CA Inter Indirect taxation- GST Flow charts Nov. 2020

(Old and New) Fully revised

Amended as per Finance Act 2019 and

Amendments, Circulars and notifications up to 30.04.2020)

All amendments are highlighted with red colour

(Also useful for CWA/CS)

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

This is a Free note. It is very useful for Case study MCQ questions also. It should not be used by any one for commercial purpose

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Read and Understand the concept and work out problems in study material/RTP/MCQ.

Index for Flow Charts

GST

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 eligibility and GST Calculation
4	Time of supply of goods and Services
5	Valuation inclusions and exclusion
6	Composition scheme eligibility and turnover limit calculation
	Additional reading suggested.: ICAI/Mock test papers/RTP and practical problems

Paper 4: Taxation Section B: Indirect Taxes

Applicability of the GST law

The provisions of CGST Act, 2017 and IGST Act, 2017 as amended by the Finance (No. 2) Act, 2019, which have become effective up to 30th April, 2020, including significant circulars and notifications issued up to 30th April 2020, are applicable for November 2020 examination.

The Study Guidelines given below specify the exclusions from the syllabus for November 2020 examination.

List of topic-wise exclusions from the syllabus

(1)	(2)	(3)
S.No. in the syllabus	**Topics of the syllabus**	**Exclusions (Provisions which are excluded from the corresponding topic of the syllabus)**
2(ii)(c)	Charge of tax including reverse charge	**CGST Act, 2017** (i) Rate of tax prescribed for supply of **goods*** (ii) Rate of tax prescribed for supply of **services*** (iii) Categories of supply of goods, tax on which is payable on reverse charge basis under section 9(3) **IGST Act, 2017** (iv) Rate of tax prescribed for supply of **goods** (v) Rate of tax prescribed for supply of **services** (vi) Categories of supply of goods, tax on which is payable on reverse charge basis under section 5(3) (vii) Determination of nature of supply – Inter-State supply; Intra-State supply; Supplies in territorial waters (viii) Special provision for payment of tax by a supplier of online information and database access or retrieval [OIDAR] services
2(ii)(d)	Exemption from tax	**CGST Act, 2017 & IGST Act, 2017** Exemptions for supply of **goods**
2(iii)	Basic concepts of time and value of supply	**CGST Act, 2017 & CGST Rules, 2017** (i) Provisions relating to change in rate of tax in respect of supply of goods or services (ii) Chapter IV: Determination of Value of Supply [Rules 27-35] of CGST Rules, 2017
2(iv)	Input tax credit	**CGST Act, 2017 read with CGST Rules, 2017** (i) Input tax credit provisions in respect of inputs and capital goods sent for job work (ii) Input tax credit provisions relating to distribution of credit by Input Service Distributor [ISD] (iii) Manner of recovery of credit distributed in excess (iv) Manner of determination of input tax credit in respect of inputs, input services and capital goods and reversal thereof in respect of real estate projects (v) Manner of reversal of credit of additional duty of customs in respect of Gold dore bar
2(viii)	Returns	**CGST Act, 2017 read with CGST Rules, 2017**

		(i) Furnishing of GSTR-2, GSTR-1A, GSTR-3 (ii) Matching, reversal & reclaim of input tax credit (iii) Matching, reversal & reclaim of reduction in output tax liability
2(ix)	Payment of tax	**CGST Act, 2017** (i) Tax deduction at source (ii) Collection of tax at source

***Rates specified for computing the tax payable under composition levy are included in the syllabus.**

Notes:

(1) Applicability of the Finance (No. 2) Act, 2019

(i) The amendments made by the Finance (No. 2) Act, 2019 in the Central Goods and Services Tax Act, 2017 [hereinafter referred to as CGST Act, 2017] and the Integrated Goods and Services Tax, 2017 [hereinafter referred to as IGST Act, 2017] have become effective from 01.01.2020. Therefore, the amendments made vide the Finance (No. 2) Act, 2019, to the extent included in the syllabus read with the Study Guidelines, are applicable for November 2020 examinations.

However, amendments made by the Finance (No. 2) Act, 2019 - to the extent included in the syllabus read with the Study Guidelines - in sections 39 and 50 of the CGST Act, 2017 have not become effective as on 30.04.2020. Therefore, the same are not applicable for November 2020 examinations.

(ii) Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 introduced vide Chapter V of the Finance (No. 2) Act, 2019 is not applicable for November 2020 examinations.

(2) The syllabus includes select provisions of the CGST Act, 2017 and IGST Act, 2017 and not the entire CGST Act, 2017 and the IGST Act, 2017. The provisions covered in any topic(s) of the syllabus which are related to or correspond to the topics not covered in the syllabus shall also be excluded.

(3) In the above table, in respect of the topics of the syllabus specified in column (2) the related exclusion is given in column (3). Where an exclusion has been so specified in any topic of the syllabus, the provisions corresponding to such exclusions, covered in other topic(s) forming part of the syllabus, shall also be excluded. For example, since provisions relating to ISD and tax collection at source are excluded from the topics “Input tax credit” and “Payment of tax including reverse charge” respectively, the provisions relating to (i) registration of ISD and person required to collect tax at source and (ii) filing of returns by an ISD and submission of TCS statement by an electronic commerce operator required to collect tax at source are also excluded from the topics “Registration” and “Returns” respectively.

(4) August 2019 edition of the Study Material is relevant for May 2020 and November 2020 examinations. The amendments in the GST law - made after the issuance of this Study Material - to the extent covered in the Statutory Update for November 2020 examination alone shall be relevant for the said examination. The Statutory Update shall be hosted on the BoS Knowledge Portal.

Though the Statutory Update for November 2020 examination shall provide the precise scope and coverage of the amendments, for the sake of clarity, it may be noted that the following amendments shall not be applicable for November 2020 examinations:

(i) The amendments made in the various provisions of the GST law namely, composition scheme, input tax credit, returns, interest on delayed payment of tax, e-way bill etc., for providing relief to the taxpayers in view of spread of Novel Corona Virus (COVID-19)

(ii) The amendments relating to transition plan with respect to Jammu and Kashmir reorganization w.e.f. 31.10.2019

(iii) The amendments providing the special procedure for taxpayers in Dadra and Nagar Haveli and Daman and Diu consequent to merger of the two UTs

(iv) The amendment specifying due dates for filing of GSTR-3B in a staggered manner for taxpayers having annual turnover below Rs 5 crore in previous financial year

(5) The provisions of CGST Act, 2017 and the rules issued thereunder and IGST Act, 2017 and the rules issued thereunder, to the extent included in the August 2019 edition of the Study Material (**except** the exclusions mentioned herein) and the Statutory Update for November 2020 examination shall alone be relevant for the said examination.

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:
    - 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:
    - 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:
    - 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:
  - 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:
  - GST is expected to bring buoyancy to the Government Revenue by widening the tax base and improving the taxpayer compliance.

Constitutional Aspect of GST

- 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 Background

GST Constitutional Aspect

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 CG on

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.

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.

GST FRAME WORK

Frame work of GST

- **Dual GST**
  - Centre and States simultaneously tax goods and services.
  - Centre has the power to tax intra-State sales and services
  - States are empowered to tax services also
    - CGST & IGST → Levy by CG
    - SGST/UTGST → Levy of SG/ UT
- **Destination based tax**
  - SGST will accrue to the state which consumes goods and services. The purchasing state will get the share of revenue
- **Legal Frame work**
  - CGST Act 2017 &IGST Act 2017, GST Compensation cess Act 2017 and relevant rules by CG SGST Act 2017 and relevant rules by SG, UTGST Act 2017 and relevant rules by UT
- **Classification**
  - Goods → Classification as per Sch. I of Customs Tariff Act 1975
  - Services → Classification as per Service codes, sections, headings and groups
- **Registration**
  - Existing dealers automatic conversion by enrolling in GSTN
  - New dealers can avail Basic exemption limits from Registration
  - Some dealers require compulsory registration
- **Composition Schmes**
  - Relief to small business persons providing intra state sales with lower of taxes without ITC
- **Exemptions**
  - Notifications provides Certain exemptions to essential goods and services from the purview of GST, like basic food items, health services etc
- **Utilization of Credit from 01.02.2019**
  - Credit of IGST used for payment of IGST and remaining credit of IGST should be used for CGST SGST/UTGST in any order, so that credit of IGST is exhausted
  - Credit of SGST used for payment of SGST and then IGST & Credit of CGST used for payment of CGST and then IGST
- **GST Network (GSTN)**
  - GSTN Company registered u/s 8 of the Companies Act 2013.
  - Common portal for registration, payment , returns filing, reports analysis etc. for CGST, IGST and SGST
- **GST Council**
  - GST Council comprising of state and Central government representatives, hold meeting to give recommendation of GST issues
- **GSPS and ASPS**
  - Certain approved GST Suvidha providers (GSPS) and Application Service providers (ASPS) work as faciliators for GST related Services

Important definitions under Charging section

- **Supplier Means Sec 2(105)** → In relation to goods, Services or goods or Services Both → Person supplying the said goods or services or both → include an agent acting as such on behalf of such supplier

- **Recipient Means Sec 2(93), where**
  - Consideration payable for → Goods/Services → person who is liable to pay that consideration
  - No Consideration payable for
    - Goods → the 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,

- **Location of Supplier sec 2(18) Recipient sec 2(17)**
  - Supply Made from {in case of supplier} / Supplies received from(In case of recipient}
    - Place of business for which registration is obtained → Location of such place of business
    - Fixed establishment elsewhere → Location of such fixed establishment
    - More than one establishment, whether place of business or fixed establishment → Location of the establishment most directly concerned with the receipt of supply
  - all other cases (In absence of such places) → Usual place of residence of the recipient/ Supplier

- **Place of Supply General Rule Sec 12(2)**
  - Recipient is registered → Location of Recipient
  - Recipient is unregistered
    - Address of recipient available in records, Location of Unregistered Person
    - In other cases, the location of the supplier

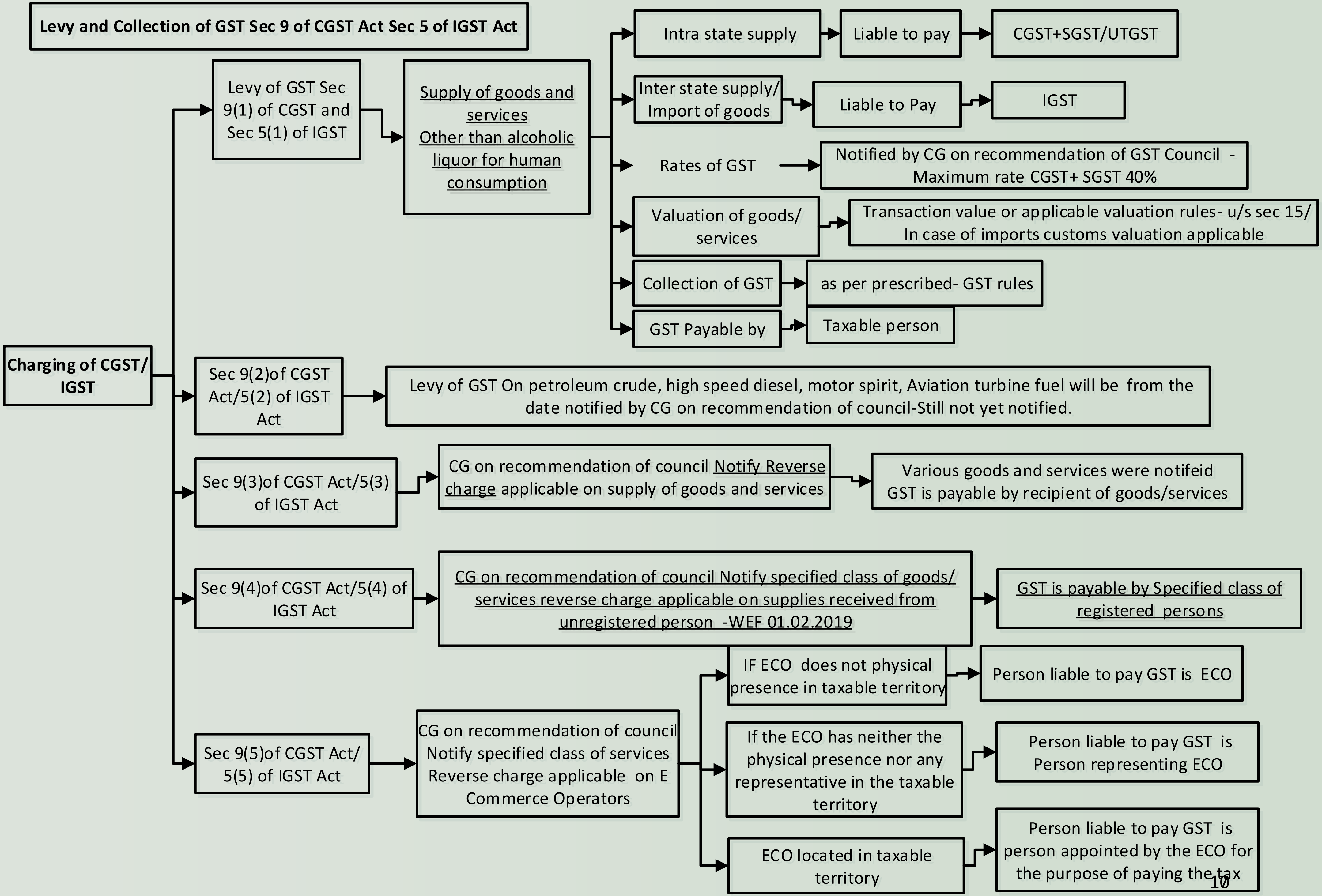
- **Inter state Supply Sec 7 IGST Act**
  - Supply of goods/ services when location of the supplier and the place of supply are in two different States / UT Sec 7(1)(2)
  - Supply of goods/ services imported into the territory of India Sec 7(3)Sec7(4)
  - Supplier located in India and the place of supply 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 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 UT

- **Goods/ Services**
  - Goods Sec 2(52) → 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)
    - 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, for which a separate consideration is charged.

      Explanation: services" includes facilitating or arranging transactions in securities

- **Supplies in territorial waters- sec 9 of IGST Act** →
  - Where the location of supplier is in territorial waters- location of supplier
  - Place of supply is in territorial waters- Place of supply
  - Shall be the coastal State or Union territory where the nearest point of the appropriate baseline is located


Levy and Collection of GST Sec 9 of CGST Act Sec 5 of IGST Act
Charging of CGST/ IGST
Levy of GST Sec 9(1) of CGST and Sec 5(1) of IGST
Supply of goods and services Other than alcoholic liquor for human consumption
Intra state supply
Liable to pay
CGST+SGST/UTGST
Inter state supply/ Import of goods
Liable to Pay
IGST
Rates of GST
Notified by CG on recommendation of GST Council - Maximum rate CGST+ SGST 40%
Valuation of goods/ services
Transaction value or applicable valuation rules- u/s sec 15/ In case of imports customs valuation applicable
Collection of GST
as per prescribed- GST rules
GST Payable by
Taxable person
Sec 9(2)of CGST Act/5(2) of IGST Act
Levy of GST On petroleum crude, high speed diesel, motor spirit, Aviation turbine fuel will be from the date notified by CG on recommendation of council-Still not yet notified.
Sec 9(3)of CGST Act/5(3) of IGST Act
CG on recommendation of council Notify Reverse charge applicable on supply of goods and services
Various goods and services were notifeid GST is payable by recipient of goods/services
Sec 9(4)of CGST Act/5(4) of IGST Act
CG on recommendation of council Notify specified class of goods/ services reverse charge applicable on supplies received from unregistered person -WEF 01.02.2019
GST is payable by Specified class of registered persons
Sec 9(5)of CGST Act/ 5(5) of IGST Act
CG on recommendation of council Notify specified class of services Reverse charge applicable on E Commerce Operators
IF ECO does not physical presence in taxable territory
Person liable to pay GST is ECO
If the ECO has neither the physical presence nor any representative in the taxable territory
Person liable to pay GST is Person representing ECO
ECO located in taxable territory
Person liable to pay GST is person appointed by the ECO for the purpose of paying the tax

Definitions relating to Concept of Supply

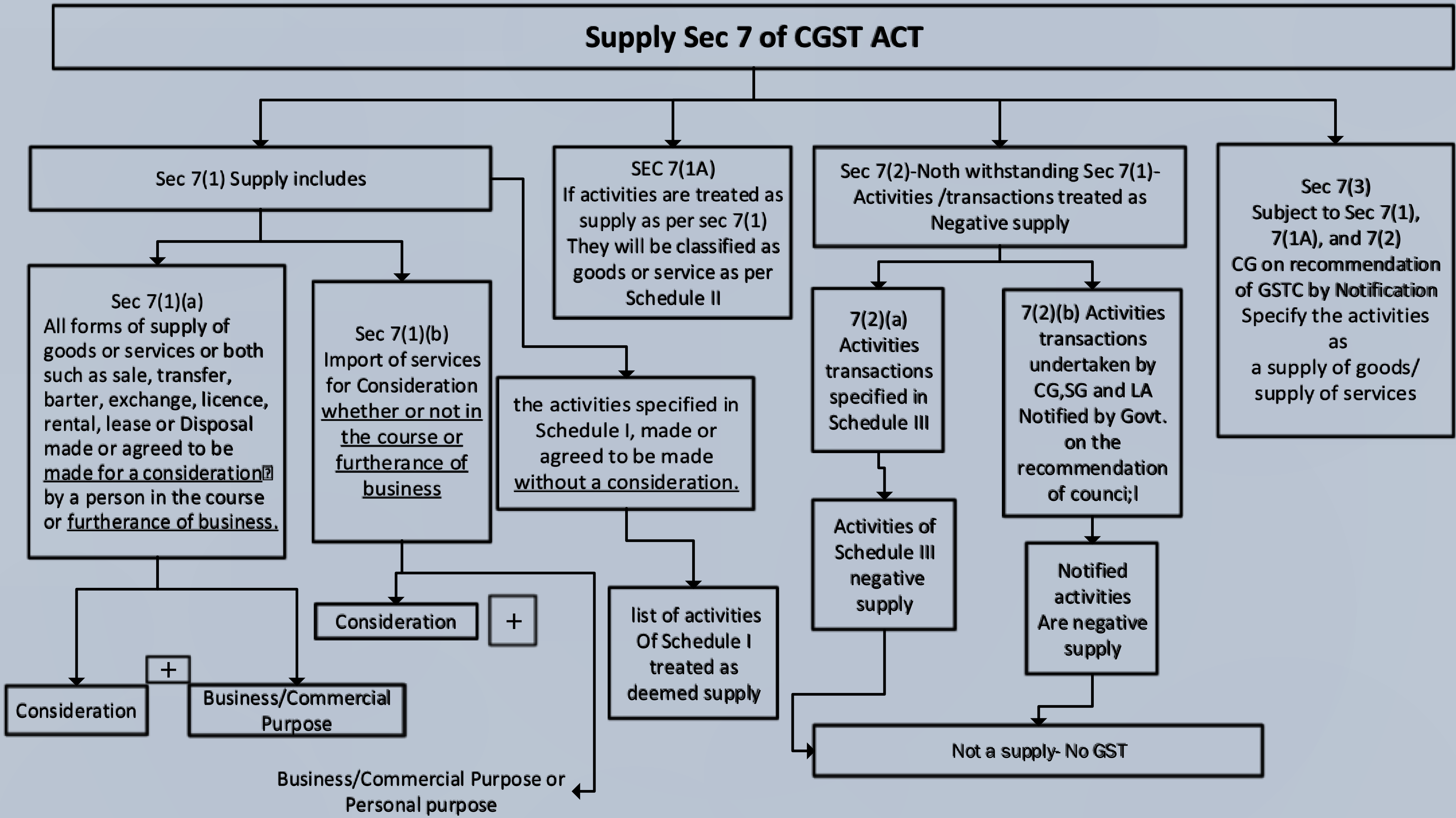
Consideration Sec 2(31) Of CGST Act

- Monetary → Payment in money 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 → Received From Recipient Or any Other person Excluding subsidy given by Central/State Governments
- Non-Monetary → Monetary value of any act or forbearance for the supply → Received From Recipient Or any Other person Excluding subsidy given by Central/State Governments

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
- Activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club from 01.02.2019
- Any activity by Government /local authority as public authorities

Money: means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of draft, pay order, traveler 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 [Sec. 2(75)]



Supply Sec 7 of CGST ACT
Sec 7(1) Supply includes
SEC 7(1A) If activities are treated as supply as per sec 7(1) They will be classified as goods or service as per Schedule II
Sec 7(2)-Noth withstanding Sec 7(1)- Activities /transactions treated as Negative supply
Sec 7(3) Subject to Sec 7(1), 7(1A), and 7(2) CG on recommendation of GSTC by Notification Specify the activities as a supply of goods/ supply of services
Sec 7(1)(a) All forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or Disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.
Sec 7(1)(b) Import of services for Consideration whether or not in the course or furtherance of business
the activities specified in Schedule I, made or agreed to be made without a consideration.
7(2)(a) Activities transactions specified in Schedule III
7(2)(b) Activities transactions undertaken by CG,SG and LA Notified by Govt. on the recommendation of counci;l
Activities of Schedule III negative supply
Notified activities Are negative supply
Consideration
+
Consideration
+
Business/Commercial Purpose
list of activities Of Schedule I treated as deemed supply
Not a supply- No GST
Business/Commercial Purpose or Personal purpose

	Schedule I: - Deemed supply - Supplies made without Consideration- Sec 7(1)(c)
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.
	Gift by employer to employee in excess of Rs. 50000/- (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 principal to agent** where agent undertakes to supply on behalf of principal without consideration. In case of Services Consideration is must
	Supply of goods **by agent to Principal** where agent undertakes to receive such goods on behalf of principal without consideration. In case of Services Consideration is must
4	**Importation of service by a person (The word taxable person is omitted) from a related person** or from any of his other establishments outside India in the course or furtherance of business. Example: Importer of exempted supplies who imports services from related person is liable for GST

SNO	**Schedule III- Negative list of supply- Activities or transactions which shall be treated neither as a supply of goods nor a supply of services-Sec 7(2)**
1	Services by an employee to the employer in the course of or in relation to his employment.
2	Services by any court or Tribunal established under any law for the time being in force.
3	Services of MP, MLA, MLC, Corporater, members of panchayat, Govt nominated posts like chairman of corporations /Constitutional posts like speaker, governor etc.
4	Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5	Outright sale of land or Building
6	Actionable claims, other than lottery, betting and gambling.
7	Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
8	Supply of warehoused goods to any person before clearance for home consumption; Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption

Deemed Supply of goods/ Service Sec 7(1) Schedule II

- **1.Transfer**
  - Any transfer of title in goods → Supply of goods
  - Any transfer of right in goods/ undivided share in goods without transfer of title in goods. → Supply of service
  - Any transfer of title in goods under an agreement which stipulates that property shall pass at a future date upon payment of full consideration as agreed. Ex. Hire Purchase/ sale or return basis → Supply of goods
- **2.Land and Buildings**
  - Any lease, tenancy, easement, licence to occupy land → Supply of service
  - industrial or residential complex for business or commerce, wholly or partly. → Supply of service
- **3.Treatment or process**
  - Any treatment or process which is applied to another person's goods Ex: JOB work → Supply of service
- **4.Transfer of business assets**
  - Transfer or dispose of business assets whether or not for consideration → Supply of Goods
  - BusinessAssets/ goods allowed to use for personal purpose, whether or not for consideration → Supply of service
  - Goods forming part of assets of any business carried on by a person who ceases to be a taxable person, shall be deemed to be supplied by him, in the course or furtherance of his business, immediately before he ceases to be a taxable person. <u>Example: goods left in winding up cases:</u> Exception- transfer of business on going concern/ business carried by personal representative → Supply of goods

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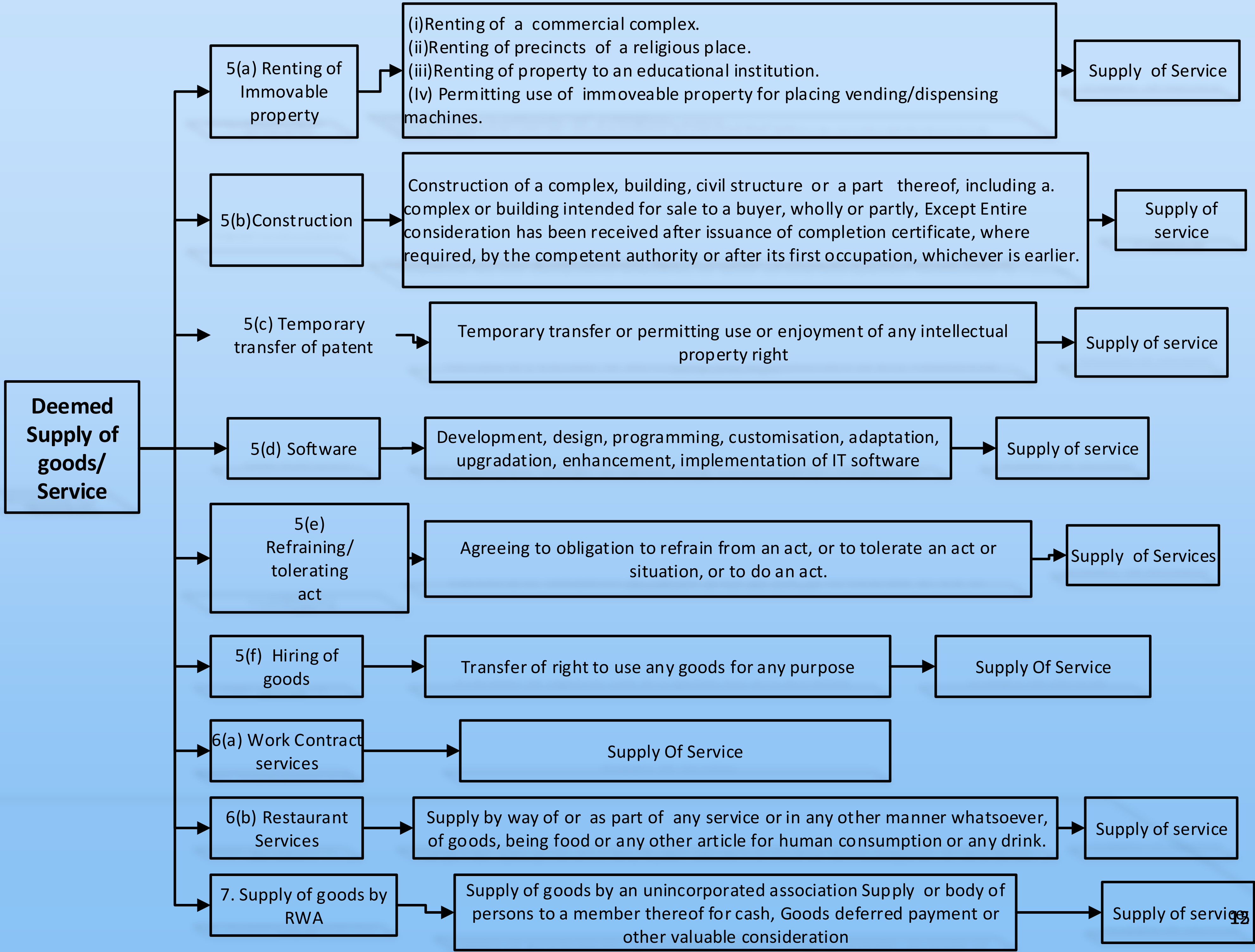
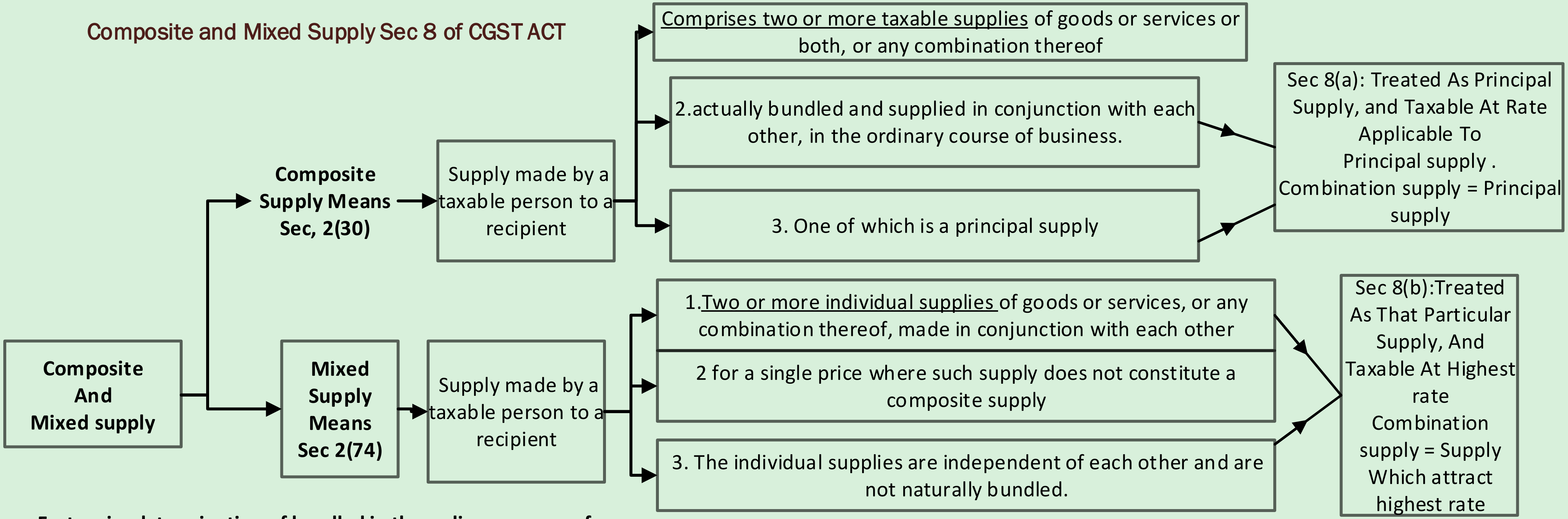

Deemed Supply of goods/ Service
5(a) Renting of Immovable property
(i)Renting of a commercial complex.
(ii)Renting of precincts of a religious place.
(iii)Renting of property to an educational institution.
(Iv) Permitting use of immoveable property for placing vending/dispensing machines.
Supply of Service
5(b)Construction
Construction of a complex, building, civil structure or a part thereof, including a. complex or building intended for sale to a buyer, wholly or partly, Except Entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.
Supply of service
5(c) Temporary transfer of patent
Temporary transfer or permitting use or enjoyment of any intellectual property right
Supply of service
5(d) Software
Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of IT software
Supply of service
5(e) Refraining/ tolerating act
Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act.
Supply of Services
5(f) Hiring of goods
Transfer of right to use any goods for any purpose
Supply Of Service
6(a) Work Contract services
Supply Of Service
6(b) Restaurant Services
Supply by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink.
Supply of service
7. Supply of goods by RWA
Supply of goods by an unincorporated association Supply or body of persons to a member thereof for cash, Goods deferred payment or other valuable consideration
Supply of services

Composite and Mixed Supply Sec 8 of CGST ACT



Factors in determination of bundled in the ordinary course of business: Perception of consumer/Majority of business do such bundled service/ Nature of service.

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]

One supply is principal supply and other one is ancillary.Both should be taxable supplies. Both supplies supplied to one recipient

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

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.

CBIC circulars on 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 [Circular No. 34/8/2018-GST dated 01.03.2018].	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

GST LIABILITY CLARIFICATIONS

Latest

Service by way of grant of alcoholic liquor licence is neither a supply of goods nor a supply of service

Service by way of grant of alcoholic liquor licence, against consideration in the form of licence fee or application fee or by whatever name it is called." Is not a supply of goods or services [Notification No. 25/2019 CT (R) dated 30.09.2019/ Notification No. 24/2019 IT (R) dated 30.09.2019]?

Other than liquor cases GST applicable: Circular No. 121/40/2019 GST dated 11.10.2019 has clarified that the above special dispensation applies only to supply of service by way of grant of liquor licenses by the State Governments as an agreement between the Centre and States. GST is applicable in grant of other licenses and privileges in case of mining rights, natural resources such as spectrum etc. against payment of consideration in the form of fee, royalty etc. Tax is required to be paid by the business entities on such services under reverse charge.

Clarification in respect of goods sent/ taken out of India for exhibition or on Consignment basis for export promotion [Circular No. 108/27/2019 GST dated 18.07.2019]

Cannot be considered as supply as there is no consideration: the activity of sending/ taking the goods out of India for exhibition or on consignment basis for export promotion, do not constitute supply as the said activity does not fall within the scope of section 7 of the CGST Act as there is no consideration at that point in time.

when such activity satisfies the tests laid down in Schedule I of the CGST Act It amounts to supply and GST payable

Since such activity is not a supply, the same cannot be considered as "Zero rated supply" as per the provisions contained in section 16 of the IGST Act.

Execution of a bond or LUT, as required under section 16 of the IGST Act, is not required in case of these goods

Clarification on issue of GST on airport levies [Circular No. 115/34/2019 GST dated 11.10.2019

- Passenger service fee (PSF), User development fee (UDF) changed and collected as per Aircraft rules 1937, by the airport operators from the passengers for providing the services to passengers. PSF and UDF charged by airport operators are consideration for providing services to passengers. And are falls with in the definition of Consideration. u/s 2(31).

- Since, the airport operators are collecting PSF and UDF inclusive of GST, there is no question of their not paying GST collected by them to the Government.
- airport operator and airlines shall be liable to pay GST on the same under forward charge. ITC of the same will be available with the airport operator.

When airlines act as pure agent airport levies will not be includible in value subject to conditions: Circular No. 115/34/2019 GST dated 11.10.2019

Airlines may act as a pure agent for the supply of airport services in accordance with rule 33 of the CGST rules. Rule 33 of the CGST rules provides that the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply.

Accordingly, the airline acting as pure agent of the passenger should separately indicate actual amount of PSF and UDF and GST payable on such PSF and UDF by the airport licensee, in the invoice issued by airlines to its passengers.

The airline shall not take ITC of GST payable or paid on PSF and UDF.

The airline would only recover the actual PSF and UDF and GST payable on such PSF and UDF by the airline operator.

The amount so recovered will be excluded from the value of supplies made by the airline to its passengers. In other words, the airline shall not be liable to pay GST on the PSF and UDF (for airport services provided by airport licensee), provided the airline satisfies the conditions prescribed for a pure agent under rule 33 of the CGST Rules.

The registered passengers, who are the ultimate recipient of the airport services, may take ITC of GST paid on PSF and UDF on the basis of pure agent's invoice issued by the airline to them

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 <u>not constitute a supply as there is no consideration involved</u> [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].

<u>Tenancy rights/pagadi system</u>

- 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 <u>modes of conveyance</u>
Trains, Buses, Trucks, Tankers, Trailers, Vessels, Containers, Aircrafts, <u>Is not liable for GST and hence no GST payable.</u> 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 <u>and circumstances of each case</u> **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 is 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 J V	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].

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.

Clarification on various doubts related to treatment of sales promotion schemes under GST. [Circular 92/11/2019 GST dated 07.03.2019		
SNO	Particulars/Issue	GST Liability
1	Free samples and gifts. Example: drug samples of Pharma companies	• As per section 7(1)(a) of the CGST Act, the goods or services which are supplied free of cost (without any consideration) shall not be treated as supply" under GST (except in case of activities mentioned in Schedule I of the CGST Act). Hence there is no GST liability. • ITC is not available Sec 17(5)
2	Buy one get one free offer	• When one item is being "supplied free of cost" without any consideration. In fact, it is not an individual supply of free goods, but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one. • Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined as per the provisions of section 8 of the CGST Act. • ITC available

Composition Scheme - Sec 10 and Notification No 14/2019 dated 07.03.2019 with effective from 01.04.2019				
SNO	***Particulars***			
1	***Applicability Sec 10(1)***	Registered persons of		
		(a)	Manufacturer of goods **other than goods** of ice cream pan masala and tobacco, aerated waters (from 01.10.2019)	
		(b)	Supplier of Restaurant, catering, mess services. Supplier of aerated Waters not eligible for scheme ((from 01.10.2019)	
		(c)	Traders	
2	***Eligibility Turnover limits On all India PAN basis Sec 10(1)***	Eligibility to the Composition scheme is available when the A**ggregate turnover of PFY in** case of		
		(a)	All North eastern states except Assam and Uttarakhand – **not exceeding Rs. 75 lakhs**	
		(b)	J &K, Himachal Pradesh and all other states - **not exceeding Rs. 1.50 crores**	
3	***Non-eligible persons Sec 10(2)***	(a)	Persons having interstate outward supply of goods	
		(b)	Supplier of goods which are not leviable to tax (petroleum products)	
		(c)	Supplier supplying goods services through an electronic commerce operator who is liable to collect TCS	
		(d)	Non-Resident taxable person	
		(e)	Casual taxable person	
4	**Rates of GST Sec 10(1) (a), (b) and (c) & Rule 7**	(a)	Manufacturer of goods	1% of turnover of state/UT
		(b)	Supplier of Restaurant, catering, mess services	5% of turnover of state/UT
		(c)	Traders	1% of turnover of taxable supplies of goods/services

5	**Marginal supply of services allowed** ***Sec 10(1) proviso***	Taxable persons of manufacturer, supplier of restaurant and traders can supply services other than restaurant services up ***to maximum of 10% of PFY turnover of Rs. 5 lakhs WEH***
		While computing the limit of turnover of state UT income by way of interest or discount shall not be considered.
6	**Conditions**	(a) Sec 10(3) -Eligibility will be lapsed on the day when the limit exceeds
		(b) Sec 10(4) -Shall not collect tax and not eligible for ITC
		(c) Sec 10(5)-The PO reason to believe, if a taxable not eligible for the scheme but avails the scheme, SCN will be issued, recovery proceedings will be made for tax and penalty u/s 73 or 74

Definitions	
Aggregate turnover Explanation 1 to Sec 10(5) – To determine the eligibility of the scheme. Calculation from 1st April of PFY	**Turnover of state/UT- Sec 2(112) explanation to Sec 10(1)- To determine the tax payable – Calculation from 1st April of FY**
Includes	**Includes**
All taxable supplies ((excluding the value of inward supplies on which tax is payable by a person on reverse charge basis	All taxable supplies ((excluding the value of inward supplies on which tax is payable by a person on reverse charge basis
Exported goods/services	Exported goods/services
Exempted goods/services	Exempted goods/services made with in state
Nil rate of Goods and services	Nil rate of Goods and services made with in state
Nontaxable goods and services	Nontaxable goods and services made with in state
Inter-State supplies between distinct persons having same PAN	Inter-State supplies from the State or Union territory by the said taxable person
Excludes	**Excludes**
CGST, SGST, UTGST, IGST, Cess	CGST, SGST, UTGST, IGST, Cess
Income of Interest and discount on loans deposits WEF 01.01.2020	Income of Interest and discount on loans deposits WEF 01.01.2020

Procedure Rule 3 to 7 of CGST Rules			
1	**Exercise of option**	(a)	At the time of registration, in Part B in registration application form. Scheme is effective from the date of registration
		(b)	After registration in form GST COMP 02 before the start of FY. Scheme is effective from the 1st day of April
		(c)	Option should be exercised on all India PAN basis, for all units in India
		(d)	Fresh intimation to be filed every year to continue the provision of composition tax payer
2	**Intimation of stock details**	(a)	The taxable person should intimate input stock details, including details of stock purchased from unregistered supplier with in 9 days from the date of opting scheme
3	**Validity of scheme**	(a)	shall remain valid so long as he satisfies all the conditions
		(b)	scheme lapses from the day on which aggregate turnover of a registered person exceeds the specified limit. he is required to file an intimation for withdrawal from the scheme within 7 days of the occurrence of such event.
		(c)	The taxable person who intends to withdraw from the scheme shall, before the date of such withdrawal, file an application in prescribed form. The effect will be from the date of application. He can avail ITC
4	**Other conditions**	(a)	the taxable person is required to pay tax on inward supplies at applicable reverse charge rates
		(b)	the goods held in stock by him have not been purchased from an unregistered supplier and where purchased, he pays the tax under reverse charge
		(c)	Tax should not collect and NO ITC.
		(d)	Tax invoice should not be issued. Bill of supply to be issued, he shall mention the words 'composition taxable person, not eligible to collect tax on supplies' at the top of the bill of supply issued by him;
		(e)	Word “The Composition Tax Person” should be displayed at Prominent Places like notice, sign board,

Effective date in case of denial of composition option by tax authorities

In case of denial of option to pay tax under composition levy by the tax authorities, it has been clarified that the effective date of such denial shall be from a date, including any retrospective date, as may be determined by tax authorities. However, such effective date shall not be prior to the date of contravention of the provisions of the CGST Act/ CGST Rules ***[Circular No. 77/51/2018 GST dated 31.12.2018]***.

Composition Scheme – for Service Providers Notification No 2/2019 dated 07.03.2019 with effective from 01.04.2019		
Optional concessional rate of tax for service providers other restaurant services		
Particulars		
Applicability	Registered persons of	
	(a)	Service provider who cannot opt composition scheme u/s 10 of CGST ACT i.e. service providers other restaurant services
Eligibility Turnover limits On <u>all India PAN basis</u>	Eligibility to the concessional scheme is available when the A**ggregate turnover of PFY**	
	(a)	**not exceeding Rs. 50 lakhs**
Non-eligible persons	(a)	Persons having interstate outward supply of goods **and Services**
	(b)	Supplier of goods /**services** which are not leviable to tax
	(c)	Supplier supplying goods services through an electronic commerce operator who is liable to collect TCS
	(d)	Manufacturer of goods of ice cream pan masala and tobacco, aerated waters
	(e)	Non-Resident taxable person
	(f)	Casual taxable person
Rate of GST	(a)	6% on first supplies of goods and/or services up to an aggregate turnover of Rs. 50 lakh made on/after 1st April in any financial year
	(b)	In case of newly registered persons who registered after crossing the exemption limit, they can avail basic exemption limit, and they can pay 6% on the remaining turnover up to Rs. 50 lakhs, the excess turnover if any they can pay normal rate of tax
Marginal supply of goods allowed	Registered person can supply goods or restaurant services up ***to maximum of Rs. 5 lakhs***	
	While computing the limit of turnover of state or UT <u>income by way of interest or discount shall not be considered.</u>	
	Similar to Composition scheme, the rules of composition are applicable to concessional rate of tax to service providers	

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 paying GST @ 12% (CGST 6%+SGST 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	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

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

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

5.All Taxable Services by Government/Union Territory or Local Authority *excluding* ~~renting of immovable property and~~ Postal, port, airport and transportation 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

Sum up

Services of Renting of immovable property to registered person	Reverse charge
Services by way of speed post, express parcel post, life insurance, and agency services to other than Govt. UT/Local authority	Forward Charge
Services in relation to an aircraft, or a vessel, inside or outside the precincts of a port or an airport;(.	Forward Charge
Service of Transport of goods or passengers	Forward Charge

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

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

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

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

S. No	Particulars	Particulars
1	Supplier of Service	An ~~Author~~/music Composer/photographer/artist or the like
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.

In case of service by an author to Publisher Reverse charge is optional wef 01.10.2019. Notification No. 22/2019 CT (R) dated 30.09.2019/ Notification No. 21/2019 IT (R) dated 30.09.2019

an author can choose to pay tax under forward charge if-

- he has taken registration under the CGST Act and filed a declaration, in the prescribed form, that he exercises the option to pay CGST on the said service under forward charge in accordance with section 9(1) of the CGST Act and to comply with all the provisions as they apply to a person liable for paying the tax in relation to the supply of any goods and/or services
- he shall not withdraw the said option within a period of 1 year from the date of exercising such option;
- he makes a declaration on the invoice issued by him in prescribed form to the publisher

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.

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

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

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	
2	Nature of service	Transport of Passengers
3	Service Recipient	E Commerce Operator

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

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

16 Services provided by Business facilitator to a banking company from 01.01.2019		
S. No	Particulars	Particulars
1	Supplier of Service	Business facilitator
2	Nature of service	Services provided by Business facilitator to a banking company
3	Service Recipient	A banking company or a NBFC, located in the taxable territory

17 Services provided by an agent of business correspondent to business from 01.01.2019		
S. No	Particulars	Particulars
1	Supplier of Service	An agent of business Correspondent
2	Nature of service	Services provided by an agent of business correspondent to business
3	Service Recipient	A business correspondent located in taxable territory

18 Security services (services provided by way of supply of security personnel) provided to a registered person other than CG/ SG/ LA and Government Agency. from 01.01.2019		
S. No	Particulars	Particulars
1	Supplier of Service	Any person other than a body corporate
2	Nature of service	Security services (services provided by way of supply of security personnel) provided to a registered person other than CG SG LA and Government Agency.
3	Service Recipient	Registered person located in taxable Territory

19. Services supplied by any person by way of transfer of development rights or Floor Space Index (FSI) (including additional FSI) for construction of a project by a promoter. from 01.01.2019		
S. No	Particulars	Particulars
1	Supplier of Service	Any person
2	Nature of service	Services supplied by any person by way of transfer of development rights or Floor Space Index (FSI) (including additional FSI) for construction of a project by a promoter
3	Service Recipient	Promoter Builder

20. Long term Lease of land 30 years or more from 01.04.2019		
S. No	Particulars	Particulars
1	Supplier of Service	Any person
2	Nature of service	Long term lease of land (30 years or more) by any person against consideration in the form of upfront amount (called as premium, salami, cost, price, development charges or by any other name) and/or periodic rent for construction of a project
3	Service Recipient	Promoter

21. Services provided by way of renting of a motor vehicle provided to a body corporate wef 01.10.2019		
S. No	Particulars	Particulars
1	Supplier of Service	Any person other than a body corporate, who is paying GST 5% on renting of motor vehicles with input tax credit only of input service in the same line of business
2	Nature of service	Services provided by way of renting of a motor vehicle provided to a body corporate where cost of fuel included in consideration
3	Service Recipient	Anybody corporate located in the taxable territory
4	Conditions for Supplier Notification 29/2019 dated 31.12.2019	Supplier is other than a body-corporate;
		Supplier does not issue an invoice charging GST @12% from the service recipient;
		supplies the service to a body corporate.

Sum-up

1	Any Supplier of Service of Renting of Motor vehicles Charging GST 12%	Recipient is Body corporate	Forward Charge, Supplier liable to pay GST
		Recipient is other than Body corporate	Forward Charge, Supplier liable to pay GST
2	Supplier of Service of Renting of Motor vehicles not charging 12% GST and Fuel include in consideration		
(a)	Supplier is Other than Body corporate	Recipient is Body corporate	RCM, Recipient liable to pay GST
		Recipient is other than Body corporate	Forward Charge, Supplier liable to pay GST
(b)	Supplier is Body corporate	Recipient is Body corporate	Forward Charge, Supplier liable to pay GST
		Recipient is other than Body corporate	Forward Charge, Supplier liable to pay GST

22 Services of lending of securities under Securities Lending Scheme,1997 ("Scheme") of Securities and Exchange Board of India, as amended WEF 01.10.2019		
S. No	Particulars	Particulars
1	Supplier of Service	Lender i.e., a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the Scheme of SEBI
2	Nature of service	Services of lending of securities under Securities Lending Scheme,1997 ("Scheme") of Securities and Exchange Board of India, as amended
3	Service Recipient	Borrower i.e., a person who borrows the securities under the Scheme through an approved intermediary of SEBI

Clarification on the liability of GST on Lending of Securities- [Circular No. 119/38/2019 GST dated 11.10.2019]

- The activity of lending of securities is not a transaction in securities as it does not involve disposal of securities.
- The Scheme under the Securities Lending Scheme, 1997 doesn't treat lending of securities as disposal of securities and therefore is not excluded from the definition of services.
- The lender temporarily lends the securities held by him to a borrower and charges lending fee for the same from the borrower.
- The borrower of securities can further sell or buy these securities and is required to return the lended securities after stipulated period of time.
- The lending fee charged from the borrowers of securities has the character of consideration and this activity is taxable in GST since 01.07.2017.
- With effect from 1st October 2019, the borrower of securities shall be liable to discharge GST under reverse charge mechanism. The nature of GST to be paid shall be IGST under reverse charge mechanism.
- Apart from above, the activities of the intermediaries facilitating lending and borrowing of securities for commission or fee are also taxable separately

Time of supply of goods- Timing of liability to pay tax arises -sec 12

Time of supply of Goods/Services various types
- Time of supply under forward charge Sec 12(2)
- Time of supply under reverse charge Sec 12(3)
- Time of supply of vouchers exchangeable for goods Sec 12(4)
- Time of supply in residual cases Sec 12(5)

Time of supply of Goods Under forward charge sec 12(2) **Earlier of**
- Date of issue of invoice/Due date of issue of invoice
- Date on which the payment is credited to the supplier's bank account
- Date on which payment recorded in the books of supplier

Where the supplier receives amount up to Rs. 1000/- in excess of Invoice price, The time supply will be at the option of supplier, be date of invoice. Rule is applicable for goods as well as services

Time of Supply of Goods under reverse charge u/s 12(3) of GST Act, 2017 **Earlier of**
- The date of receipt of goods
- The date on which the payment is debited in bank account of receipient
- The date of payment entered in the books of recipient
- Date Immediately following 30 days from the date of issue of invoice by the supplier (31day)

If the these events are UNASCERTAINABLE ; Time of supply = Date of entry of good in books of account of recipient of goods

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

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

Persons paying tax under Composition tax are also not required to pay tax on advances received. As they have to prescribed rate of tax on turnover

Time of supply of vouchers 12(4)/ Services Sec 13(4)
- 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 of services -Timing of Liability to pay tax arise in case of services -Sec 13

Time of supply of Service under forward charge Sec 13(2)

- Sec 13 (2)(a) Invoice is issued with in 30 days completed service
  - Date of Invoice
  - Date of Receipt of payment
  - Which Ever Is earlier
- Sec 13 (2)(b) Invoice is not issued with in 30 days from the date of of completed service
  - Date of Provision of Service
  - Date of Receipt of payment
  - Which Ever Is earlier

The time limit for issue of Invoice in case of Bank, Finance and NBFC in 45 days from the date of completion of service

Time of supply of Service under Reverse charge Sec 13(3)

- Associated Enterprises (Supplier of service located outside India):
  - Date of entry in the books of account of the recipient of supply
  - The date of Payment for the Service
- Other cases
  - (Invoice date+ 60 days) 61 day from the date of issue of invoice by the supplier
  - Date of payment on which recorded in the books of recipient of services
  - Date on which the payment is debited from the bank account of the recipient of services

Which Ever Is earlier

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

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 Sec 14

- 1.Date of Issuance of invoice
- 2.Date of Supply of goods/services
- 3.Date of Receipt of payment

Any 2 events happen before change in rate of GST – Old rate of GST
Any 2 events happen after change in rate of GST – New rate of GST

Time of supply in case of Joint development agreements between land owner and Builder Sec 148 → Land owner transfer development rights and in return builder construct complex → Time of supply will be postponed till the time ,property transferred to land owner by conveyance deed/similar agreement or Allotment letter

Exemption for Service related to Charitable and religious activities

SNo		Activity	Taxability
1		Charitable Activities by entity registered u/s 12AA of Income tax act	Exempt
	(i) Public health Care or counseling of		
		• terminally ill persons or persons with severe physical or mental disability • Persons afflicted with HIV or AIDS; • persons addicted to a dependence-forming substance such as narcotics drugs or alcohol;	
		Public awareness of preventive health, family planning or prevention o f HIV infection	
	ii	Advancement of religion or spirituality including YOGA	
	iii	**ADVANCEMENT OF EDUCATIONAL PROGRAMMES / SKILL DEVELOPMENT relating to**	
		• abandoned, orphaned or homeless children; • physically or mentally abused and traumatized persons; • prisoners; or • persons over the age of 65 years residing in a rural area;	
	iv	PRESERVATION OF ENVIRONMENT including watershed, forests & wildlife	
2	(a)	Service of Conducting Religious Ceremony	Exempt
	(b)	**Renting of precincts of a religious place meant for general public, owned or managed by entity registered u/s 12AA or Sec 10(23C) (v) of Income tax act** • Renting of premises, community halls, kalyanamandapam or open area, and the like where charges **are up to Rs 10,000 per day;** • Renting of shops or other spaces for business or commerce where charges are **up to Rs. 10,000 per month**.	Exempt
3		**Services by way of training or coaching in recreational activities relating to-**	
	(a)	Arts or culture, sports namely, dance, music, painting, sculpture making, literary activities, theatre, sports etc. of any school, tradition or language or any of the sports.	Exempt
	(b)	Sports by charitable entities registered under section 12AA of the Income-tax Act	Exempt

4		Hostel accommodation services provided by trusts to students up to declared tariff of Rs. 1000/- per day	Exempt
5		**Arranging yoga and meditation camp by charitable trusts registered under Sec 12AA**	
	(a)	Fee or consideration charged in any other form from the participants	Exempt
	(b)	Residential programmes or camps where the fee charged includes cost of lodging and boarding when primary and predominant activity is advancement of religion, spirituality or yoga	Exempt
	(c)	Merely or primarily provide accommodation or serve food and drinks against consideration in any form including donation,	Taxable
	(d)	Activities such as holding of fitness camps or classes such as those in aerobics, dance, music	Taxable
6	Services of Religious Yatras/pilgrimage organised by any charitable or religious trust (Exemption available only to specified institutions like haj committee etc., and not to trusts)		Taxable
7	Hospitals managed by charitable trusts- Cover under health services		Exempt
8	Grant of advertising rights to a person on the premises of the charitable/religious trust or on publications of the trust, or		Taxable
9	Granting admission to events, functions, celebrations, shows against admission tickets or fee		Taxable
10	Service Provided to Charitable trusts by other persons where there is no any specific exemption		Taxable

11	**Meaning of certain terms**	
	(i)	**rural area** means the area comprised in a village as defined in land revenue records, excluding 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 an urban area by the Central Government or a State Government
	(ii)	**Religious place** means a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality.
	(iii)	Precincts include immovable located within outer boundary wall or immediate vicinity of religious place is eligible for exemption benefit
	(iv)	**General public** means the body of people at large sufficiently defined by some common quality of public or impersonal nature

Levy of GST on the service of display of name or placing of name plates of the donor in the premises of charitable organisations receiving donation or gifts from individual donors - GST Not leviable- Circular No. 116/35/2019 GST dated 11.10.2019]

- The recipient institutions place a name plate or similar such acknowledgement in their premises to express the gratitude.
- When the name of the donor is displayed in recipient institution premises, in such a manner, which can be said to be an expression of gratitude and public recognition of donor's act of philanthropy and is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is no supply of service for a consideration (in the form of donation).
- There is no obligation (quid *pro quo*) on part of recipient of the donation or gift to do anything (supply a service). Therefore, there is no GST liability on such consideration
- The payment has the character of gift or donation and the purpose is philanthropic (i.e., it leads to no commercial gain) and not advertisement, GST is not leviable.

Examples

Good wishes from Mr. Rajesh" printed underneath a digital blackboard donated by Mr. Rajesh to a charitable Yoga institution.

Donated by Smt. Malati Devi in the memory of her father" written on the door or floor of a room or any part of a temple complex which was constructed from such donation.

In each of these examples, it may be noticed that there is no reference or mention of any business activity of the donor which otherwise would have got advertised

Health care Services

<table>
<tr><th>SNO</th><th>Nature of service</th><th>Taxability</th></tr>
<tr><td rowspan="2">1</td><td>System of medicine exempted: Allopathy, Yoga, Naturopathy, Ayurveda, Homeopathy, Siddha, Unani, any other system of medicine that may be recognized by Central G o v e r n m e n t</td><td rowspan="2">Exempt</td></tr>
<tr><td>Health care Services of diagnosis, treatment for illness, injury, deformity, abnormality and pregnancy rendered by
• Authorised Medical Practioners (i.e. doctors registered under medical council or any Indian law),
• Hospitals, clinics, nursing homes sanatoriums, Laboratories
• Paramedics, (i.e. 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</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>2</td><td>Ambulance services provided by all <u>service providers</u> (whether or not by clinical establishment or an authorised medical practitioner or paramedics)</td><td>Exempt</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>3</td><td>Health care services of hair transplant or cosmetic or plastic surgery of beautification</td><td>Taxable</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>4</td><td>Supply of services other than healthcare services such as renting of shops, auditoriums in the premises of the clinical establishment, display of advertisements etc.</td><td>Taxable</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>5</td><td>Services by a veterinary clinic in relation to health care of animals or birds</td><td>Exempt</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>6</td><td>Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation</td><td>Exempt</td></tr>
</table>

Certain health care services of Hospitals and their taxability CBIC Clarification			
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. Outsourced canteen., canteen should charge GST to hospital. Hospital will not get ITC on food bills.	Circular No 32/06/2018 Dated 12.02.2018
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
	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 relating to Entertainments				
1.Services by a performing artist in folk or classical art forms				
SN	Supplier of Service	Recipient	Service	Taxability
(a)	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
(b)	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
(c)	Above (a) and (b) as a brand ambassador	Any person	Performance in above (a) and (b)	Taxable
	Artist of Western music, mimicry, modern theatre, magic shows	Any person	Performance	Taxable
(e)	Artists of cinema, television	Any person	Performance	Taxable
(f)	Artists of Painting, sculpture	Any person	Performance	Taxable
2. Admission to museum, zoo etc. Consideration received from visitors is exempt as follows				
Service **by way of** admission to a museum, zoo, national park, wildlife sanctuary, a tiger reserve protected monument				
3. Admission to following entertainment events consideration not more than Rs. 500/- per person is exempt				
Services **by way of** right to admission to				
(a)	Circus, **d**ance or theatrical performance including drama or ballet;			
(b)	Recognized sporting event;			
(c)	Award function, Concert, Pageant, Musical performance or any Sporting event other than a recognised sporting event			
(d)	Planetarium.			

Educational Services

S N	Supplier of Service	Recipient	Transaction	Taxability
1	Educational institution	Students, faculty and staff	Consideration from Services to students, faculty and staff	Exempt
2	Educational institution	Any person	consideration in the form of entrance fee by way of conduct of entrance examination	Exempt
3	Person located in a non- taxable territory	Educational Institution of 1. education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force 2. Indian Institute of management	Consideration from the service of supply of online educational journals or periodicals	Exempt
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	Exempt
5	Any person	Education as a part of Vocational education course	services relating to admission to, or conduct of examination by, such institution	Exempt
6	Educational institution	Students, faculty and staff	Consideration from college and hostel lodging boarding and mess charges,	Exempt
7	Any person (Run by outside Agency)	Educational institution	Consideration from college and hostel lodging boarding mess charges	Taxable
8	Meaning of Educational Institution	Educational institution means an institution providing services by way of, - (i)pre-school education and education up to higher secondary school or equivalent; (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force; (iii) education as a part of an approved vocational education course		

Educational Services Certain issues

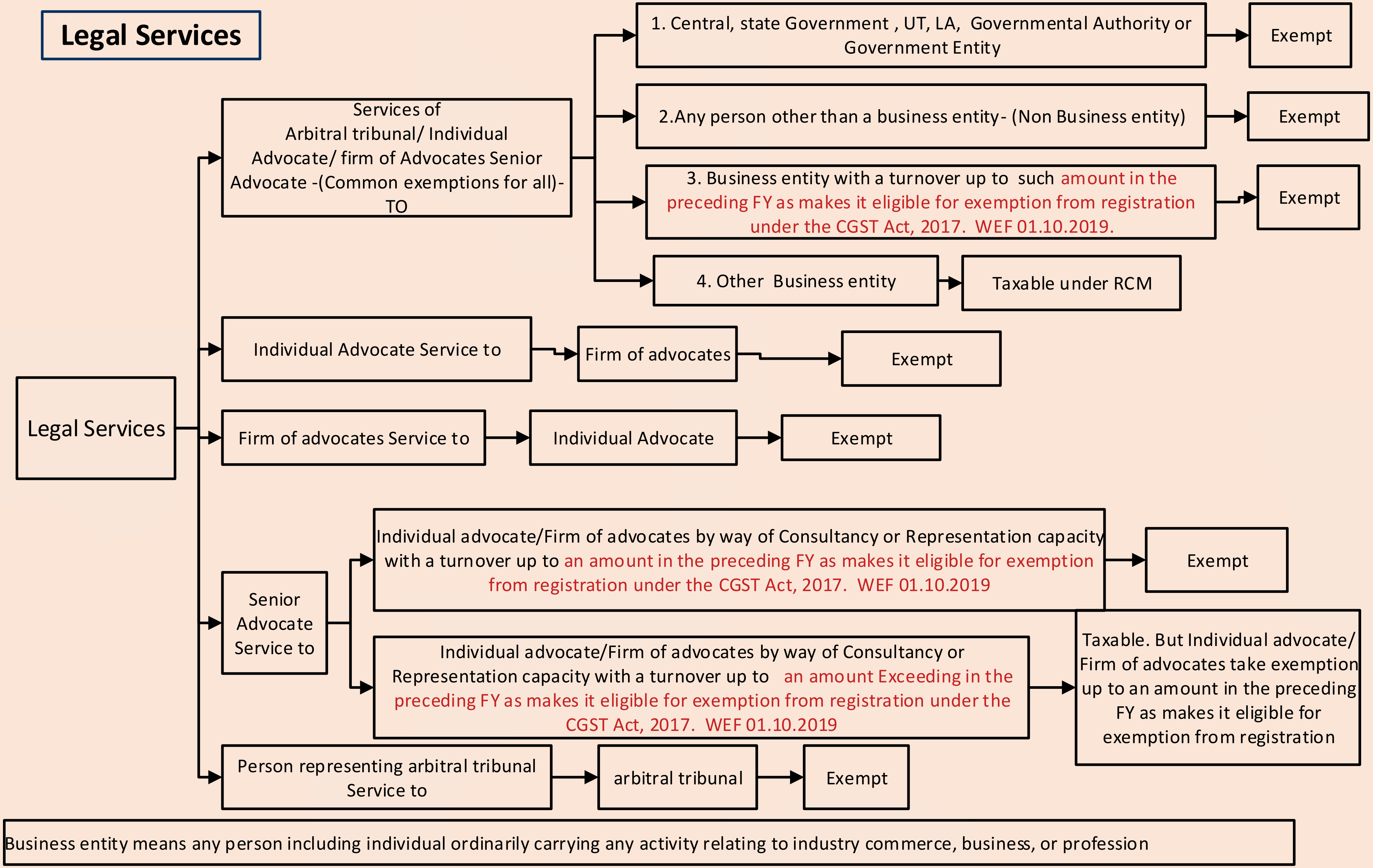
SNO	Nature of Service	Taxability	Reason
1	Training given by private coaching institutes	**Taxable**	does not lead to grant of a recognized qualification.
2	Boarding schools provide service of education coupled with other services like providing dwelling units for residence and food	Predominant nature education. Approved schools exempt	Naturally bundled treated as principle supply
3	Private ITIs Vocational course	If Approved by Government – Exempt	------------
4	dual qualifications Services one recognised other one not	Recognised portion is exempt. Other is taxable	If artificial bundle is created and charging only one fees charge. Chargeable at highest rate.
5	Incidental auxiliary courses provided by way of hobby classes or extra-curricular activities in furtherance of overall well-being.	Approved educational Institute exempt	If Extra billing is done and artificial bundle is created, full consideration taxable at highest rate
6	Educational institutes such as IITs, IIMs charge a fee from prospective employers like corporate houses/MNCs for campus recruitment	Taxable	---

Clarification on applicability of GST exemption to the DG Shipping approved maritime courses conducted by Maritime Training Institutes of India [Circular No. 117/36/2019 GST dated 11.10.2019)

Maritime Training Institutes and their training courses are approved by the Director General of Shipping which are duly recognised under the provisions of the Merchant Shipping Act, 1958 read with the Merchant Shipping (standards of training, certification and watch-keeping for Seafarers) Rules, 2014. Therefore, Maritime Training Institutes are educational institutions under GST Law and the courses conducted by them are exempt from levy of GST.

Skill Development Services	
SN	**Nature are services exempt**
	Services provided by following institutes are exempt
1	the National Skill Development Corporation (NSDC) set up by the Government of India
2	Sector Skill Council (SSC) approved by the NSDC
3	
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
	(a) any other Scheme implemented by the NSDC
5	Services of assessing bodies empaneled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship **by way of** assessments under the Skill Development Initiative SDI Scheme
6	Services provided **by** Training Providers (called “Project Implementation Agencies”) under Deen Dayal Upadhyaya Grameen Kausalya 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)**

Legal Services



Sum Up : Legal Services to Business entity exceeding basic exemption of registration, taxable under RCM.

	CONSTRUCTION SERVICES	
SN	**Nature of service**	**Taxability**
1	**Pure labour contracts under Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana**	Exempt
	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 Yojana**	
2	**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**	Exempt
3	Services supplied by Electricity Distribution Utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network up to the tube well of **the farmer or agriculturalist for agricultural use.**	Exempt
4	**Supply of TDR (Transferrable Development rights), FSI (Floor Space Index) long term lease (premium) of land by a landowner to a developer from 01.04.2019. Entry No 41A and 41B**	
	Supply of TDR, FSI, long term lease (premium) of land by a landowner to a developer are exempted subject to the condition that the constructed flats are sold before issuance of completion certificate and tax is paid on them.	
	Exemption of TDR, FSI, long term lease (premium) shall be withdrawn in case of flats sold after issue of completion certificate, but such withdrawal shall be limited to 1% of value in case of affordable houses and 5% of value in case of other than affordable houses	
Meaning of certain words		
1	"**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	
2	**Residential complex"** means any complex comprising of a building or buildings, having more than one single residential unit.	
3	**"Single residential unit"** means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family	

New effective rates of GST for the new projects by promoters (Builders) are as follows:

(i) New rate of 1% without ITC on construction of **affordable houses (**area 60 sqm in metros/ 90 sqm in non-metros and value up to Rs. 45 lakh).

(ii) New rate of 5% without ITC shall be applicable on construction of:

(a) all houses other than affordable houses, and

(b) commercial apartments such as shops, offices etc. in a residential real estate project (RREP) in which the carpet area of commercial apartments is not more than 15% of total carpet area of all apartments.

Conditions:

Above tax rates shall be available subject to following **conditions**:

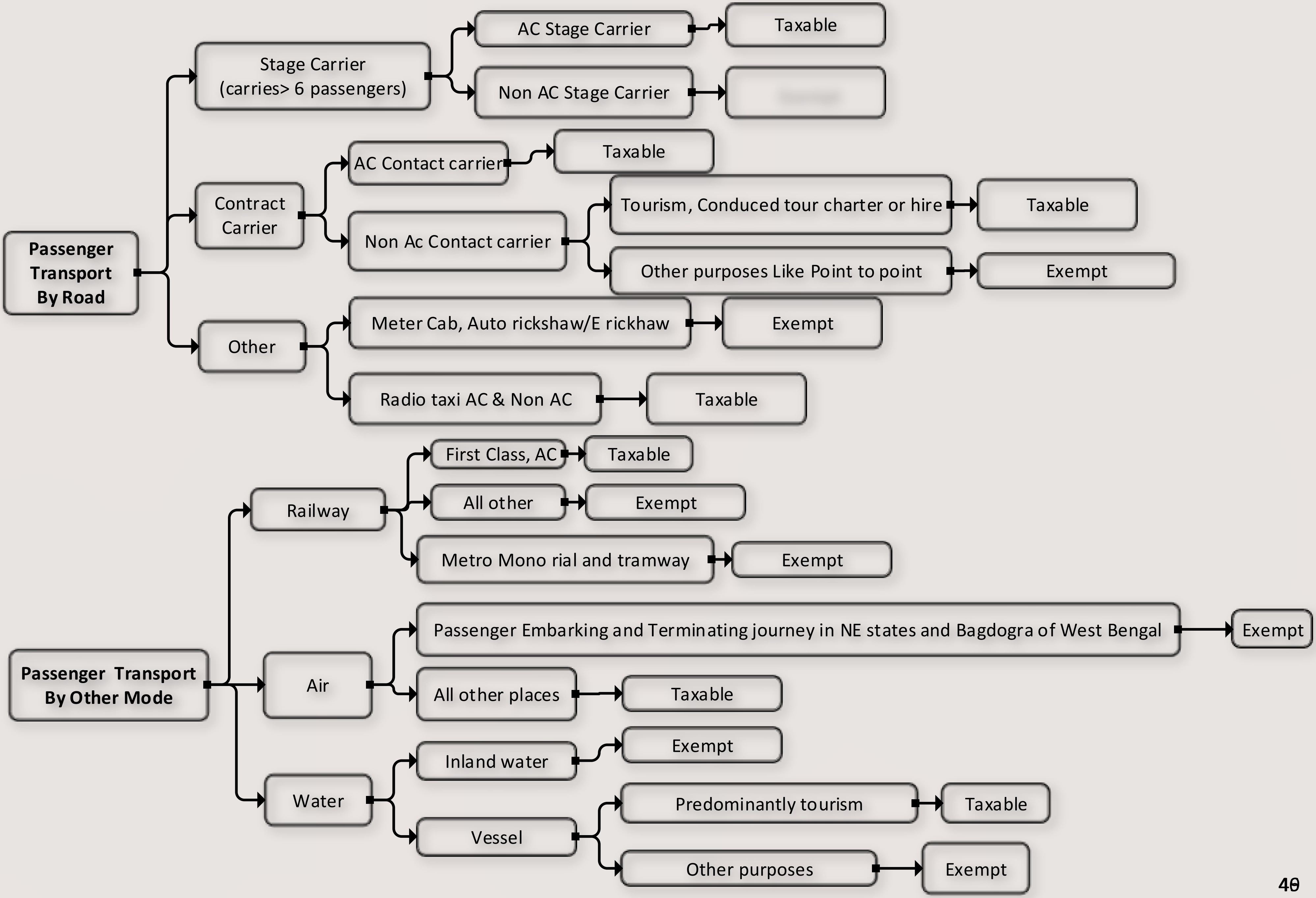
(a) Input tax credit shall not be available.

(b) 80% of inputs and input services [other than services by way of grant of development rights, long term lease of land (against upfront payment in the form of premium, salami, development charges etc.) or FSI (including additional FSI), electricity, high speed diesel, motor spirit, natural gas], used in supplying the service shall be purchased from registered persons

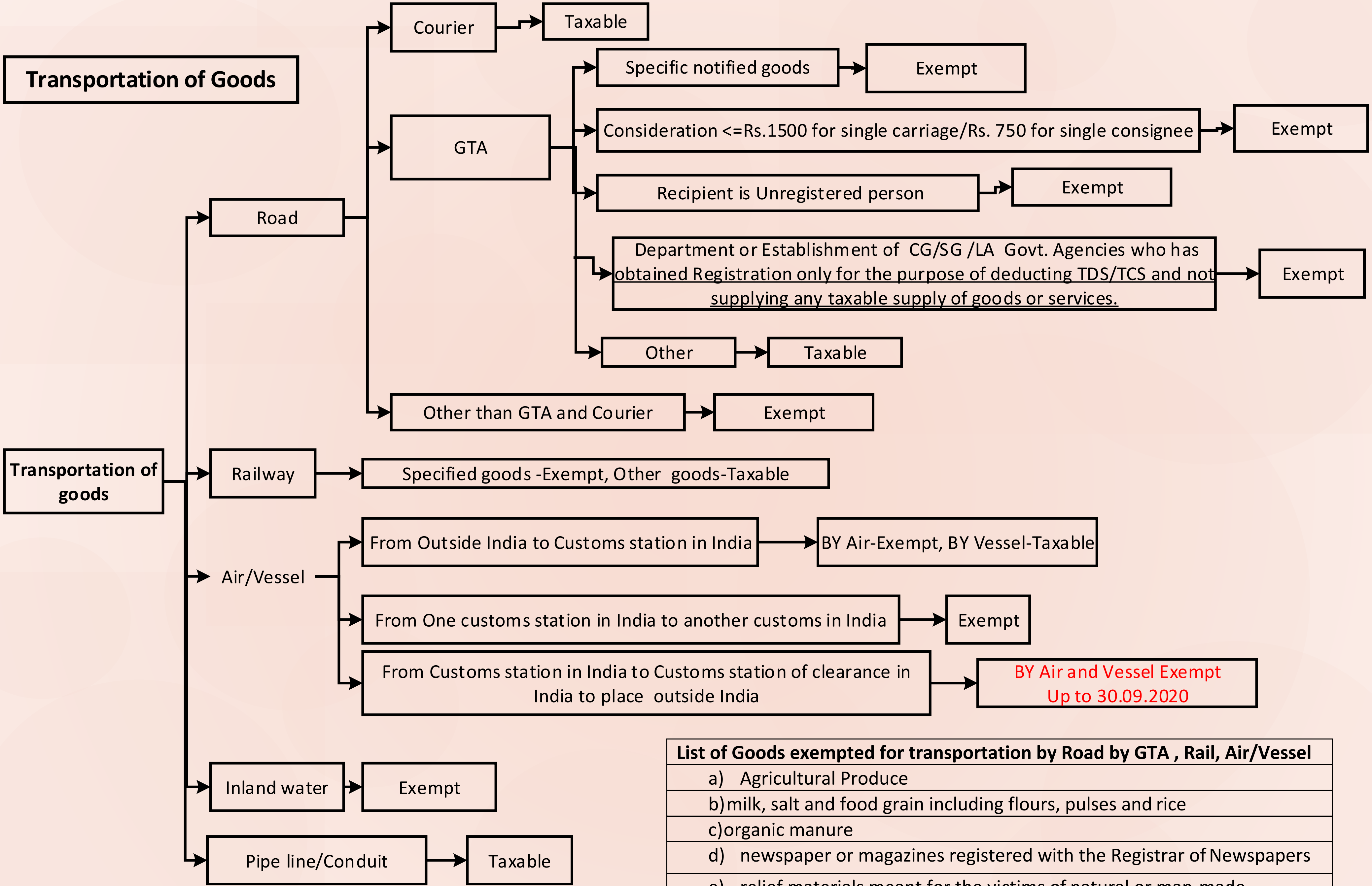
GST liability on Transfer of Development rights (TDR) for Construction service and Transfer of Construction service for transfer of Development rights Notification No. 4/2018 CT (R) dated 25.01.2018]

- GST liability arise in both cases for land owner and for builder
- 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 letter).
- The liability to pay tax on TDR, FSI, long term lease (premium) has been shifted from land owner to builder under the reverse charge mechanism (RCM

Transportation of passengers with or without Belongings



Transportation of Goods



List of Goods exempted for transportation by Road by GTA , Rail, Air/Vessel
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

Banking and Financial Services

SN		Nature of service	Taxability
1		**Specified financial services in case of Banks and Financial Institutions**	
	(a)	Consideration is represented by way of interest or discount on Services by way of extending deposits, loans or advances	Exempt
	(b)	Invoice discounting/cheque discounting or any other similar form of discounting, such discounting is a manner of extending a credit facility or a loan.	Exempt
	(c)	Any interest/ delayed payment charges charged to clients for delay in payment of brokerage amount/ settlement obligations/ margin trading facility	Exempt
	(d)	Collateralized Borrowing and Lending Obligations (CBLO) transactions: borrowing bank pays an amount as consideration to the lending bank for funds provided by it for a short term. Such amount would qualify as 'consideration represented by way of interest or discount'.	Exempt
	(e)	Interest for lending or borrowing of money to and from RBI by banks through financial instruments of short-term call money market of repos and reverse repos	Exempt
	(f)	Income from Commercial Paper (CP) or Certificates of Deposit	Exempt
	(g)	Sale and purchase of foreign exchange between banks and authorized dealers of foreign exchange or between banks and such dealers.	Exempt
	(h)	Charges for late payment of outstanding dues on credit card (Specifically excluded from exemption)	Taxable
	(i)	Service charges or administrative charges or entry charges, documentation charges, process fee recovered in addition to interest on a loan, advance or a deposit.	Taxable
	(j)	Interchange fees on card settlement fees paid/ shared by banks:	Taxable
	(k)	service fees or documentation fees or broking charges or such like fees or charges are charged on Asset securitization	Taxable
	(l)	transaction processing fees levied for takeover of loans from one bank to another bank but not on the interest component	Taxable
	(m)	charges collected in the course of transfer or assignment of a debt	Taxable

	(n)	Investments by way of equity or any other manner where the investor is entitled to a share of profit.	
2	Services by the Reserve Bank of India.		Exempt
	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 Entry. (External asset management” services		IGST Exempt
3	Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY)		Exempt
4	Services by an acquiring bank, to any person in relation to settlement of an amount up to Rs.2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card service.		Exempt
5	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)-		Exempt

Clarification regarding applicability of GST on delayed payment charges in case of late payment of Equated Monthly Instalments (EMI) [Circular No. 102/21/2019-GST dated 28.06.2019]

Asper Entry 27 of exemption notification, interest payable in any manner in respect of any moneys borrowed/debt incurred including a deposit, claim or other similar right or obligation

As per the provisions of section 15(2)(d) of the CGST Act, the value of supply shall include interest or late fee or penalty for delayed payment of any consideration for any supply

The taxability is explained in the following illustrations

Illustration – 1: X sells a mobile phone to Y. The cost of mobile phone is Rs. 40,000/-. However, X gives Y an option to pay in installments, Rs. 11,000/- every month before 10th day of the following month, over next four months (Rs. 11,000/- × 4 = Rs. 44,000/-). As per the contract, if there is any delay in payment by Y beyond the scheduled date, Y would be liable to pay additional/ penal interest amounting to Rs. 500/- per month for the delay.

In some instances, X is charging Y Rs. 40,000/- for the mobile and is separately issuing another invoice for providing the services of extending loans to Y, the consideration for which is the interest of 2.5% per month and an additional/ penal interest amounting to Rs. 500/- per month for each delay in payment.

In this case, the amount of penal interest is to be included in the value of supply [i n terms of section 15(2)(d)]. The transaction between X and Y is for supply of taxable goods i.e. mobile phone. Accordingly, the penal interest would be taxable as it would be included in the value of the mobile, irrespective of the manner of invoicing.

<u>Illustration – 2:</u> X sells a mobile phone to Y. The cost of mobile phone is Rs 40,000/-. Y has the option to avail a loan at interest of 2.5% per month for purchasing the mobile from M/s. ABC Ltd. The terms of the loan from M/s. ABC Ltd. allows Y a period of four months to repay the loan and an additional/ penal interest @ 1.25% per month for any delay in payment.

Here, the additional/ penal interest is charged for a transaction between Y and M/s. ABC Ltd., and the same is getting covered under exemption Entry 27. Consequently, in this case the 'penal interest' charged thereon on a transaction between Y and M/s. ABC Ltd. would not be subject to GST as the same would be covered under said exemption entry. However, any service fee/ charge or any other charges, if any, are levied by M/s. ABC Ltd. in respect of the transaction related to extending deposits, loans or advances does not qualify to be interest as defined in exemption notification, and accordingly will not be exempt.

Moreover, the value of supply of mobile by X to Y would be Rs. 40,000/- for the purpose of levy of GST.

It is further clarified that the transaction of levy of additional/ penal interest does not fall within the ambit of entry 5(e) of Schedule II of the CGST Act as this levy of additional/ penal interest satisfies the definition of "interest" as contained in exemption notification

Miscellaneous Business Services

SN		Nature of Service	Taxability
1	**Services by the intermediaries in respective capacities**		
	(a)	by a business facilitator / a business correspondent to a banking company with respect to accounts in its "rural area" branch.	Exempt
	(b)	by any person as an intermediary to a business facilitator / business correspondent with respect to services mentioned in above	Exempt
	(c)	by a business facilitator / business correspondent to an insurance company in a rural area	Exempt
	(d)	Service provided by Intermediary when both Location of supplier and receiver located in Non-taxable territory Wef 01.10.2019	IGST Exempt
2	**Renting of Motor Vehicle for transportation of passengers and goods**		
	(a)	To a state transport undertaking, a motor vehicle meant to carry more than twelve passengers	Exempt
	(b)	to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers Wef 01.10.2019	Exempt
	(c)	to a goods transport agency, a means of transportation of goods	Exempt
	EOV means vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975 which is run solely on electrical energy derived from an external source or from one/more electrical batteries fitted to such road vehicle		
3	**Services provided by an Incubatee within premises of incubator**		
	(a)	Service Up to Total turnover of Rs.50 lakhs is exempt from GST, When PFY turnover is <= Rs.50 lakhs	
		Period of exemption: Three years from the date of entering into an agreement as an incubate with incubator.	
	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.		
4	**Services provided by TBI or STEP**		
		Any Service to Incubatee	Exempt

5	**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	IGST Exempt
	(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 (ii) Services by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India.		
6	**Business exhibition**		
	(a)	Service **by** an organizer **to** any person **in respect of** a business exhibition held outside India. – Exempt	
7	**Tour operator**		
	(a)	Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside Example: Service provided by **Travel Agency to** a Foreign National for a tour conducted in Outside India is IGST exempted	
	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		
8	**Services provided by rehabilitation professionals in Effective from 01.01.2019- Exempt**		
		rehabilitation, therapy or counselling and such other activities in the Centres established by State/Central Government or Entity registered under Sec 12AA of Income tax Act	

Sports Services

S NO	Supplier of Service	Recipient	Transaction	Taxability
	Services provided to a recognized sports body			
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

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

Sponsorship of tournaments or championships

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;	Exempt
(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	

(f)	by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state or zone/ any **COUNTRY**	
Other services relating to FIFA		
(a)	Services provided by and to Fédération International Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020 - hosted in India WEF 01.10.2019	Exempt

Services relating to agriculture

SNO	Nature of service		Taxability
1	**Services relating to agriculture/agricultural produce by way of**		Exempt
	(a)	agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;	
	(b)	supply of farm labour;	
	(c)	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;**	
	(d)	renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;	
	(e)	loading, unloading, packing, storage or warehousing of agricultural produce;	
	(f)	agricultural extension services;	
	(g)	services by any Agricultural Produce Marketing Committee or Board or Services provided by a commission agent for sale or purchase of agricultural produce	
	(h)	services by way of fumigation in a warehouse of agricultural produce	
	Meaning of Certain terms		
	Agriculture	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	
	Agriculture Produce	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	
2	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.		Exempt
3	Services by way of artificial insemination of livestock (other than horses).		Exempt
4	Services by way warehousing of rice of loading,unloading, packing, storage		Exempt
5	Services by way of fumigation in a warehouse of agricultural produce		Exempt
6	Services by way of storage/ warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibers such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, Tendu leaves, coffee and tea. WEF 01.10.2019 – (New Entry 24 B)		Exempt

	Examples not liable for GST.	
SN	**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 <u>which is incidental to its use for agriculture</u>
5	Commission agent	
6	Services by any Agricultural Produce Marketing Committee	provision of facilities and amenities like, sheds, water, light, electricity, grading facilities, collect market fees, license fees, rents etc.

	Examples: GST is payable	
	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 <u>for sale in retail market</u>
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

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.~~ Processed coffee bean/powder not an agricultural produce. Exemption now available to tea, coffee for warehousing under New entry 24 B. Loading, unloading and packing may be taxable
2	~~Jaggery~~	~~GST payable. No exemption~~	~~Processing of sugarcane into jaggery changes its essential characteristics. Thus, jaggery is also not an agricultural produce~~ Exemption now available to jaggery for warehousing under New entry 24 B. Loading, unloading and packing may be taxable
3	Processed spices	GST payable. No exemption	Changes its essential characteristics.
4	Processed dry fruits/ cashew n u t s	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

Service by a club/association/society to own members

SN		Nature of Service	Taxability
1	**Registered unincorporated body or a non- profit entity**		Exempt
	(a)	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	
	(b)	To its own members by way of reimbursement of charges or share of contribution provided by Resident welfare Association. (RWA) 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. When limit exceeds entire amount is taxable and not the excess amount.	Exempt up to Rs.7500/ Per month per member
2	**Unincorporated body or a non-profit entity registered under any law for the time being in force to its own members against consideration in the form of membership fee of services relating to**		
	(a)	Activities relating to the welfare of industrial or agricultural labour or farmers	Exempt Up to Rs. 1000/ per member Per year
	(b)	Promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment	
3	**Registered trade union**		
		To its own members by way of reimbursement of charges or share of contribution	Exempt

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.7500 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. 7500 entire contribution of such Members liable for GST

3	If an 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 exclusion from value of taxable service available for the purposes of SSP exemption or exemption provided under mega exemption notification?	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 Commission. 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

Clarification on issues related to GST on monthly subscription/ contribution charged by a Residential Welfare Association from its members Circular No. 109/28/2019 GST dated 22.07.2019.

		Clarification
1	Upper limit of exemption of Maintenance charges of RWA	Supply of service by RWA (unincorporated body or a non- profit entity registered under any law) to its own members by way of reimbursement of charges or share of contribution up to an amount of Rs. 7,500/- per month per member for providing services and goods for the common use of its members in a housing society or a residential complex are exempt from GST.
2	Aggregate turnover <= Rs. 20 lakhs and Maintenance charges > Rs. 7500/-	RWA does not require Registration. No GST even Maintenance charges per member per month > Rs. 7500/-
3	Aggregate turnover > Rs. 20 lakhs and Maintenance charges > Rs. 7500/- and availability of ITC	Need for Registration and GST payable. RWAs are entitled to take ITC of GST paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fillings etc.) and input services such as repair and maintenance services.
4	Where a person owns 2 or more flats in the housing society/residential complex, ceiling Limit calculation	a person who owns 2 or more residential apartments in a housing society/residential complex shall normally be a member of the RWA for each residential apartment owned by him separately. The ceiling of Rs. 7,500/- per month per member shall be applied separately for each residential apartment owned by him. For example, if a person owns 2 residential apartments in a residential complex and pays Rs. 15,000/- per month as maintenance charges towards maintenance of each apartment to the RWA (Rs. 7,500/- per month in respect of each residential apartment), the exemption from GST shall be available to each apartment.

SERVICES BY CERTAIN BODIES / INSTITUTIONS WHICH ARE EXEMPT FROM TAX

SN	INST.	Nature of Service Exempt
1	**ESI**	Services by the Employees' State Insurance Corporation (ESIC) to the persons governed under the ESI Act
2	**EPFO**	Services provided **by Employees Provident Fund Organisation (EPFO) to** the persons governed under EPF Act, 1952
3	**IRDA**	Service provided **by** the **Insurance Regulatory and Development Authority of India (IRDA) to** insurers (i.e. insurance companies) under the IRDA Act, 1999.
4	**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.
5	**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.
6	**NCCCD**	Service provided by the National Centre for Cold Chain Development (NCCCD) by way of cold chain knowledge dissemination

Miscellaneous Services Exempt from tax

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).
Upfront amount for industrial /financial leasing Notification No. 28/2019-Central Tax (Rate), dated 31st December 2019
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 development of infrastructure for financial business, provided by the State Govt. Industrial Development Corporations or State Govt. Industrial Undertakings or by any other entity having ~~50%~~ 20% or more ownership of Central Government, State Government or Union territory to the industrial units or the developers in any industrial or financial business area. GST exemption on the upfront amount is admissible irrespective of whether such upfront amount is payable or paid in one or more instalments, provided the amount is determined upfront. Circular No. 101/20/2019 GST dated 30.04.2019. The plots should be used by lessee as per the conditions of lease and for purpose, which they obtained. any violation or subsequent change of land use ,liable to pay tax on upfront fee along with interest

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 prior to 01.04.2016, on payment of licence fee or spectrum user charges.
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 CGST
Service of Access to Road and Bridge
Supply of service by way of access to a road or a bridge on payment of annuity, has been exempted from GST
Pilgrimage Services
Services **by** a **“specified organization”** in respect of a **“religious pilgrimage facilitated 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

Services by Government			
1	**Services taxable for Central Government, State government, Local authority and Union Territory**		
		All the Services are exempt except the following	Taxable
	(a)	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.	
	(b)	Services in relation to an aircraft or a vessel (inside or outside the precincts of a port or airport).	
	(c)	Transport of goods or passengers.	
	(d)	Any service other than services covered under above provided to business entity	
2	**Services Exempt for Central Government, State government, Local authority and Union Territory**		
	(a)	Services provided by one government to other government	**Exempt**
	(b)	Services where the consideration for such services does not exceed Rs. 5,000/-. Where continuous supply of service (CSS) the exemption shall be available only if the consideration charged for such service does not exceed Rs. 5,000/- in a financial year.	
	(c)	Services in relation to registration required under any law, or 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.	
	(d)	Services by way of issuance of passport, visa, driving licence, birth certificate or death certificate.	
		Services by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damage is payable to other Government	
	(e)	Services 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.	
	(f)	Services 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).	
	(g)	Services 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).	
	(h)	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,	
	(i)	to a business entity with an Aggregate Turnover of upto Rs~~. 20 lakhs (Rs. 10 lakhs in case of a Special Category States) in the preceding Financial Year~~ such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017. [i.e. a small business entity	
	(j)	Service by way of any activity in relation to any function entrusted to a municipality under article 243W of the Constitution	

	(k)	Service authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.	
	(l)	Services by way of providing information under the Right to Information Act, 2005	
	Exemption of Upfront Payment for long term lease of industrial/ financial infrastructure plots by an entity having 20% or more ownership of Central or State Government. Notification No. 28/2019-Central Tax (Rate), dated 31st December 2019		
	(m)	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 development of infrastructure for financial business, provided by the State Govt. Industrial Development Corporations or State Govt. Industrial Undertakings or by any other entity having ~~50%~~ 20% or more ownership of Central Government, State Government or Union territory to the industrial units or the developers in any industrial or financial business area. GST exemption on the upfront amount is admissible irrespective of whether such upfront amount is payable or paid in one or more instalments, provided the amount is determined upfront. Circular No. 101/20/2019 GST dated 30.04.2019. The plots should be used by lessee as per the conditions of lease and for purpose, which they obtained. any violation or subsequent change of land use liable to pay tax on upfront fee along with interest	

	Services to the Government		
1	**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		Exempt
	(a)	in relation to any function entrusted to a Panchayat under article 243G of Constitution	
	(b)	in relation to any function entrusted to a Municipality under article 243W of Constitution	
2	**Service by a Government Entity to Govt in the form of Grants**		
	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.		Exempt
	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,		Exempt

	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	
3	**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	Exempt
4	**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].	Exempt
	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.	
6	**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.	Exempt
7	**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.	Exempt
8	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	Exempt
9	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	Exempt
10	**Central Government’s share of profit petroleum exempted from CGST**	
	(a) 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	Exempt

	(b)	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	Exempt
11	**Activities carried by DISCOMS against recovery of charges from consumers under State Electricity Act Circular No. 34/08/2018 GST dated 01.03.2018]**		
	(a)	Service by way of transmission or distribution of electricity by an electricity transmission or distribution utility is exempt	
	(b)	**Other services by DISCOMS to Consumer like the following are taxable** (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;	
12	**Guarantee provided by State Government to state owned companies against guarantee commission**		
	Services supplied by Central/State Government/Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the **banking companies** and financial institutions (The words 'banking companies' have been inserted in the entry *[Effective from 01.01.2019]*.)		

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;

(p) Bangla Shasya Bhima

(q) Pradhan Mantri Suraksha BimaYojna

(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;

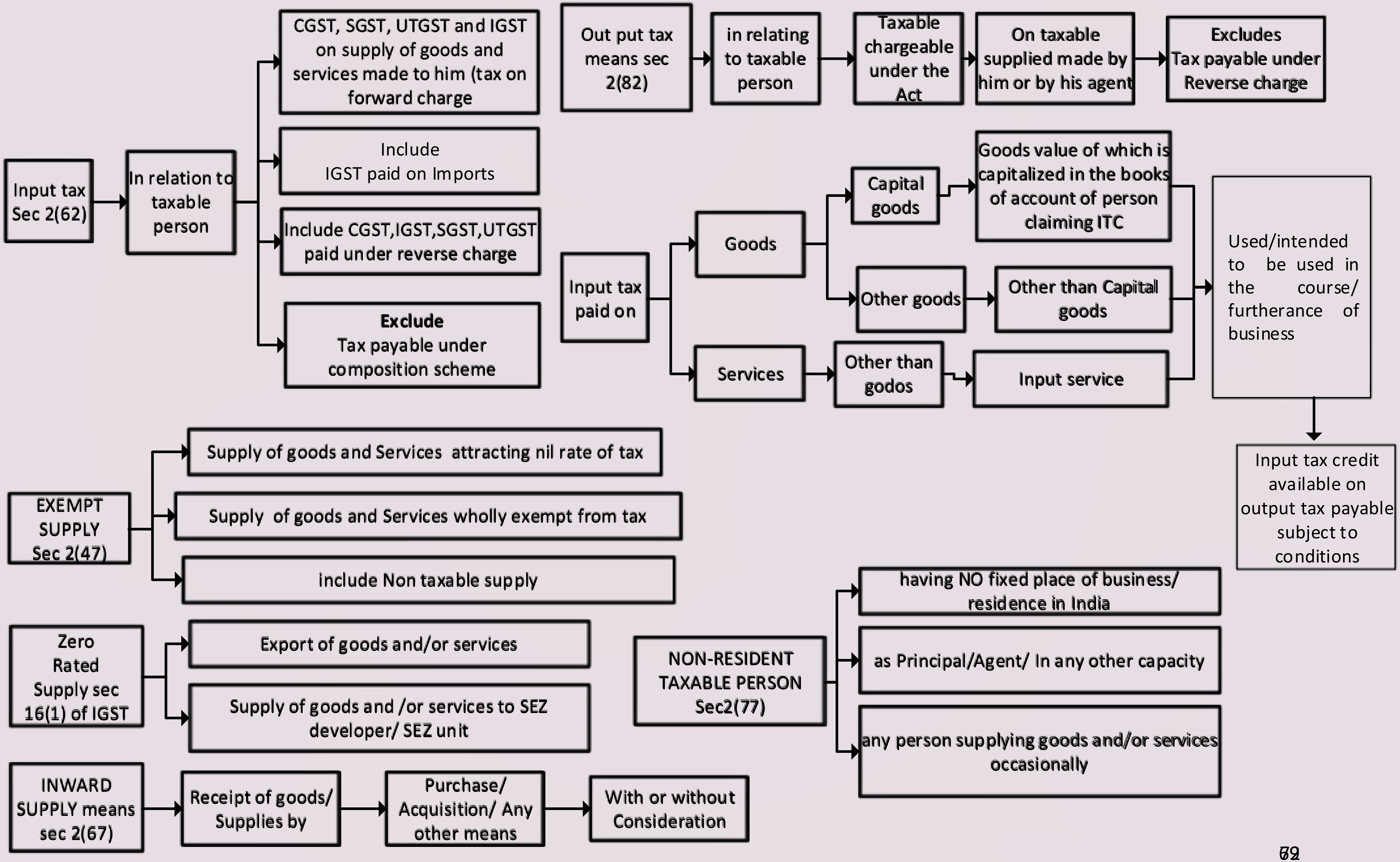
Pradhan Mantri Vaya Vandan Yojana

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.

- **Services of life insurance provided/agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force. WEF 01.10.2019**
- 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

Input tax Credit Important Definitions



ELIGIBILITY AND CONDITIONS FOR TAKING ITC SEC 16

INPUT TAX CREDIT SEC 16 conditions

- 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 to be [Section Fulfilled by registered Person 16(2)]
  - Possession of tax paying documents like invoice/debit note etc. -subject to Rule 36(4)-10% limit
  - The person taking the ITC must have received the goods and / or services.. In case of supply is received by another person on behalf of registered person. It is deemed that registered person received goods/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. 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)
  - subject to Rule 36(4) restriction on quantum of ITC on invoices/debit notes uploaded /not uploaded by supplier in GSTR 1
- 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

Restriction on availment of input tax credit (ITC) in respect of invoices/debit notes not uploaded by the suppliers in their GSTR-1s [New sub-rule (4) inserted in rule 36 of the CGST Rules] [Notification No. 49/2019 CT dated 09.10.2019] [Notification No. 75/2019 CT dated 26.12.2019]

With effect from 09.10.2019, a new sub-rule (4) has been introduced in rule 36 to specify the quantum of ITC that can be claimed against the invoices/debit notes uploaded and invoices/debit notes not uploaded by supplier. Further amendment made in 26.12.2019 as below

Case	Amount of ITC to be claimed by recipient
Where invoice/debit note has been uploaded by the supplier in his GTSR-1	Full ITC, if all other conditions of availing ITC are fulfilled
Where invoice/debit note has not been uploaded by supplier in his GTSR-1 Notification No 75/2019 dated 26th Dec 2019 WEF 01.01.2020	~~20%~~ 10% of the eligible ITC available in respect of the uploaded invoices/debit notes. However, the ITC so claimed should not exceed the actual eligible ITC available in respect of the invoices not uploaded.

Condition of 10% shall apply cumulatively for the period February, March, April, May, June, July and August, 2020 and the return in **FORM GSTR-3B** for the tax period September, 2020 shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition above.]

Clarification on restriction in availment of input tax credit in terms of rule 36(4) of CGST Rules, 2017, in respect of invoices not uploaded. Circular No. **123/42/2019-GST Dated: November 11,2019**

Restriction of 10% limit to be applied on self-assessment basis by tax payer

SN	Issue	Clarification
1	What are the / debit notes on which the restriction	The restriction of availment of ITC is imposed only in respect of those invoices / debit notes, details of which are required to be uploaded by the suppliers under section 37(1). Full Credit can be taken on tax paid on RCM, IGST on imports, credit distributed by ISD
2	Whether the said restriction is to be calculated supplier wise or on consolidated basis	Restriction is to be calculated on consolidated basis not on supplier wise. Sec 36(4) linked to total eligible credit from all suppliers.

		Invoices which are not eligible to take ITC (blocked credit) not to be considered for 10% limit.
3	As per GSTR 2A, what is the admissible ITC on invoices not uploaded by suppliers	ITC shall not exceed ~~20%~~ 10% of the eligible input tax credit available to the recipient in respect of invoices or debit notes the details of which have been uploaded by the suppliers. The taxpayer may have to ascertain the same from his auto populated FORM GSTR 2A as available on the due date of filing of FORM GSTR-1
4	How much ITC a registered tax payer can avail in his FORM GSTR-3B in a month in case the details of some of the invoices have not been uploaded by the suppliers under sub- section (1) of section 37.	Refer the illustration given below
5	When can balance ITC be claimed in case availment of ITC is restricted as per the provisions of rule 36(4)?	The balance ITC may be claimed by the taxpayer in any of the succeeding months provided details of requisite invoices are uploaded by the suppliers. He can claim proportionate ITC provided requisite invoices are uploaded by supplier

Illustration:

Mr. Vijay, a registered supplier, receives 100 invoices (for inward supply of goods/ services) involving GST of Rs. 10 lakhs, from various suppliers during the month of October 20XX.

Compute the ITC that can be claimed by Mr. Vijay in his GSTR-3B for the month of October 20XX to be filed by 20th November 20XX in the following independent cases assuming that GST of Rs. 10 lakhs are otherwise eligible for ITC:

Case I

Out of 100 invoices, 80 invoices involving GST of Rs. 6 lakhs have been uploaded by the suppliers in their respective GSTR-1s filed on the prescribed due date therefor.

Case II

Out of 100 invoices, 75 invoices involving GST of Rs. 9.5 lakh have been uploaded by the suppliers in their respective GSTR-1s filed on the prescribed due date therefor.

Answer

ITC to be claimed by Mr. Vijay in his GSTR-3B for the month of October 20XX to be filed by 20th November 20XX will be computed as under

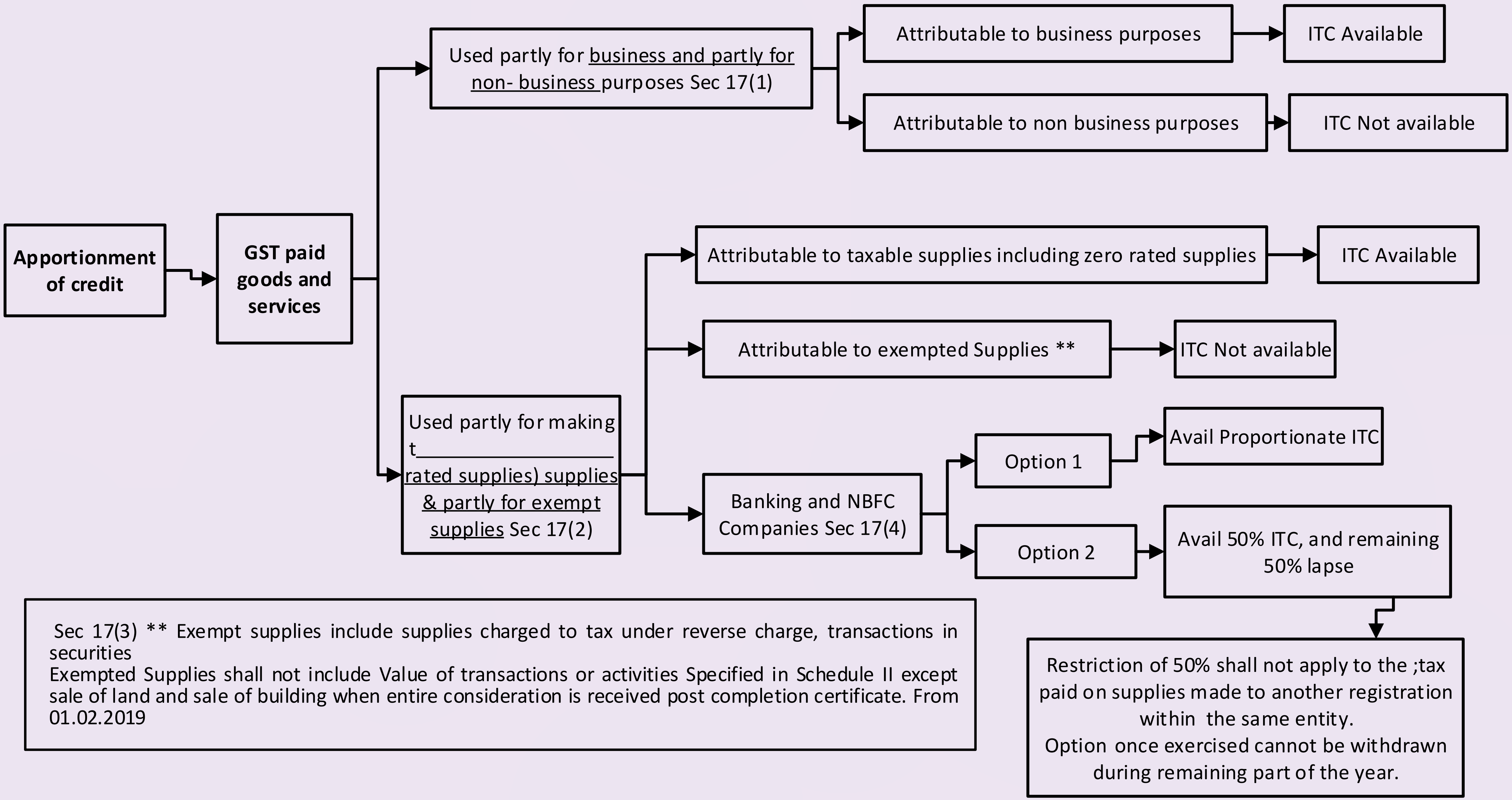
Case I

Invoices	Amount of ITC involved in the invoices (Rs.)	Amount of ITC that can be availed (Rs.)	Reason/ Remark
In respect of 80 invoices uploaded in GSTR-1	6 lakhs	6.00 lakh	Full ITC can be claimed in respect of Invoices uploaded
In respect of 20 invoices not uploaded in GSTR-1	4 lakhs	0.60 lakh	10% of ITC of Invoice uploaded 10% of 6 lakhs) can be claimed
Total	10 Lakh	**6.60 lakh**	

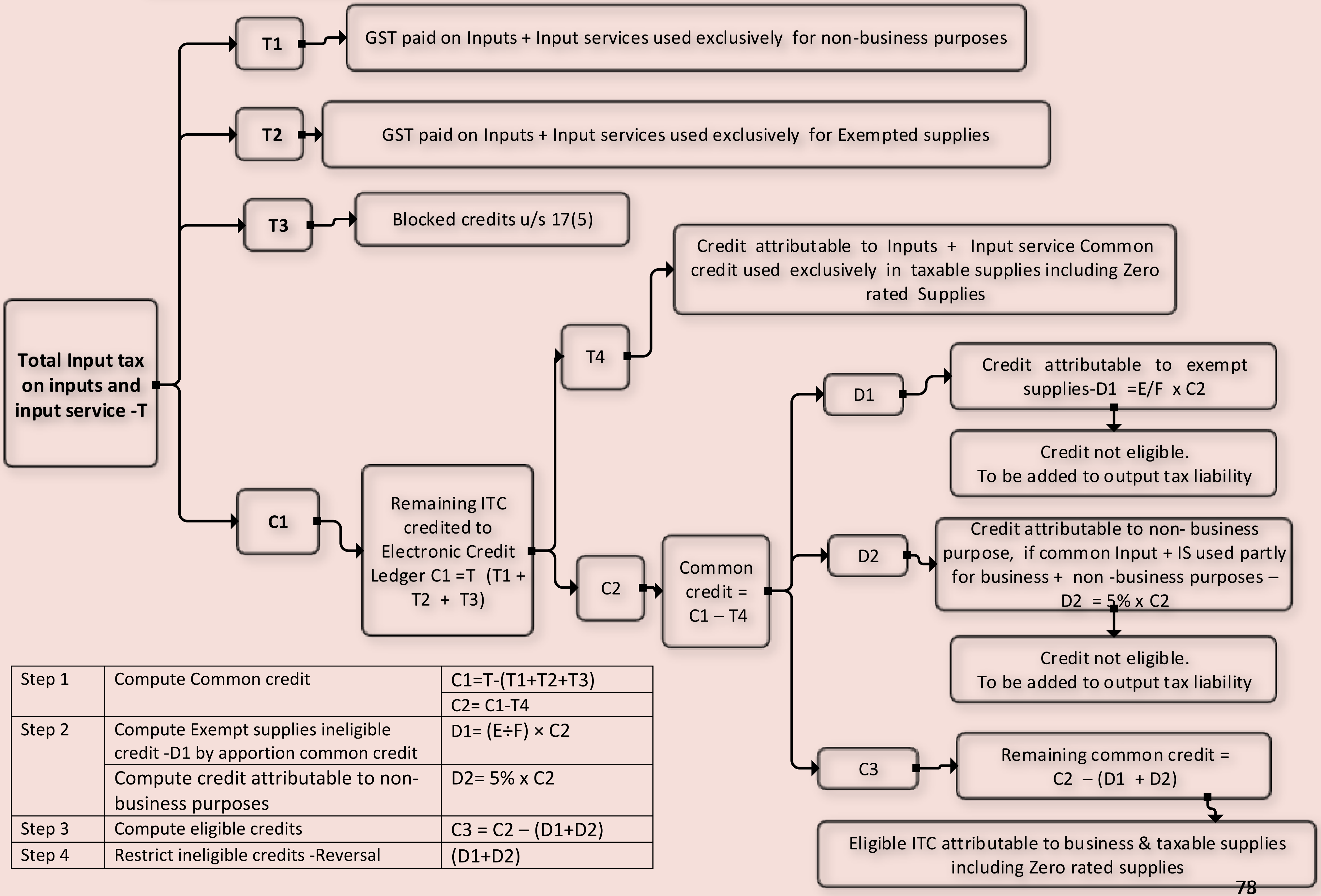
Case II -ITC to be claimed by Mr. Vijay in his GSTR-3B for the month of October 20XX to be filed by 20th November 20XX will be computed as under-

Invoices	Amount of ITC involved in the invoices (Rs.)	Amount of ITC that can be availed (Rs.)	Reason/ Remark
In respect of 75 invoices uploaded in GSTR-1	9.5 lakh	9.5 lakh	Full ITC can be claimed in respect of Invoices uploaded
In respect of 25 invoices not uploaded in GSTR-1	0.5 lakh	0.5 lakh	10% of ITC of invoices uploaded 9.5 lakhs x10% =0.95 lakhs which is exceed Rs. 0.5 lakhs, the actual amount of ITC Rs. 0.5 lakhs can be claimed
Total	10 Lakhs	**10 lakhs**	

Apportionment of common credit Sec 17(1) to 17(4) read with Rule 42 and 43- summary



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



Step 1	Compute Common credit	C1=T-(T1+T2+T3)
		C2= C1-T4
Step 2	Compute Exempt supplies ineligible credit -D1 by apportion common credit	D1= (E÷F) × C2
	Compute credit attributable to non-business purposes	D2= 5% x C2
Step 3	Compute eligible credits	C3 = C2 – (D1+D2)
Step 4	Restrict ineligible credits -Reversal	(D1+D2)

Continued on Next

Apportionment of Common credit of Input, input service- Rule 42		**Tax Period**	XXXXX
Term used	**Rule 42(1)**	**Particulars**	**Amount**
T	(a)	total input tax involved on inputs and input services in a tax period, be denoted as ‘T’;	XXXXX
T1	(b)	the amount of input tax, out of ‘T’, attributable to inputs and input services intended to be used exclusively for purposes other than business, be denoted as ‘T1’;	XXXXX
T2	(c)	the amount of input tax, out of ‘T’, attributable to inputs and input services intended to be used exclusively for effecting exempt supplies, be denoted as ‘T2’;	XXXXX
T3	(d)	the amount of input tax, out of ‘T’, in respect of inputs on which credit is not available under section 17(5) (Blocked Credit), be denoted as ‘T3’;	XXXXX
C1=T-(T1+T2+T3)	(e)	the amount of input tax credit credited to the electronic credit ledger of registered person, be denoted as ‘C1’ and calculated as: C1=T-(T1+T2+T3)	XXXXX
T4	(f)	the amount of input tax credit attributable to inputs and input services used exclusively in or in relation to taxable supplies including zero rated supplies, be denoted as ‘T4’	XXXXX
	(g)	T1’, ‘T2’, ‘T3’ and ‘T4’ shall be determined and declared by the registered person at the invoice level in FORM GSTR-2 and in summary form in GSTR 3B	XXXXX
C2=C1-T4		Input tax credit left after attribution of input tax credit under clause (g) shall be called common credit, be denoted as ‘C2’ and calculated as: C2=C1-T4	XXXXX
D1= (E÷F) × C2	(i)	The amount of input tax credit attributable towards exempt supplies, be denoted as ‘D1’ and calculated as: D1= (E÷F) × C2	XXXXX
		where: –	
		‘E’ is the aggregate value of exempt supplies, that is, all supplies other than taxable and zero-rated supplies, during the tax period, and	
		F’ is the total turnover of the registered person during the tax period. If no turnover during the tax period/values not available, values for last period may be used	

D2	(j)	(j) the amount of credit attributable to non-business purposes if common inputs and input services are used partly for business and partly for non-business purposes, be denoted as 'D2', D2= 5% x C2; and	XXXXX
C3	(k)	(k) the remainder of the common credit shall be the eligible input tax credit attributed to the purposes of business and for effecting taxable supplies including zero rated supplies and shall be denoted as 'C3', where, - C3 = C2 – (D1+D2);	XXXXX
	(l)	The amount 'C3, D1 and D2' shall be computed separately for input tax credit of CGST, SGST, UTGST and IGST declared in GSTR 3B	
	(m)	Compute D1 and D2 (i.e. ineligible credit in addition to ineligible credit at invoice level and add that amount to the output tax liability. This will be added on monthly basis	
	(2)	• ∑ (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~~ reversed in GSTR 3B 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 43	Apportionment of Common credit in case of Capital goods Notification No 16/2020 CT dated 23.03.2020. WEF 01.04.2020 Rule 43	
	Usage of Capital goods	**Treatment of ITC**
(1)(a)	Capital goods procured to effect exclusively exempt supply & non-business supply	ITC shall not be credited to his electronic credit ledger
(1)(b)	Capital goods procured to effect exclusively taxable supply / zero-rated supply	ITC shall be credited to his electronic credit ledger
(1)(c)	Capital goods procured to effect taxable supply as well as exempt supplies	"A", shall be credited to the electronic credit ledger then will be reversed in proportion of exempt supplies.
Proviso to (1)(c)	Capital goods procured to effect exclusively exempt supply & non-business supply **now used for providing taxable as well as exempt supply.**	~~"A" shall be arrived at by reducing the input tax at the rate of 5% p.q. for every quarter or part thereof and the amount "A" shall be credited to the electronic credit ledger~~ A" as **reflected in invoice** be credited to electronic credit ledger. ITC attributable to the period during which such capital goods were covered by clause (a), denoted as "T_{ie}", shall be calculated at the rate of 5% per quarter. or part thereof and added to the output tax liability of the tax period in which such credit is claimed
(1)(d)	"A" credited to the electronic credit ledger under clause (c), to be denoted as "Tc", shall be the common credit in respect of capital goods	"A" credited to the electronic credit ledger under clause (c) **in respect of common capital goods whose useful life remains during the tax period**, to be denoted as "Tc", shall be the common credit in respect of such capital goods. Thus, what Tr was supposed to do is now inculcated into formula of Tc.
Proviso to rule (1)(d)	Capital goods procured to effect exclusively taxable supply & zero-rated supply **now used for providing taxable as well as exempt supply**.	~~The value of "A" arrived at by reducing the input tax @ 5% p.q. or part thereof shall be added to the aggregate value "Tc".~~ The input tax credit claimed in respect of such capital good(s) shall be added to arrive a t the aggregate value "Tc". (Earlier reduced A was to be added in Tc & then was liable to be reversed)

Calculation of ITC added to Output tax liability /Reversal		
Rule 43	**Particulars**	**Calculation**
(1)(e)	Input tax credit attributable to a tax period on common capital goods during their useful life, be denoted as “Tm”	Tm= Tc÷60.
(1)(f)	ITC, at the beginning of a tax period, on all common capital goods whose useful life remains during the tax period, be denoted as “Tr”	Omitted vide By Notification No. 16/2020 – CT dt. 23.03.2020 w.e.f. 01.04.2020 *(due to amendment in definition of Tc)*
(1)(g)	The amount of common credit attributable towards exempted supplies “Te”	Te = Tr x E/F (It seems to be a typographic error by department since Tr has been omitted the formula shall stand revised as “Te = Tc x E/F”)

Examples

Example 1 (Exclusive Exempt supply subsequently used for Common use)

A Ltd. purchased a machine on 1st April, 2018 used for effecting exclusive exempt supplies. However, w.e.f. 1st April, 2020, the said machinery started to effect taxable as well as exempt supply. The cost of the machine was Rs. 1,00,000/- (excl. GST @ 12%).

Solution

Position pre-amendment:		Position post-amendment:	
Particulars	Rs.	Particulars	Rs.
Amount to be credited to ECrL		Amount to be credited to ECrL	12,000
= 12,000-(12,000 x 5% x 8 quarters) =12,000 -4,800 =	7,200	Amount to be added to output tax liability (Tie) = 12,000 x 5% x 8 quarters)	4,800
Reversal for tax period for exempt supplies (Tm) = 7200/60=	120	Reversal for tax period for exempt supplies (Tm) = 12000/60=	200

Example 2 (Exclusive Taxable supply subsequently used for Common use)

ABC Limited, purchased a machinery worth Rs. 1,00,000/- (excl. GST @ 12%) on 1st April, 2018; the same was put to use for effecting EXCLUSIVELY taxable supplies. W.e.f. 1st July 2020 the said machine was put to use for taxable as well as exempt supplies. Calculate A, Tc, Tm. The turnover for July, 2020 was: Taxable Turnover: – Rs. 1,50,00,000, Exempt Turnover: – Rs. 75,00,000, and Total Turnover: – Rs.2,25,00,000

Solution:

Position pre-amendment:		Position post-amendment:	
Particulars	Rs.	Particulars	Rs.
Amount to be credited to ECrL	12,000	Amount to be credited to ECrL	12,000
Calculation of Reversal		Calculation of Reversal	
Total ITC	12,000	Total ITC	12,000
5% per quarter or part thereof for 9 quarters= 12000 x5% x 9	5,400	5% per quarter or part thereof	Not Applicable
Value of A for the purpose of Rule 43(1)(d) = 12,000-(12000 x5% x 9)- (Tc)	6,600	Value of A for the purpose of Rule 43(1)(d) - (Tc)	12,000
Tm (This formula will be valid till its useful life is pending i.e. 5 years -6600/60	110	Tm (This formula will be valid till its useful life is pending i.e. 5 years-12,000/60	200
Amount to be added to Output Tax Liability of the month of July, 2020) Te = Tm x E/F = 110 X 75/225	37	Amount be added to Output Tax Liability of the month July, 2020) Te = Tm x E/F =200 X 75/225	67

[Rule 43(1)(g); states that Te = Tr * E/F, however, since clause f i.e. Tr is omitted the clause g shall also be stand amended as to “Te = Tm * E/F”. It seems drafting error of law, which shall be resolved in due course by way of issuance of notification

DEFINITIONS:

SN	TERM	DEFINITION
1	Aggregation of Common Credit T_c	. Tc = $\sum$A, (“A” credited to the electronic credit ledger under clause (c) in respect of common capital goods whose useful life remains during the tax period, to be denoted as “Tc”)
2	Monthly Common Credit on Capital Goods Tm	$T_m = T_c / 60$ … (Since life of Capital goods is 5 years, it is taken as 60 months)
3	Common Credit Attributable towards exempt supplies Te $T_e = (E / F) \times T_r$ where; (instead of Tr it should be Tc. It seems to be error in law	“E” is the aggregate value of exempt supplies during the tax period, and” F” is the total turnover in the State of the registered person during the tax period

Exempted Turnover

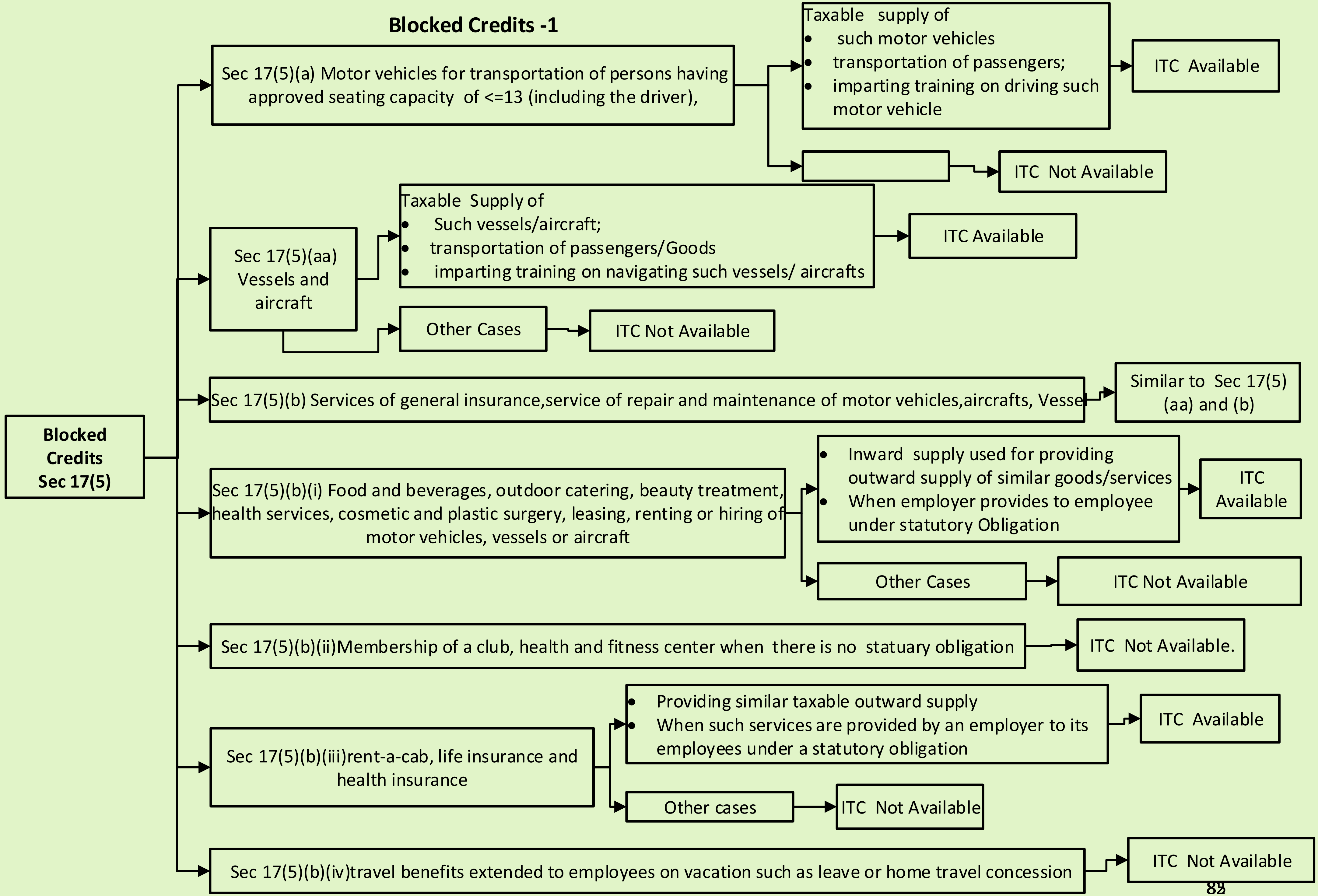
Inclusions		
1	Non-taxable supply– Supplies not leviable to tax under GST. E.g. Alcoholic Liquor for human consumption	**xxxxxx**
2	Outward Supplies on which the recipient is liable to pay tax on reverse charge basis – it would be treated as exempt in the hands of the supplier and not recipient	**xxxxxx**
3	Transaction in securities– Value shall be 1% of the sale value (Rule 45 of CGST Rules, 2017)	**xxxxxx**
4	Sale of Land– Value shall be stamp duty value	**xxxxxx**
5	Sale of Completed Building on which GST is not applicable (sale after receipt of occupancy certificate or after first occupation) – Value shall be the same as adopted for stamp duty purposes	**xxxxxx**
Exclusions		
1	Value of exempt supplies shall not include Schedule III activities except Sale of Land & Completed Building – CGST Amendment Act, 2018	**xxxxxx**
2	Excise Duty & VAT applicable on 9(2) of CGST Act supplies & tobacco and tobacco products.	**xxxxxx**
3	Interest / Discount received on deposits, loans (except for Banks and other Financial Institutions) [Explanation to Rule 43]	**xxxxxx**
4	Services by **Transport** of Goods "by vessel" from **customs station to place outside India** [Explanation to Rule 43]	**xxxxxx**

Total Turnover

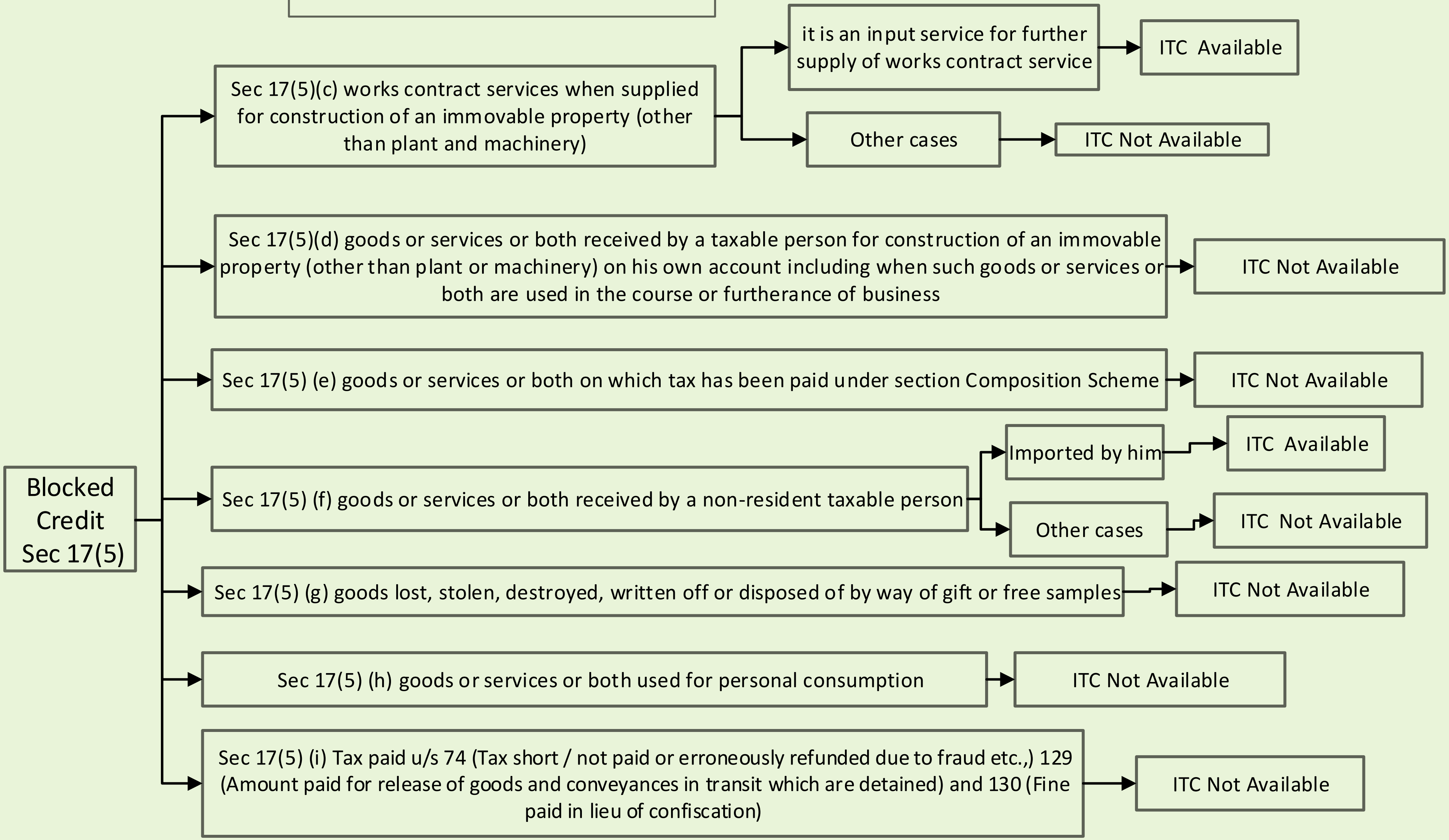
Inclusions	
Value of all taxable supplies (other than inward supplies covered under reverse charge) made within the State,	**xxxxxx**
Value of all exempt supplies made within the State,	**xxxxxx**
Exports of goods and services	**xxxxxx**
Inter State Supplies	**xxxxxx**
Exclusions	
CGST, SGST, IGST and Compensation cess.	**xxxxxx**

- If registered person **does not have any turnover during the said tax period or the aforesaid information is not available**, the value of E/F **shall be calculated** by taking values of **E and F of the last tax period for which** the **details** of such turnover are **available**, previous to the month during which the said value of E/F is to be calculated.
- The amount T_e shall be computed separately for central tax, State tax, Union territory tax and integrated tax.

Blocked Credits -1



Blocked Credit -2



'construction' includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property

'plant and machinery' means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes-
(i) land, building or any other civil structures/(ii) telecommunication towers; and (iii) pipelines laid outside the factory premises.

Examples on Blocked Credit			
1	**ITC on Motor Vehicles**		
	(a)	Motor cars purchased by Cab operators, driving schools, Car dealers	Allowed
	(b)	Motor cars purchased for transport of employees, Directors, official use of employees	Blocked
	(c)	Buses (seating capacity > 13 persons) for daily commuting of employees from residence to office	Allowed
2	**ITC on Vehicles for transportation of goods**		
	In case of transportation of goods, there is no requirement of making similar taxable supply		
	(a)	Trucks, tippers, dumpers etc. purchased for transportation of goods with in the factory or transport to goods customers	Allowed
3	**ITC on Aircrafts/Vessels**		
	(a)	Aircrafts/Vessels purchased by Air lines/shipping companies for transport of passengers/ goods	Allowed
	(b)	Aircrafts/Vessels purchased by Aviation, maritime training institutes	Allowed
	(c)	Aircrafts purchased for transportation of CEO, directors	Blocked
4	**ITC on Services of general insurance, servicing, repair and maintenance of motor vehicles aircrafts Vessels**		
	(a)	Persons who are getting ITC on Motor Vehicles, Aircrafts and Vessels are eligible to take ITC on general insurance, servicing, repair and maintenance of motor vehicles aircrafts Vessels	Allowed
	(b)	General Insurance, maintenance, repair on motor cars used by employees, directors	Blocked
	(c)	General Insurance, maintenance repair, Aircrafts purchased for transportation of CEO, directors	Blocked
5	**ITC on Services of Food and beverages, outdoor catering**		
	(a)	Restaurant, bars, catering contractors for their outward supply	Allowed
	(b)	Outdoor catering service availed by a company to run a canteen in its factory. The Factories Act, 1948 requires the company to set up a canteen in its factory. ITC on such outdoor catering	Allowed
	(c)	ITC on outdoor catering services availed by a company, for a team development event organised for its employees	Blocked
6	**ITC on Services of Beauty treatment, health services, cosmetic and plastic surgery**		
	(a)	Beauty parlors, fitness Centres, cosmetic surgery clinics for their outward taxable supply	Allowed
	(b)	GST paid by Celebrities on their beauty treatment, Fitness services ITC is	Blocked
7	**ITC on Membership of a club, health and fitness center when there is no statuary obligation**		Blocked
8	**ITC on Services of Rent-a-cab, life insurance and health insurance**		

	(a)	Cab operators, insurance companies for their outward supply	Allowed
	(b)	Cab services availed by Company for onsite visit of its employees.	Blocked
	(c)	A hotel pays GST on cab services availed for airport pick up and drop facilities for its guests. In turn, the hotel recovers the same from its guests as part of composite supply of hotel stay services and cab	Allowed
	(d)	When Life insurance is mandatory as per Labour laws, Mines Act	Allowed
9	**Services of Works Contract/Construction**		
	(a)	ITC on Works Contract Services, <u>except where it is an input service for further supply of works contract service</u>	Blocked
	(b)	Goods or services received by a taxable person for construction of an immovable property on his own account even when used in course or furtherance of business	Blocked
	(c)	Inward supply of goods or services for construction of an immovable property for 'own use'	Blocked
	(d)	ABC Ltd., availed services of a builder for construction of its factory which will be used for manufacturing taxable goods. The builder charged GST on invoice raised to ABC Ltd. ITC to ABC Ltd	Blocked
	(e)	XYZ Ltd., availed works contract services for constructing foundation of pillars supporting the machinery ITC on GST paid	Allowed

<u>Conditions for using ITC in Electronic credit ledger- New rule 86A Notification No 75 /2019 dated 26.12.2019 WEF 11.01.2020</u>

The Commissioner or an officer authorised by him in this behalf, not below the rank of an AC having reasons to believe that credit of input tax available in the electronic credit ledger has been fraudulently availed or is ineligible.

<u>The restrictions can be imposed in the following circumstances:</u>

(i) ITC has been availed on the basis of tax invoices/valid documents -

- issued by a non-existent supplier or by a person not conducting any business from the registered place of business; or
- without receipt of goods or services or both; or
- the tax in relation to which has not been paid to the Government

(ii) Registered person availing ITC has been found non-existent or not to be conducting any business from the registered place of business; or

(iii) Registered person availing ITC is not in possession of tax invoice/valid document.

The Commissioner or an officer authorised by him, by recording reasons in writing impose restrictions <u>for a period of one year, for not allowing debit in electronic ledger (use of ITC) or claim of refund equivalent to such credit</u>

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 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 Rs. 2,00,000.

Special circumstances reversal 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 to composition tax Sec 18(4)
- Supplies of registered person getting wholly exempted from tax Sec 18(4)
- Cancellation of registration Sec 18(4)
- Capital goods (CG)/ plant and machinery (P& M) on which ITC has been taken removed goods as such 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

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.

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.

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 <u>ITC availed on the return supply</u>

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].

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

Registered Person → Leasing of business / Change of ownership (sale, lease, Merger, Amalgamation, J V) → Transfers unutilised Credit → Credit can be availed by transferee → Conditions

- Transferor ,transfers Inputs, WIP,CG with specific provision of transfer of liabilities .
- Transferor should file FORM GST ITC-02 with a request for transfer of unutilized ITC lying in his electronic credit ledger to the transferee
- Transferee Accounts Inputs, WIP & ,CG to the satisfaction of PO
- 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.

Change of ownership include death of sole proprietor. The legal heir can avail Unutilised ITC . [Circular No. 96/15/2019 GST dated 28.03.2019]

Transfer of credit on obtaining separate registrations for multiple places of business within a State/Union territory as below

[New rule 41A inserted in the CGST Rules, 2017]Notification No. 03/2019 CT dated 29.01.2019]

Registered person with separate registration of multiple place of business → May transfer wholly or partly Unutilised ITC of ECL → To his newly registered place of Business on the value of entire assets of new business whether ITC availed or not → Details of transfer with in 30 days of transfer in common portal → The transferee (new business)will get credit of ITC upon acceptance

Clarification in case of ITC in case of Business reorganization of partial transfer of business assets:

Under Sec 18(3) read with Rule 41(1) Circular No. 133/3/2020 GST dated 23.03.2020]

ITC shall be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme. Further, "value of assets" means the value of the entire assets of the business, whether or not ITC has been availed thereon.

For the purpose of apportionment of ITC pursuant to a demerger under rule 41(1), the value of assets of the new units is to be taken at the State level (at the level of distinct person) and not at the all-India level. The transferor would be required to file FORM GST ITC-02 only in those States where both transferor and transferee are registered.

The formula for apportionment of ITC, as prescribed under proviso to rule 41(1) of the CGST Rules, shall be applicable for all forms of business re-organization that results in partial transfer of business assets along with liabilities and not just demerger as mentioned in the proviso to rule 41(1).

The ratio of value of assets, as prescribed under proviso to rule 41(1) shall be applied to the total amount of unutilized ITC of the transferor, i.e. sum of CGST, SGST/ UTGST and IGST credit. The said formula need not be applied separately in respect of each heads of ITC (CGST/ SGST/ IGST). Further, the said formula shall also be applicable for apportionment of cess between the transferor and transferee.

Example

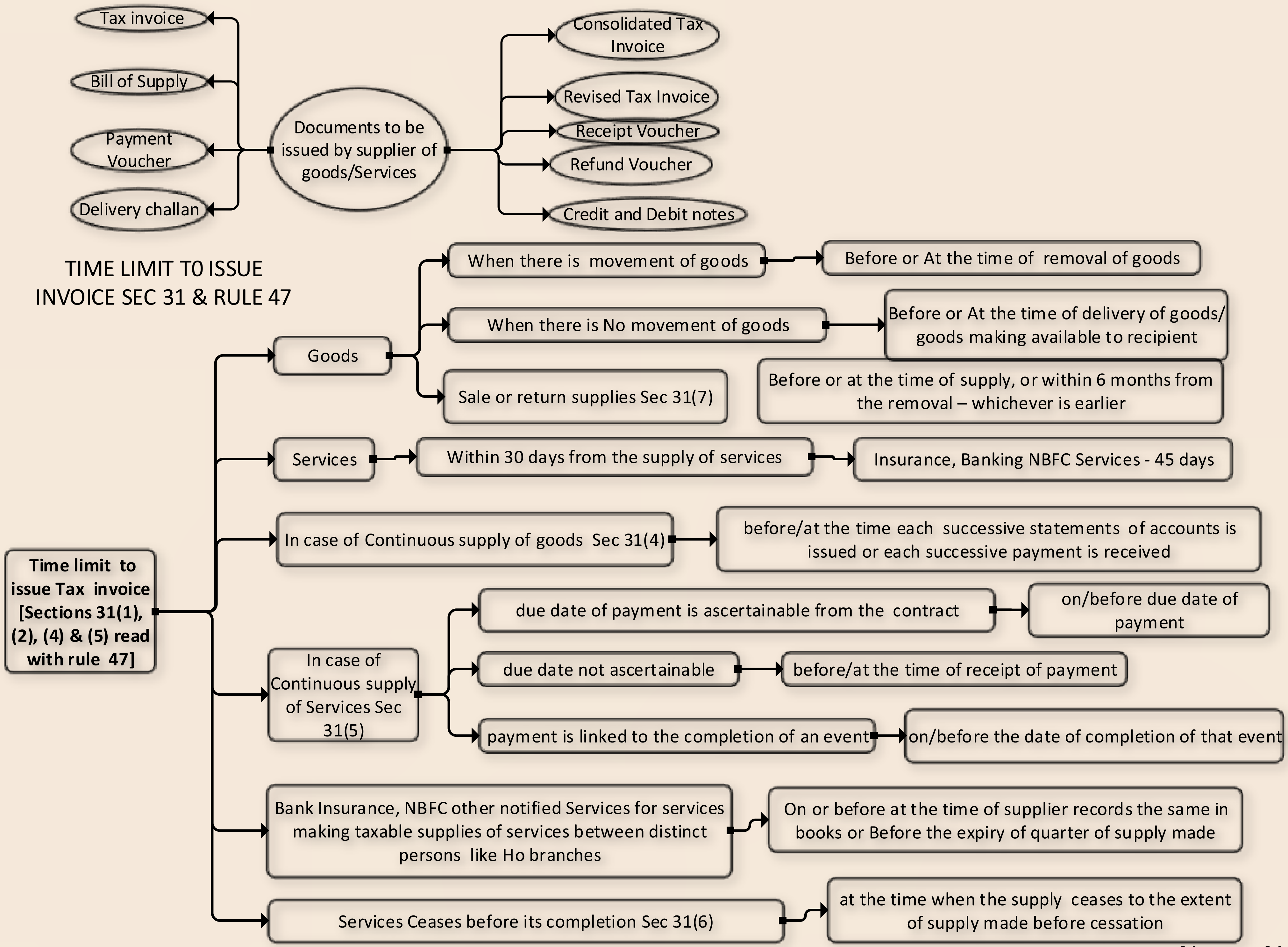
XYZ Ltd is a registered person registered in 4 states, UP, MP, AP and Bihar. As a part of such demerger, part of assets of XYZ amounting to Rs 30 Crore are transferred to company ABC in State of M.P, while assets amounting to Rs 10 crore only are transferred to ABC in State of U.P. The Assets of Bihar and AP were not transferred (Total assets amounting to Rs 40 crore at all-India level are transferred from XYZ to ABC). The value of Assets and ITC balances are as below:

Particulars	Assets in UP Rs. In Cr.	Assets in MP. Rs. In Cr.	Assets in UP Rs. In Cr.	Assets Bihar Rs. In Cr.	Total Assets. Rs. In Cr.
Value of Assets ITC availed	50	35	45	50	180
Value of Assets ITC not availed	10	5	5	NIL	20
Total value of assets on appointed date	60	40	50	50	200
ITC Credit in ECrL on the date of filing of ITC 02					
CGST	1	2	2	1	6
SGST	1	2	2	1	6
IGST	2	3	4	3	12
Total credit all heads	4	7	8	5	24

Solution

Company name	**Assets in UP Rs. In Cr.**	**Assets in MP. Rs. In Cr.**	**Assets in UP Rs. In Cr.**	**Assets Bihar Rs. In Cr.**	**Total Assets. Rs. In Cr.**
Value of Assets	60	40	50	50	200
Assets Transferred	30	10	NIL	NIL	40
Ratio of assets transferred	30/60 = 0.5	10/40= 0.25	NA	NA	~~40/200 = 0.2~~
Total credit all heads	4	7	8	5	-
ITC distributed to ABC	4x 0.5 =2	7x0.25=1.75	NIL	NIL	-
The transferor has liberty to determine the amount to be transferred under each head of CGST/SGST and IGST within this total amount, subject to the ITC balance available with the transferor under the concerned tax head. For example, in case of UP state, XYZ Ltd., can transfer CGST and SGST total Rs. 2 crores and retain credit of IGST.					

For the purpose of apportionment of ITC under rule 41(1), the ratio of the value of assets taken as on the "appointed date of demerger" should be applied on the ITC balance of the transferor on the date of filing FORM GST ITC – 02.



Tax invoice
Bill of Supply
Payment Voucher
Delivery challan
Documents to be issued by supplier of goods/Services
Consolidated Tax Invoice
Revised Tax Invoice
Receipt Voucher
Refund Voucher
Credit and Debit notes
TIME LIMIT T0 ISSUE INVOICE SEC 31 & RULE 47
Time limit to issue Tax invoice [Sections 31(1), (2), (4) & (5) read with rule 47]
Goods
When there is movement of goods
Before or At the time of removal of goods
When there is No movement of goods
Before or At the time of delivery of goods/ goods making available to recipient
Sale or return supplies Sec 31(7)
Before or at the time of supply, or within 6 months from the removal – whichever is earlier
Services
Within 30 days from the supply of services
Insurance, Banking NBFC Services - 45 days
In case of Continuous supply of goods Sec 31(4)
before/at the time each successive statements of accounts is issued or each successive payment is received
In case of Continuous supply of Services Sec 31(5)
due date of payment is ascertainable from the contract
on/before due date of payment
due date not ascertainable
before/at the time of receipt of payment
payment is linked to the completion of an event
on/before the date of completion of that event
Bank Insurance, NBFC other notified Services for services making taxable supplies of services between distinct persons like Ho branches
On or before at the time of supplier records the same in books or Before the expiry of quarter of supply made
Services Ceases before its completion Sec 31(6)
at the time when the supply ceases to the extent of supply made before cessation

Documents under GST

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 application 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) Rule 46, 49

- the recipient is unregistered and
- Large number of transaction with the Value of the goods/
- 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 → 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]

Bill of Supply Sec 31(3)(c) Rule 49 → Registered Person

- Supplying exempted goods or services or both → No tax liability
- Paying tax under composition levy/ concessional tax 6% → 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.

Receipt Voucher Sec 31(3)(d), Rule 50 → Registered Person receiving Advance for supply of goods/Services → Such persons should issue Receipt Voucher → rate of tax is not determinable tax shall be paid at the rate of 18% → nature of supply is not determinable-same shall be treated as inter-State supply

Refund voucher Sec 31(3)€, Rule51 → 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/ Invoice In case of Reverse Charge

Registered Recipient of supply under Reverse charge When making payment to supplier shall issue Sec 31(3) (f)(g) Rule 46, 52 → 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. Recipient shall issue invoice only receives supplies from Unregister supplier

Contents of Tax Invoice Sec 31(1) (2) and rule 46

[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

1	Name, address and GSTIN of the supplier	
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	
3		
4	Name, address and GSTIN or UIN, (Unique Identity Number for specialized agency like UNO) if registered, of the recipient	
5	If the recipient is unregistered and value of supply	Particulars of Invoice
	Rs. 50,000 or more	Name and address of the recipient and the address of delivery, along with the name of State Code.
	Less than Rs.50,000	Above details should be given only if unregistered recipient ask for
6	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	
7	HSN code of goods or Accounting Code of Services	
8	Description of goods or services	
9	Quantity in case of goods and unit or Unique Quantity Code there of	
10	Total value of supply of goods or services or both	
11	Taxable value of supply of goods or services or both, taking into account the discount or abatement, if any	
12	Rate of tax (Central tax, State tax, Integrated tax, union territory tax or cess)	
13	Amount of tax charged in respect of taxable goods or services (Central tax, State tax, Integrated tax, union territory tax or cess)	
14	Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce	
15	Address of delivery where the same is different from the place of supply	
16	Whether the tax is payable on reverse charge basis	

17	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

- ❖ 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 Rule 53(1) : Notification No. 03/2019 CT dated 29.01.2019] from 01.02.2019

The word "Revised Invoice", wherever applicable, indicated prominently;
Name, address and GSTIN of the supplier;
~~Nature of the document~~; (no longer required WEF 01.02.2019)
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~~ (no longer required WEF 01.02.2019)
Signature/digital signature of the supplier/his authorized representative not required in case of electronic invoice

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.

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]

Special provisions pertaining to tax invoice for services by way of admission to exhibition of cinematograph films in multiplex screens [Rule 46 and 54 of the CGST Rules] Notification No. 33/2019 CT dated 18.07.2019

- Section 31(3)(b) of the CGST Act read with fourth proviso to rule 46 of the CGST Rules, provides A registered person has an option to issue consolidated tax invoice for supplies at the close of each day where the value of goods or services supplies is less than Rs. 200; recipient is unregistered and does not require tax invoice
- With effect from 01.09.2019, a new sub-rule (4A) has been inserted in rule 54[5]. Accordingly, a registered person who is supplying services by way of admission to exhibition of cinematograph films in multiplex screens shall be required to issue an electronic ticket.
- The said electronic ticket is deemed to be a tax invoice, even if such ticket does not contain the details of the recipient of service but

contains the other information as mentioned under rule 46.

- Moreover, supplier of such services in a screen other than multiplex screens also has been given an option to follow above procedure.

Clarification with regard to issue of invoice in respect of goods sent/ taken out of India for exhibition or on consignment basis for export promotion. Circular No. 108/27/2019 GST dated 18.07.2019]

- Such goods do not constitute supply except such activity satisfied the tests laid in Schedule I of CGST Act.
- The specified goods sent/taken out of India are required to be either sold or brought back within the stipulated period of 6 months from the date of removal as per the provisions contained in section 31(7) of the CGST Act.
- The supply would be deemed to have taken place, on the expiry of 6 months from the date of removal, if the specified goods are neither sold abroad nor brought back within the said period.

If the specified goods are sold abroad, fully or partially, within the specified period of 6 months:

- The supply is effected, in respect of quantity so sold, on the date of such sale.
- Further, the sender shall issue a tax invoice in respect of such quantity of specified goods which has been sold abroad, in accordance with the provisions contained in section 12 and section 31 of the CGST Act read with rule 46 of the CGST Rules.

Illustration

M/s. ABC sends 100 units of specified goods out of India. The activity of merely sending/ taking such specified goods out of India is not a supply. No tax invoice is required to be issued in this case but the specified goods shall be accompanied with a delivery challan issued in accordance with the provisions contained in rule 55 of the CGST Rules.

In case the entire quantity of specified goods is brought back within the stipulated period of 6 months from the date of removal, no tax invoice is required to be issued as no supply has taken place in such a case.

In case, however, the entire quantity of specified goods is neither sold nor brought back within 6 months from the date of removal, a tax invoice would be required to be issued for entire 100 units of specified goods in accordance with the provisions contained in section 12 and section 31 of the CGST Act read with rule 46 of the CGST Rules within the time period stipulated under section 31(7) of the CGST Act.

Deferment of implementation date of E-invoicing and QR Code Notification 13 & 14/2020 dated 21.03.2020

- The date of implementation of **E Invoicing** to **1st October,2020** for those registered persons **whose aggregate turnover in a F.Y exceeds 100 crore rupees.**

- The date of implementation of **Dynamic Quick Response (QR) code** to **1st October,2020** for those registered persons **whose aggregate turnover in a F.Y exceeds 500 crore rupees**

Hence not relevant for November 2020 exams

Delivery Challan

SN	**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

	Contents of bill of supply
(*a*)	name, address and GSTIN of the supplier
(*b*)	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
(*c*)	date of its issue
(*d*)	name, address and GSTIN or UIN, if registered, of the recipient
(*e*)	HSN Code of goods or Accounting Code for services

(*f*)	description of goods or services or both
(*g*)	value of supply of goods or services or both considering discount or abatement, if any, and
(*h*)	signature or digital signature of the supplier or his authorized representative (signature or digital signature on Bill of Supply is not required if electronic bill of supply is issued - third *proviso* to rule 49 of CGST Rules inserted w.e.f. 31-12-2018).

	Particulars of Receipt Voucher
(*a*)	Name, address and GSTIN of the supplier;
(*b*)	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
(*c*)	Date of its issue;
(*d*)	Name, address and GSTIN or UIN, if registered, of the recipient;
(*e*)	Description of goods or services;
(*f*)	Amount of advance taken;
(*g*)	Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
(*h*)	Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
(i)	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;
(j)	Whether the tax is payable on reverse charge basis; and
(k)	Signature/digital signature of supplier/his authorized representative

The contents of refund voucher, payment voucher is similar to that of receipt voucher

	The new Rule 53(1A) sets out the contents of credit and debit note. Notification No. 3/2019-Central Tax Dt.29.01.2019 from 01.02.2019
(*a*)	name, address and Goods and Services Tax Identification Number of the supplier.

(*b*)	nature of the document.
(*c*)	a consecutive serial number not exceeding sixteen 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.
(*d*)	date of issue of the document.
(*e*)	name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient.
(*f*)	name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is unregistered.
(*g*)	serial number(s) and date(s) of the corresponding tax invoice(s) or, as the case may be, bill(s) of supply.
(*h*)	value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient; and
(*i*)	signature or digital signature of the supplier or his authorised representative.

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 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

The registered person to issue one (consolidated) or more debit notes in respect of multiple invoices issued in a financial year <u>without linking the same to individual invoices. Sec 34(1) and 34(3) WEF 01.02.2019</u>

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

Debit note shall include a supplementary invoice.

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
- Debit note Sec 34(4) → In the month which it is issued

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.

Delivery Challan

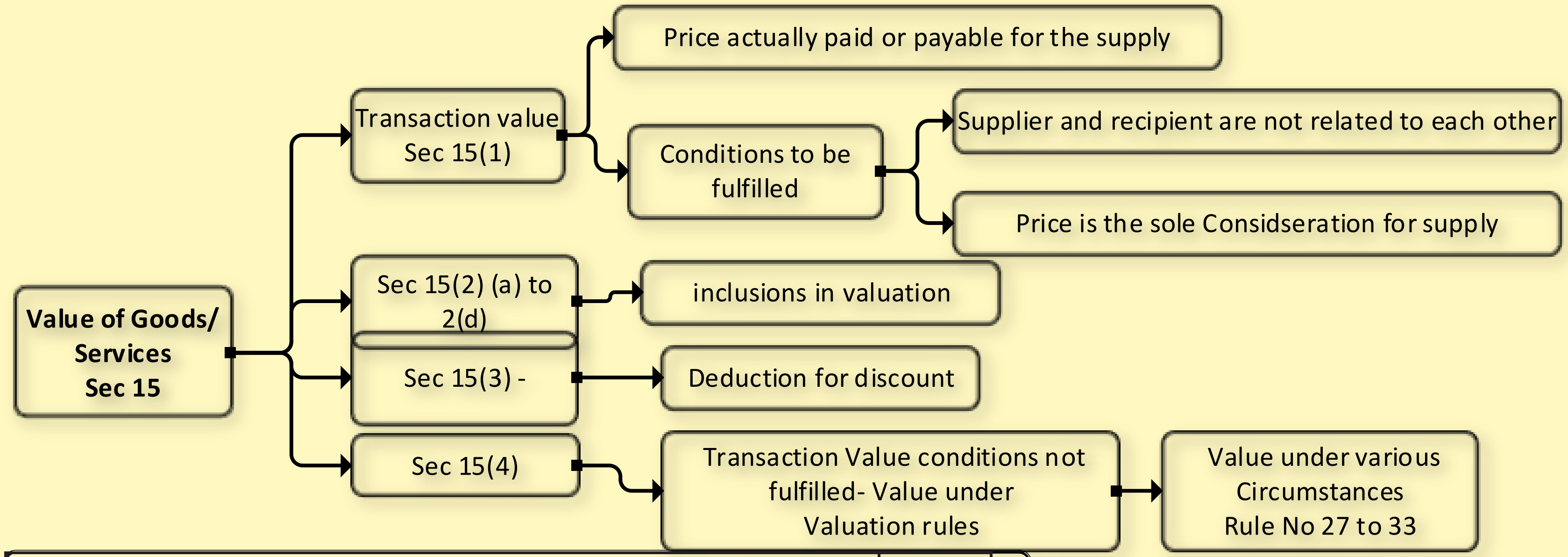
Rule 55 : Specifies the cases where at the time of removal of goods, goods may be removed on delivery challan and invoice may be issued after delivery

Delivery Challan Procedure

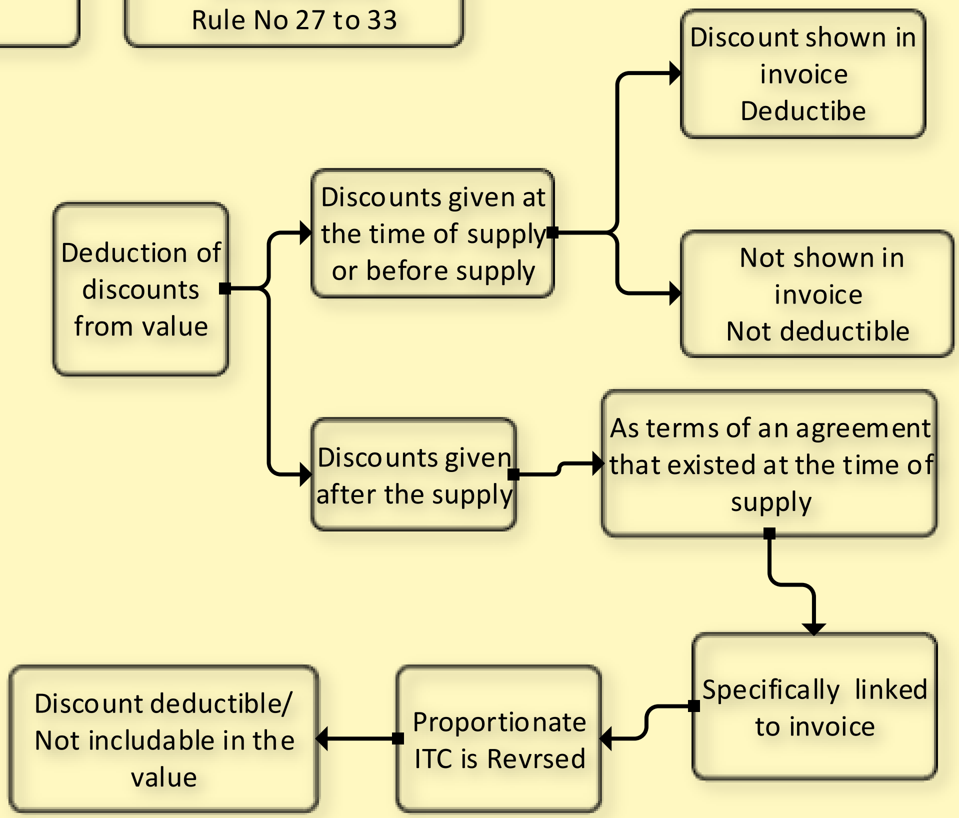
- **Nature and type of supply need to issue Delivery Challan Rule 55(1)**
  - Supply when the goods involve movement
  - Supply of liquid gas when qty not know at the time of removal from place of business
  - Tranportation of goods for job work
  - transaporation of goods for other than supply
  - Other supplies if any notified
- **Manner of issue Rule 55(2)**
  - The delivery Challan shall be prepared in TRIPLICATE Original for Consignee/ Duplicate for Transporter/Triplicate for Consignor
- **Declaration in E-way Bill Rule 55(3)**
  - Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared in E-Way Bill
- **Tax invoice to be issued after delivery of goods Rule 55(4)**
  - tax invoice could not be issued at the time of removal of goods for the purpose of supply to recipient the supplier shall issue a tax invoice after delivery of goods.
- **Goods transported in SKD/CKD condition Rule 55(5)**
  - 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 Rule 55(1)(d)
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

Valuation of Supply of goods and Services 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 taxes levied under CGST/SGST/UTST/compensation cess), • Duties, Cesses, Fees and charges	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



Board Clarification in Valuation

Amount of TCS collected Under Income tax ACT not in includable in Valuation as it is an interim levy not having the character of tax. Circular No. 76/50/2018 GST dated 31.12.2018

Valuation in case of Services of Business Facilitator (BF)/Business Correspondent (BC) to Banking Company.

The Entire value of amount collected by bank from their Customs in respect of services of BC/BF is includible in the value for the purpose of payment of GST ***Circular No. 86/05/2019 GST dated 01.01.2019]***

Classification on discounts and exclusion in the value [Circular 92/11/2019 GST dated 07.03.2019]

S No	**A. Discounts including 'Buy more, save more' offers**	
	Type of Discount	**Treatment**
1	Volume discount for bulk purchases. Example 5% discount up to Volume Rs.20000/- and 10% discount above Rs.20000/	This discount normally shown in invoice. Excluded in determining the Value.
2	Periodic and year end discounts	These are post supply discounts and usually given as per agreement. Discounts are passed through credit notes. Proportionate ITC is to be reversed to allow discount as deduction.
	B. Secondary Discounts	
	Discounts given after the time of supply. Ex. Reduction in values, discounts for prompt payments to debtors	Excludible from valuation only when The Benefit of discount passed on to buyer. Credit notes are issued for the discount Proportionate ITC is reverse.

Clarification on issue of GST on airport levies [Circular No. 115/34/2019 GST dated 11.10.2019

- Passenger service fee (PSF), User development fee (UDF) changed and collected as per Aircraft rules 1937, by the airport operators from the passengers for providing the services to passengers. PSF and UDF charged by airport operators are consideration for providing services to passengers. And are falls within the definition of Consideration. u/s 2(31).

- Since, the airport operators are collecting PSF and UDF inclusive of GST, there is no question of their not paying GST collected by them to the Government.
- airport operator and airlines shall be liable to pay GST on the same under forward charge. ITC of the same will be available with the airport operator.

When airlines act as pure agent airport levies will not be includible in value subject to conditions: Circular No. 115/34/2019 GST dated 11.10.2019

- Airlines may act as a pure agent for the supply of airport services in accordance with rule 33 of the CGST rules. Rule 33 of the CGST rules provides that the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply.
- Accordingly, the airline acting as pure agent of the passenger should separately indicate actual amount of PSF and UDF and GST payable on such PSF and UDF by the airport licensee, in the invoice issued by airlines to its passengers.
- The airline shall not take ITC of GST payable or paid on PSF and UDF.
- The airline would only recover the actual PSF and UDF and GST payable on such PSF and UDF by the airline operator.
- The amount so recovered will be excluded from the value of supplies made by the airline to its passengers. In other words, the airline shall not be liable to pay GST on the PSF and UDF (for airport services provided by airport licensee), provided the airline satisfies the conditions prescribed for a pure agent under rule 33 of the CGST Rules.
- The registered passengers, who are the ultimate recipient of the airport services, may take ITC of GST paid on PSF and UDF on the basis of pure agent's invoice issued by the airline to them

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

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 <u>occasionally</u> 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 <u>he has no fixed place of business</u>

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

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

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)].

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

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

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

Person require Compulsory Registration irrespective of turnover limit Sec 24

- Persons making any inter-State taxable supply (Some notified goods exemption from Registration up to Rs. 20 lakhs is available)
- 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 is required to collect TCS
- Person who supplies goods/services through ECO who liable to collect TCS
- 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 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

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 specified limit
- Government may, at the request of a special category State (SCS) and on the recommendations of the Council, enhance the aggregate turnover limit to Rs. 20 lakhs from 01.02.2019
- SCS states for the purpose of Sec 22 are Mizoram, Tripura, Manipur and Nagaland
- In case of transfer of business the transferee should get registered from the date of transfer/succession.
- Legal heir should obtain fresh registration in case of succession of business by death of sole proprietor Circular 96/215/2019 dated 28.03.2019

Registration procedure

Registration Procedure Sec 25 and 26

Application 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).

- Persons having units in SEZ/SEZ developers need separate registration for their outside SEZ place of business in the same state or UT Sec 25(1) Provisio
- Person has multiple Place of Business in a State or Union territory may be granted a separate registration for Place of Business.
- One state three places of business three registration required. Notification No 3/2019 dated 29.01.2019
- 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.
- Aadhar Authentication is mandatory WEF 01.01.2020- Sec 25(6A)(6B)(6C)(6D)
- non- resident taxable person may be granted registration under on the basis of such other documents as may be prescribed

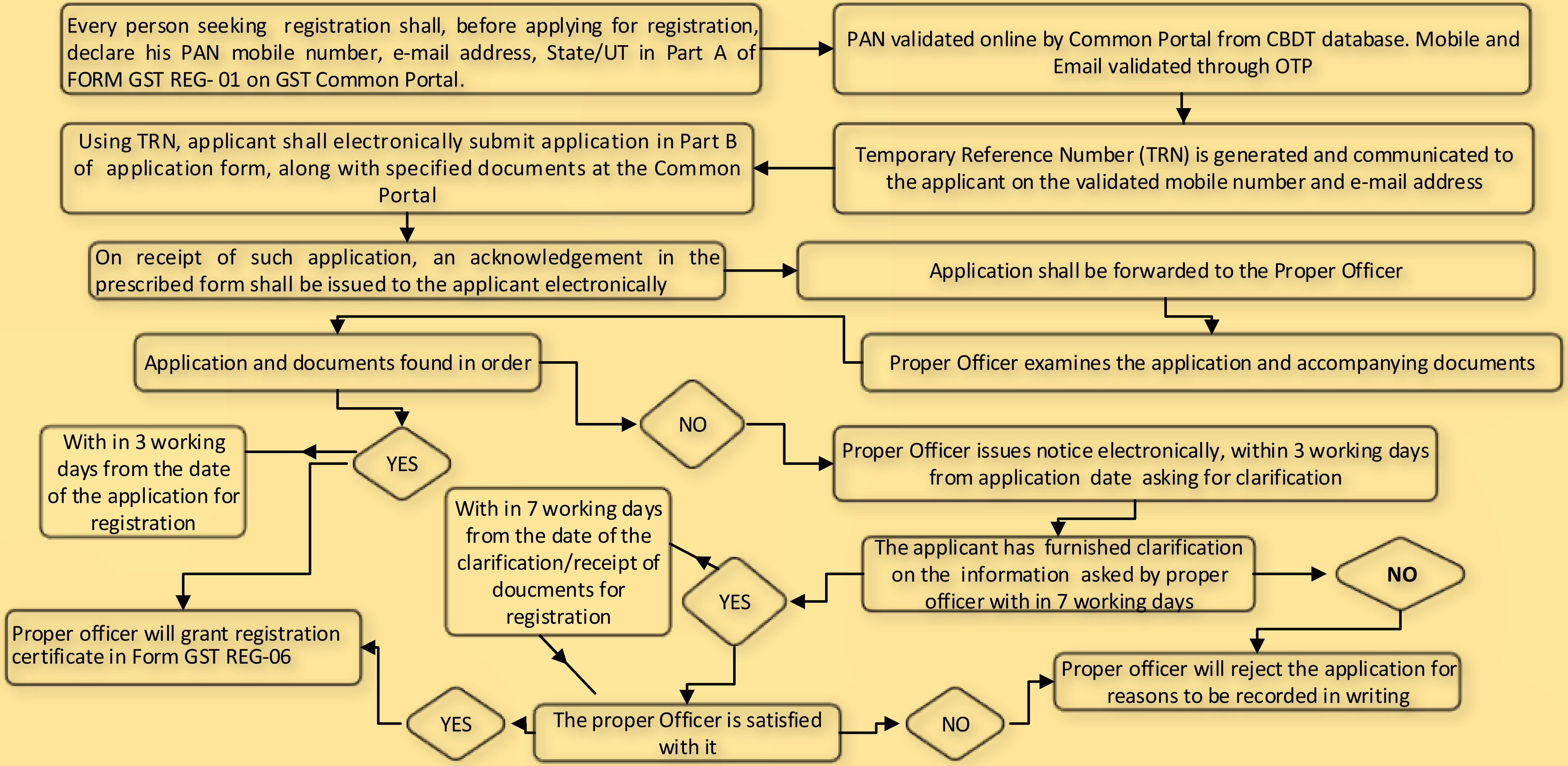
Suo-motu registration by the proper officer Sec 25(8) / rule 16

- 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,
- 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 Form GST REG 09 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

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.
- When a Person applying for registration to collect TCS in a state/UT does not have physical presence he should mention name of state in part A in state/UT and name of state/UT where place of business is located in Part BNotification 74/2018 dated 31.12.2018
- 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 similar.

Persons does not require Registration Under GST Sec 23

- Person engaged exclusively in supplying goods/services/ both not liable to tax
- Person engaged exclusively in supplying goods/services/ both wholly exempt from tax
- Agriculturist to the extent of supply of produce out of cultivation of land
- Persons making only reverse charge supplies /Persons supplies notified goods up to turnover Rs. 20 lakhs (Handicraft goods)
- All the service providers whether supplying intra-State, inter-State or through e-commerce operator, provided their aggregate turnover does not exceed amount liable for registration Notification No. 65/2017 CT dated 15.11.2017]

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.

Amendment of RC

- Change relates to core fields of information
  - Change in Legal name of business
  - Change of Address of place of business
  - Addition, deletion of partners/ directors, board of trustees karta, CEO Etc
  - Supporting Documents Should be submitted
- Change relates to non-core fields of information like mobile No. email id
  - RC will be amended after validating through OTP

Procedure with regard to amendment of RC

- 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 avail 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

Circumstances where the Registration is liable to be cancelled Sec 29

Application made by taxable person or **Suo-moto by Proper Officer**

- Taxable person (other than voluntarily registered person) who is no longer liable to be registered under section 22 or section 24.
- Business discontinued due to Amalgamation/demerger/Dispose / Death of proprietor
- Change in constitution of busines

Suo-moto by Proper Officer → **Reasons for cancellation**

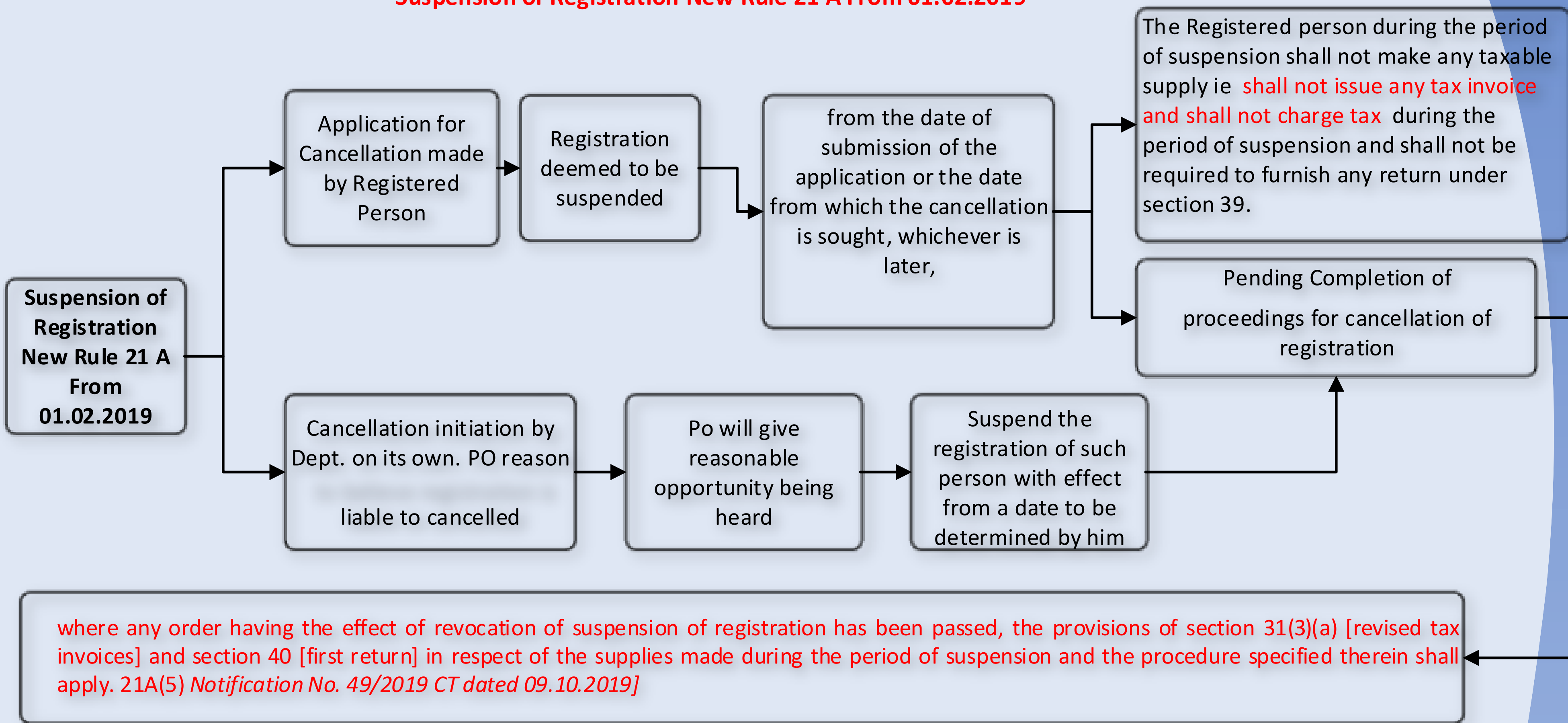
- A registered person has not filed returns for continuous 6 months/ 3 consecutive tax periods in case of a person who opted for composition levy
- Registration was obtained by means of fraud, willful misstatement or suppression of facts
- Voluntarily registered person has not commenced the business within 6 months from the date of registration
-
  - He does not conduct any business from the declared place of business
  - Issues invoice/bills for supply in violation of any rule or provisions
  - If he violates the provisions of section 171 of the CGST Act., relating to anti-profiteering

- In case of application filed by registered person pendency of the proceedings relating to cancellation the registration may be suspended for such period and in such manner as may be prescribed New Rule 21A from 01.02.2019.

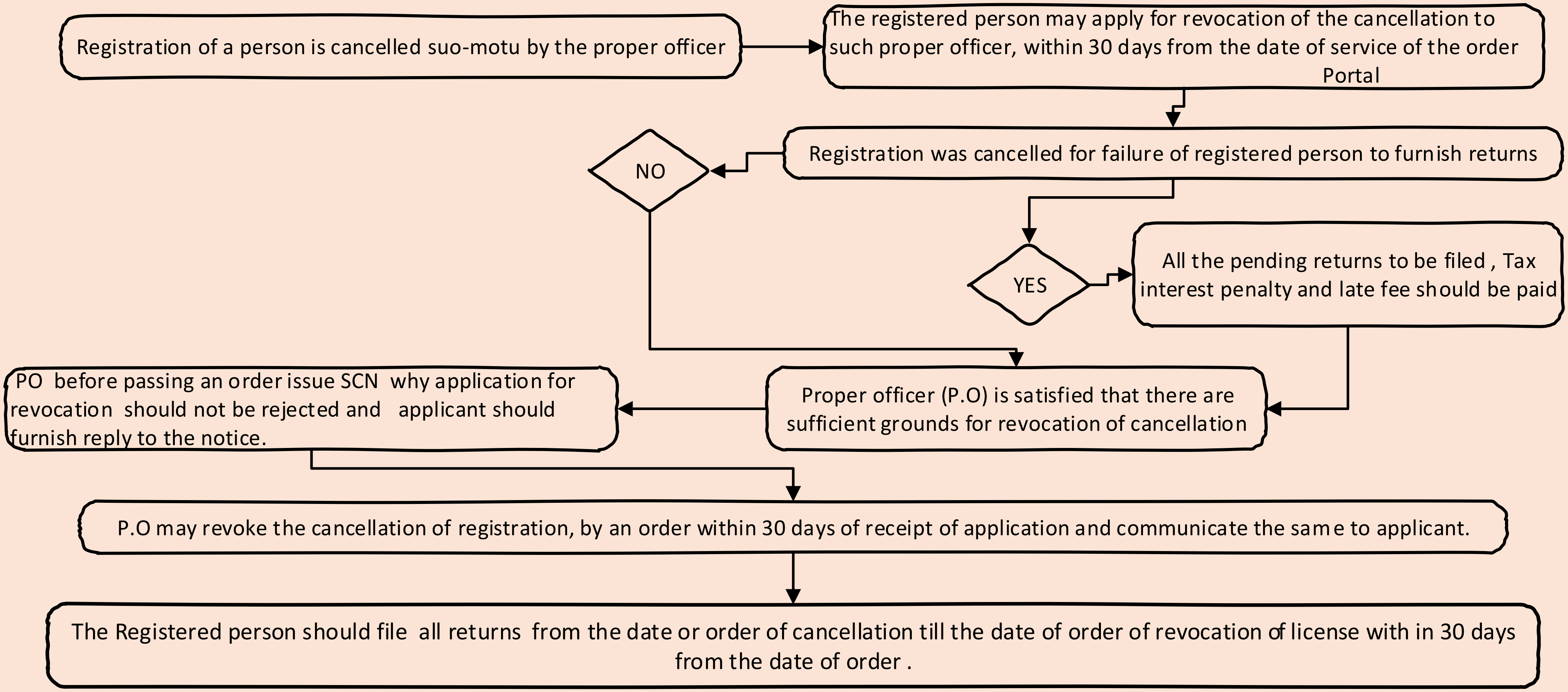
Procedure for Cancellation of Registration

- 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 sec 29(5)
- The registered person continues to liable for taxes due period prior to the date of cancellation.
- In respect 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 for ITC reversal under section 29(5)

Suspension of Registration New Rule 21 A From 01.02.2019



Revocation of Cancellation of license sec 30, Rule 23



Threshold limit for Registration Notification 10/2019 dated 07.03.2019			
SN	States with threshold limit of Rs. 10 lakhs for both goods and services (SCS states)	States with threshold limit of Rs. 20 lakhs for both goods and services	States with threshold limit of Rs. 20 lakhs for services and Rs. 40 lakhs for persons exclusively supplying goods
1	Manipur	Arunachala Pradesh	Jammu and Kashmir
2	Mizoram	Meghalaya	Himachal Pradesh
3	Nagaland	Sikkim	Assam
4	Tripura	Uttarakhand	All Other states
5	--	Puducherry	While calculating the limit of 40 lakhs interest on deposits, loans and advances should be excluded – *explanation* to section 22(1) of CGST Act.
6	---	Telangana	

Aggregate Turnover on All India PAN basis for calculation of threshold limit					
SN	Inclusions		SN	Exclusions	
1	Taxable supplies	Xxxx	1	CGST/SGST/UTGST/IGST	Xxxx
2	Exempt supplies	Xxxx	2	Compensation cess	Xxxx
3	Outward supplies on which tax is payable under reverse charge	Xxxx	3	Inward supplies on which tax is payable under reverse charge/ Job worker supply to principal after completion of Job worker (it will be considered for Principal turnover calculations)	Xxxx
4	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		
5	Inter-State supplies of branch Ho transfers	Xxxx			
6	Exports	Xxxx			
	Total	Xxxx			

Liability to register in respect of services provided by the commission agent for sale/ purchase of agricultural produce Circular No. 57/31/2018 GST dated 04.09.2018,

- Mr. A sells agricultural produce by utilizing the services of Mr. B who is a commission agent as per the Agricultural Produce Marketing Committee Act (APMC Act) of the State
- Mr. B identifies the buyers and sells the agricultural produce on behalf of Mr. A for which he charges a commission from Mr. A. In cases where the invoice is issued by Mr. B to the buyer,

- Since the services provided by the commission agent for sale or purchase of agricultural produce are exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017. Such commission agents (even when they qualify as agent under Schedule I) are not liable to be registered in accordance with provisions of section 23(1)(a)
- commission agent will be liable to get mandatorily registered under this provision only when both the following conditions are satisfied:
- (a)the principal should be a taxable person; and
- (b)the supplies made by the commission agent should be taxable
- commission agent is liable to pay tax under reverse charge, such an agent will be required to get registered compulsorily

Bank Account details may be furnished after obtaining registration certificate [New rule 10A inserted and rule 21 of the CGST Rules amended

- While applying for registration on GST portal, a person is required to furnish the details of his bank account. This requirement has now been relaxed to a limited extent, by inserting a new rule 10A to the CGST Rules
- A registered person has an option to give his bank account details after obtaining registration, within 45 days from the date of grant of registration or the due date of furnishing return, whichever is earlier.
- This relaxation is not available for those who have been granted registration as TDS deductor/ TCS collector under rule 12 or who have obtained suo-motu registration under rule 16.
- However, if a person violates the provisions of rule 10A, his GST registration is liable to be cancelled [Rule 21].

Manner of furnishing the details of State/UT in application for registration by a TDS deductor in a State/UT where he doesn't have a physical presence [Rule 12(1A) of the CGST Rules

- The existing rule applicable to TCS persons now made applicable to TDS deductor also
- When a person is applying for registration to deduct TDS in a State/UT where he does not have a physical presence, he shall mention name of said State/UT in Part A of prescribed application form for registration.
- Further, the name of the State/UT in which his principal place of business is located is to be mentioned in Part B of the application form. States/UTs mentioned in Part A and Part B of the application form may be different.

Aadhar Authentication for Registration – New Section 25(6A) (6B) (6C) (6D), Rule 8(4A), Rule 9(4) Rule 25- wef 01.04.2020.

- Existing registered persons will also have to get verified through Aadhaar number or other method, within specified time. failure to undergo authentication or furnish proof of possession of Aadhaar number or furnish alternate and viable means of identification, registration allotted to such person shall be deemed to be invalid and deemed such person does not have registration. Sec25 (6A) (6B)

- Proper officer to conduct the physical verification of the place of business of a person before the grant of registration, if Aadhaar authentication is failed.
- In case of partnership firm, company, trust, HUF, AOP or BOI, the authentication will be by verification of Aadhaar number of partners, director, trustee, authorised representative, managing committee member or Karta of HUF If an individual, partner, director, Karta of HUF, authorised representative or member of managing committee does not have Aadhaar, verification will be by other method in manner as may be specified. Sec 25 (6C)
- Government can exempt a person or class of persons or from Aadhaar authentication. any State or Union Territory or part thereof, on recommendation of GST Council – example NRTP section 25(6D)

Notification No. 17/2020- Central Tax dated 23rd March 2020 specified that there will no requirement of Aadhaar authentication w.e.f. 1st April,2020 for GST Registration for a person who is not a citizen of India or to a class of persons **other than** (a) Individual;(b) authorised signatory of all types; (c) Managing and Authorised partner; and (d) Karta of a Hindu undivided family

Rule 8(4A) The applicant shall, while applying for registration in form Part B of form REF01 with effect from 01.04.2020, undergo authentication of Aadhaar number for grant of registration

Rule 9(4) Where a person fails to go Aadhaar authentication the registration shall be granted only after physical verification of the principle place of business in the presence of the said person, not later than sixty days from the date of application w.e.f. 1st April 2020

RULE 25. Physical verification of business premises in certain cases WEF 01.04.2020

Where the proper officer is satisfied that the physical verification of the place of business of a person is required due to failure of Aadhaar authentication before the grant of registration, or due to any other reason after the grant of registration, he may get such verification of the place of business, in the presence of the said person, done and the verification report along with the other documents, including photographs, shall be uploaded in **FORM GST REG-30** on the common portal within a period of fifteen working days following the date of such verification.]

Payment of tax

Definitions

Taxable person Means Sec 2(107) → **Person registered Under CGST Act** → Person liable to be registered Under CGST → Person require Compulsory Registration

Output Tax Means sec 2(82) → **CGST on taxable supply of goods and /or services** → By registered person/By agent of taxable person → Exclude Tax under reverse charge

Valid return Section 2(117) means a return furnished u/s 39(1) on which self-assessed tax has been paid in full

Heads of Payment

Major Heads
- IGST
- CGST
- SGST/UTGST
- CESS

Minor Heads
- Tax
- Interest
- Penalty
- Fee
- Others

Tax period means the period for which the return is required to be furnished [Section 106].

Interest On Delayed payment sec 50

- **Normal cases – delay in payment of tax** → 18% Per annum
- **Undue or excess claim of Input tax credit, or undue or excess reduction in output tax liability** → 24% per annum

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.

- The charge of interest should only on the Net cash liability of tax and not on the gross liability of tax Sec 50(1) WEF 01.09.2020
- Where the returns are filed subsequent to initiation of demand proceedings u/s 73 and 74 interest is payable on the Gross tax liability. WEF 01.09.2020
- The payment of interest in case of belated payment of tax should be made voluntarily i.e. even without a demand.
- The payable under this section shall be 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.

Electronic Legers under GST

1. Electronic Labilities Register Sec 49(7)/ Rule 85 of CGST rules

Electronic tax liability register is a register to be maintained in the common portal of GST in **FORM GST PMT-01,** to record all liabilities of a taxable person. It has two parts. **Part-I is for recording return related liabilities and Part-II is for recording other than return related liabilities.**

The possible debits and credits to Electronic tax liability register are as follows

	Debits		Credits
	Part I		
1	the amount payable towards tax, and other dues like interest, late fee or any other amount payable as per the return	1	Liability discharged through electronic credit ledger by way of TDS deducted and TCS Collected
	Part II		
2	the amount payable towards tax and other dues determined by Proper officer	2	Liability discharged through electronic cash ledger by way of payment
3	the amount of tax and interest payable as a result of mismatch under section 42 or section 43 or section 50; or	3	Reduction in liability by appeals, revisions etc.,
4	any amount of interest that may accrue from time to time.	4	Reduction in penalty if any

2. Electronic Credit Register. Sec 49 (2)/Rule 86 of CGST Rules

Electronic credit ledger is a register to be maintained in the common portal of GST in **FORM GST PMT-02** to record input tax credit claimed, utilization, reversal and refund. **The credit in this ledger can be used to make payment of TAX ONLY and no other amounts such as interest, penalty, fees etc.**

The possible debits and credits to Electronic credit ledger are as follows:

	Debits		Credits
1	Utilisation of input tax credit for CGST, IGST STGST and UTGST as per sec 49		Input tax credit claimed;
2	Claim of refund of Unutilised ITC amount		

3. Electronic Cash Ledger: Sec 49 (1)/Rule 87 of CGST Rules

Electronic cash ledger is a register to be maintained in the common portal of GST in FORM **GST PMT-05** to record deposit of tax, interest, penalty and other amounts, utilization thereof and refund

The possible debits and credits to Electronic cash register are as follows

	Debits		Credits
1	Utilisation of input tax credit for CGST, IGST STGST and UTGST as per sec 49	1	Payment made through challan on receipt of CIN
2	Claim of refund Unutilised amount	2	Amount deducted/ collected by way of TDS and TCS in **FORM GSTR-02** by the registered person.

Any discrepancy in the three ledgers is to be communicated to the jurisdictional officer in form PMT04.

Transfer of Tax, interest, fee and penalty from one head to another head:

Sec 49(10)

- A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger from one major head, minor head to other major or minor head. I.e. IGST to CGST- SGST, or UTGST vice versa
- The amount is to be transferred in the common portal using the form GST PMT09

Sec 49(11)

- Where any amount has been transferred to the electronic cash ledger under this Act, the same shall be deemed to be deposited in the said ledger

New Sec 53A:

- Consequent to allowing transfer of tax dues from one head to another, the Government should transfer the amount to State or UT account

Refund of tax that has been paid wrongly or in excess by utilising ITC [Rule 86 (4A]:

Where a registered person has claimed refund of any tax that has been paid wrongly or in excess through electronic credit ledger, the said refund, if found admissible, will be credited to the electronic credit ledger. *[Notification No. 16/2020 CT dated 23.03.2020]*

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 Commissioner
  - Date of credit to CG is the date of payment
- **(2) Credit of input tax to Electronic 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 TAX only
- **(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) Record of liabilities**
  - 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) Taxable incidence passed to recipient**
  - It is assumed that tax paid by Taxable Person deemed to have passed the incidence of tax to recipient
- **(10) inter head transfer**
  - Registered person can transfer amount from one head to another head
- **(11) deemed deposit**
  - Amount received from another head will be treated as deposit of amount under that head

- 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.

Manner of Utilisation of ITC of IGST. CGST, SGST/UTGST Sec 49, Sec 49A, 49B and Rule 88A. From 01.02.2019

Sec 49(5)		
Input Tax Credit	**Can be utilized against**	**Order of utilization**
IGST	IGST, CGST, SGST & UTGST	1. IGST
		2.CGST / SGST/UTGST I.e. Remaining ITC of IGST can be first utilized either against CGST or SGST/UTGST in any proportion in any manner.
CGST	CGST/IGST	1.CGST
		2.IGST
SGST	SGST & IGST	1. SGST
		2. IGST
UTGST	UTGST & IGST	1. UTGST
		2. IGST

Note: If ITC credit of IGST is available after payment of IGST, it should be used first used for payment of CGST/SGST or UTGST- Sec 49A

Relevant Amendments

Sec 49(5) Proviso 1 and 2:

For payment of IGST	ITC of SGST/UTGST should be used only when there is no ITC balance of CGST

New Section 49B: (Overriding section of section 49) Order of utilisation of input tax credit (read with Rules 88A)

The Government may, on the recommendations of the Council, prescribe the order and manner of utilisation of the input tax credit on account of IGST CGST, SGST or UGST, as the case may be, towards payment of any such tax

New Section 49A: (Overriding section of section 49) Utilisation of input tax credit (read with Rule 88A)

- **ITC on account of CGST/ SGST or UGST shall be utilised towards payment of, IGST, CGST, SGST or UTGST, as the case may be, only after the ITC available on account of IGST has first been utilised fully towards such payment.**
- **Sec 49A does not provide any order of utilisation, but it provides ITC of IGST should be fully exhausted, before utilising the ITC of CGST, SGST and UTGST**
- **When discharging the liability of CGST/SGST or UTGST, if any ITC of IGST is there, it should be utilised first and then ITC of CGST/SGST or UTGST should be used**

Rule 88A

The newly inserted rule 88A allows utilization of ITC of IGST towards the payment of CGST and SGST/UTGST in any order subject to the condition that the entire **ITC of IGST is completely exhausted first before the ITC of CGST or SGST/UTGST can be utilized.**

The new rule provides as under:

- ITC of IGST should first be utilized towards payment of IGST.
- Remaining ITC of IGST, if any, can be utilized towards the payment of CGST and SGST/UTGST in any order, i.e. ITC of IGST can be first utilized either against CGST or SGST.
- ITC of CGST, SGST/UTGST can be utilized towards payment of IGST, CGST, SGST/UTGST only after the ITC of IGST has first been utilized fully. [Notification No. 16/2019 CT dated 29.03.2019 read with Circular No. 98/17/2019 GST dated 23.04.2019]

Clarification in respect of utilization of ITC under GST [Circular No. 98/17/2019 GST dated 23.04.2019]

CBIC has clarified that after the insertion of new rule 88A in the CGST Rules, 2017, the order of utilization of ITC will be as per the order (of numerals) given below:

ITC of	Output IGST liability	Output CGST liability	Output SGST/ UTGST liability
IGST	(I)	(II) – In any order and in any proportion	
(III) ITC of IGST to be completely exhausted mandatorily			
CGST	(V)	(IV)	Not permitted
SGST/UTGST	(VII)	Not permitted	(VI)

Illustration: Amount of ITC available and output tax liability under different tax heads

Head	Output tax liability	ITC available
IGST	1000	1300

CGST	300	200
SGST/UTGST	300	200
Total	1600	1700

Solution Option 1:

ITC of	Discharge of output IGST liability	Discharge of output CGST liability	Discharge of output SGST/UTGST liability	Balance of ITC
IGST	1000	200	100	0
ITC of IGST has been completely exhausted				
CGST	0	100	-	100
SGST/UTG	0	-	200	0
Total	1000	300	300	100

Option 2:

ITC of	Discharge of output IGST liability	Discharge of output CGST liability	Discharge of output SGST/ UTGST	Balance of ITC
IGST	1000	100	200	0
ITC of IGST has been completely exhausted				
CGST	0	200	-	0
SGST/UTGST	0	-	100	100
Total	1000	300	300	100

The effect of the provision of the Section 49A with the help of the examples.

Payment for	First set off from	Then set off from
IGST	IGST	CGST and SGST
CGST	IGST (if IGST credit is available)	CGST
SGST	IGST (if IGST credit is available)	SGST
UTGST	IGST (if IGST credit is available	UTGST

Example 1

ITC	ITC Amount	Liability	1st Adjustment	2nd Adjustment	Balance to Pay in Cash	Closing Balance ITC
IGST	15000	11000	Rs.11000-11000(IGST)	–	–	Nil, after 2nd adjustment
CGST	10000	8000	Rs. 8000-4000 (IGST)	Rs 4000-4000 (CGST)	–	6000(CGST)
SGST	10000	8000	Rs. 8000-8000 (SGST)	–	–	2000(SGST)

Example 2

ITC	ITC Amount	Liability	1st Adjustment	2nd Adjustment	Balance to Pay in Cash	Balance ITC
IGST	5000	11000	Rs. 11000-5000 (IGST)	6000	6000	–
CGST	5000	8000	Rs. 8000-5000 (CGST)	–	3000	–
SGST	5000	8000	Rs. 8000-5000 (SGST)	–	3000	

Accounts and Records under GST

- **Records to be maintained by every registered Person Sec 35(1) Rule 56(1)(2)**
  - Production or manufacture of goods;/Inward and outward supply of goods or services or both ;/Stock of goods;
  - Input tax credit availed/Output tax payable and paid; and such other particulars as may be prescribed
  - the goods/services imported/exported,
  - supplies attracting payment of tax on **reverse charge** along with relevant documents like invoice, vouchers, debit credit notes, DCs
  - Quantitative details of stock like receipt, supply, lost, stolen destroy, write of, free sample and balance of inputs, WIP, FG
- **Records by Agent Rule 56(11)**
  - Particulars of authorization received by him on behalf of each principal separately in respect of supply or receipt of goods or services
  - Particulars including description, value and quantity (wherever applicable) of goods or services received/Supplied on behalf of every principal;
  - details of accounts furnished to every principal; and
  - Tax paid on receipts or on supply of goods or services effected on behalf of every principal.
- **Records by Manufacturer Rule 56(12)**
  - Monthly production accounts showing quantitative details of raw materials or services used in the manufacture and Quantitative details of the goods so manufactured including the waste and by products thereof.
- **Records by a supplier of services [Rule 56(13)]**
  - Accounts showing quantitative details of goods used in the provision of services,
  - Details of input services utilized and supplied.
- **Records by Works Contract supplier Rule 56(14)**
  - The names and addresses of the persons on whose behalf the works contract is executed;
  - Description, value and quantity (wherever applicable) of goods or services received/Utilized for the execution of works contract;
  - The details of payment received in respect of each works contract; and
  - The names and addresses of suppliers from whom he received goods or services.
- **Records to be maintained by a custodian/clearing and forwarding agent [Rule 56(17)]**
  - Shall maintain true and correct records in respect of such goods handled by him on behalf of such registered person and shall produce the details thereof as and when required by the proper officer.
- **Records to be maintained by owner or operator of godown or warehouse and transporters [Section 35(2) read with rule 58**
  - **Owner or operator of WH**
    - Particular of period of goods remain in the warehouse, including the particulars relating to dispatch, movement, receipt, and disposal of such goods.
    - Should store the goods in such a manner like item wise, owner wise for easy physical verification by proper officer on demand
  - **Tranproter of goods**
    - Records of goods transported, delivered and goods stored in transit by him along with GSTIN of the registered consignor and consignee for each of his branches.

Records other Provisions

Place of Records Rule 56(16)

- At Principle place of business / Where more than one place of business, the accounts relating to each place of business shall be kept at such places of business

Manner of maintaining Records Rule 56(7), (8), (9), (15), (16) and (18) and rule 57

In case of electronic form

- authenticated by means of a digital signature
- Proper backup to prevent loss of data, back up should be stored such that they can restore data with reasonable time
- Should provide pass word, codes to access and print files to proper office on demand.
- a log of every entry edited or deleted shall be maintained.

In other cases

- Each volume of books is serially numbered
- No entry to be over written/ erase.
- All incorrect entries, otherwise than those of clerical nature, shall be scored out under attestation and there after correct entry shall be recorded.

Period of Retention of accounts Sec 36

- shall retain them until the expiry of 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.
- Example: For the year 2017-2018, the due date of filing the annual return is 31.12.2018. The books & records of 2017-2018 must be maintained for 6 years, i.e., 31.12.2024.

Records which are not to be maintained by a supplier opting for composition levy [Rule 56(2) and (4

- Stock of goods in respect of quantity and value
- Details of tax collected and paid, tax paid under reverse charge input tax claimed,
- Register of tax invoice/ debit note, credit notes delivery challans

Produce books on demand rule 56(18)

Every registered person shall, on demand, produce the books of accounts which he is required to maintain under any law for the time being in force.

Failure to maintain records sec 35(6)

When a registered person not maintain records u/s 35(1),, the PO determine the tax payable as if such goods/ services supplied and issue SCN

Penalty for not maintaining records sec 122

Rs. 10000/ or amount of tax evaded/input tax claimed/ refund claimed which ever is higher

EWAY BILL Rule 138

Generation of Eway bill Rule 138(1)-

Registered person who Causes movement of goods

Value of goods Exceeding Rs. 50,000/-

- in relation to a supply
- for reasons other than supply (job work, test, repair etc)
- due to inward supply from an unregistered person,

Value of goods limit of Rs. 50,000/- not applicable Proviso to Rule 138(1)

- Interstate Transport of goods between Principal and job worker
- Interstate Transport of handicrafts exempted from registration
- Voluntary generation of bill

before commencement of such movement

Of goods

Furnish the information in Electronically in common portal By PART A GSTEWB 01 (To Generate E way Bill) With Unique NO.

Job worker, transporter, ecommerce operator, courier agency can also furnish Part A of E way bill with proper authorisation from registered person

-

Value= Invoice value as per sec15+GST, When one invoice is prepared for taxable and exempted supplies, the value of exempted supplies shall be Excluded.

Eway bill GST EW-01 contain two parts	
Part A	PART B
GSTIN of supplier, Recipient	Vehicle No
Place of delivery	Transporter document
Document No, date	
HSN code, value of goods	
Reasons for transportation	

Restriction on Generation of Part A Notification No. 74/2018 CT dated 31.12.2018 read with Notification No. 36/2019 CT dated 20.08.2019 and Notification No. 75/ 2019 CT dated 26.12.2019

No person (including a consignor, consignee, transporter, an e-commerce operator or a courier agency) shall not be allowed to furnish the information in Part A of Form GST EWB-01 in respect of following registered persons, whether as a supplier or a recipient

- A person paying tax under composition scheme or Service provider of Composition scheme has not furnished the statement for payment of self-assessed tax for 2 consecutive quarters, or
- A person paying tax under regular scheme has not furnished the returns for 2 consecutive months
- A person paying tax under regular scheme has not furnished GSTR-1 (Statement of outward supplies) for any 2 months or quarters, as the case may be.

- Jurisdictional commissioner may, on receipt of an application from a registered person in prescribed form, on sufficient cause being shown and for reasons to be recorded in writing, by order, in prescribed form allow furnishing of the said information in Part A of Form GST EWB-01, subject to prescribed conditions and restrictions.
- An order rejecting said request shall not be passed without giving the said person a reasonable opportunity of being heard
- The permission granted or rejected by the Commissioner of State tax or Commissioner of Union territory tax shall be deemed to be granted or, as the case may be, rejected by the Commissioner.

Furnishing of Eway Bill		
SN	**Transportation of goods through**	**Furnishing of Eway Bill**
1	own conveyance or hired conveyance or public conveyance	the Part B shall be filed by the supplier or recipient
2	Through a transporter	Part B shall be filed by the transporter
3	Railways or airways or vessel	Both Part A and Part B) shall be filed by registered supplier or recipient
1	Change of vehicle	Part B will be updated by transporter before the change of vehicle
5	Bill to ship transactions	The person who order or the person who sends goods will generate

1	**Validity of Eway Bill Rule 138(10)**	(a)	1 day in case of first 100 K.M, For Every additional 100 Km or part there of one additional day
		(b)	One day Up to 20 KM In case of Multimodal shipment at least one leg involves transport by ship, One more additional day for every 20 KM or part there of
		(c)	Commissioner can extend for certain class of goods
		(d)	Transporter can extend Exceptional cases in common portal, 8 hour before/after expiry period giving reasons
		(e)	The e way bill generated in the portal is valid in every state and union territory Rule 138(13)
2	**Cancellation**	(a)	E way bill can be cancelled with 24 hours of Generation, if the goods are not transported or not transported as per E way bill generation
		(b)	An e-way bill cannot be cancelled if it has been verified in transit
3	**Acceptance by Consignee Rule 138(12) (Recipient)**	The recipient should communicate acceptance or rejection of consignment of Eway bill within 72 hours of generation or receipt of delivery of goods whichever is earlier. If not communicated it is deemed that goods are accepted.	
4	**Consolidated E way Bill Rule 138(6)**	Consignor/Consignee/Transporter can generate Individual E way bills on the basis of invoice, Delivery challan in EWB-01 and generate Consolidated Eway bill in Aggregate value is > Rs. 50,000 in EWB-02	
5	**E way bill Not required**	(a)	Certain goods like Petroleum Products, gold, jewelry, Currency, postal bags, used house hold goods etc.
		(b)	Transport of goods from Customs port, airport, land customs station to ICD and CFS
		(c)	Transport of goods through non motorised conveyance
6	**E way bill in case of movement of goods with in state**	Each state has different circulars and notifications with regarding to class of goods, limits of value and distance in kilometers	
7	Penalty	Where the goods are transported without E way bill, and documents, the provisions detention, confiscation and seizure of goods will be applicable	

GST Returns

(Sections 37 to 47 of the CGST Act, 2017 *read with* Rules 59 to 82 of the CGST Rules, 2017)

- 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 each type of taxpayer
- The GST returns can be filed through GSTN portal, or GST Suvidha Providers (GSPs).

The types of various returns are as follows.

Return Form No.	*Applicability and details to be furnished*	*Frequency*	*Prescribed Due Date*
GSTR-1 Sec 37(1) read with rule 59(1)	Details of outward supplies to be filed by every registered person except: - • An Input Service Distributor (ISD), • A non-resident taxable person (NRTP), • A composition taxpayer, • A person required to collect TCS or deduct TDS.	Monthly (Turnover more than Rs. 1.5 crores)	11th of Succeeding Month
		Quarterly (Turnover up-to than Rs. 1.5 crores)	Last day of the month, succeeding such Quarter
~~GSTR-2~~	~~Inward supplies (Purchases) (~~deferred not to be filed now)–	~~Monthly~~	~~15th of next month~~
~~GSTR-3~~	~~Return summarizing the details of GSTR 1 and GSTR 2~~ (deferred not to be filed now)	~~Monthly~~	~~20th of next month~~
GSTR-3B sec 39(1) read with rule 61(5) (Treated as Return filed u/s 39(1)	Summary return for payment of taxes to be filed by every registered person, (except an Input Service Distributor (ISD), a non-resident taxable person (NRTP), a composition taxpayer or a person required	Monthly	20th of next month

retrospective from 01.07.2017)	to collect TCS or deduct TDS).		
GSTR-4 Sec 39(2)	• Composition taxpayer • Service Providers paying tax at 6% i.e~~., as per Notification No. 02/2019-Central Tax~~ sec 39(1)(2)	Annually	30th April following the end of relevant Financial Year.
GST CMP-08	Payment of self-assessed tax for persons paying tax under composition scheme	Quarterly	18th of the month, succeeding such Quarter.
GSTR-5 Sec 39(5) read with rule 63	Return for Non-Resident Taxpayer	Monthly	Earlier of the following dates: ■ 20th of next month; or ■ Within 7 days from expiry of validity of registration.
GSTR-5A Rule 64	Return for a person supplying OIDAR services from a place outside India to a non-taxable person in India.	Monthly	20th of next month
GSTR-6 Sec 39(6) read with rule 60(5) & rule 65	Return for Input Service Distributor (ISD)	Monthly	13th of next month
GSTR-7 Sec 39(7) read with rule 60(6) & rule 66	Return for Registered persons deducting tax at source (TDS) (Refer note 2)	Monthly	10th of next month
GSTR-8 Sec 52(4) read with rule 60(7) & rule 67	Return for e-commerce operator to report tax collected at source (TCS) (Refer note 2)	Monthly	10th of next month
GSTR-9 Sec 44	Annual Return (Refer Note 1) Optional for small taxpayers whose aggregate turnover is less than Rs 2 crores and who have not filed the said return	Annually	31st December following the end of relevant Financial Year Commissioner can extend time by recording reasons in writing

	before the due date for FY 2018-19 and 2019-20		
GSTR-9A Sec 52 read with Rule 80	Annual return for Composition taxpayer	Annually	31st December following the end of relevant Financial Year
GSTR-9B Sec 52 read with Rule 80	Annual return for e-commerce operators	Annually	31st December following the end of relevant Financial Year
GSTR-9C Sec 44(2) &35(5) read with Rule 80(3)	Reconciliation Statement and audit certification (Refer Note 1)	Annually	31st December following the end of relevant Financial Year
GSTR-10 Sec 45 read with Rule 81	Final return (to be furnished in the event of cancellation of GST registration)	One time	Within 3 months from the date of cancellation or date of order of cancellation, whichever is later
GSTR-11 Rule 82	Details of inward supplies of a person having Unique Identity No. (UIN)	Transaction based	Return is required to be furnished, if such person claims refund of GST
ITC-04	Details of inputs sent for job work By Principal	Quarterly	Quarterly within 25 days from end of quarter

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. There were notifications for extention of time due to Covid 19 not relevant for Exam

Note 1: Person supplying online information technology and database access retrieval (OIDAR) not required to file Annual return form GSTR 9 and Reconciliation statement GSRTR 9C [Notification No. 30/2019 CT dated 28.06.2019)

Note 2: Rule 66(2)/67(2) has been amended to lay down that the details of TDS/TCS furnished by the deductor in GSTR-7/GSTR- 8 shall be made available electronically to each of the deductees on the common portal after filing of Form GSTR-7 /GSTR-8 for claiming the amount of tax deducted /collected in his electronic cash ledger after validation.

- The time limit for annual returns file u/s 44 can be extended by Commissioner by recording reasons in writing. Extention by state commissioner can also be treated as extended by Commissioner Explanation to Sec 44(1) -FA (2) 2019 with effect from 01.02.2020
- The time limit for monthly return GSTR 8 and annual return GSTR 9B can be extended by Commissioner by recording reasons in writing. Explanation to sec 52(4) and (5) -FA (2) 2019 with effect from 01.02.2020

Exemption of Foreign Airlines from furnishing reconciliation Statement in FORM GSTR- 9C Notification No 09/20 dated 15th March 2020

The foreign airlines company as the class of registered persons who shall **not be required to furnish** reconciliation statement in **FORM GSTR-9C** under section 44(2) of the CGST Act read with rule 80(3) of the CGST rules subject to duly authenticated statement of receipts and payments by Chartered Accountant.

Summary -who should file what return

S. No.	*Category of Person*	*Return Applicable*
1.	Every registered person other than: • An Input Service Distributor (ISD), • A non-resident taxable person (NRTP), • A Composition taxpayer, • A person requires to collect TCS or deduct TDS.	GSTR-1 ~~GSTR-2~~ (Suspended/deferred) ~~GSTR-3~~ (Suspended/deferred) GSTR-3B, GSTR-9
2.	Every registered person whose annual turnover exceeds Rs. 2 crores	GSTR-9C
3.	Registered person who opts for Composition Scheme	GSTR-4, CMP-08, GSTR-9A
	Non-resident Suppliers	GSTR-5
5.	OIDAR services provided by a person located abroad to a non-taxable person in India	GSTR-5A
6.	Input Service Distributor	GSTR-6
7.	Person required to deduct TDS	GSTR-7
8.	Electronic commerce operators required to collect tax at source	GSTR-8, GSTR-9B
9.	Final return (to be furnished in the event of cancellation of GST registration)	GSTR-10
10.	Person having Unique Identification Number	GSTR-11

First Return Sec 40

- When a person becomes liable to registration after his turnover crosses the threshold limit, he may apply for registration within 30 days of so becoming liable.
- There might be a time lag between a person becoming liable to registration and grant of registration certificate.
- During the intervening period, such person might have made the outward supplies, i.e. after becoming liable to registration but before grant of the certificate of registration.
- The registered person shall declare his outward supplies made during said period in the first return furnished by him after grant of registration.
- The format for this return is the same as that for regular return.
- ITC can be availed by the recipient on such supplies, firstly, the registered person may issue revised tax invoices against the invoices already issued during said period within 1 month from the date of issuance of certificate of registration

Who can opt for quarterly returns?

- Small business entities whose aggregate turnover is up to Rs. 1.5 crore in the preceding financial year or in the current financial year. have been allowed to opt for quarterly filing of GSTR-1
- This option is available only for GSTR-1 and all other applicable returns shall be filed by the taxpayer within the prescribed time limits as applicable to them unless extended.

- For new taxpayers, the limit of Rs. 1.5 crore shall be checked on basis of estimated turnover of current financial year.
- A person who has opted for monthly/quarterly filing of return, cannot change the periodicity of filing of return in the same financial year.
- He would be required to remain in that category for the remaining part of the financial year. He may change the option at the beginning of next financial year.

Filing of return is mandatory?

- Every registered person who is required to file GSTR-3B or GSTR-4 is required to furnish return for every tax period whether or not any supply of goods or services have been made during such period.
- Thus, even if no goods or services are supplied during the relevant period, taxpayer has to file a *nil* return.
- Other registered persons shall be required to file their relevant returns, only if there is a transaction or supply during the relevant tax period which has to be reported in these returns.

Revision of GST Returns

- GST returns once filed cannot be revised.
- Errors or omissions in GST returns of a particular tax period, which are other than as a result of scrutiny, audit and inspection by tax authorities, can be rectified in the GST return to be filed for the subsequent month. /quarter Sec 39(9)
- Any tax liability due to omission/rectification should be paid along with interest
- Rectification is not allowed after furnishing of annual return or GSTR-3B for the month of September following the end of the financial year to which such error pertains, whichever is earlier.

Consequences of default

Notice to return defaulters Sec 46 and Rule 68

- A notice in prescribed form is issued, electronically, to a registered person who fails to furnish return under section 39 [Normal Return] or section 44 [Annual Return] or section 45 [Final Return] or section 52 [TCS Statement)
- The notice requires the registered person to furnish the return within 15 days, failing which the tax liability will be assessed under section 62, based on the relevant material available with the proper officer.
- In addition to tax so assessed, applicable interest and penalty will also be payable
- If a registered person fails to furnish a return for a particular tax period then he cannot furnish any return for the subsequent tax period. Further, a notice shall be issued by the proper officer to such supplier in Form GSTR-3A requiring him to furnish such return within 15 days.

Standard operating procedure to be followed in case of non-filers of returns [Circular No. 129/48/2019 GST dated 24.12.2019]

CBIC has issued the following guidelines to ensure uniformity in the implementation of the provisions of law in relation to non-filers of returns:

- System generated message would be sent to all the registered persons 3 days before the due date to nudge them about the filing of return by the due date.
- Once the due date for furnishing return under section 39 is over, a system generated mail/ message would be sent to all the defaulters immediately after the due date to the effect that the said registered person has not furnished his return for the said tax period;

- The said mail/ message is to be sent to the authorized signatory as well as the proprietor/ partner/ director/ karta, etc.
- After 5 days of due date of furnishing the return, notice under section 46 shall be issued electronically to the defaulters requiring then to furnish return within 15 days.
- If the return is not filed within 15 days of the said notice, the proper officer may proceed to assess the tax liability of the said defaulter under section 62, to the best of his judgment considering all the relevant material which is available or which he has gathered and would issue assessment order. The proper officer would upload the summary of such order in the prescribed form

Levy of late fees Sec 47

- In case a registered person fails to furnish the required return by the due date, then he shall be liable to pay the late fee for every day during which such failure continues.
- The late fees specified in the below table is total late fees levied under the CGST Act and respective State/UT GST Acts.

Return Form No.	*Minimum late fees for **every day of default** (Rs.)*	*Max. late fees (Rs.)*
GSTR-1, GSTR 3B, GSTR-4 GSTR-5, GSTR-5A, GSTR-6	For other than *nil* return: Rs. 50 For *nil* return: Rs. 20	Rs. 10,000
GSTR-7	For failure to furnish return: Rs. 200	Rs. 10,000
GSTR-8	For failure to furnish return: Rs. 200	-
GSTR-9	For failure to furnish return: Rs. 200	0.50% of turnover in State or Union territory
GSTR-9A	For failure to furnish return: Rs. 200	
GSTR-9B	For failure to furnish return: Rs. 200	-
GSTR-9C	For failure to furnish return: Rs. 200	-
GSTR-10	For failure to furnish return: Rs. 200	Rs. 10,000
GSTR-11	-	-

General Penalty

Where any specific penalty is not mentioned then a general penalty of Rs 50,000 shall apply.

GST Practioners Sec 48 and Rule 83 and 83 A

SNO	Particulars	
1	Eligible	1.Citizen of India, person of sound mind/Not adjusted as insolvent/not convicted in any competent court

	persons	2.Retired officer not lower than the rank of a Group-B gazetted officer for a period of not less than two years of • Commercial tax of SG • Central board of Indirect taxes and customs • Department of Revenue Government of India.
		3.He has enrolled as a sales tax practitioner or tax return preparer under the existing law for a period of not less than five years. He has to pass the examination conducted by NACIN within 30 months from 1st July 2017 to continue as GSTP
		4.Passed • Graduate or post graduate exam of Commerce, law, banking management or administration of recognised Indian University or foreign University recognised by India. • Examination notified by GST Council (Examination conducted by NACIN) • Final examination of CA/CWA/CS
2	Procedure	Application to be made electronically through common Portal
		On receipt of application the authorised officer after making enquiry accept or reject the application if person is not qualified
		Enrolment is valid until the period, it is cancelled.
		A registered person at his option can authorise GST Practioners in common portal and at any time withdraw authorisation. A confirmation mail and SMS will be forwarded to registered person
3	Activities of GSTP on behalf of Registered person	• furnish the details of outward and inward supplies; • furnish monthly, quarterly, annual or final return; • make deposit for credit into the electronic cash ledger; • file a claim for refund; and • file an application for amendment or cancellation of registration. • furnish information for generation of e-way bill; • (furnish details of challan in the prescribed form; • file an application for amendment or cancellation of enrolment under rule 58 and • file an intimation to pay tax under the composition scheme or withdraw from the said scheme
4	Other	The goods and services tax practitioner shall- (a) prepare the statements with due diligence; and (b) affix his digital signature on the statements prepared by him or electronically verify using his credentials. • If GSTP found any misconduct in proceedings the authorised officer may serve notice and after giving reasonable opportunity and disqualify to act as a GSTP. • The various forms from GSTPCT 01 to 05 prescribed to follow the procedure.

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