Local Authority **x** Govt. Agencies If above three has taken GST reg. only for deducting TDS u/s 51 and not for making any taxable supply **x** Person under Composition Scheme
Renting of motor vehicle w.e.f. 01.10.19	▪ Any person ▪ Other than body corporate ▪ Paying 5% GST with ITC of same line business	▪ Any Body Corporate ▪ Located in taxable territory	
Services of lending of securities (under SEBI Scheme)	▪ Lender (who deposits the securities reg. in his name or on others behalf with approved intermediary for such scheme)	▪ Borrower (who borrows such securities from the lender through an approved intermediary for such scheme)	

- *Body corporate same definition as per 2(11) of Companies Act, 2013*
- *Partnership Firm/Firm also includes LLP*
- *The notified services provisions which applies to CG/SG, also applies to Parliament and State Legislature*

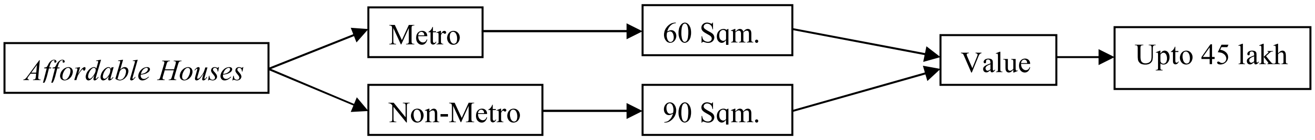
Note-1: RCM on services by author to publishers, optional w.e.f. 01.10.2019

Author can choose to pay tax under forward charge, if

- ✓ Registered under GST Act and files a declaration for exercising such option
- ✓ To comply with all the provisions applicable to a normal supplier
- ✓ Cannot withdraw the option within 1 year from the date of exercising such option
- ✓ Makes a declaration on the invoice issued by him to publisher

- **GST in real estate sector**

1. 1% without ITC on construction of *affordable houses*



2. 5% without ITC on construction of:
   - All houses other than affordable houses, and
   - Commercial apartments <u>in a residential real estate project (RREP)</u>*
     **CA Carpet Area <=15% of Total Carpet Area*
3. If purchase from registered supplier < 80%, promoter has to pay RCM u/s 9(4) @ 18% on shortfall
4. Cement purchased from unregistered person: RCM u/s 9(4) @ 28%
5. GST on Capital Goods: RCM u/s 9(4) by promoter

- **Composition Levy (Sec. 10)**

1. **Turnover (in the preceding FY) limit for eligibility:**
   - Rs. 1.5 crore (Other than special category States)
   - Rs. 75 lakh for Uttarakhand and All North Eastern States* except Assam
     **Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura*
2. **Turnover:**
   - Value of all outward supplies (taxable, exempt, export, inter-state), Same PAN, All India basis
   - Does not include: GST and Cess, Value of inward supplies under RCM
3. **Rate of Tax:**

Manufacturers (other than ice-cream, pan masala, tobacco and [aerated water]-01.10.19)	1% (0.5+0.5) of turnover in State
Restaurant Service (Schedule-II)	5% (2.5+2.5) of turnover in State
Any other eligible supplier	1% (0.5+0.5) of turnover of *taxable supplies* of goods (**and service**)* in State

***And service**

i.e. marginal supply of services [Proviso to 10(1)]

4. **Turnover in State/UT:** Same as 2. But this is only for a State whereas 2 is across States.
5. **Intimation to pay tax under CL:**

Registration Type	Intimation	When	Other Points
New	Part-B of registration form (GST REG-01)	At any time of the FY	Effective from date of registration
Already registered and opting for CL	Electronically (as prescribed)	Prior to the commencement of the FY	▪ With statement as per rule 44(4) within 60 days of FY ▪ Mandatory to opt for all registrations under same PAN ▪ Effective from beginning of FY

6. **Conditions and restrictions:**
   - Person should not be a casual taxable person or non-resident taxable person
   - Stock in hand should not be from unregistered supplier. If yes, then pay RCM u/s 9(4)
     - *If builder/promoter opts for CL and has such stock. RCM as above on real estate sector.*
   - RCM u/s 9(3)/(4) also applicable, when attracted, at applicable rates
   - Should not be a manufacturer of ice-cream, pan masala, tobacco in the preceding FY.
   - On top of bill of supply, should mention, "composition taxable person, not eligible to collect tax on supplies".
   - Mention "composition taxable person" on every notice or signboard

7. **Persons not eligible for composition scheme:**
   - Supplier of services, except mentioned in point 3
   - Supplier of goods which are not leviable to tax
   - Supplier of inter-state outward supply of goods

     Note: No restriction on inter-state purchase of goods

     Note: Though law uses only supply of goods, but it means both goods and services
   - Person supplying goods through ECO, where ECO collects TCS u/s 52
   - Manufacturer of ice-cream, pan masala, tobacco and [aerated water]-01.10.19) (notified goods)

8. **Composition Scheme for marginal supply of other services [second proviso to 10(1)]:**
   - Other than restaurant service along with supply of goods and/or restaurant service
   - For CS eligibility: Point 1 (turnover limit) also valid here
   - Threshold for other services in the current FY:

     Higher of 10% of turnover in state in preceding FY OR Rs. 5 lakh
   - If threshold for other services exceed in the current FY, person has to opt out of CS.

In this threshold, interest income from loan/deposits will not be considered in value of other services. [Order 1/2019, 01.02.19]

9. **Validity of composition levy:**

   A) When prescribed conditions are not satisfied:
   - Lapses from the day when the aggregate turnover exceeds the specified limit (1.5 crore/75 lakh) during the FY
   - Tax payable u/s 9(1), regular scheme, from the day any prescribed conditions are not met
   - Issue tax invoice for every taxable supply thereafter
   - File an intimation for withdrawal of scheme within 7 days of lapse
   - Effective date of withdrawal: Date indicated in intimation
   - Withdrawal can be filed anytime during the FY

   B) When taxpayer wants to withdraw from the scheme:
   - File an application before date of withdrawal
   - Effective date of withdrawal: Date indicated in application
   - Withdrawal can be filed anytime during the FY

   C) Denial of CS by tax authorities:
   - When officer believes, reg. person was not eligible for CS or has contravened the provisions
   - He will issue a Show Cause Notice (SCN)
   - After receipt of reply, he will pass an order and may accept the reply or deny CS option
   - Effective from: A date, incl. any retrospective date but not before contravention occurred earlier

   For A, B & C: Statement of stock on the date of withdrawal/denial within 30 days from date of withdrawal/order for denial

10. **Other Points for CS:**
    - Cannot collect tax – Sec. 10(4)
    - Cannot take ITC – Sec. 10(4)
    - CS irregularly/wrongly availed: Penalty u/s 73/74

11. **Option to pay tax at concessional rate [NN 2/2019, CT(R), 07.03.19]**
    - **Eligibility:**
        - ✓ aggregate turnover in preceding FY <=50 lakh
          (In this threshold, interest income from loan/deposits will not be considered)
        - ✓ not eligible for composition scheme
        - ✓ engaged in supply of service, other than restaurant service

Conditions for availing concessional rate:

Extra/different conditions mentioned below. Rest remains same as composition scheme:

- ✓ Supplier should not be making ANY supply which is not leviable to tax (In CS only goods)
- ✓ Supplier not making ANY inter-state outward supply (In CS only goods)
- ✓ Supplier should not be supplying ice-cream, pan masala, tobacco and [aerated water]-01.10.19 (In CS manufacture)
- ✓ On top of bill of supply, should mention, "taxable person paying tax in terms of Notification No. 2/2019 CT (R) dated 07.03.2019, not eligible to collect tax on supplies"

GST on all outward supplies @ 6% (3+3) on first 50 lakh
- For new registration: Out of first 50 lakh, supplies till registration threshold will be reduced and 6% on balance
(Some authors have different view on this. But notes are restricted to what ICAI has followed in RTP of May-2020)
- For existing registration: On first 50 lakh supplies on/after 1st April of FY
- For both new and existing: Tax on first 50 lakh without any benefit available to such supply u/s 9(1)
(i.e. No relation with actual rate or any exemption. Have to pay deemed rate @ 6% till first 50 lakh)
- After first 50 lakh, tax will be applicable at normal rates

- ✓ When a registered person, who has availed ITC and opts for this notification, then ITC should be reversed:
  - ITC on stock in hand: Full ITC Reversal } Sec. 18(4)
  - ITC on capital goods: Reduced ITC } Sec. 18(4)
  - By debiting the electronic credit/cash ledger
  - After payment, balance ITC, if any, will lapse

Composition Scheme Check:

1. *For manufacturers (except notified goods), restaurant service and supplier of goods (1.5 Crore)*
2. *If providing services, other than restaurant services, then check marginal threshold*
3. *If out of above two, then check whether eligible for concessional rate notification*