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What is Tax???

1. A tax may be defined as a "**pecuniary burden** laid upon individuals or property owners **to support the Government**, a payment exacted by legislative authority.
2. A tax "is not a voluntary payment or donation, but an **enforced contribution**, exacted pursuant to legislative authority".
3. In simple words, tax is nothing but money that people have to pay to the Government, which is used to provide public services.

Background

1. There are two types of taxes levied in India, i.e., **Direct tax**, which is levied directly on income, profession, etc., of an individual and where the tax **burden cannot be passed** on to any other person.
2. **Indirect tax**, on the other hand, is not paid on the direct income of an individual person but is levied **indirectly on the ultimate consumer** of goods and services for consumption of goods and services.

Pre GST Tax structure and deficiencies

1. Certain transactions were subject to **double taxation** and were taxed as both goods and services, since under the earlier regime, distinction between goods and services was often blurred.
2. VAT where different states were charging VAT at different rates, which were resulting in **imbalance of trade** between the states
3. **CENVAT** did not include chain of value addition in the distributive trade after the stage of production. Similarly, in the State-level VAT, CENVAT load on the goods was not removed. This led to the cascading of taxes.
4. Though CENVAT and State-Level VAT were essentially value added taxes, set off of one against the credit of another was not possible as CENVAT was a central levy and State-Level VAT was a state levy.
5. There were **several taxes** in the States, such as, Luxury Tax, Entertainment Tax, etc. which were not subsumed in the VAT. Hence for a **single transaction, multiple taxes** in multiple forms were required to be paid
6. **VAT** on goods was **not integrated** with tax on **services**, at the State level, to remove the cascading effect of service tax. With service sector being the fastest growing sector in the economy, the exclusion of services from the tax base of the States potentially eroded their tax- buoyancy
7. **CST** was another source of distortion in terms of its cascading nature since it was **non-VATABLE**. Being an origin-based tax, CST was also against one of the basic principles of consumption taxes that tax should accrue to the jurisdiction where consumption takes place.

Features of Indirect Taxes

1. An important source of revenue
2. Tax on commodities and services
3. Shifting of burden
4. No perception of direct pinch
5. Inflationary
6. Wider tax base
7. Promotes social welfare
8. Regressive in nature

Concept of GST

1. Value Added Tax
2. Continuous Chain of Credit
3. Burden Borne by Final Consumer
4. No Cascading effect of Taxes
5. Destination-based/ Consumption-based Tax

What are outside the purview of GST?

1. Alcohol for human consumption. - State Excise Duty + VAT
2. Petroleum products: Petroleum crude, Motor spirit (petrol), High speed diesel, Natural gas and Aviation Turbine Fuel. - Central Excise duty + VAT
3. Electricity- GST Charged at Nil Rate but Electricity duty charged by State Government
4. Property tax such as Stamp Duty.
5. Motor vehicles tax.
6. Entertainment tax collected by State Authorities.
7. Tobacco- Central Excise duty + GST.
8. Opium, Indian hemp and other narcotic drugs and narcotics - State excise duties + GST.

Constitutional Power of Taxation

1. The Constitution of India is the supreme law of India. It consists of a Preamble, 25 parts containing 448 Articles and 12 Schedules. The authority to levy a tax is derived from the Constitution of India.
2. Article 265: Article 265 of the Constitution of India prohibits arbitrary collection of tax. It states that “no tax shall be levied or collected except by authority of law”.
3. Article 246 of the Indian Constitution, lays down three types of lists and distributes legislative powers including taxation, between the Parliament of India and the State Legislatures.

- a. **Union List-** It contains the matters in respect of which the Parliament (Central Government) has the exclusive right to make laws. E.g. Income Tax except Agriculture Income
 - b. **State List-** It contains the matters in respect of which the State Government has the exclusive right to make laws. - Taxes on agricultural income
 - c. **Concurrent List-** It contains the matters in respect of which both Central Government and State Government has the exclusive right to make laws. No taxes mentioned under this list
4. Article 246A: The Constitution of India has been amended by the **Constitution (One Hundred and First Amendment) Act, 2016** for this purpose. This article overrides Article 246. Centre and State can levy tax on goods and services on intra state supply. Only parliament can levy tax on inter-state supplies.
 5. Article 269A: Parliament to levy IGST on inter-state supply. Import/export is a deemed inter-state supply. IGST distributed between centre and state/UT. Parliament to determine place and time of supply.
 6. Article 279A: Constitution of GST Council.

GST COUNCIL

1. The President shall, within 60 days from the date of commencement of the Constitution (101st Amendment) Act, 2016, by order, constitute a Council that called the Goods and Services Tax Council.
2. The provisions relating to GST Council came into force on 12th September, 2016. President constituted the GST Council on 15th September, 2016.
3. GST Council is comprised of:
 - a. the Union Finance Minister (who will be the Chairman of the Council),
 - b. the Minister of State (Revenue) and the State Finance/Taxation Ministers as members.
4. GST Council is to make recommendations to the Central Government and the State Governments on—
 - tax rates,
 - exemptions,
 - threshold limits,
 - dispute resolution,
 - GST legislations including rules and notifications etc.

GOODS AND SERVICE TAX

Voting Right

The Central Govt. shall have a weightage of $1/3^{\text{rd}}$ of the votes cast

The votes of all State Govt. together shall have a weightage of $2/3^{\text{rd}}$ of the total votes cast.

Every decision of the GST Council shall be taken at a meeting by a majority of not less than $3/4^{\text{th}}$ of the weighted votes of the Members present and voting. One half of the total number of members of the GST shall constitute the quorum at its meetings

GST Model

1. **Dual GST Model:** India has adopted a dual GST model, i.e., where the tax is imposed concurrently by the Centre and the States. For an intra-State sale, the GST is equally divided between the Centre and the State (CGST + SGST), and for inter-State sales, the GST is collected by the Centre (IGST)
2. GST consists of the following Acts:
 - a. Central Goods and Services Tax Act, 2017
 - b. State Goods and Services Tax Act, 2017
 - c. Integrated Goods and Services Tax Act, 2017
 - d. Union territory Goods and Services Tax Act, 2017
 - e. Goods and Services (compensation to States) Tax Act, 2017

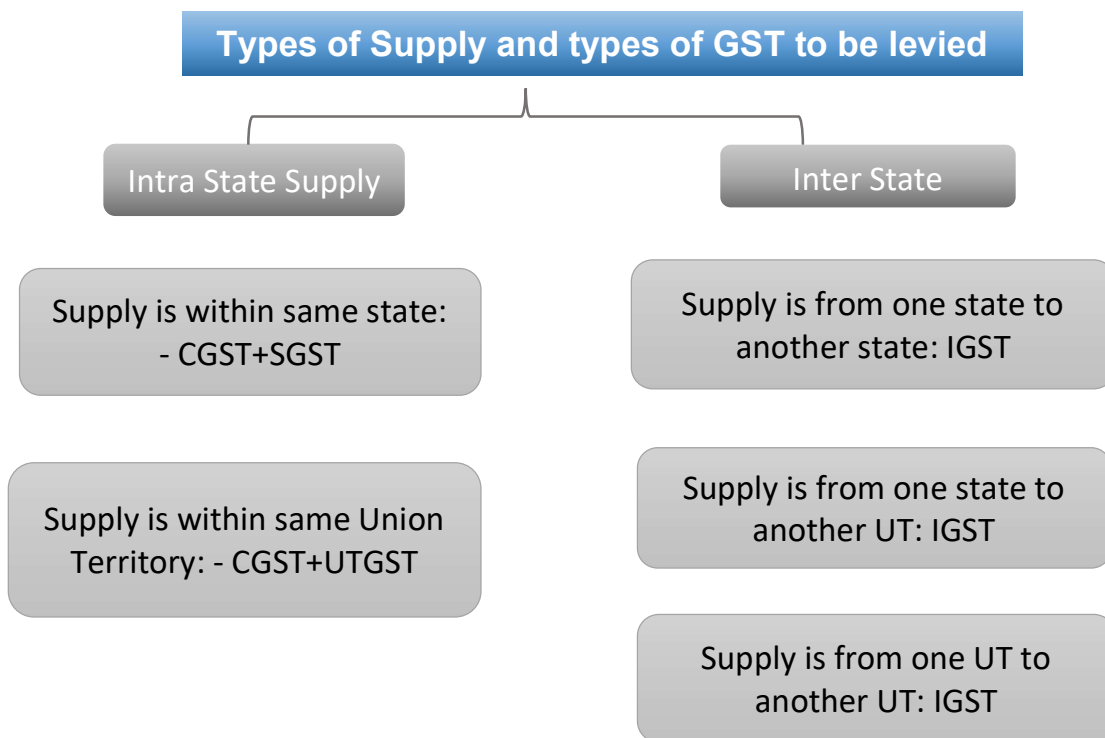
Nature of Supply

INTER STATE SUPPLY: Section 7 of the IGST Act, 2017 deals with the situations where a supply is categorized as inter-State supply.

1. **Domestic:** Supply of goods [Section 7(1)] or supply of services [Section 7(3)] where location of the supplier and the place of supply are in:
 - a. two different States;
 - b. two different Union territories;
 - c. or a State and a Union territory
2. **Imports:**
 - a. Supply of Imported goods into the territory of India till they cross the customs frontiers of India [Section 7(2)]
 - b. Supply of service imported into the territory of India [Section 7(4)]

3. **Exports and other scenarios:** Supply of goods or services or both,
- a. Where the supplier is located in India and the place of supply is outside India;
 - b. to or by a Special Economic Zone developer or a Special Economic Zone (SEZ) unit; or
 - c. in the taxable territory, not being an intra-State supply and not covered elsewhere in this section.

INTRA STATE SUPPLY: Section 8 of the IGST Act, 2017 where location of the supplier and the place of supply are in same State or same Union Territory.



Definition's as per CGST Act

Goods [Section 2(52)].

- Means every kind of **movable property**
- other than money and securities
- but 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.

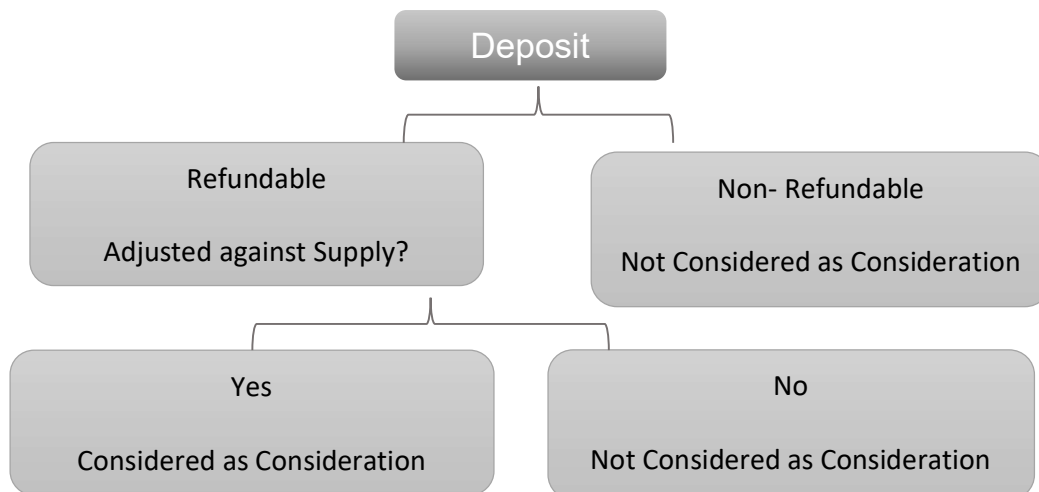
Services [Section 2(102)].

- Means **anything other than goods, money and securities**
- but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.
- Explanation: For the removal of doubts, it is hereby clarified that the expression “services” includes facilitating or arranging transactions in securities.

Consideration [Section 2(31)]:

In relation to the supply of goods or services or both includes:

- Any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government,
- The monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government.
- However, a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply.



Family [Section 2(49)]

means, —

- (i) the spouse and children of the person, and
- (ii) the parents, grand-parents, brothers and sisters of the person if they are **wholly or mainly dependent** on the said person

Business [Section 2(17)]

- a. Any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;
 - Bank providing financial service to its customers
 - Company manufacturing turbines for export and local sale
 - Provision of CA service to client
 - An artist earning income for dance performance
 - Gambling in Goa
 - Charitable hospital providing free medicine to farmers
- b. any activity or transaction in connection with or incidental or ancillary to sub-clause (a);
 - provision of locker for rent to its customer
- c. any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;
 - Mr. X Gambles for the first time in Goa
 - Sale of mangoes by farmer during summer
 - Sale of old newspaper by a CA Firm
- d. supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;
 - CS Service in relation to incorporation or dissolution of company
 - Real-estate agent helping a company to acquire factory godown for commission
- e. provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members;
 - recreation club formed by apartment owners
- f. admission, for a consideration, of persons to any premises;
 - PVR selling movie tickets
 - Entry to museum, park, zoo etc
- g. services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
 - Consultancy service provided by company CFO regarding Merger to another company

- h. activities of a race club including by way of totalisator or a licence to book maker or activities of a licenced book maker in such club; and
- i. any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities
 - post office service

Forms of Supply

Sale: - The dictionary meaning of term 'sale' is the act of selling; specifically: the transfer of ownership of and title to property from one person to another for a price.

Transfer: - to convey or remove from one place, person, etc., to another; pass or hand over from one to another; specifically, to make over the possession or control of.

Barter:- to exchange goods or services for other goods or services instead of using money

Exchange:- act of giving or taking one thing for another

Licence:- 'licence' is a permission granted by competent authority to engage in a business or occupation

Rental:- an arrangement to rent something, or the amount of money that you pay to rent something

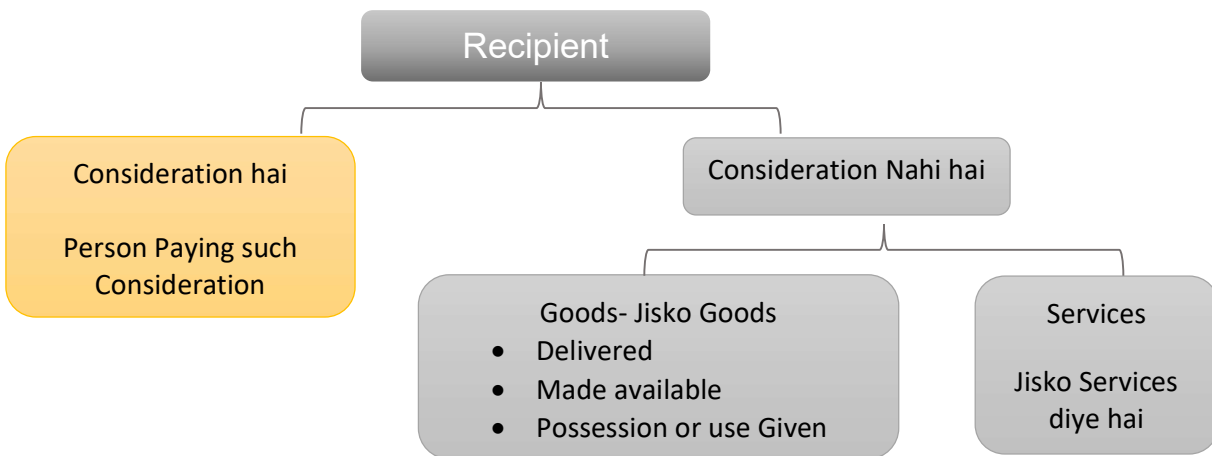
Lease:- make a legal agreement by which money is paid in order to use land, a building, a vehicle, or a piece of equipment for an agreed period of time

Disposal :- sale, pledge, giving away, use, consumption or any other disposition of a thing.

Recipient [Section 2(93)]:

of supply of goods and/or services means-

- (a) where a **consideration is payable** for the supply of goods or services or both, the **person** who is **liable to pay** that consideration,
- (b) where **no consideration** is payable for the supply of **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, and
- (c) where **no consideration** is payable for the supply of a **service**, the person to whom the **service is rendered**, and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied.



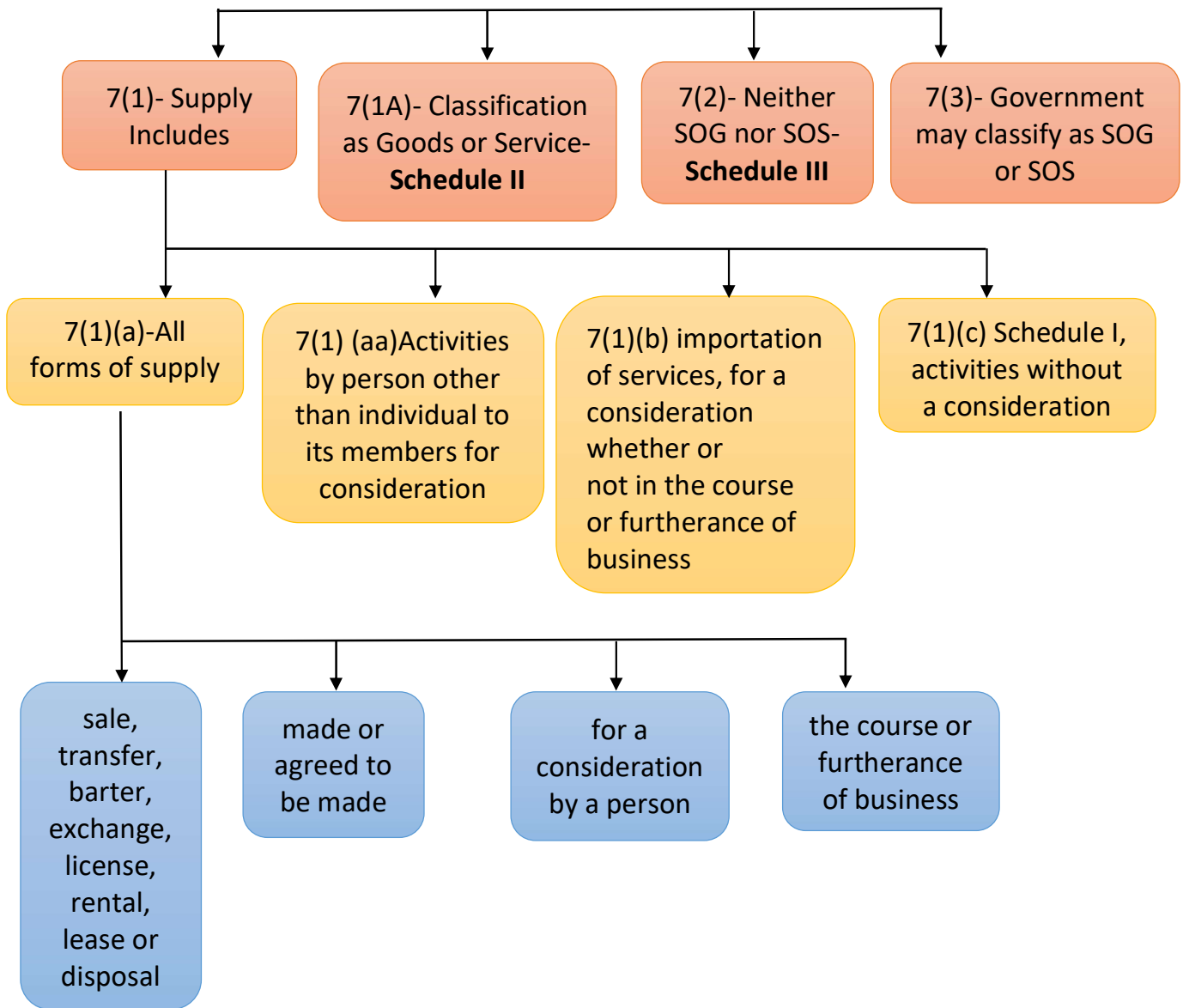
Supplier [Section 2(105)]:

in relation to any goods or services or both, shall mean the **person supplying the said goods or services or both and shall include an agent** acting as such on behalf of such supplier in relation to the goods or services or both supplied.

Person [Section 2(84)]

- (a) an individual;
- (b) a Hindu Undivided Family;
- (c) a company;
- (d) a firm;
- (e) a Limited Liability Partnership;
- (f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;
- (g) any corporation established by or under any Central Act, State Act or Provincial Act or a Government company as defined in clause (45) of section 2 of the Companies Act, 2013;
- (h) any body corporate incorporated by or under the laws of a country outside India;
- (i) a co-operative society registered under any law relating to co-operative societies;
- (j) a local authority;
- (k) Central Government or a State Government;
- (l) society as defined under the Societies Registration Act, 1860;
- (m) trust; and
- (n) every artificial juridical person, not falling within any of the above

Section 7 of CGST Act- Meaning and scope of Supply

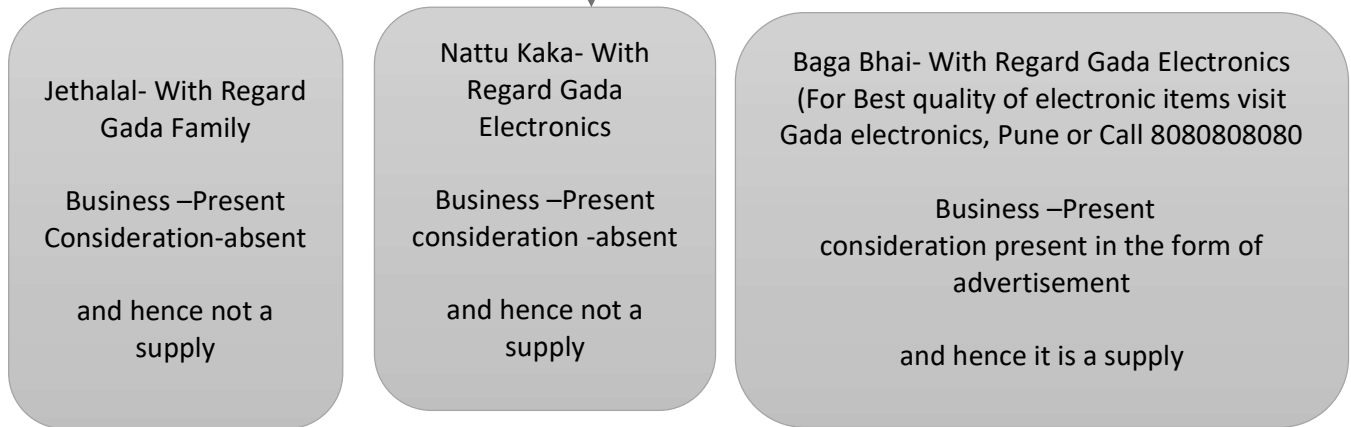


Donations

Donations received by charitable institutions from individual donors, without quid pro quo [something for something].

- Donations received by the charitable organisations are treated as consideration only if there exists, quid pro quo, i.e., there is an obligation on part of recipient of the donation or gift to do anything (supply a service).
- When the name of the donor is displayed in recipient institution's premises, in such a manner, which can be said to be an expression of gratitude 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).

Jethalal- Donation to Old Age Home of A/c



Art-Work Sent to Gallery

Art works sent by artists to galleries for exhibition is not a supply as no consideration flows from the gallery to the artists [Circular No. 22/22/2017 GST dated 21.12.2017].

- Artists give their work of art to galleries where it is exhibited for supply.
- However, no consideration flows from the gallery to the artist when the art works are sent to the gallery for exhibition and therefore, the same is not a supply.
- It is only 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



Majnu Bhai Transferred Painting to art gallery but no consideration received and hence not a supply



When Ishika Bought the painting in auction, supply completed since consideration is given at that point of time



1. Securities [Section 2(101)].

The term 'securities' shall have the same meaning as assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (SCRA)

Derivatives are included in the definition of 'securities' under SCRA. As 'derivatives' fall in the definition of securities, they are neither goods nor services and hence, are not liable to GST.

Meaning of future contracts: These contracts are in the nature of financial derivatives, the **price of which is dependent on the value of underlying stocks** or index of stocks or certain approved currencies and the **settlement happens normally by way of net settlement** with no actual delivery.

GST implications on future contracts: Since future contracts are in the nature of derivatives, these qualify as 'securities' and thus, are **not subject to GST**. However, where the future contracts have a delivery option and the settlement of contract takes place by way of **actual delivery** of underlying commodity/currency, then such forward contracts would be **treated as normal supply of goods and liable to GST**.

Meaning of forward contracts: A forward contract is an **agreement, executed**, to purchase or sell a **predetermined amount** of a commodity or currency **at a pre-determined future date at a pre-determined price**. The settlement could be by way of actual delivery of underlying commodity/currency or by way of net settlement of differential of the forward rate over the prevailing market rate on the settlement date.

GST implications on forward contracts: Where the settlement takes place by way of **actual delivery** of underlying commodity/currency, then such forward contracts would be treated as **normal supply of goods and liable to GST**. Where the settlement takes place by way of **net settlement** of differential of the forward rate over the prevailing market rate on the settlement date, the same would be **falling within the purview of 'securities'** and thus, are **not chargeable to GST**.

Section 7(1)(b) of CGST Act- Importation of Service for Consideration

Section 7(1)(b) which brings within the ambit of 'supply', the **importation of services for a consideration whether or not in the course or furtherance of business**. This is the only exception to the condition of supply being made in course or furtherance of business.

Example Pawan, a proprietor, has received the architect services for his house from an architect located in New York at an agreed consideration of \$ 5,000. The import of services by Pawan is supply under section 7(1)(b) though it is not in course or furtherance of business

Sec 7(1)(c) of CGST - SCHEDULE I- Activities without consideration- Deemed Supply

Permanent transfer or disposal of business assets where input tax credit has been availed on such assets. [Para 1. of Schedule I]

In order to qualify as supply under this para, following conditions need to be satisfied:

- There must be a disposal or transfer of business assets.
- Transfer/disposal must be permanent.
- ITC must have been availed on such business assets

In view of the last condition stipulated above, permanent transfer/disposal of following business assets, without consideration, will not be covered within this para and thus will not be deemed as supply:

- Business assets on which ITC is blocked/not available under GST
- Business assets though eligible for ITC, ITC has not been availed by the registered person.

Supply of goods or services or both between related persons or between distinct persons as specified in section 25 [Para 2. of Schedule I]

Meaning of Related Person:

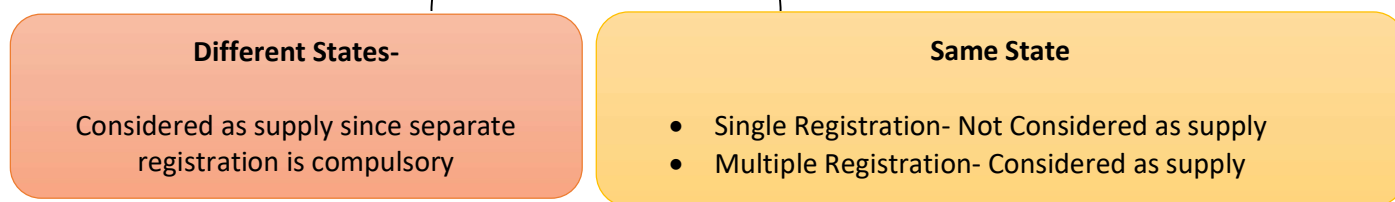


Meaning of Distinct Person [Section 25]

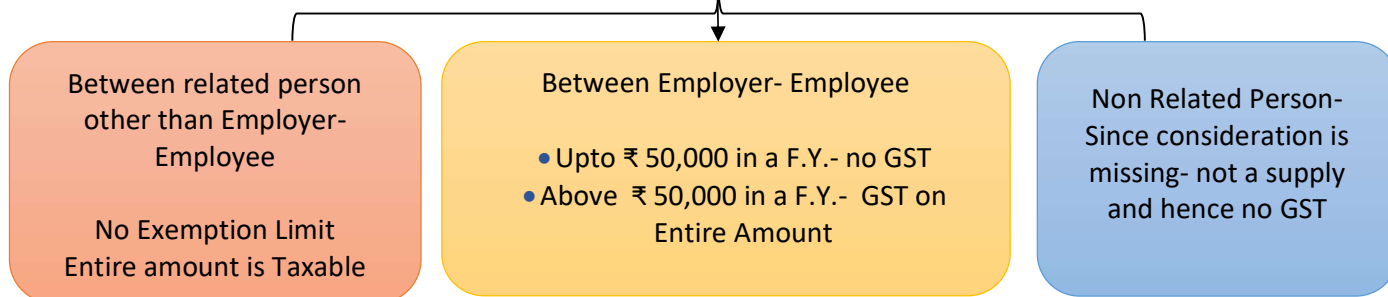
Section 25(4) of the CGST Act: A person who has obtained/is required to obtain more than one registration, whether in one State/Union territory or more than one State/Union territory shall, in respect of each such registration, be treated as distinct persons

Section 25(5) of the CGST Act: Where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishments shall be treated as establishments of distinct persons.

Stock transfers or branch transfers



Gifts



Perquisites provided by the employer to the employee **in terms of contractual agreement** entered into between the employer and the employee will **not be subjected to GST**.

Principal – Agent [Para 3 of Schedule I]

Tax Invoice in Name of	Schedule 1 para (3)	Registration Liability
Agent	Applicable	Compulsory- Sec 24(vii)
Principal	Not Applicable	only if threshold limit exceeded- Sec 22(1)

- Only **supply of goods and not supply of services** is covered here.
- Supply of goods between principal and agent **without consideration is also supply**.

Clarification of issues pertaining to Del-credere agent (DCA)

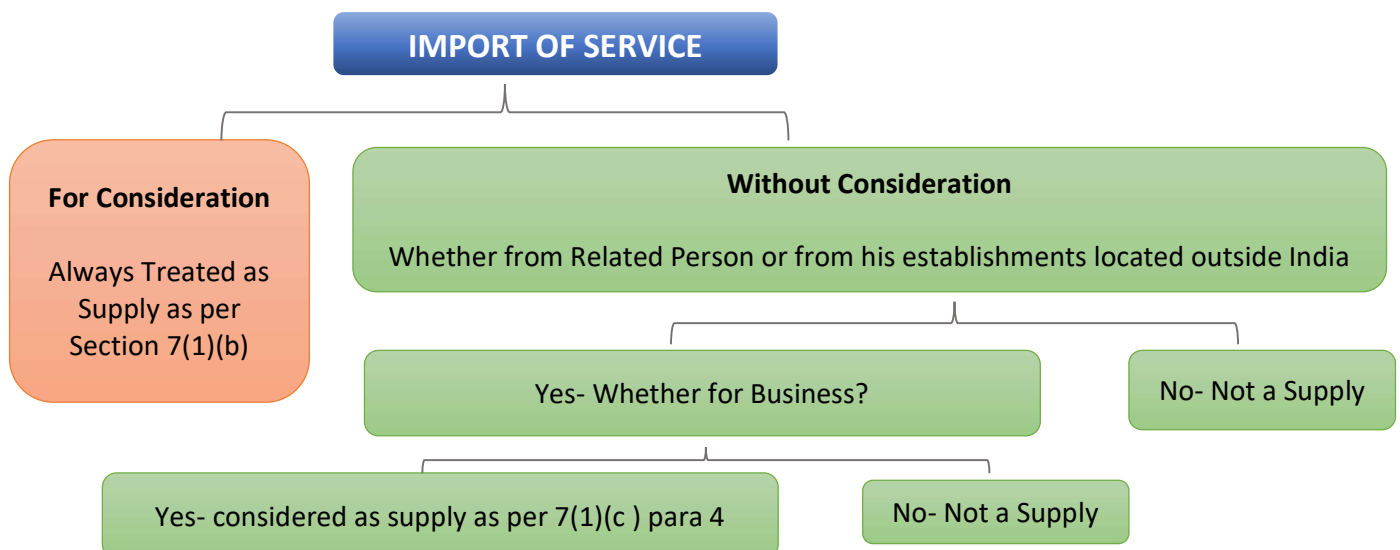
- The factor that differentiates a DCA from other agents is that the DCA guarantees the payment to the supplier.
- In such scenarios where the buyer fails to make payment to the principal by the due date, DCA makes the payment to the principal on behalf of the buyer (effectively providing an insurance against default by the buyer), and for this reason the commission paid to the DCA may be relatively higher than that paid to a normal agent.

<u>Sr No</u>	<u>ISSUES</u>	<u>CLARIFICATION</u>
1	Whether a DCA falls under the ambit of agent under Para 3 of Schedule I?	<p>A. In case where the invoice for supply of goods is issued by the supplier to the customer, either himself or through DCA, the DCA does not fall under the ambit of agent.</p> <p>B. In case where the invoice for supply of goods is issued by the DCA in his own name, the DCA would fall under the ambit of agent.</p>
2	Whether the temporary short-term transaction-based loan extended by the DCA to the recipient (buyer), for which interest is charged by the DCA, is to be included in the value of goods being supplied by the supplier (principal) where DCA is not an agent under Para 3 of Schedule I?	<p>In such a scenario, following activities are taking place:</p> <ol style="list-style-type: none"> 1. Supply of goods from supplier (principal) to recipient; 2. Supply of agency services from DCA to the supplier or the recipient or both; 3. Supply of extension of loan services by the DCA to the recipient. <p>It is clarified that in cases where the DCA is not an agent under Para 3 of Schedule I, the temporary short-term transaction based loan being provided by DCA to the buyer is a supply of service by the DCA to the recipient on Principal to Principal basis and is an independent supply.</p> <p>Therefore, the interest being charged by the DCA would not form part of the value of supply of goods supplied (to the buyer) by the supplier.</p>

3	Where DCA is an agent under Para 3 of Schedule I and makes payment to the principal on behalf of the buyer and charges interest to the buyer for delayed payment along with the value of goods being supplied, whether the interest will form a part of the value of supply of goods also or not?	<p>In such a scenario following activities are taking place:</p> <ol style="list-style-type: none"> 1. Supply of goods by the supplier (principal) to the DCA; 2. Further supply of goods by the DCA to the recipient; 3. Supply of agency services by the DCA to the supplier or the recipient or both; 4. Extension of credit by the DCA to the recipient. <p>It is clarified that in cases where the DCA is an agent under Para 3 of Schedule I, the temporary short-term transaction-based credit being provided by DCA to the buyer no longer retains its character of an independent supply and is subsumed in the supply of the goods by the DCA to the recipient. It is emphasised that the activity of extension of credit by the DCA to the recipient would not be considered as a separate supply as it is in the context of the supply of goods made by the DCA to the recipient.</p> <p>It is further clarified that the value of the interest charged for such credit would be required to be included in the value of supply of goods by DCA to the recipient as per section 15(2)(d)</p>
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Import of Services [Para 4 of Schedule I]

Import of services by a person from a Related Person or from his establishments located outside India, without consideration, in the course or furtherance of business shall be treated as “supply”.



Clarification on Sales promotion schemes

Free samples and gifts:

- Since Consideration is missing, it is not a supply except those falling under schedule 1

Buy one get one free offer:

- Supplying two goods for the price of one
- Both supply is taxable since second goods are not completely free of cost but amount is recovered under original cost
- It Shall be taxed as composite supply or mixed supply depending upon nature of transaction

ACTIVITIES/TRANSACTIONS BETWEEN A PERSON, OTHER THAN AN INDIVIDUAL, AND ITS MEMBERS/ CONSTITUENTS FOR CONSIDERATION- SEC 7(1)(aa)

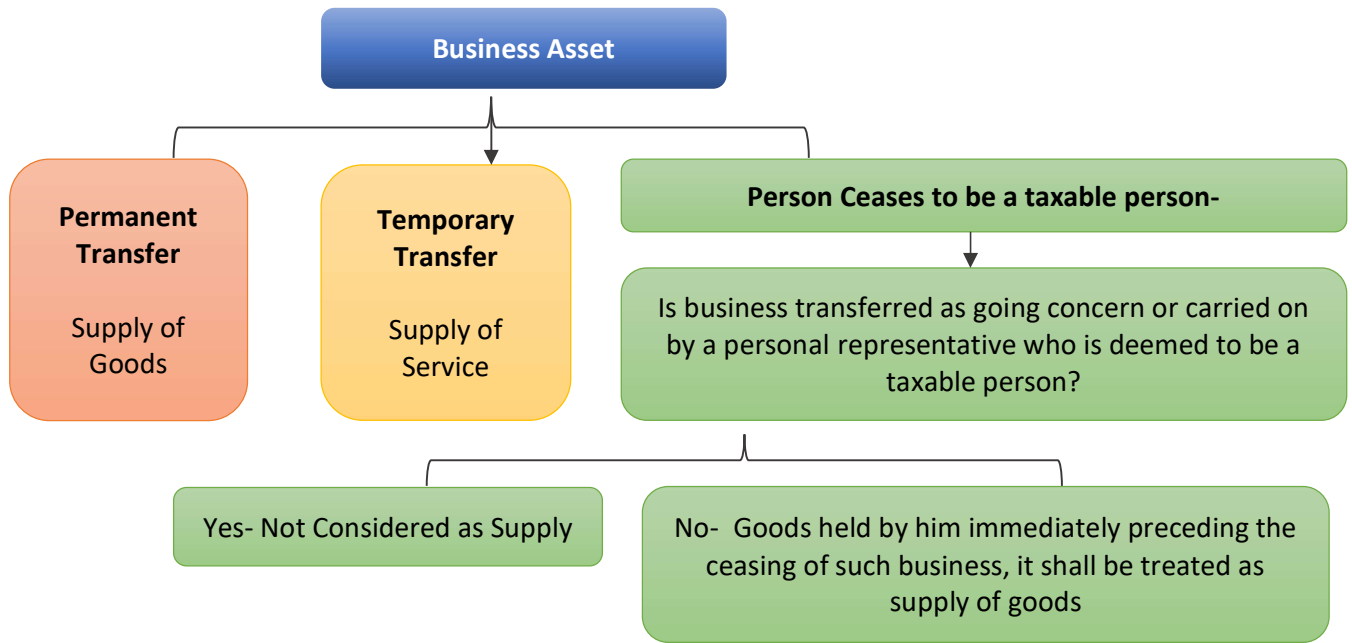
The activities or transactions (involving supply of goods or services) between a person, other than an individual, (i.e. association, club, etc.) and its members or constituents, for cash, deferred payment or other valuable consideration are covered within the ambit of 'supply' as per section 7(1)(aa).

ACTIVITIES TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES.- SCHEDULE II

S. NO.	Provision	Whether goods or service	Analysis
1(a)	Any transfer of the title in goods.	Supply of goods	Example: When the goods are stolen, title of goods shall pass to insurance company. It would be treated as supply of goods even when there is no physical movement of goods from the insured to the insurer.
1(b)	Any transfer of right in goods or of undivided share in goods without the transfer of title thereof	Supply of Service	Example: Hire Purchase
1(c)	Any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration	Supply of goods	Example: Financial lease / Hire purchase transaction would amount to supply of goods under the GST.

Transfer			
<div style="border: 1px solid black; border-radius: 15px; background-color: #f4a460; padding: 10px; width: fit-content; margin: 0 auto;"> <p style="text-align: center;">Ownership</p> <p style="text-align: center;">On immediate basis or Future date shall be treated as Supply of Goods</p> </div>		<div style="border: 1px solid black; border-radius: 15px; background-color: #f4d03f; padding: 10px; width: fit-content; margin: 0 auto;"> <p style="text-align: center;">Right to Use- Supply of Service</p> </div>	
2(a)	Any lease, tenancy, easement, license to occupy land	Supply of Service	Example: Land used for circus, entertainment and parking purposes.
2(b)	Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly	Supply of Service	Example: Leasing of shop in multiplex shall amount to supply of service.
3	Any treatment or process which is applied to another person's goods	Supply of Service	Example: Painting a car from showroom
4(a)	Transfer or disposed of business assets whether or not for a consideration.	Supply of goods	Example: Old and discarded Machinery disposed.
4 (b)	Change of use of goods from business to personal use.	Supply of Service	Example: A computer, company car, when put to non-business use would be covered.
4(c)	Where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to have been disposed by him immediately preceding the ceasing of such business, it shall be treated as supply of goods unless (a) the business is transferred as a going concern to another person; or	Supply of goods	Example: Say a person runs a shop of refrigerators. On a particular day, he decides to shut his shop permanently. On such day, he is having a stock of refrigerators. In such situation, it shall be deemed that he has disposed of such stock of refrigerators immediately before shutting down his shop and such disposal shall be considered as supply of goods.

(b) the business is carried on by a personal representative who is deemed to be a taxable person.



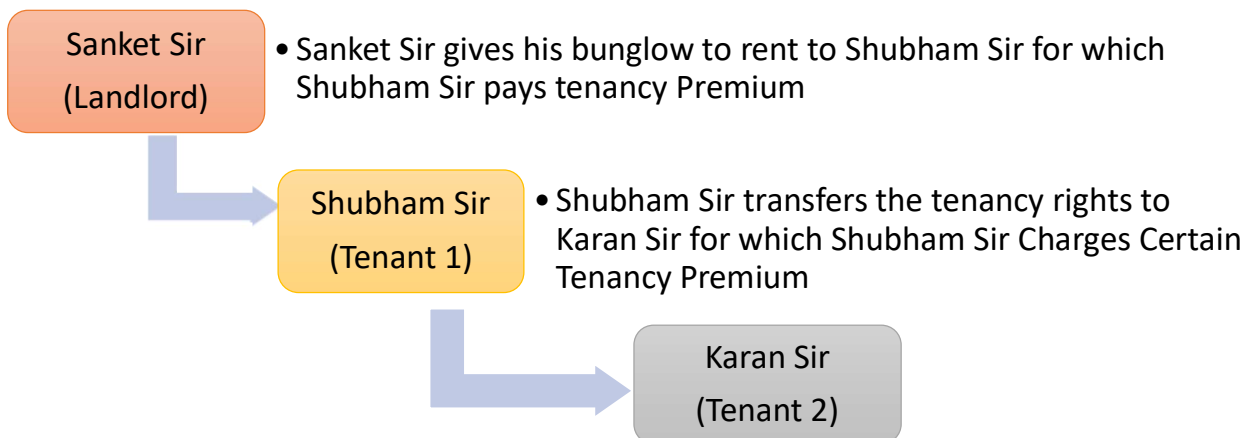
***Business Asset means those Assets on which ITC has been availed**

5(a)	Renting of immovable property	Supply of Service	Example: Renting of shop for a consideration.
5(b)	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 where the 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	Example: Real estate companies generally open booking of flats even before the construction is started and allow customers to pay the price in instalments spread over a number of years until the possession of flat is granted. Such modality of selling flats is considered as supply of service even though the underlying property being transferred is made up of goods.

GOODS AND SERVICE TAX

5(c)	Temporary transfer or permitting the use or enjoyment of any intellectual property right	Supply of Service	Example: Permitting the use of patent, copyright, trademark shall amount to supply of service.						
5(d)	Development, design, programming, customization, adaptation, upgradation, enhancement, implementation of information technology software	Supply of Service	Example: <table border="1" data-bbox="914 348 1502 499"> <tr> <td>Customized software</td> <td>Supply of service</td> </tr> <tr> <td>Prepacked software</td> <td>Supply of Goods</td> </tr> <tr> <td>License to use prepacked software</td> <td>Supply of service</td> </tr> </table>	Customized software	Supply of service	Prepacked software	Supply of Goods	License to use prepacked software	Supply of service
Customized software	Supply of service								
Prepacked software	Supply of Goods								
License to use prepacked software	Supply of service								
5(e)	Agreeing to the obligation to refrain from an Act, or to tolerate an act or a situation, or to do an Act;	Supply of Service	Example: Mr. Ram request to Mr. Shyam not to teach a particular subject in particular area for 5 years. Shyam agrees with the terms and condition against a consideration of Rs. 5,00,000. The same would amount to supply of service by Shyam and would attract GST.						
5(f)	Transfer of the right to use any goods for any purpose	Supply of Service	Renting of goods, i.e., movable property shall amount to supply of service. Example: Renting of coffee machine, generator etc.						
6	The following composite supplies shall be treated as a supply of services, namely: - (a) works contract as defined in clause (119) of section 2; and (a) supply, by way of or as part of, or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.	Supply of Service	Example: Works contracts involving transfer of property is service under the GST law. Example: Restaurant and outdoor catering are service under GST law even though food, being goods, is supplied in the course of such activities.						

Taxability of 'tenancy rights' under GST



- Activity of transfer of tenancy right against consideration [i.e. tenancy premium] is squarely covered under supply of service liable to GST as per Para 2 of Schedule II.
- The transfer of tenancy rights cannot be treated as sale of land/ building in para 5 of Schedule III. Thus, it is not a negative list activity

Taxability of liquidated damages, compensation and penalty

Agreeing to the

- obligation to refrain from an act or
- to tolerate an act or a situation,
- or to do an act”

has been specifically declared to be a supply of service in para 5(e) of Schedule II

Above three activities must comply with the following conditions:

- (1) There must be an expressed or implied agreement or contract must exist
- (2) Consideration must flow in return to this contract/agreement.

Liquidated Damages-

- It is a cash compensation agreed to by a signed, written contract for breach of contract, payable to the aggrieved party.
- Liquidated damages cannot be said to be a consideration received for tolerating the breach or non-performance of contract. They are rather **payments for not tolerating the breach of contract.**
- Such payments do not constitute consideration for a supply and are **not taxable**

Cheque dishonor fine/ penalty

- The fine or penalty that the supplier or a banker imposes, for dishonour of a cheque, is a penalty imposed not for tolerating the act or situation but a fine, or penalty **imposed for not tolerating**, penalizing and thereby deterring and discouraging such an act or situation.

- Therefore, Cheque dishonor fine or penalty is not a consideration for any service and **not taxable.**

Penalty imposed for violation of laws

- Laws are not framed for tolerating their violation. They stipulate penalty not for tolerating violation but for not tolerating, penalizing and deterring such violations.
- Fines and penalty chargeable by Government or a local authority imposed for violation of a statute, bye-laws, rules or regulations are **not leviable to tax.**

Forfeiture of salary

- The provisions for forfeiture of salary or recovery of bond amount in the event of the employee leaving the employment before the minimum agreed period are incorporated in the employment contract to **discourage non-serious candidates from taking up employment.**
- The employee does not get anything in return from the employer against payment of such amounts.
- Therefore, such amounts recovered by the employer are **not taxable** as consideration for the service of agreeing to tolerate an act or a situation.

Late payment surcharge or fee

- This service is described as a service of tolerating the act of late payment
- It is an ancillary supply naturally bundled and supplied in conjunction with the principal supply and it should be assessed at the same rate as the principal supply.

Fixed charges for power

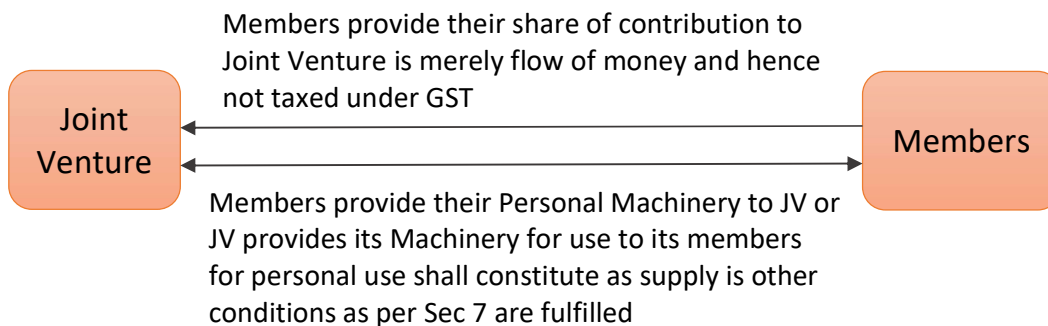
- Does not mean that minimum fixed charge or part of it is a charge for tolerating the act of not scheduling or consuming the minimum the contracted or available capacity or a minimum threshold.
- Both the components of the price, the minimum fixed charges/capacity charges and the variable/energy charges are charged for sale of electricity and are thus **not taxable as electricity is exempt from GST.**

Cancellation charges

- Cancellation fee can be considered as the charges for the costs involved in making arrangements for the intended supply and the costs involved in cancellation of the supply
- Therefore, facilitation supply of allowing cancellation of an intended supply against payment of cancellation fee or retention or forfeiture of a part or whole of the consideration or security deposit in such cases should be **assessed as the principal supply.**
- Accordingly, the **amount forfeited** in the case of **non-refundable ticket** for air travel or security deposit or earnest money forfeited in case of the customer failing to avail the travel, tour operator or hotel accommodation service or such other intended supplies should be **assessed at the same rate as applicable to the service contract**

*forfeiture of earnest money by a seller in case of breach of 'an agreement to sell' an immovable property by the buyer or such forfeiture by Government or local authority in the event of a successful bidder failing to act after winning the bid for allotment of natural resources, is a mere flow of money, as the buyer or the successful bidder does not get anything in return for such forfeiture of earnest money.

Joint Venture (JV)



Priority Sector Lending Certificates (PSLCs)

- RBI's FAQ on PSLCs have construed that PSLCs are in the nature of goods. PSLC are not securities.
- PSLC are akin to freely tradeable duty scrips, Renewable Energy Certificates, REP license or replenishment license, which earlier attracted VAT.
- In GST, there is no exemption available to trading in PSLCs.
- Thus, **PSLCs are taxable as goods.**
- GST payable on the certificates would be available as ITC to the bank buying the certificates

Lending by a commercial bank for specified sectors which have been identified as "priority sector" by RBI is called as Priority Sector Lending. Priority Sector Lending Certificates (PSLCs) are a mechanism to enable banks to achieve the priority sector lending target and sub-targets by purchase of these instruments in the event of shortfall. This also incentivizes surplus banks as it allows them to sell their excess achievement over targets thereby enhancing lending to the categories under priority sector. Under the PSLC mechanism, the seller sells fulfillment of priority sector obligation and the buyer buys the obligation with no transfer of risk or loan assets.

Schedule III: Negative List

Schedule III specifies transactions/ activities which shall be neither treated as supply of goods nor as supply of services.

Thus, the activities/transactions specified under this schedule can be termed as Non-Supplies under the GST

Para No	Activities or transactions which shall be treated neither as a supply of goods nor a supply of services
1	<p>Services by an employee to the employer in the course of or in relation to his employment.</p> <p>Only services that are provided by the employee to the employer in the course of employment are outside the realm of supply. However, services provided outside the ambit of employment for a consideration would qualify as supply.</p>
2	<p>Services by any court or Tribunal established under any law for the time being in force.</p> <p>Explanation – The term "Court" includes District Court, High Court and Supreme Court.</p> <p>Leviability of GST on amounts/fees charged by Consumer Disputes Redressal Commission</p> <ul style="list-style-type: none"> • They are clothed with the characteristics of a Tribunal • Fee paid by litigants while registering complaints to said Commissions are not leviable to GST. • Any penalty in cash imposed by or amount paid to these Commissions will also not attract GST [Circular No. 32/06/2018 GST dated 12.02.2018].
3	<p>(a) Functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities.</p> <p>(b) Duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity.</p> <p>Example:-Duties performed by President of India, Vice President of India,</p> <p>(c) Duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.</p>
4	Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5	Sale of land and, subject to paragraph 5(b) of Schedule II, sale of building.
6	<p>Actionable claims, other than Specified Actionable Claims.</p> <p>Example:- Some of the other examples of actionable claims are: Right to recover insurance money, claim for arrears of rent, claims for future rents (if these can be assigned), unsecured loans, unsecured debentures, bills of exchange promissory notes, bank guarantee, Fixed Deposit Receipt, right to the benefit of a contract, etc.</p>

Specified Actionable Claims-

means the actionable claim involved in or by way of—

1. betting;
2. casinos;
3. gambling;
4. horse racing;
5. lottery; or
6. online money gaming

Clarification on taxability of shares held in a subsidiary company by holding company

The activity of holding of shares of subsidiary company by the holding company per se cannot be treated as a supply of services by a holding company to the said subsidiary company and cannot be taxed under GST.

NON-SUPPLIES NOTIFIED VIDE NOTIFICATION

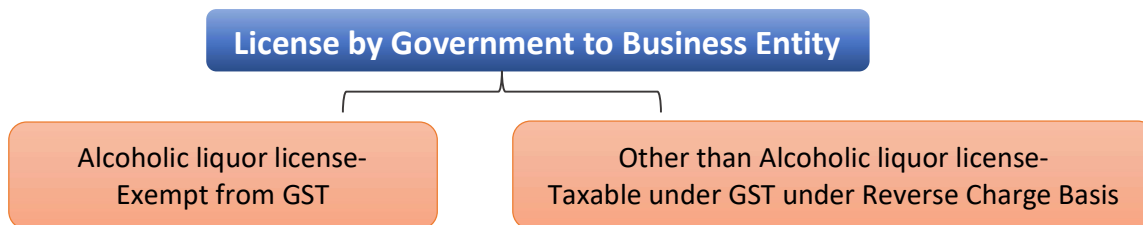
Activity in relation to Panchayat/Municipality functions

notified vide Notification No. 14/2017 CT (R) dated 28.06.2017/ Notification No. 11/2017 IT (R) dated 28.06.2017

Services by way of any activity in relation to a function entrusted to a Panchayat under article 243G of the Constitution or to a Municipality under article 243W of the Constitution are treated neither as a supply of goods nor as a supply of service

Grant of alcoholic liquor license:

notified vide Notification No. 25/2019 CT (R) dated 30.09.2019/ Notification No. 24/2019 IT (R) dated 30.09.2019



NON-SUPPLIES NOTIFIED VIDE NOTIFICATION

Inter-State movement of various modes of conveyance

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

- Trains, Buses, Trucks, Tankers, Trailers, Vessels, Containers, Aircrafts,
- (a) carrying goods or passengers or both; or
(b) for repairs and maintenance,

[except in cases where such movement is for further supply of the same conveyance] shall be treated '**neither as a supply of goods or supply of service**' and therefore not be leviable to IGST.

However, applicable CGST/SGST/IGST, as the case may be, shall be leviable on repairs and maintenance done for such conveyance

Inter-State movement of rigs, tools and spares, and all goods on wheels [like cranes]

**Above circular shall mutatis mutandis apply to 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.

COMPOSITE AND MIXED SUPPLIES [SECTION 8]

Composite supply [Section 2(30)].

- comprises two or more taxable supplies of GSB
- are naturally bundled
- supplied in conjunction with each other,
- in the ordinary course of business
- one of which is a principal supply

Mixed supply [Section 2(74)].

- two or more individual supplies of GSB
- made in conjunction with each other
- for a single price
- does not constitute a composite supply

Principal supply [Section 2(90)]

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.

Supply of food and beverages at cinema halls taxable as restaurant service

1. supply of food or beverages in a cinema hall is taxable as 'restaurant service' as long as:
 - a. the food or beverages are supplied by way of or as part of a service, and
 - b. supplied independent of the cinema exhibition service.
2. where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.

DEFINITIONS

Electronic Commerce [Section 2(44)]

means the supply of goods or services or both including digital products over digital or electronic networks.

Electronic Commerce Operator [Section 2(45)]

means any person who owns, operates or manages a digital or electronic facility or platform for electronic commerce.

Exempt supply [Section 2(47)]

means supply of any goods or services or both which attracts ***nil rate of tax*** or which may be ***wholly exempt*** from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes ***non-taxable supply***.

Non-taxable supply [Section 2(79)]

means a supply of goods or services or both which is ***not leviable to tax*** under this Act or under the Integrated Goods and Services Tax Act.

Aggregate turnover [Section 2(6)]

means the aggregate value of all

- taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis),
- exempt supplies,
- exports of goods or services or both and
- inter-State supplies of persons having the same Permanent Account

be computed on all India basis

- but excludes central tax, State tax, Union territory tax, integrated tax and cess.

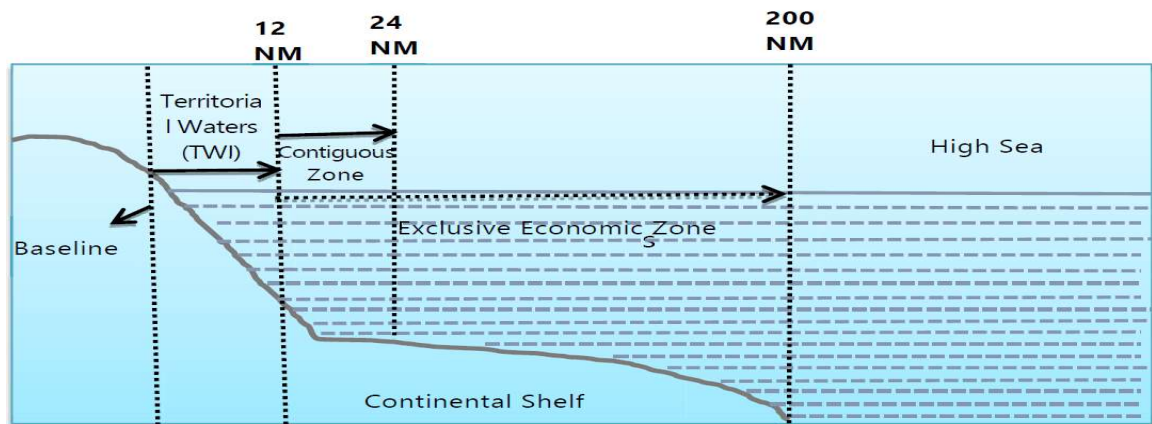
Taxable person [Section 2(107)]

means a person who is ***registered or liable to be registered*** under section 22 or section 24 of the CGST Act

India [Section 2(56) of CGST Act]

India means

- territory of India as referred to in article 1 of the Constitution
- its territorial waters, seabed and sub-soil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976
- the air space above its territory and territorial waters



State [Section 2(103) of the CGST Act]

includes a Union territory with Legislature. i.e. Delhi, Puducherry and Jammu & Kashmir

Union Territory Goods and Services Tax Act, 2017 [Section 1 of the UTGST Act]

extends to the Union territories** of the Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli and Daman and Diu, Ladakh, Chandigarh and other territory, i.e. the Union Territories without Legislature.

**Union territory: means the territory of— means the territory of—

- (a) the Andaman and Nicobar Islands;
- (b) Lakshadweep;
- (c) Dadra and Nagar Haveli and Daman and Diu;
- (d) Ladakh
- (e) Chandigarh; and
- (f) other territory.

CTP [Section 2(20) of the CGST Act]

means a person who **occasionally** undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, **in a State or a Union territory where he has no fixed place of business**

N RTP [Section 2(77) of the CGST Act]

means any person who **occasionally** undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any other capacity, but who has **no fixed place of business or residence in India**

GOODS AND SERVICE TAX

Particulars	CTP	N RTP
Registration Provisions	<p>Compulsory Registration u/s 24 before 5 days prior to commencement of business along with advance deposit of tax</p> <p>Registration granted for Max 90 days which cab ONLY ONCE be extended to a further period of another maximum 90 Days</p> <p>Normal registration application in GST-REG-01</p>	<p>Compulsory Registration u/s 24 before 5 days prior to commencement of business along with advance deposit of tax</p> <p>Registration granted for Max 90 days which cab ONLY ONCE be extended to a further period of another maximum 90 Days</p> <p>Simplified registration application in GST-REG-09</p>
Threshold Exemptions	Not Available	Not Available
Composition Scheme	Not Available	Not Available
ITC Provisions	ITC Available on all inward Supplies	ITC Available only in respect of goods imported into India. Rest all ITC Blocked u/s 17(5)
Return Provision	<p>Normal Monthly Return filing i.e. GSTR-1 and 3B</p> <p>However no Annual Return Filing Required</p>	<p>Only one Simplified Return i.e. GSTR-5 to be Filed</p> <p>No Annual Return to be filed</p>

SECTION 9 OF CGST ACT

9 (1)

Except 9 (2)

- CGST on
- Intra state Supply
- Other than alcoholic liquor for human consumption
- On value determined u/s 15
- not exceeding 20%

9 (2)

CGST on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel

shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council

9 (3)

RCM on Specified Goods and Services

9 (4)

RCM on Specified Goods and Services Received from unregistered supplier

9 (5)

Supply through ECO

SECTION 9 (3) OF CGST ACT

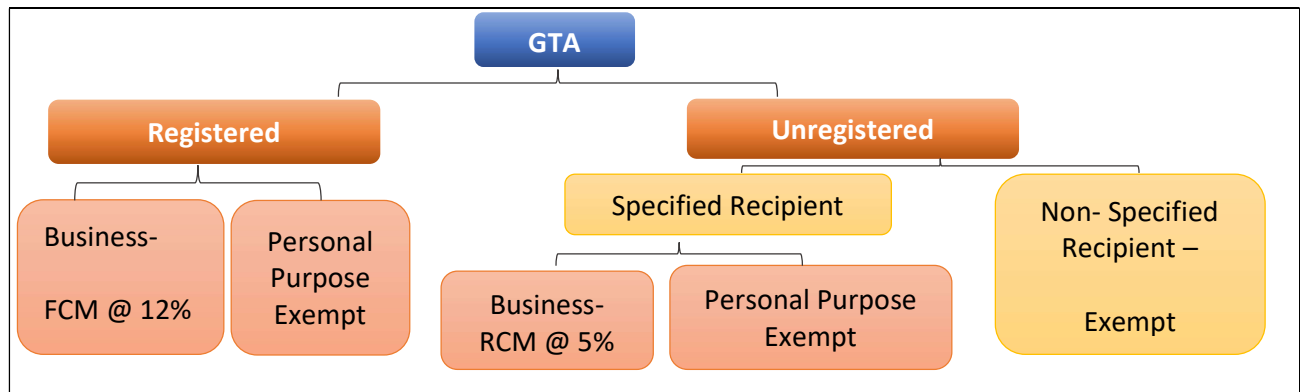
Reverse charge [Section 2(98)]

means the liability to pay tax is on the recipient of supply of goods or services instead of the supplier of such goods or services in respect of notified categories of supply.

SERVICES TAXABLE UNDER RCM

Sr No	Service	Supplier	Recipient
1	Transportation of Goods by Road (GTA)	Goods Transport Agency	1.Factory registered under factories Act 1948 2. Society registered under societies Registration Act 1860 3. Co-operative Society 4. Person registered under GST Act 5. Body Corporate 6. Partnership firm, LLP, AOP 7. Casual Taxable Person
<p>If Notified person is in non-taxable territory then GTA is Liable to pay tax</p> <p>If GTA Services provided to government authority which is registered only for deducting tax u/s 51 and not making any taxable supply, then no GST levied</p> <p>GTA service to any unregistered person including unregistered Casual taxable person is exempt from GST- (Exemption N/N 32/2017)</p> <p>Further, nothing contained in this entry shall apply where, -</p> <p>i. the supplier has taken registration under the CGST Act, 2017 and exercised the option to pay tax on the services of GTA in relation to transport of goods supplied by him under forward charge; and</p> <p>ii. the supplier has issued a tax invoice to the recipient charging CGST at the applicable rates and has made the prescribed declaration on such invoice issued by him.</p>			

GOODS AND SERVICE TAX

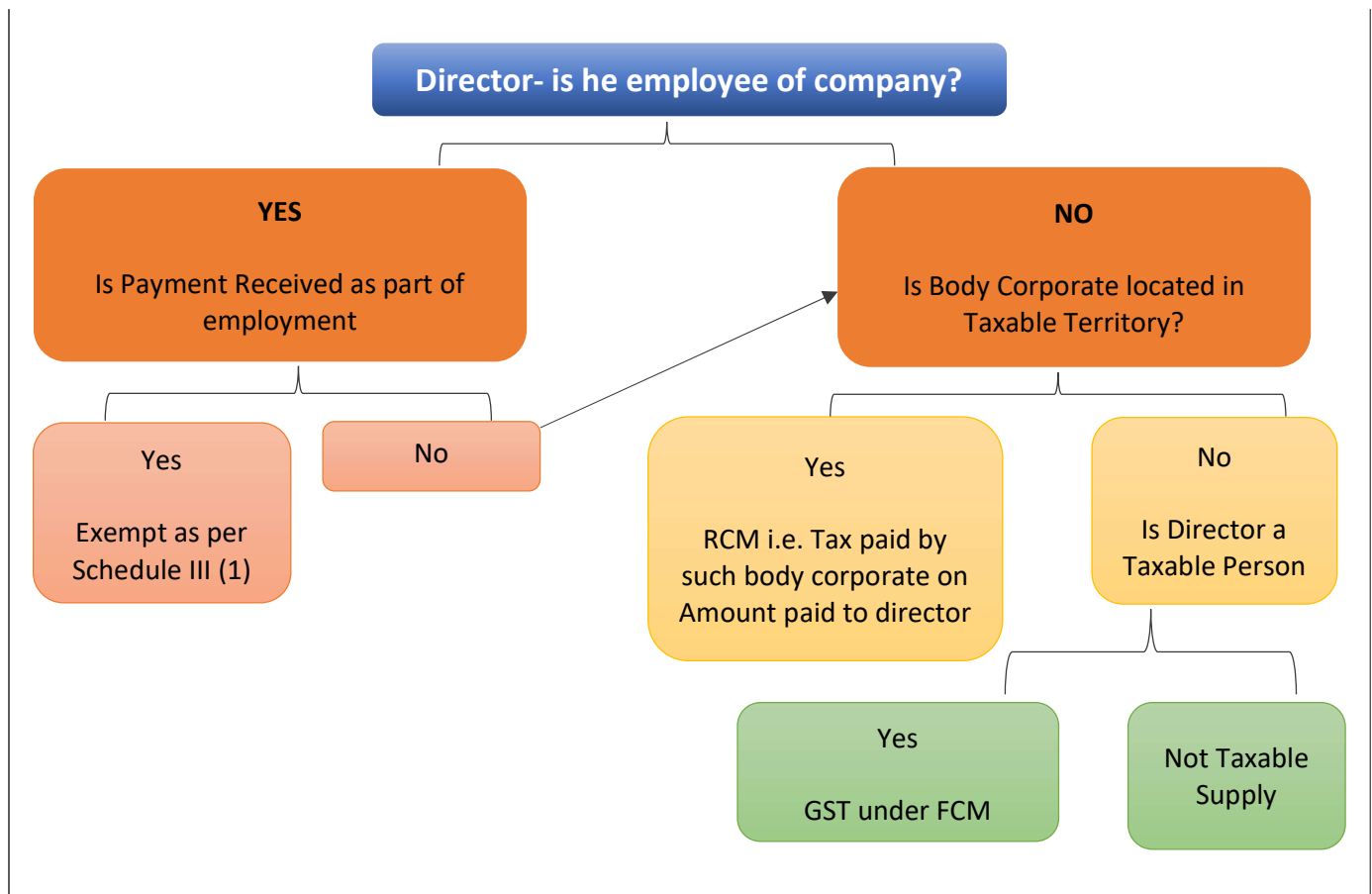


2	Legal Service either directly or indirectly	Individual advocate including a senior advocate of firms of advocate	any business entity located in taxable territory
3	Arbitral Tribunal Service	Arbitral Tribunal	Business Entity in Taxable territory
4	Sponsorship Service	Any Person	anybody corporate or partnership firm located in taxable territory
5	Government Service except 1. Renting of immovable property 2. Services by the Department of Posts and the Ministry of Railways (Indian Railways); 3. Service in relation to an aircraft or vessel 4. transport of goods or passenger	Central Government, State Government, Union territory, local authority	Business Entity in Taxable territory
5A	Services supplied by Central Government excluding the Ministry of Railways (Indian Railways) , State Government, Union territory or local authority by way of renting of immovable property to a person registered under CGST Act, 2017	Central Government, State Government, Union territory or local authority	Any person registered under the CGST Act, 2017

GOODS AND SERVICE TAX

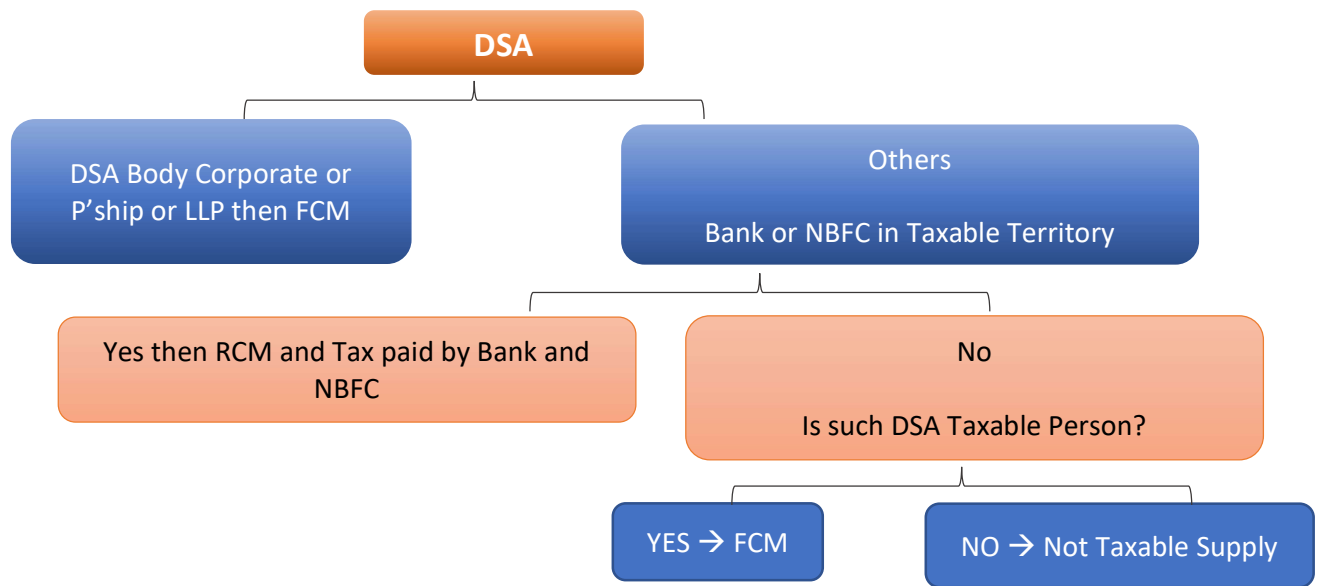
5AA	Service by way of renting of residential dwelling to a registered person	Any person	Any registered person
<pre> graph TD Property[Property] --> Commercial1[Commercial Taxable under FCM] Property --> Residential[Residential Purpose of Use] Residential --> Commercial2[Commercial Taxable under FCM] Residential --> Personal[Personal Is Recipient Registered Person] Personal --> Yes[Yes] Personal --> NotTaxable1[Not Taxable Supply] Yes --> YesTaxed[Yes- Taxed under RCM] Yes --> NotTaxable2[Not Taxable Supply] </pre>			
5B	Services supplied by any person by way of transfer of development rights (TDR) or Floor Space Index (FSI) (including additional FSI) for construction of a project by a promoter.	Any person	Promoter
5C	Long term lease of land (30 years or more) by any person against consideration in 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 by a promoter	Any person	Promoter
6	Director service	Director of company or body corporate	Said company or body corporate

GOODS AND SERVICE TAX

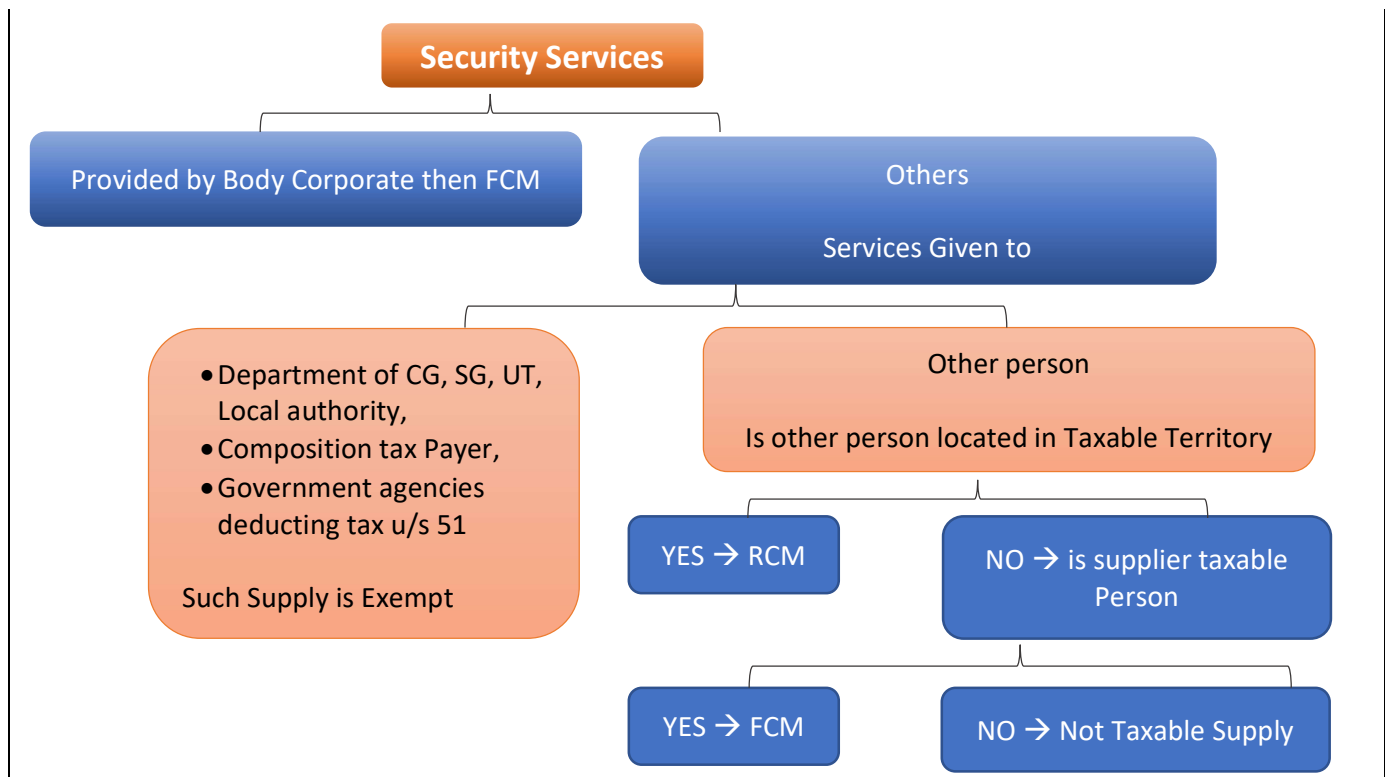


7	Insurance agent Service	Insurance Agent	Any person carrying insurance business
8	Recovery Agent Service	Recovery Agent	Banking Company, Financial Institution, NBFC.
9	Transfer or permitting the use or enjoyment of a copyright	Music Composer, Photographer, artist	Music Company, Producer or the like located in taxable territory
9A	Transfer or permitting the use or enjoyment of a copyright	Author	A Publisher located in taxable territory
		RCM Not Applicable If author is registered under GST and made a declaration to issue invoice to Publisher in form GST Inv-1	
10	Service of overseeing Committee	Members of overseeing Committee	RBI
11	Direct Sales Agents Service	Individual Direct Selling Agents other than body corporate, partnership, LLP	Banking Company or NBFC Located in taxable territory

GOODS AND SERVICE TAX



12	Business Facilitator Service	Business Facilitator	Banking Company located in taxable territory
13	Business Correspondent Service	An agent of Business Correspondent	Business Correspondent located in taxable territory
14	Renting of motor vehicle	Any person other than body corporate Paying 2.5% CGST and SGST on renting service along with eligible ITC	Any Body-Corporate located in taxable territory
15	Service of Lending of Securities	Lender Any person other than body corporate	Borrower
16	Security personnel Service	RCM Not applicable if such service provided to department of CG, SG, UT, Local authority, Composition tax Payer, to government agencies which is registered only for deducting tax u/s 51 and not making any taxable supply	Registered person



Tax on services supplied by director of a company in his personal capacity such as renting of immovable property to the company/body corporate not payable under RCM

- Services supplied by a director of a company/body corporate to the company/body corporate
 - in his private/personal capacity such as services supplied by way of renting of immovable property are not taxable under RCM.
 - supplied as or in the capacity of director of that company or body corporate shall be taxable under RCM

SECTION 9 (5) OF CGST ACT

Electronic Commerce Operator (ECO)

is any person who owns/operates/manages an electronic platform for supply of goods/services/both.

Notification No. 17/2017 CT (R) dated 28.06.2017/ Notification No. 14/2017 IT (R) dated 28.06.2017 as amended has notified the following categories of services supplied through ECO for this purpose –

Tax on below services supplied through ECO shall be paid by the ECO. All the provisions of the CGST/IGST Act shall apply to such ECO as if he is the supplier liable for paying the tax in relation to the supply of above services.

- a. services by way of transportation of passengers by a radio-taxi, motorcab, maxicab, motor cycle, **or any other motor vehicle except omnibus**;
- b. services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration under section 22(1) of the CGST Act.
- c. services by way of house-keeping, such as plumbing, carpentering etc, except where the person supplying such service through electronic commerce operator is liable for registration under sub-section 22(1) of the CGST Act.
- d. supply of restaurant service other than the services supplied by restaurant, eating joints etc. located at specified premises.

The tax on services by way of transportation of passengers by an omnibus provided by a company through ECO is not payable by ECO. It will be payable by the company itself

- **Radio taxi:** means a taxi including a radio cab, by whatever name called, which is in two-way radio communication with a central control office and is enabled for *tracking* using Global Positioning System (*GPS*) or General Packet Radio Service (*GPRS*).
- **Maxi cab:** means any motor vehicle constructed or adapted to carry *more than 6 passengers*, but *not more than 12 passengers*, excluding the driver, for hire or reward.
- **Motor cab:** means any motor vehicle constructed or adapted to carry *not more than 6 passengers* excluding the driver for hire or reward.
- **Motor car:** means any motor vehicle other than a transport vehicle, omnibus, road-roller, tractor, motor cycle or invalid carriage.
- **Omnibus** means any motor vehicle constructed or adapted to *carry more than 6 persons* excluding the driver.
- **'Specified premises'** would mean premises providing hotel accommodation service having *declared tariff* of any unit of accommodation *above ₹ 7,500* per unit per day or equivalent

Clarification on Issues in relation to ECO

1. ECOs not to collect TCS in respect of restaurant services so notified
2. ECOs not required to take separate registration for paying tax on restaurant service supplied through them
3. ECOs will be liable to pay GST on any restaurant service supplied through them including services supplied by an unregistered person.
4. Supply of restaurant services to be included in aggregate turnover of person supplying restaurant services through ECO
5. Restaurant services provided through ECO not to be considered as inward supply for ECOs liable to RCM
6. Reversal of proportionate ITC on input goods and services not required by ECO
7. On restaurant service, ECO shall pay the entire GST liability in cash (No ITC could be utilised for payment of GST on restaurant service supplied through ECO).
8. In respect of supplies not notified under section 9(5) but supplied through ECO, the liability to pay GST continues on such supplier and ECO shall continue to deposit TCS on such supplies.

9. The invoice in respect of restaurant service supplied through ECO under section 9(5) will be issued by ECO.

Person liable to pay GST for above specified services when supplied through ECO	
ECO Located in Taxable Territory	ECO
ECO does not have physical presence in taxable territory	Person representing ECO
NO Physical Presence and neither any representative in taxable territory	Person appointed by ECO for purpose of paying tax

GST in Real-Estate Sector

Particulars	Supplier	Recipient
Inputs and input services purchased from unregistered dealer	Unregistered person	Promoter
Note:- Reverse Charge is applicable only to the extent of shortfall to make it 80%		
Cement	Unregistered person	Promoter
Capital Goods (No Limit)	Unregistered person	Promoter

- In all the above cases person liable to GST is Promoter
- Promoter has to pay GST u/s 9(4) of CGST Act @ 18% on shortfall to the extent 80% from registered person in case of inputs
- If Cement is received from unregistered person, Promoter shall pay GST @ 28%
- In case of Capital Goods, GST Payable by promoter at applicable rate on RCM basis

Section 10- Composition Levy

Optional scheme: option available to taxable person

Eligibility: a registered person, whose aggregate turnover in the preceding F.Y did not exceed ₹ 1.5 crore*, will be eligible.

*Special category states (₹ 75 lakh)

- Arunachal Pradesh
- Manipur
- Meghalaya
- Tripura
- Mizoram
- Nagaland
- Sikkim
- Uttarakhand

Assam, Himachal Pradesh and Jammu and Kashmir, the turnover limit will be ₹ 1.5 Crore

Aggregate turnover means the aggregate value of all

- taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis),
- exempt supplies,
- exports of goods or services or both and
- inter-State supplies of persons having the same Permanent Account

be computed on all India basis

- but excludes central tax, State tax, Union territory tax, integrated tax and cess.
- Interest or discount on account of loans and deposits

Scheme will be applicable for all goods and restaurant services

Sr No	REGISTERED PERSON	CGST Rate	SGST Rate	Total Tax Rate
1	Manufacturers (other than manufacturers of goods as may be notified by the Government i.e. ice cream, pan masala and tobacco)	0.5% of the turnover in the State/Union territory	0.5% of the turnover in the State/Union territory	1%
2	Restaurant Services i.e., suppliers of food/ drink for human consumption (other than alcoholic liquor for human consumption)	2.5% of the turnover in the State/Union territory	2.5% of the turnover in the State/Union territory	5%
3	Traders or any other supplier eligible for composition levy	0.5% of the turnover of TAXABLE supplies of goods and services in the State or Union territory	0.5% of the turnover of TAXABLE supplies of goods and services in the State or Union territory	1%
4	Service Provider- 10(2A)	3% of the turnover in the State/Union territory	3% of the turnover in the State/Union territory	6%

Benefit for marginal supply of services along with the supply of goods or restaurant services

This specified value is the value not exceeding:

(a) **10%** of the turnover in a State/Union territory in the preceding financial year
Or

(b) Rs. **5 Lacs**
whichever is **higher**.

Persons not eligible to opt for composition scheme

1. Supplier of services other than Restaurant Service.
2. Supplier of goods which are not taxable under GST
3. An inter-state supplier of goods
4. Person supplying goods through an electronic commerce operator
5. Manufacturer of certain notified goods (ineligible manufacturer)- **Trader Chalega**
 - a. Ice cream and other edible ice, whether or not containing cocoa
 - b. Pan masala
 - c. Aerated water
 - d. Tobacco and manufactured tobacco substitutes
 - e. Fly ash bricks; Fly ash aggregates; Fly ash blocks
 - f. Bricks of fossil meals or similar siliceous earths
 - g. Building bricks
 - h. Earthen or roofing tiles

There is no restriction on composition supplier to procure goods from inter-state supplies.

Interstate Purchase chalega lekin inter-state sales nahi chalega

- Applicable for all transactions of registered person with same PAN
- Option lapses if aggregate turnover exceeds Rs 1.5 crore/ Rs 75 lakh
- Composition tax not to be collected from recipients
- Input tax credit cannot be availed
- Composition scheme not applicable for tax payable under reverse charge mechanism i.e. if any 9(4) or 9(3) Inward RCM Supply then tax payable at that rate
- Customer not entitled to tax credit of composition scheme.

SECTION 10(2A)- COMPOSITION SCHEME FOR SERVICE PROVIDER

1. Aggregate turnover in preceding F.Y does not exceed Rs 50 lakh. He is not eligible to pay tax under composition scheme
2. He is not engaged in making any inter-state outward supply – neither of goods nor of services.
3. He is not engaged in the business of making any supplies on which GST is not leviable under this act (i.e. Abhi Nahi and Kabhi Nahi)

4. He is neither casual taxable person nor a non-resident taxable person.
5. He is not engaged in supply through E-commerce operator.
6. He is not engaged in making supplies of goods being (ice-cream and other edible ice, whether or not containing cocoa, pan masala, tobacco and manufactured tobacco substitutes)

COMPOSITION SCHEME RULES

1. Deemed intimation for composition in Part B of FORM GST REG-01 (New Registration)
2. Composition levy shall be effective from the beginning of the F.Y (Existing Registration)
3. Furnish ITC declaration with 60days [GST ITC – 03]
4. Details of stock to be furnished within 90 days from the date of option [GST CMP – 03]
5. Person exercising the option to pay tax under composition shall comply with following conditions:
 - (a) neither a casual taxable person nor a non-resident taxable person
 - (b) goods held in stock by him have not been purchased from an unregistered supplier and if purchased the he should in reverse charge basis.
 - (c) Pay tax on reverse charge basis
 - (d) Not engaged in supply of notified goods
 - (e) Not eligible to collect tax on supplies
 - (f) Composition taxable person on every notice or sign board
6. Option valid till all conditions complied with
7. Mandatory cessation of composition levy on violation of conditions in FORM GST CMP-04 within 7 days
8. Application for withdrawal from scheme in FORM GST CMP-04
9. Denial of option to pay tax under the composition scheme by tax authorities – issuance of SCN in FORM GST CMP-05 within 15 days
10. Reply to SCN in FORM GST CMP-06. Final order within 30 days of reply in FORM GST CMP-07
11. Composition/presumptive to file return annually (GSTR 4) on or before 30th day of April following the end of the F.Y and make payment quarterly (GST CMP-08) by 18th day of the month succeeding such quarter.

Composition Scheme

- Payment in form CMP-08
- 4 Times payment a year
- Payment – quarterly
- On or before 18th of month following quarter

Only 1 Annual Return to be filed i.e. GSTR-4 on or before 30th April following the financial year

POWER OF GOVT [SECTION 11 OF CGST/ SECTION 6 OF IGST]

Notification

- Exempt generally
- Either absolutely or subject to such conditions as may be specified
- Goods and/or services of any specified description

Special order

Exempt from payment of tax under circumstances of an exceptional nature to be stated in such order, in public interest.

Explanation inserted within 1 year, for the purpose of clarifying the scope or applicability of any notification/order, to have retrospective effect

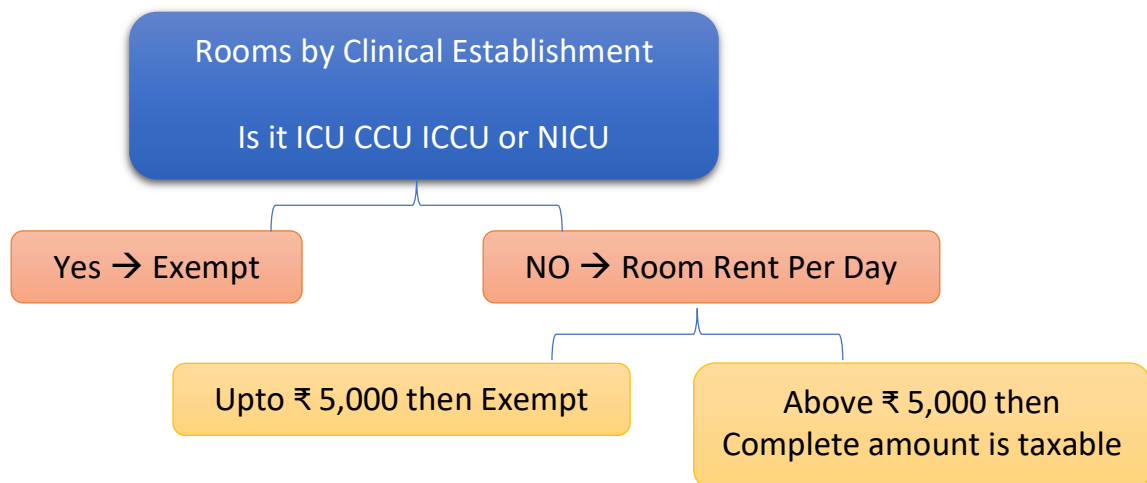
Health Care Services

Entry No 74

Services by way of :-

- a. health care services by a clinical establishment, an authorised medical practitioner or para-medics;
- b. services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above are exempt.

However, the above exemption shall not apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU) Critical Care Unit (CCU) Intensive Cardiac Care Unit (ICCU) Neo natal Intensive Care Unit (NICU) having room charges exceeding 5000 per day to a person receiving health care services. [inserted by Notification No. 04/2022-CT (Rate) dated 13-07-2022 w.e.f. 18-07-2022]



Health care services

- means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India and
- includes services by way of transportation of the patient to and from a clinical establishment, but **does not include hair transplant or cosmetic or plastic surgery**, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.

As it is apparent from the definition of health care services, only services in recognized systems of medicines in India are exempt under this entry.

Services in form of Assisted Reproductive Technology (ART)/ In vitro Fertilization (IVF) are exempt from GST. - Circular No. 177/09/2022- dated 03-08-2022

Issue- Applicability of GST on services in form of Assisted Reproductive Technology (ART)/ In Vitro Fertilization (IVF)

Clarification- IVF and ART are also covered under the definition of health care services for the purpose of above exemption notification.

GST is not leviable on

- consultancy charges payable to doctors, consultant etc.,
- retention money and
- food supplies to patient as advised by doctors.

Other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are liable to GST

Entry No 74A

Services by recognised rehabilitation professionals

Entry No 46

Veterinary services are also exempt from GST

Preservation of stem cells and treatment of Bio-Medical waste is taxable

Services related to charitable and religious activities

Entry No 1

- Charitable activities by entity registered under 12AA or 12AB
- Advancement of any other object of general public utility – not charitable purpose
- GST on services provided to charitable trusts
- Service of display of name or placing of name plates of the donor in the premises of charitable organisations receiving donations or gifts from individual donors – if the

same is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, it will not be leviable to GST.

'Charitable Activities' mean activities relating to-

1. PUBLIC HEALTH
 - a. care or counselling of
 - i. terminally ill persons or persons with severe physical or mental disability;
 - ii. persons afflicted with HIV or AIDS
 - iii. persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
 - b. public awareness of preventive health, family planning or prevention of HIV infection;
2. ADVANCEMENT OF RELIGION, SPIRITUALITY OR **YOGA**;
3. ADVANCEMENT OF EDUCATIONAL PROGRAMMES/SKILL DEVELOPMENT relating to,-
 - a. abandoned, orphaned or homeless children;
 - b. physically or mentally abused and traumatized persons;
 - c. prisoners; or
 - d. persons **over the age of 65 years residing in a rural area**;
4. PRESERVATION OF ENVIRONMENT including watershed, forests & wildlife.

Entry No. 80

Services by way of training or coaching in –

- a. Recreational activities relating to arts or culture, by an individual, or
- b. Sports by charitable entities registered under section 12AA or 12AB of the Income Tax Act, are exempt from tax.
- c. Services by Kumaon Mandal vikas nigram limited, Haj committee in respect of a religious pilgrimage

Entry No. 10

Import of services by charitable entity

Entry No. 9D

Services by an old age home to a **resident aged 60 years or more upto ₹ 25,000 per month** per member.

Entry No. 13

Services by a person by way of –

1. conduct of any religious ceremony;
2. renting of precincts of religious place meant for general public, owned or managed by –
 - a. an entity registered as a charitable or religious trust u/s 12AA of the Income-tax Act, 1961; or
 - b. a trust or an institution registered under Section 10(23C)(v) of the Income-tax Act; or
 - c. a body or an authority covered under Section 10(23BBA) of the said Income-tax Act, are exempt.

Renting of	Exempt if charges are	Taxable if charges are
Rooms	Less than 1,000 per day	1,000 per day or more
Premise, Community hall	Less than 10,000 per day	10,000 per day or more
Shops or other spaces	Less than 10,000 per Month	10,00 per month or more

Services related to Agriculture

Entry No 54

Services relating 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 by way of

- 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 the 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.

- Tea Leaves and Coffee beans are agricultural produce and not tea/coffee powder
- Sugar is agricultural produce and not jaggery
- Paddy is agricultural produce but not rice

Entry No 55

- a. Carrying out an **intermediate production process as job work** in relation to cultivation of plants and rearing of all life forms of animals, **except the rearing of horses**, for food, fibre, fuel, raw material or other similar products or agricultural produce.
- b. Milling of paddy into rice – not eligible for exemption – liable to GST

Entry No 55A

Artificial insemination of livestock (other than horses)

Entry No 24

Loading, unloading packing, storage or warehousing of rice

Entry No 24A

Warehousing of minor forest produce

Entry No 24B

Services by way of storage or warehousing of cereals, pulses, fruits and vegetables are exempt.

Entry No 57

Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.

Entry No 58

Services provided by the National Centre for Cold Chain Development under the Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.

Education Services

Entry No 66

Services provided -

- a. by an educational institution to its students, faculty and staff;
- b. by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;
- c. to an educational institution, by way of

Transportation of students, faculty and staff	Only for pre-school and HSC
Catering, including any mid-day meals scheme sponsored by the CG , SG or UT	Only for pre-school and HSC
Security or cleaning or house-keeping services performed in such educational institution	Only for pre-school and HSC
Services relating to admission to, or conduct of examination by, such institution	Exempt for Everyone
Supply of online educational journals or periodicals	Not exempt for pre-school and HSC

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.

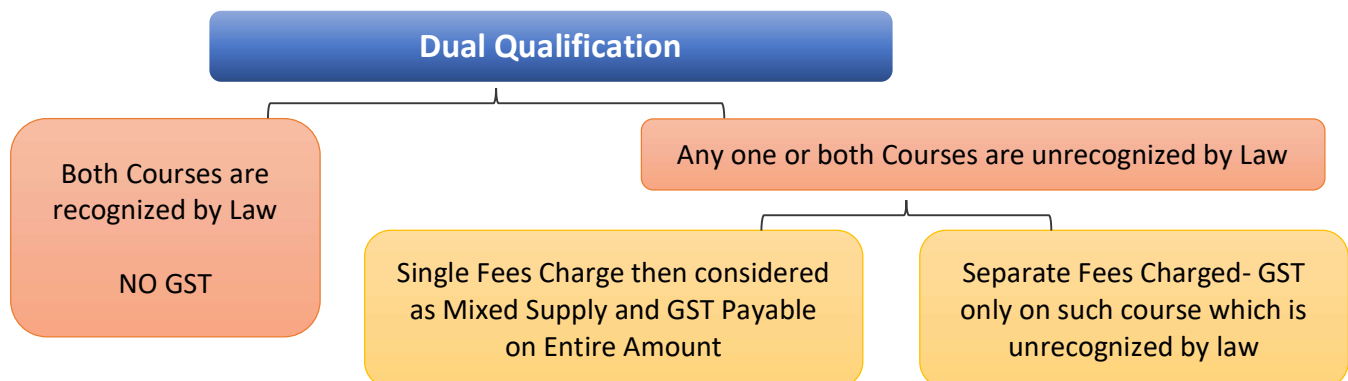
Education services provided	Exempt or Taxable
Conduct of degree courses by colleges, universities or institutions	Exempt
Private coaching institutes	Taxable
Education for qualification recognized by a law of a foreign country	Taxable

Approved vocational education course-

- a course run by an Industrial Training Institute/ Industrial Training Centre affiliated to the National Council for Vocational Training (NCVT) or State Council for Vocational Training (SCVT) offering courses in designated trades
- a Modular Employable Skill Course, approved by the NCVT, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship.

Private ITI

- Services provided by a private ITI only in respect of designated trades notified under Apprentices Act, 1961 are exempt from GST under this entry. Services in respect of other than designated trades are liable to GST.
- Services provided by private ITI by way of conduct of entrance examination against consideration in the form of entrance fee will also be exempt.



IIM's

- Long Duration Courses- Exempt
- Short duration programs- Not Exempt

Supply of food in a mess or canteen

- If provided by Educational Institution, then exempt
- If provided by 3rd party contractor, then taxable
- But if provided by 3rd party contractor to Educational institution then exempt

Supply of food in Anganwadis

serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates

Other exemptions in case of educational institution

- the amount or fee charged for admission or entrance, or amount charged for application fee for entrance, or the **fee charged from prospective students** for issuance of eligibility certificate to them in the process of their entrance/admission to the educational institution
- Services supplied by an educational institution by way of **issuance of migration certificate** to the leaving or **ex-students**

Fees charged from prospective employers

Campus recruitments services provided by educational institutions are also be liable to tax.

NTA to be treated as Educational Institution for conduct of examination

GST exemption to the DG shipping approved maritime courses conducted by Maritime Training Institutes of India.

SERVICES PROVIDED BY GOVERNMENT

Entry No 4 and 5

Services by government authority in relation to

- municipality functions, panchayat functions

Entry No 6

Services by the Central Government, State Government, Union Territory or local authority excluding the following services (a to c above mentioned are always Taxable)

- a. Services by the Department of posts **and the Ministry of Railways (Indian Railways)**
- 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 entries (a) to (C) above, provided to business entities,

are exempt

Services provided by Department of Post:

Exempt services :- the following services provided by the Department of posts are not liable to tax-

- basic mail services by the Department of Post by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams).
- Transfer of money through money orders, operation of savings accounts, issue of postal order, pension payments and other such services.

Registered post, Speed Post etc. - Taxable

- The services by way of ordinary post (envelopes weighing 10 grams or more), registered post, Speed Post, Express parcel post, life insurance and Agency services provided to a person other than the Government or union territory are not exempt.
- In respect of these services the Department of Posts is liable to pay tax without application of reverse charge.

Agency services - Taxable

- The Department of Posts also provides services like distribution of mutual funds, bonds, passport applications, collection of telephone and electricity bills on commission basis.
- The services are in the nature of intermediary and generally called agency services.
- In these cases, the Department of posts is liable to pay tax without application of reverse charge.

Entry No 7

Services provided by the CG, SG ,UT or local authority to a business entity with an **aggregate turnover** of up to such amount in the **preceding financial year** as makes it **eligible for exemption** from registration under the CGST Act, 2017 are exempt.

Explanation: The provisions of this entry shall not be applicable to –

- a. Services, -
 - a. by the Department of posts **and the Ministry of Railways (Indian Railways)**
 - b. in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
 - c. or transport of goods or passengers; and
- b. Services by way of renting of immovable property.

Entry No 8

Services provided by the CG, SG, UT or LA to another CG, SG, UT or LA are exempt excluding the following services

- a. Services by the Department of posts **and the Ministry of Railways (Indian Railways)**
- 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

Entry No 9

Services provided by Central Government, State Government, Union Territory or local authority where the **consideration** for such service **does not exceed Rs. 5,000 are exempt.**

Excluding the following services

- a. Services by the Department of posts **and the Ministry of Railways (Indian Railways)**
- 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

Continuous supply of service: exemption shall apply only where the constitution charged for such services does not exceed Rs.5,000 in a financial year.

Entry No 34A

Services by way of guaranteeing of loans taken by government undertaking or PSU's from the banking companies and FI's

Entry No 61

Services provided to individuals – issuance of passport, visa, driving certificate, birth certificate, death certificate etc.

Entry No 61A

Services by way of granting National Permit to a goods carriage to operate through-out India/ contiguous states

Entry No 61A

Services by way of tolerating non-performance of a contract such as fines or penalties

Entry No 62

- Services by way of assignment of right to use natural resources to an individual farmer for the purpose of agriculture
- Royalty payable to the government for assignment of rights to use natural resources is covered under GST

SERVICES PROVIDED TO GOVERNMENT

Entry No 3

Pure services to CG SG UT or LA in relation to panchayat functions/municipal function

Entry No 3A

Composite supply to CG SG UT or LA in relation to panchayat functions/municipal functions – exempt if **value of goods is not more than 25% of total value**

Entry No 3B

Services provided to a Governmental Authority by way of —

- a. water supply;**
- b. public health;**
- c. sanitation conservancy;**
- d. solid waste management; and**
- e. slum improvement and upgradation.**

Sanitation and Conservancy services supplied to Army and other Central and State government departments liable to GST

Issue- The exemption under entry 3 & 3A of notification 12/2017-CT (Rate) dated 28-06-2017 has been given on pure services & composite supplies is procured by Central Government, State Government, union territories or local authorities for performing function listed in the 11th and 12th schedule of the Constitution.

Clarification- It is clarified that is such services are procured by Indian Army or any other Government Ministry/Department which does not perform any functions listed in the 11th and 12th schedule, in the manner as a local authority does for the general public, the same or **not eligible for exemption** under Sl. No. 3 and 3A

Entry No 9C

Supply of service by a government entity to government, UT, Local authority in form of grants

Entry No 11A

Service provided by fair price shops to government/UT by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin.

Entry No 40

Services provided to government/UT's under any insurance scheme for which total premium is paid by the government or UT's

Entry No 72

- Service provided to government to government/UT's under any training programme for which 75% or more of the total expenditure is borne by the government/UT's
- Coaching services supplied by coaching institutions and NGOs under the central sector scheme of 'Scholarships for students with Disabilities' are exempt from GST

PASSENGER TRANSPORTATION SERVICES

Entry No 15 and 17

Airways

Economy class, embarking from or terminating in an Airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim or Tripura or at Bagdogra located in West Bengal

Waterway

- Inland water way is Exempt
- Vessel- predominantly for tourism purpose is taxable
- Vessel- between places located in India for other than tourism purpose is exempt
- Services provided by leisure or charter vessels or a cruise ship – taxable

Railway

- Metro, monorail or tramway are Exempt
- Railway other than first class or an AC Coach- Exempt
- Railway - first class or an AC Coach- Taxable

Road Way

1. Contract Carriage
 - a. AC- Taxable
 - b. Non AC
 - i. Tourism- Taxable
 - ii. Other Purpose Exempt
2. Stage Carriage
 - a. AC- Taxable
 - b. Non- AC- Exempt
3. Metered cabs or auto rickshaws (including e-rickshaws)- Exempt
4. Radio Taxi- Taxable

If supplied through ECO, then taxable and tax payable by such ECO

Issue-

Whether the engagement of non- air conditioned contract carriages by firms for transportation of their employees to and from work is exempt under entry at Sr. No. 15

Clarification-

Contract Carriage Functioning on pre-determined route- Exempt
Contract carriage is at the disposal of the service recipient- Taxable

Transport of passenger by ropeway, cable car or aerial tramway is liable to GST.

GOODS TRANSPORT AGENCY

1. **Courier Agency**- Taxable
2. **Inland Water Way**- Exempt
3. **Pipeline**- Taxable
4. **Airway**- Exempt only- transportation of goods from a place outside India to custom port in India
5. ~~Satellite launch services supplied by Indian Space Research Organisation, Antrix Corporation Limited or New Space India Limited are exempt~~
6. Railway- Taxable except-
 - a. relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishaps
 - b. defence or military equipments
 - c. newspaper or magazines registered with the Registrar of Newspapers;
 - d. agricultural produce
 - e. milk, salt and food grain including flours, pulses and rice; and
 - f. organic manure.
7. GTA
Exempt if transport of
 - a. agricultural produce
 - b. milk, salt and food grain including flour, pulses and rice;
 - c. organic manure;
 - d. newspaper or magazines registered with the Registrar of Newspapers;
 - e. relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or
 - f. defence or military equipments
8. GTA Services provided to Unregistered Person is exempt except if provided to
 - a. Registered Factory
 - b. Registered Society
 - c. co-operative society
 - d. Person Registered under GST
 - e. Body Corporate
 - f. Partnership firm including AOP
 - g. Casual Taxable Person

Transport of minerals from mining pit head to railway siding, beneficiation plant etc., by vehicles deployed with driver for a specific duration of time - liable to GST under Rental services of transport vehicles with operator.

CONSTRUCTION SERVICES

Entry No 10

Pure labour contracts pertaining to the beneficiary-LED individual house construction or enhancement under the housing for all the (URBAN) mission or pradhan mantri awas yojana

Entry No 10A

Services supplied by electricity distribution utilities for extending electricity distribution network upto the tube well of the farmer or agriculturalist for agriculture use

Entry No 11

Pure labour contract pertaining to a single residential unit (otherwise than as a part of residential complex)

Entry No 41

Transfer of development rights and FSI for construction of residential apartments

- If prior to completion certificate, then Exempt
- If After Completion certificate, then Promoter Liable to Pay Tax on RCM

Entry No 41A

Long term lease (30 years or more) or construction of residential apartment

- If prior to completion certificate, then Exempt
- If After Completion certificate, then Promoter Liable to Pay Tax on RCM

BANKING AND FINANCIAL SERVICES

Entry No 27

Services by way of extending deposits, loans or advances/inter se sale or purchase of foreign currency amongst banks or authorized dealers

- interest involved in credit card services is taxable
- Service charges or administrative charges is taxable

Entry No 27A

Services provided to Basic Saving Bank Deposit A/C holders under Pradhan Mantri Jan Dhan Yojana (PMJDY)

Entry No 34

Credit card, debit card, charge card or other payment card service – **exempt upto Rs 2000 per transaction**

Entry No 39A

Services provided by financial intermediaries located in IFSC SEZ

LIFE INSURANCE SERVICES

1. **Entry No 28** Life insurance services under NPS
2. **Entry No 29** Life insurance services to members of the ARMY, NAVY and AIR FORCE
3. **Entry No 29A** Life insurance services to coast guard personnel
4. **Entry No 29B** Life insurance services to central armed police force
5. **Entry No 36** Life insurance services
 - a. Life Micro insurance product maximum amount of Rs 2,00,000

SERVICES PROVIDED BY SPECIFIED BODIES

1. **Entry No 30** ESI services
2. **Entry No 31** EPF services
3. **Entry No 31A** Services by coal mines provident fund organisation
4. **Entry No 31B** Services by national pension fund (NPS) trust

BUSINESS FACILITATOR/CORRESPONDENT

Entry No 39

Services by the following persons in respective capacities

- a. business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch;
- b. any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or
- c. business facilitator or a business correspondent to an insurance company in a rural area are exempt.

LEASING SERVICES

Entry No 41

Upfront amount payable in instalments for long term lease of plots – exempt from GST

LEGAL SERVICES

Entry No 45

Services provided by Arbitral Tribunal to

- a. Non Business Entity → exempt
- b. CG, SG, UT, LA → exempt
- c. Business Entity
 - a. Aggregate turnover in preceding F.Y. making it **EXEMPT** from registration then exempt
 - b. Else taxable

Services provided by Firm of Advocate of Advocate other than Senior Advocate to

- a. Advocate or firm of advocate is exempt
- b. Non Business Entity is Exempt
- c. CG, SG, UT, LA → exempt
- d. Business Entity
 - a. Aggregate turnover in preceding F.Y. making it eligible from registration then exempt
 - b. Else taxable

Services provided by Senior Advocate to

- a. Non Business Entity is Exempt
- b. CG, SG, UT, LA → exempt
- c. Business Entity
 - a. Aggregate turnover in preceding F.Y. making it eligible from registration then exempt
 - b. Else taxable

PERFORMANCE BY ARTIST

Entry No 78

- Performance in **folk or classical art** forms of music, dance, theatre, if **consideration does not exceed Rs 1,50,000**.
- But does **not include brand ambassador** services.

RIGHT TO ADMISSION TO VARIOUS EVENTS

Entry No 79

Services by way of admission to museum, national park, wildlife sanctuary, tiger reserve, zoo

Entry No 79A

Services by way of admission to protected monument

Entry No 81

- Admission to entertainment events or access to amusement facilities having ticket not more than 500 per person
- Entry to casinos and gambling services, GST is leviable.
- Elephant/ camel joy rides – not covered under passenger transportation service hence taxable

SERVICES BY UNINCORPORATED BODY OR NON-PROFIT ENTITY

Entry No 77

Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution.

- as a trade union;
- for the provision of carrying out **any activity** which is **exempt** from the levy of Goods and service tax; or
- **up to an amount of ₹ 7,500 per month per member** for sourcing of goods or services from a third person for the common use of its members in housing society or a residential complex,

are exempt.

Annual Turnover of RWA	Monthly Maintenance	Exempt?
Below 20 Lacs	More than 7,500	Exempt
Below 20 Lacs	7,500 or less	Exempt
Above 20 Lacs	More than 7,500	Taxable
Above 20 Lacs	7,500 or less	Exempt

If Maintenance is more the 7,500 then entire amount is taxable and not only excess component.

- RWA is entitled to take ITC of GST paid by them on inward supply
- Statutory dues such as property tax, electricity charges etc. forming part of the monthly maintenance bill raised by the society on its members would be excluded while computing the aforesaid monthly limit of ₹ 7,500
- 7,500 limit is for each flat, means if a person has 4 flats then limit becomes $7,500 \times 4 = 30,000$

Entry No 77A

In relation to agriculture and Charges per Member Per Year are upto 1,000 then exempt

OTHER EXEMPTIONS

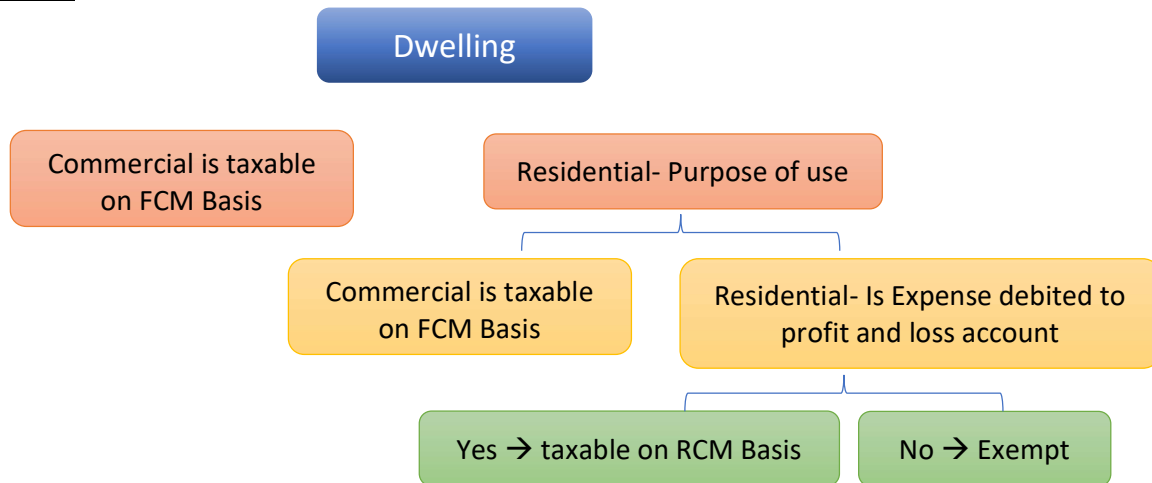
Entry No 2

Services by way of transfer of a going concern

Entry No 9B

Supply of services associated with transit cargo to and from Nepal and Bhutan (landlocked countries) are exempt.

Entry No 12



Entry No 22

Hiring of means of transport of passengers and goods

- To GTA
- To **state transport** undertaking meant to **carry more than 12 passengers**
- To a **local authority**, an **electrically operated vehicle** meant to **carry more than 12 passengers**
- To transport of student, faculty, staff- for pre-school and upto HSC

Entry No 23

Access to a road or a bridge on payment of toll charges

- Service by way of access to a road or a bridge on payment of toll charges is exempt.
- Overloading charges at toll plaza – are also exempt from GST
- Additional toll fees collected in the form of higher toll charges from vehicles not having fastag is exempt from GST

Entry No 25

Transmission or distribution of electricity by an electricity transmission or distribution utility

Entry No 25

Technology business incubate services

- Turnover not exceeding Rs 50 lakh and period of 3 years has not elapsed

Entry No 49

News agency service

Entry No 25

Service of public libraries

Entry No 25

Services by foreign diplomatic mission

Entry No 68

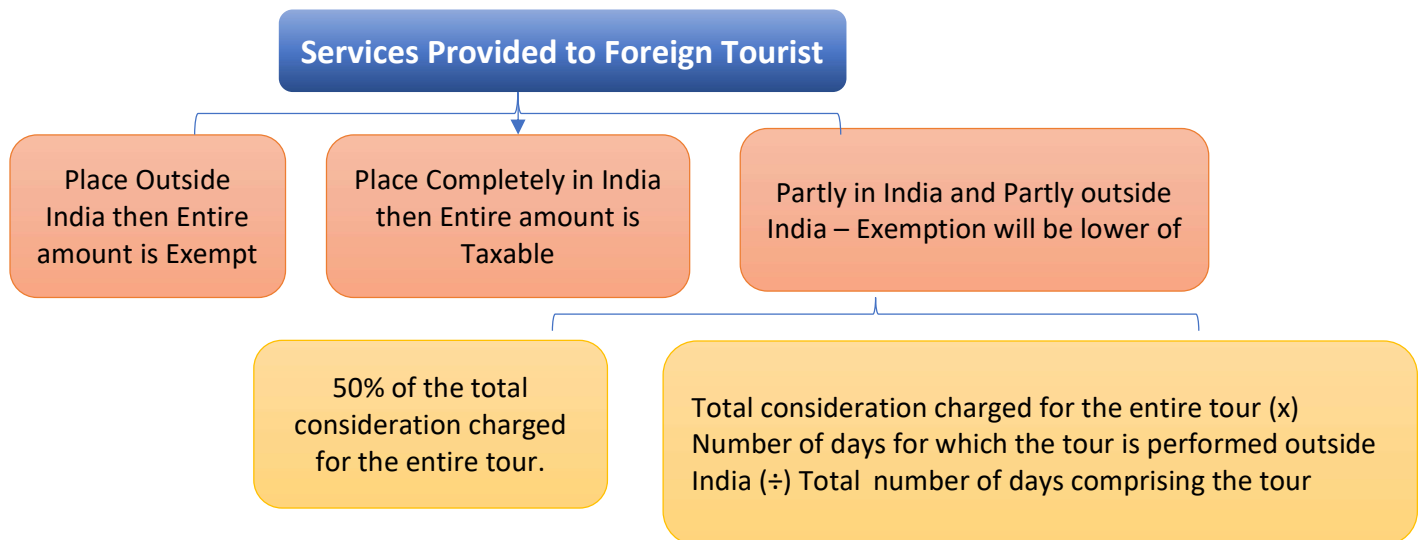
Sports related services

Individual as player, referee, coach or team manager and another recognized sports body
to recognised sports body

OTHER EXEMPTIONS

Entry No 52A

TOUR OPERATOR SERVICES SUPPLIED TO FOREIGN TOURIST



In making the above calculations, any duration of time equal to or exceeding 12 hours shall be considered as one full day and any duration of time less than 12 hours shall be taken as half a day.

"Foreign tourist" means a person not normally resident in India, who enters India for a **stay of not more than six months** for legitimate non-immigrant purposes.

GOODS AND SERVICE TAX

Place of Supply

Section 10 of IGST ACT- POS OF GOODS (DOMESTIC)

Supply involving movement of goods [Section 10(1)(a)]

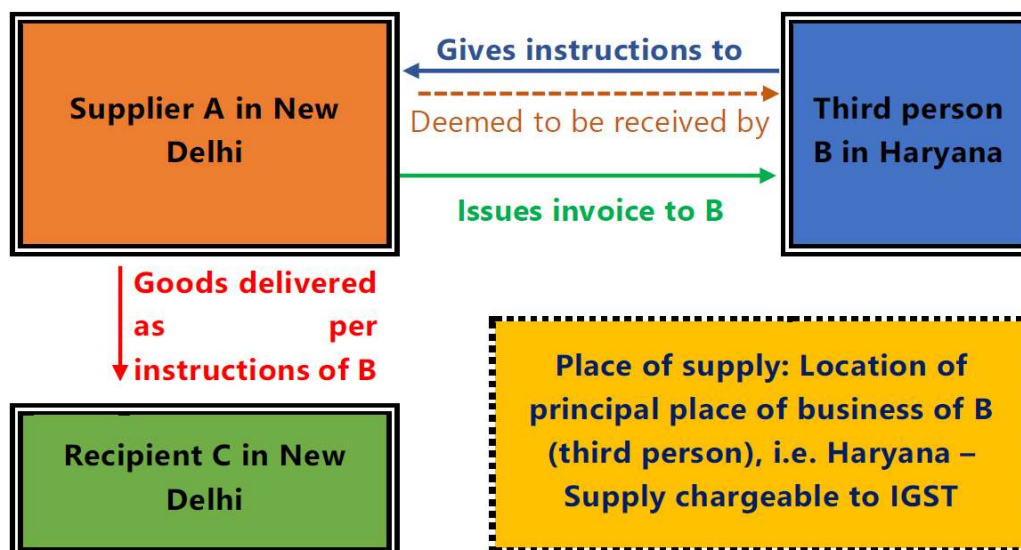
In case of supply involving movement of goods

The place of supply is the location of the goods at the time when the **movement of goods terminates** (ends) for delivery to the recipient.

'Bill to Ship to' Supply [Section 10(1)(b)]

Where goods are delivered by the supplier to the recipient at the instruction of a third person, the place of supply is the principal place of business of such third person and not of the actual recipient. (**i.e. Place of Supply is billing address**)

Supply by supplier to third person



Supply not involving movement of goods [Section 10(1)(c)]

The place of supply is the **location of goods** at the time of delivery to the recipient.

Supply involving installation or assembly of goods [Section 10(1)(d)]

The place of supply is the **place of such installation** or assembly.

Goods supplied on board a conveyance [Section 10(1)(e)]

The place of supply is location where such goods have been taken on board

POS in case of Over The Counter sales to unregistered persons is as follows

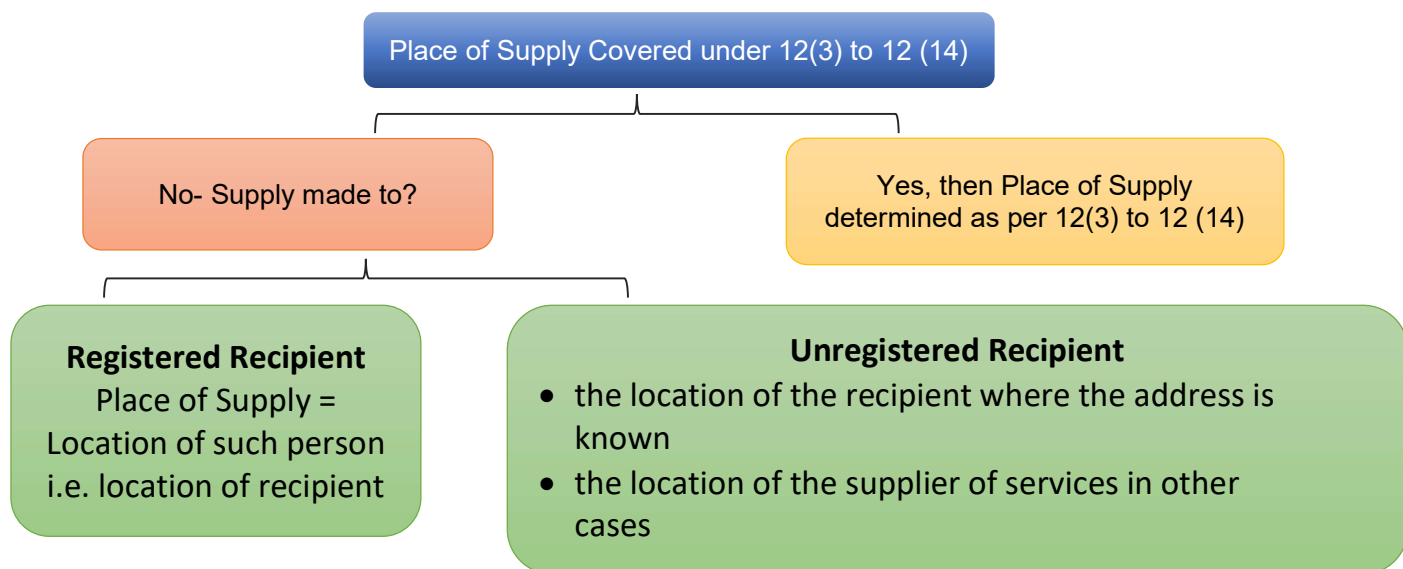
1. **Where the address of the Unregistered person is recorded in the invoice.**
 POS is location as per address of Unregistered person recorded in the invoice. Only State instead of complete address is also sufficient

2. **Where the address of the Unregistered person is not recorded in the invoice**
 POS is location of the supplier

SECTION 12 OF IGST ACT- POS OF SERVICE (DOMESTIC)

Section 12 of IGST Act determines place of supply of services where location of supplier of service and the location of the recipient of service is in India

General Clause [Section 12 (2)]



Immovable Property [Section 12 (3)]

Services of

- directly in relation to an immovable property
- lodging accommodation
- accommodation in any immovable property for any function
- any services ancillary

Place of Supply shall be Location of Such Immovable Property

- ✓ Location of the **immovable property** is located or intended to be **located outside India**, the place of supply shall be the **location of the recipient**.
- ✓ Immovable Property is in more than 1 state then place of Supply each of the respective state or union territory where such property is situated

Manner of allocation of Place of Supply

Particulars	Place of Supply
Service provided by way of lodging accommodation where such property is a single property located in 2 or more contiguous States/ Union territories or both)	Number of nights stayed in such property
All other services provided in relation to immovable property	Area of the immovable property lying in each State/ Union territories
Services by way of lodging accommodation by a house boat	Time spent by the boat or vessel in each such State/ Union territories

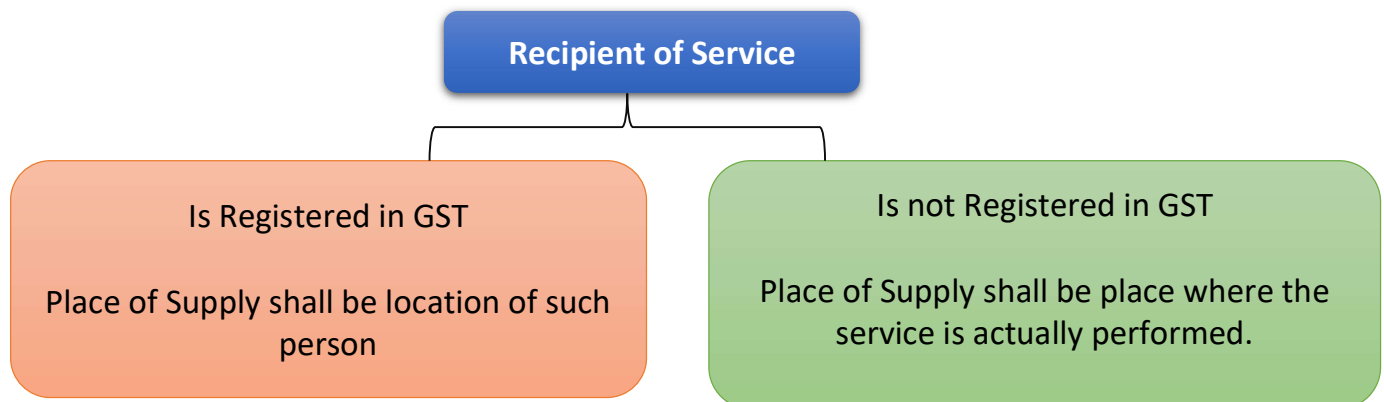
Personal Services [Section 12 (4)]

The place of supply of

- restaurant and catering services,
- personal grooming,
- fitness,
- beauty treatment,
- health service including cosmetic and plastic surgery

is the **location where such services are actually performed**

Training and Appraisal Services [Section 12 (5)]



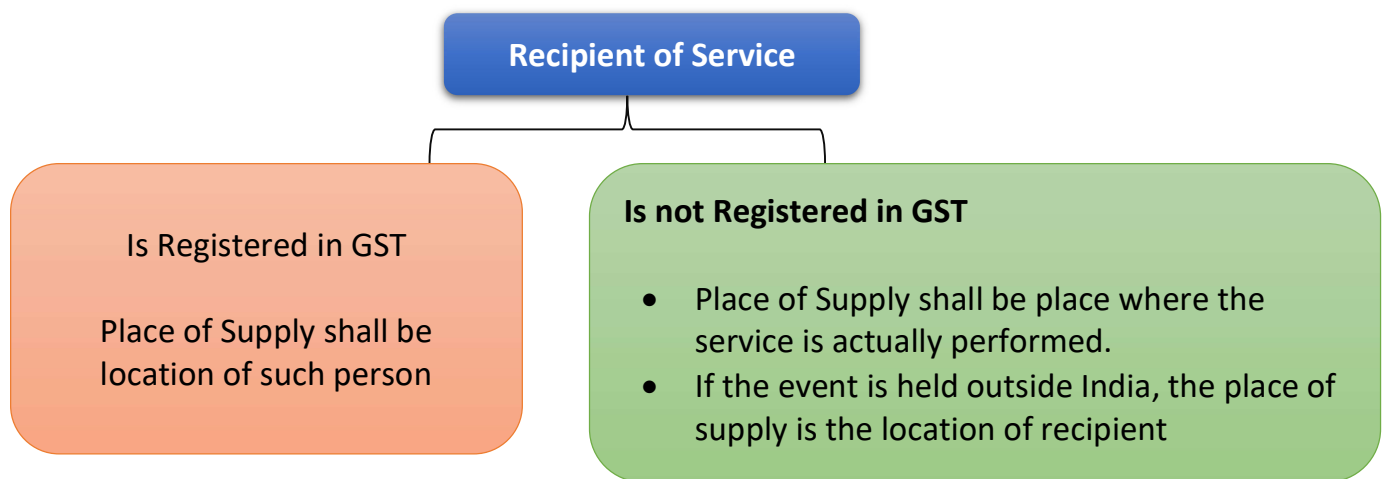
Admission to and Event [Section 12 (6)]

Services provided by way of ADMISSION to following types of events

- Cultural
- Sporting
- Educational, Scientific
- Entertainment
- Artistic
- Amusement Park

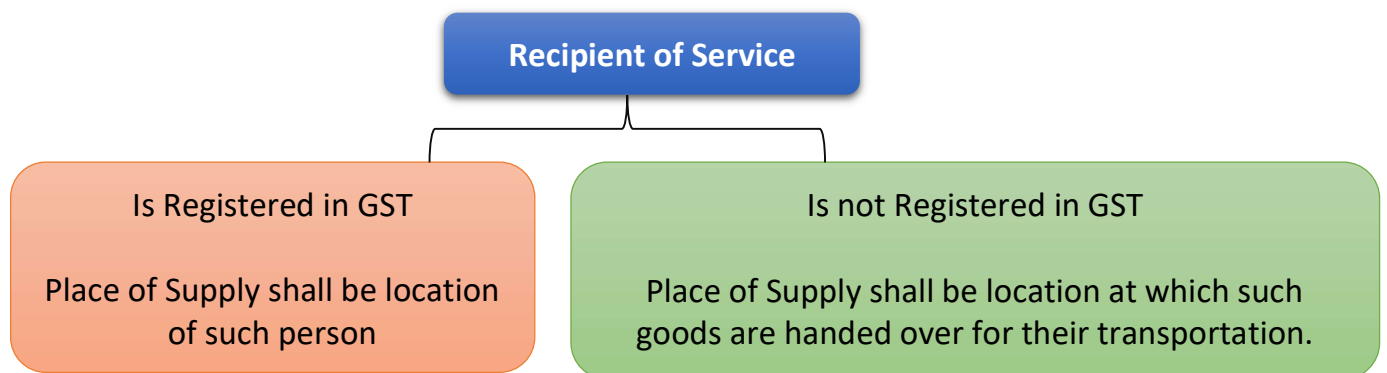
place where the **event is actually held** or where the **park** or such other place is **located**

Organization of Event [Section 12 (7)]



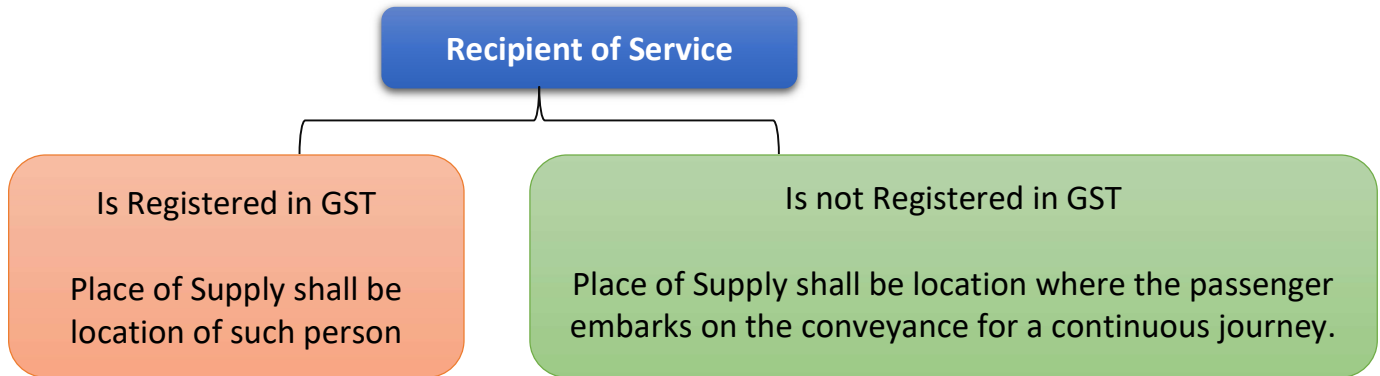
Event held in **more than one State/Union territory** place of supply of such services is deemed to be in **each of the respective States/Union territories** in proportion to the value for services

Transportation of goods including mail or courier [Section 12 (8)]



If the goods are transported outside India, the destination of such goods is the place of supply.

Passenger Transport Service [Section 12 (9)]



Issue of right to passage for future use and the point of boarding not known at the time of issue of right to passage

- a. If the address of the unregistered person is available in the records of the supplier, the location of such unregistered person.
- b. In other cases, the location of the supplier of services

The **return journey is treated as a separate journey**, even if the tickets for onward and return journey are issued at the same time.

Service supplied on board a conveyance [Section 12 (10)]

Place of Supply shall be Location of the **first scheduled point of departure** of that conveyance for the journey

Telecommunication service [Section 12 (11)]

Particulars	Place of Supply
Services provided using a fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna	Location of such installation
Post-paid mobile connection and post-paid internet services	If Billing address available then such billing address else location of Supplier
Pre-paid mobile connection and prepaid internet and DTH services	Address of agent or Location where payment is received or location where voucher sold or location of recipient.
Other Cases	If Billing address available then such billing address else location of Supplier

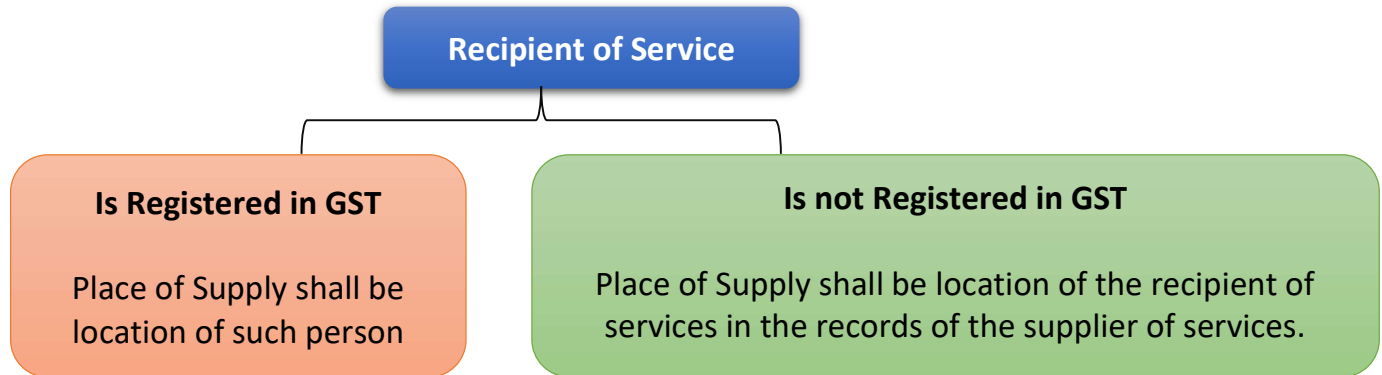
GOODS AND SERVICE TAX

Financial and stock broking services [Section 12 (12)]

Place of supply shall be

- Location of the recipient of services in the records of the supplier
- If not Available, then Location of Supplier

Insurance services [Section 12 (13)]



Advertisement service to the Government [Section 12 (14)]

Place of supply shall be **Each of such States/ Union territories** where the advertisement is broadcasted/ run / played/ disseminated.

Sr no.	Type of Advertisement	Value Attributable
1	Newspaper and Publication	Amount to be indicated in separate invoice for each state and UT
2	Printed Material like Pamphlet	No. of Items Distributed in each state and UT
3	Hoardings other than trains	Each State and UT
4	Advertisement on trains	Length on track in each state
5	Advertisement on railway Tickets	No. of Tickets sold on a particular station
6	Advertisement on Utility Bill such as Light bill	Each State and UT where such bills are issued
7	Advertisement on radio Station	Amount to be indicated in separate invoice for each state and UT
8	Advertisement on Television Channel	<ol style="list-style-type: none"> 1. Valuation based in the proportion of viewership of a region of last week of preceding quarter to the month of advertisement 2. If more than one state included in one region then value amongst such state to be apportioned in ratio of their population as per latest census

9	Advertisement in cinema hall	Amount to be indicated in separate invoice for each state and UT
10	Advertisement on Internet	<ol style="list-style-type: none"> Valuation based in the proportion of internet subscribers of a region of last quarter of previous Financial Year. If more than one state included in one region then value amongst such state to be apportioned in ratio of their population as per latest census
11	Advertisement through SMS	<ol style="list-style-type: none"> Valuation based in the proportion of telecom subscribers of a region of last quarter prior to the month of advertisement. If more than one state included in one region then value amongst such state to be apportioned in ratio of their population as per latest census

Clarification regarding place of supply in case of supply of services in respect of advertising sector

- Place of supply of service provided by way of supply of sale of space on hoarding/ structure for advertising or for grant of rights to use the hoarding/ structure for advertising in this case would be the **location where such hoarding/ structure is located**
- Services provided by the vendor to advertising company are purely in the nature of advertisement services in respect of which place of supply shall be **determined in terms of section 12(2) of IGST Act**.

Section 7 of IGST ACT- INTER-STATE Supply

Where the location of the supplier and the place of supply are in—

- two different States;
- two different Union territories; or
- a State and a Union territory,

shall be treated as a supply of goods in the course of inter- State trade or commerce.

Supply of GSB in the taxable territory, **not being an intra-State supply and not covered elsewhere** in this section, shall be treated to be a supply of goods or services or both in the course of **inter-State** trade or commerce.

Section 8 of IGST ACT- INTRA-STATE Supply

location of the supplier and the place of supply of goods are in the same State or same Union territory shall be treated as intra-State supply.

Section 9 of IGST ACT- Supply in Territorial Water

- a. where the location of the supplier is in the territorial waters, the location of such supplier; or
- b. where the place of supply is in the territorial waters, the place of supply,

shall, for the purposes of this Act, be deemed to be in the **coastal State or Union territory where the nearest point** of the appropriate baseline is located.

TIME OF SUPPLY OF GOODS- SECTION 12 OF CGST ACT 2017

FORWARD CHARGE- SEC 12 (2)

Section 12(2) read with section 31

As per section 12(2), the time of supply of goods that are taxable under forward charge, is the **earlier of** the following two dates:

- **Date of issue of invoice** by the supplier or the **last date** on which the **invoice** ought to have been issued in terms of section 31, **to the extent the invoice covers the supply** of goods; or
- **Date of receipt of payment** by the supplier, to the extent the payment covers the supply of goods.

No tax payable at the time of receipt of advance for supply of goods

- The Central Government, on the recommendation of the GST Council, has issued **Notification No. 66/2017** CT dated 15.11.2017 to specify that A registered person (excluding composition supplier) should pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31, including in the situations attracting the provisions of section 14.
- In simple words, all taxpayers under forward charge (except composition suppliers) are **not required to pay GST at the time of receipt of advance in relation to supply of goods.**
- The entire GST shall be payable only when the invoice for the supply of such goods is issued or ought to have been issued.
- Thus, time of supply of goods for the purpose of payment of tax is the date of issue of invoice or the last date when the invoice ought to have been issued under section 31.



The relief of not paying GST on receipt of advance is available only in case of supply of goods and not for supply of services.

TIME LIMIT FOR ISSUANCE OF INVOICE

Section 31(1)- Normal supply of Goods

The invoice needs to be issued either **before or at the time of removal** of goods (where supply involves movement of goods) or delivery of goods/ making goods available to recipient (in any other case).

Section 31(4)- Continuous supply of goods

In case of continuous supply of goods, the invoice should be issued **before or at the time of issuance of periodical statement/receipt of periodical payment**

Continuous supply of goods is a supply of goods provided or agreed to be provided continuously or on recurring basis, under a contract, and for which the supplier issues an invoice to the recipient on a regular or periodic basis [Section 2(32)].

Section 31 (7)- goods sent or taken on approval for sale or return

Invoice should be issued before or at the time of supply or **6 months from the date of removal**, whichever is earlier.

REVERSE CHARGE - SEC 12(3)

The time of supply for such goods will be the **earliest of** the following dates:

1. Date on which the **goods are received**, or
2. Date on which **payment** is recorded **in the books of account** of the recipient, or the date on which the same is **debited in his bank account**, whichever is earlier, or
3. **Date immediately following 30 days from the date of issue of invoice** (or document by some other name in lieu of invoice) by the supplier.

If it is not possible to determine the time of supply by using these parameters, then the time of supply will be the **date of entry of goods in the books of account** of the recipient of supply.



The relief of not paying GST at the time of receipt of advance is available only in case of supply of goods, the tax on which is payable under forward charge. In case of reverse charge, GST is payable at the time of payment, if payment is recorded/made before receipt of goods (advance payment).

Meaning of “Date of receipt of payment”

“Date of receipt of payment” in the above situation refers to the date

- on which the payment is recorded in the books of account of the entity (supplier of goods) that receives the payment, or
- the date on which the payment is credited to the entity’s bank account, whichever is earlier.

VOUCHER- SECTION 12(4)

The TOS of vouchers exchangeable for goods is-

- **Date of issue of the voucher**, if the supply that it covers is **identifiable** at that point, or
- **Date of redemption** of the voucher in other cases.

RESIDUAL CASE- SECTION 12(5)

- Due date for **filing of the periodical return**, or
- In any other case, **date on which GST is paid**.

ENHANCED COMPENSATION- SECTION 12(6)

Section 12(6) prescribes that time of supply in case of addition in value on account of interest/ late fee/penalty for delayed payment of consideration for goods is the **date on which the supplier receives such addition in value**.

TIME OF SUPPLY OF SERVICE- SECTION 13 OF CGST ACT 2017



Section 13 must be read with section 31 and rule 47 of CGST Rules, which prescribe in detail the date on which tax invoice for a supply of service must be issued in various situations.

FORWARD CHARGE- SEC 13 (2)

Section 13(2) read with section 31 and rule 47 of CGST Rules

For supply of service on which the supplier is liable to pay tax, the time of supply will be the **earlier of** the dates arrived at by methods (A) and (B), as follows:

(A) **Date of invoice or date of receipt of payment** (to the extent the invoice or payment covers the supply of services), whichever is earlier, **if the invoice is issued within the time** prescribed under section 31;

(B) **Date of provision of service or date of receipt of payment** (to the extent the payment covers the supply of services), whichever is earlier, **if the invoice is not issued within the time** prescribed under section 31,

If the above two methods [(A) and (B)] are **not applicable**, the time of supply will be the **date on which the recipient** of service shows receipt of the service **in his books of account**.

Meaning of “date of receipt of payment”

“Date of receipt of payment” in the above situation refers to the date

- on which the payment is **recorded in the books of account** of the entity (supplier of service) that receives the payment, or
- the date on which the payment is **credited to the entity's bank account**

whichever is earlier.

Significance of “to the **extent the payment covers the services**”

Suppose a part of the consideration is paid in advance or invoice is issued for part payment, the time of supply will not cover the full supply.

The supply shall be deemed to have been made to the extent it is covered by the invoice or the part payment.

TIME LIMIT FOR ISSUANCE OF INVOICE

As per section 31(2) read with rule 47 of CGST Rules- Normal Case

The tax invoice needs to be issued either before the provision of service or **within 30 days (45 days** in case of insurance companies/ banking companies/ financial institutions including NBFCs) from the date of supply of service.

In case of insurance companies/ banking companies/ financial institutions

including NBFCs/ telecom companies/ notified supplier of services making taxable supplies **between distinct persons** as specified in section 25(4), invoice may be issued before or at the time of recording such supply in the books of account or **before the expiry of the quarter during which the supply was made** [Second proviso to rule 47].

Section 31(5) In case of continuous supply of services

The invoice should be issued either

- i. on/ before the due date of payment or
- ii. before/ at the time when the supplier of service receives the payment, if the due date of payment is not known
- iii. on/ before the date of completion of the milestone event when the payment is linked to completion of an event

Continuous supply of services are provided, or agreed to be provided, continuously or on recurrent basis, under a **contract, for a period exceeding 3 months** with periodic payment obligations and includes supply of such services as the Government may notify [Section 2(33)].

Section 31(6) In case of cessation of supply of services before completion of supply

The invoice (to the extent of the supply made before such cessation) should be issued at the time **when the supply ceases**.

Excess payment up to Rs 1000:

Option of taking invoice date as time of supply

In terms of the proviso to sub-section (2) of section 13, for a payment of up to Rs1,000 received in excess of the invoice value, the supplier can choose to take the **date of invoice** issued with respect to such excess amount as the time of supply of services in relation to this excess value.

REVERSE CHARGE- SEC 13 (2)

1. The time of supply for such service will be the **earlier of** the following:
 - **Date of payment**, or
 - **Date immediately following 60 days** since issue of invoice (or any other document in lieu of invoice) by the supplier.
2. If it is **not possible** to determine the time of supply by using these parameters, then the time of supply will be the **date of entry of the service in the books of account** of the recipient of supply.
3. **Import of services between associated enterprises-**

In the case of service received from an associated enterprise located outside India, the time of supply will be

- **date of payment for the service**, or
- **date of entry of the service** in the books of account of the recipient, **whichever is earlier**.

Associated enterprises shall have the same meaning as assigned to it in section 92A of the Income-tax Act, 1961 [Section 2(12)].

Broadly, an associated enterprise in relation to another enterprise, means an enterprise which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise.

VOUCHER- SECTION 13 (4)

The TOS of vouchers exchangeable for services is-

- **Date of issue of the voucher**, if the supply that it covers is **identifiable** at that point, or
- **Date of redemption** of the voucher in other cases.

RESIDUAL CASE- SECTION 13 (5)

- Due date for **filing of the periodical return**, or
- In any other case, **date on which GST is paid**.

ENHANCED COMPENSATION- SECTION 13 (6)

Section 12(6) prescribes that time of supply in case of addition in value on account of interest/ late fee/penalty for delayed payment of consideration for Services is the **date on which the supplier receives such addition in value**

VALUE OF SUPPLY

Particulars	Amount
Value of Supply as per 15(1) shall be transaction Value provide a. Price is the sole consideration b. Persons are not related persons	
Add: - If not included in above	
Sec. 15(2)(a): <ul style="list-style-type: none"> • Any taxes (Other than GST and TCS under Income tax Act • Duties • Cesses • Fees • Charges 	
Sec. 15(2)(b): Supplies made by the recipient on behalf of supplier	
Sec. 15(2)(c): Commission and packing or incidental expenses	
Sec. 15(2)(d): Interest or late fee or penalty for delayed payment	
Sec. 15(2)(e): Subsidy directly linked to the price (other than Govt. subsidy)	
Less: If included in the above	
Sec. 15(3) <ul style="list-style-type: none"> • Discount given at the Time of Supply and recorded in Invoice • Discount after Supply only of the terms existed at time of Supply and ITC Reversed by Recipient 	
Total Taxable Amount Under GST	

Clarification on Certain Discounts via. Circular No. 92/11/2019 GST dated 07.03.2019

Staggered discounts ('Buy more, Save more' offers):- Excluded from Value of Supply
 No Claim Bonus by Insurance Companies - Excluded from Value of Supply

Tax to be paid on specified actionable claims at the time of receipt of payment for such supplies by the suppliers

In case of specified actionable claims, the tax can be paid at the time of receipt of payment for such supplies by the suppliers. [Notification No. 50/2023 CT dated 29.09.2023]

DEFINITIONS

Input [Section 2(59)]

means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business.

Input service [Section 2(60)]

means any service used or intended to be used by a supplier in the course or furtherance of business.

Output tax [Section 2(82)]

in relation to a taxable person, means the tax chargeable under this Act on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis.

Capital goods [Section 2(19)]

means goods, the value of which is capitalized in the books of account of the person claiming the ITC and which are used or intended to be used in the course or furtherance of business.

Input Tax [Section 2(62)]:

Input Tax- in relation to a registered person, means the Central tax, State tax, Integrated tax or Union Territory tax charged on any supply of goods or services or both made to him and includes

- a. the integrated goods and services tax charged on import of goods;
- b. the tax payable under the provisions of sub-sections (3) and (4) of section 9;
- c. the tax payable under the provisions of sub-sections (3) and (4) of section 5 of the Integrated Goods and Services Tax Act;
- d. the tax payable under the provisions of sub-sections (3) and (4) of section 9 of the respective State Goods and Services Tax Act; or
- e. the tax payable under the provisions of sub-sections (3) and (4) of section 7 of the Union Territory Goods and Services Tax Act

but does not include the tax paid under the composition levy

Input Tax Credit [Section 2(63)]

“Input Tax Credit” means the credit of input tax.

Quarter [Section 2(92)]

A period comprising three consecutive calendar months, ending on the last day of March, June, September and December of a calendar year.

Zero-rated supply [Section 16(1) of the IGST Act]

means any of the following supplies of goods or services or both, namely: – (a) export of goods or services or both; or (b) supply of goods or services or both to a Special Economic Zone (SEZ) developer or a Special Economic Zone unit.

ITC can be availed & utilized for payment of tax on taxable output supply, & hence ITC cannot be availed in respect of exempt output supply on which tax is not payable.

The exception to the above principle is 'zero rated supply', i.e. exports or supplies to a special economic zone (SEZ) developer/unit, where ITC is available even if no tax is payable on output supply as zero-rated supplies are not exempt supplies.

Such ITC can be utilized either for making supplies by paying tax or refund of the unutilized ITC can be obtained. This simple mechanism is used to make exports and supplies to SEZ completely tax free.

ELIGIBILITY FOR TAKING ITC- SEC 16(1)

Every **registered person** shall, subject to such conditions and restrictions as may be prescribed and, in the manner, as specified in section 49,

- Be entitled to take credit of input tax charged on,
- Any supply of goods or services or both to him,
- Which are **used or intended to be used in the course or furtherance of his business**, and

The said amount shall be **credited to the electronic credit ledger** of such person.

CONDITION FOR TAKING ITC- SEC 16(2)

POSSESSION OF TAX PAYING DOCUMENT

Section 16(2)(a) read with rule 36 of the CGST Rules

(a) he is in **possession of a tax invoice or debit note** issued by a supplier registered under this Act, **or such other tax paying documents** as may be prescribed;

ITC can be availed on the basis of any of the following documents:

- i. Invoice issued by the supplier of goods and/or services
- ii. Invoice issued by the recipient receiving goods and/or services from unregistered supplier along with proof of payment of tax, in case of reverse charge
- iii. Debit note issued by the supplier

- iv. Bill of entry or similar document prescribed under the Customs Act, 1962
- v. Revised invoice
- vi. Document issued by the input service distributor

The documents basis which ITC is being taken should **contain at least the following details:**

- a. Amount of tax charged
- b. Description of goods or services
- c. Total value of supply of goods and/or services
- d. GSTIN of the supplier and recipient
- e. Place of supply in case of inter-State supply

Section 16(2) (aa)

The **details of the invoice** or debit note referred to in clause (a) has been **furnished** by the supplier **in the statement of outward supplies and such details have been communicated** to the recipient of such invoice or debit note in the manner **specified under section 37**.

No ITC of tax paid towards demands involving fraud [Rule 36(3)]

Tax paid in pursuance of any order where any demand has been confirmed on account of any

- Fraud
- wilful misstatement or
- suppression of facts

cannot be availed as ITC

Restricted ITC on invoices/debit notes not furnished by supplier in his GSTR-1 [Rule 36(4) read with Circular No. 123/42/2019 GST, dated 11.11.2019]:

- ITC on all invoices/debit notes which are furnished by the suppliers in their GSTR-1s or using the invoice furnishing facility (IFF) can be availed in full. The recipient gets details of tax invoices and debit notes furnished by the suppliers in their GSTR-1s or using the IFF, in his (recipient's) GSTR-2A and GSTR-2B
- Restriction Imposed is not supplier wise but consolidated

RECEIPT OF GOODS OR SERVICES

Section 16(2)(b)

The registered person taking the ITC must have **received the goods and / or services**.

“Bill to Ship to” Model:

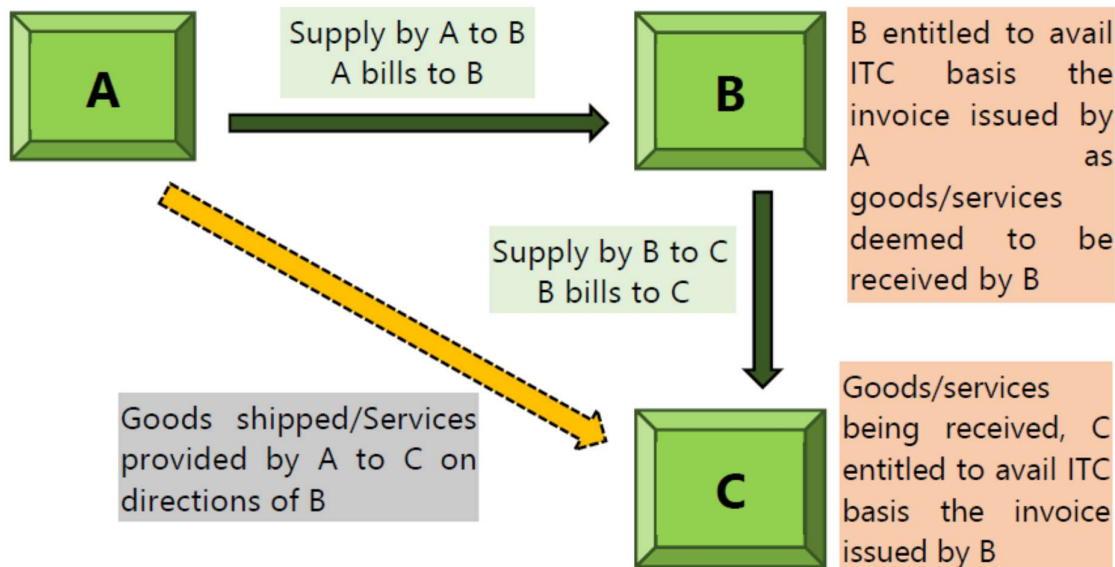
Under this model, the goods are delivered to a third party - ‘C’ on the direction of the customer (registered person) – ‘B’ who purchases the goods from the vendor (supplier) – ‘A’.

In other words, ‘A’ bills to ‘B’ but ships the goods to ‘C’ on direction of ‘B’.

In effect, two supplies take place in this scenario viz., from ‘A’ to ‘B’ and from ‘B’ to ‘C’.

Thus, under this model, the customer (registered person) who purchases such goods does not receive the said goods.

For such cases, by virtue of explanation to section 16(2)(b), it is deemed that the registered person (customer) has received the goods.



TAX PAID TO GOVERNMENT

Tax leviable on supply actually paid to Government [Section 16(2)(c)]

Subject to the provisions of section 41 or 43A, the tax charged in respect of such supply has been actually, paid to the Government, **either in cash or through utilization of input tax credit** admissible in respect of the said supply

Reversal of ITC in the case of non-payment of tax by the supplier and re-availment thereof [Section 41 read with rule 37A]

If supplier **does not furnish return in Form GSTR-3B** for the tax period corresponding to the said statement of outward supplies **till 30th September following the end of FY** in which the ITC in respect of such invoice/ debit note has been availed; the said amount of

ITC shall be reversed by the said recipient, while furnishing a return in GSTR-3B **on or before 30th November** following the end of such FY during which such ITC has been availed.

However, where the said amount of **ITC is not so reversed** by recipient, such **amount shall be payable** by the said person **along with interest thereon under section 50**.

Re-availment of reversed ITC:

where the said supplier subsequently furnishes the return in GSTR-3B for the said tax period, the said registered person may re-avail the amount of such credit in the return in GSTR-3B for a tax period thereafter.

GSTR- 3B

Filing of return [Section 16(2)(d)]

He has furnished the return under section 39 (GSTR 3B)

GOODS RECEIVED IN LOTS

Goods received in lots: ITC available only on receipt of last lot [First proviso to section 16(2)]

In case the goods covered under an invoice are not received in a single consignment but are received in lots / instalments, **ITC can be taken only upon receipt of the last lot / instalment**.

PAYMENT WITHIN 180 DAYS

Payment for the invoice to be made within 180 days [Second proviso to section 16(2) read with rule 37 of CGST Rules]

- The registered person must **pay to the supplier**, the value of the goods and/or services along with the tax **within 180 days from the date of issue of invoice**.
- **In the event of failure** to do so, the corresponding **credits availed** by the registered person would be **added to his output tax liability, with interest**.
- **Interest will be paid @ 18%** u/s 50 from the date of availing credit till the date when the amount added to the output tax liability is paid.
- However, **once the recipient makes the payment** of value of goods and/or services along with tax, he will be **entitled to avail the credit again without any time limit**

Exceptions

- a. Supplies on which tax is payable under reverse charge
- b. Deemed supplies without consideration
- c. Additions made to the value of supplies on account of supplier's liability, in relation to such supplies, being incurred by the recipient of the supply

DEPRECIATION

If depreciation claimed on tax component, ITC not allowed [Section 16(3)]

- If the person taking the ITC on capital goods and plant and machinery has claimed **depreciation on the tax component** of the cost of the said items under the Income-tax Act 1961, the **ITC on the said tax component shall not be allowed.**

TIME LIMIT FOR AVAILING ITC

Section 16(4)

ITC on invoices pertaining to a financial year or debit notes issued in a financial year can be availed any time till

- **30th day of November following the end of financial year** or
- the **date of filing** of the **relevant annual return**,
whichever is earlier.

Exception

The time limit u/s 16(4) **does not apply to claim for re-availing of credit** that had been reversed earlier.

Circular No. 160/16/2021 GST dated 20.09.2021

has clarified that with effect from 01.01.2021, in case of **debit notes, the date of issuance of debit note (not the date of underlying invoice)** shall determine the relevant financial year for the purpose of section 16(4).

CONDITION FOR TAKING ITC- SEC 16(2)

Optional method for banks etc. [Section 17(4) read with rule 38]

Sr No.	Particulars	Amount
1	Total ITC for Month	xxx
	Less: -	
2	Blocked Credit	xxx
3	ITC on Inward Supply from Same PAN	xxx
4	Balance ITC	xxx
5	Eligible ITC= (4 *50%)	xxx
6	ITC on Inward Supply from Same PAN	xxx
7	Total ITC = (5+6)	xxx

Provided that the **option once exercised shall not be withdrawn during the remaining part of the financial year**

BLOCKED CREDIT 17 (5)

MOTOR-VEHICLE

(a) Motor vehicles and other conveyances and related services (insurance, servicing and repair and maintenance)

Motor vehicles for **transportation of persons** having **approved seating capacity of not more than thirteen persons (including the driver)**,

except when they are used for making the following taxable supplies, namely: –

- a. **further supply** of such motor vehicles or
- b. **transportation** of passengers or
- c. **imparting training** on driving such motor vehicles

Seating Capacity 14 or More raha toh ITC Milega

Motor vehicles and conveyances have been defined in the CGST Act.

Motor vehicles exclude –

- vehicle running upon fixed rails
- special purpose vehicles for being used in a factory or any enclosed premises
- vehicle with less than 4 wheels fitted with engine capacity of upto 25cc –
(Thus, railways, two/three wheelers with engine capacity of upto 25cc, bicycle etc. do not fall in the definition of motor vehicle.)

VESSEL AND AIRCRAFT

(aa) Vessels and aircraft except when they are used –

1. For making the following taxable supplies, namely: –
 - a. **further supply** of such vessels or aircraft or
 - b. **transportation** of passengers or
 - c. **imparting training** on navigating such vessels or flying such aircraft
2. For **transportation of goods**

INSURANCE AND REPAIRS

(ab) the following supply of goods or services or both -

services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa):

Provided that the input tax credit in respect of such services shall be available –

1. Where the motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) are used for the purposes specified therein;
2. Where received by a taxable person engaged –
 - (I) in the manufacture of such motor vehicles, vessels or aircraft; or
 - (II) in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him

LEASING, RENTING OR HIRING

Leasing, renting or hiring of motor vehicles, vessels or aircraft on which ITC is not allowed except

- Such services when used for making an **outward taxable supply of the same category** of services or as an element of a taxable composite or mixed supply

FOOD BEVERAGES ETC

Food & beverages, outdoor catering, health services and other services

(i)

- food and beverages,
- outdoor catering,
- beauty treatment,
- health services,
- cosmetic and plastic surgery,
- life insurance and health insurance:

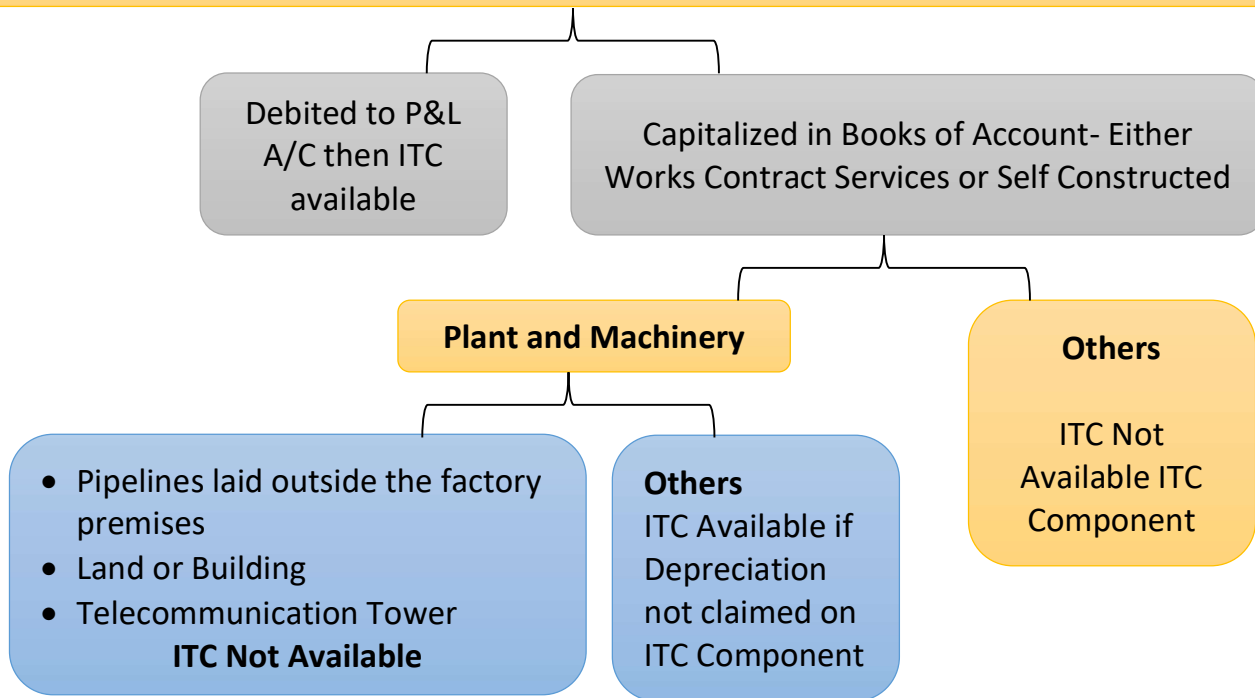
Provided that the **ITC** in respect of such goods or services or both shall be **available** where an inward supply of such goods or services or both is used by a registered person for making an **outward taxable supply of the same category** of goods or services or both or as an element of a taxable composite or mixed supply;

(ii) membership of a club, health and fitness centre

(iii) travel benefits extended to employees on vacation such as leave or home travel concession:

Provided that the **input tax credit** in respect of such goods or services or both shall be **available**, where it is **obligatory for an employer** to provide the same to its employees under **any law** for the time being in force.

IMMOVABLE PROPERTY



ITC on works contract services can be availed only by that taxpayer who is in the same line of business

PURCHASE FROM COMPOSITION DEALER

Section 17(5)(e) specifically blocks the ITC on inward supplies received by a taxable person from a composition supplier.

(Composition Dealer has not collected Tax and hence no question of ITC arises)

NON-RESIDENT TAXABLE PERSON

Tax paid on goods and/or services received by such non-resident taxable person, is not available as ITC. However, **tax paid by him on imported goods is allowed as ITC.**

PERSONAL CONSUMPTION

section 17(5)(g) also specifically blocks the ITC on goods and/or service used for personal consumption.

The term personal consumption- may be understood in the general sense which would mean non-business use.

FREE SAMPLES, GIFTS ETC

Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples

ITC in respect of goods that are disposed of by way of gift or free samples is not available.

Also, ITC is blocked on lost goods, stolen goods, destroyed goods and goods that are written off.

This is because principally, **ITC is available only for payment of tax on output supply**. If **no tax is payable** on output supply, **ITC** on inputs/input services/capital goods relating to such output supply is **not eligible**.

However, where the activity of distribution of gifts or free samples falls within the scope of “supply” on account of the provisions contained in Schedule I of the said Act, the supplier would be eligible to avail the ITC.

SALES PROMOTIONAL SCHEME

ITC in the hands of the supplier in respect of sales promotional schemes

Circular No. 92/11/2019 GST dated 28.03.2019 has clarified the entitlement of ITC in the hands of supplier in respect of various sales promotional schemes as under

1. Samples and Free Gifts- ITC Not Available except if covered under Schedule I
2. Buy One Get One Offer- ITC Available since it is case of two or more individual supplies where a single price is being charged for the entire supply
3. Buy More, Save More- ITC Available
4. Secondary Discount- ITC Available

EXPIRED MEDICINES/DRUGS

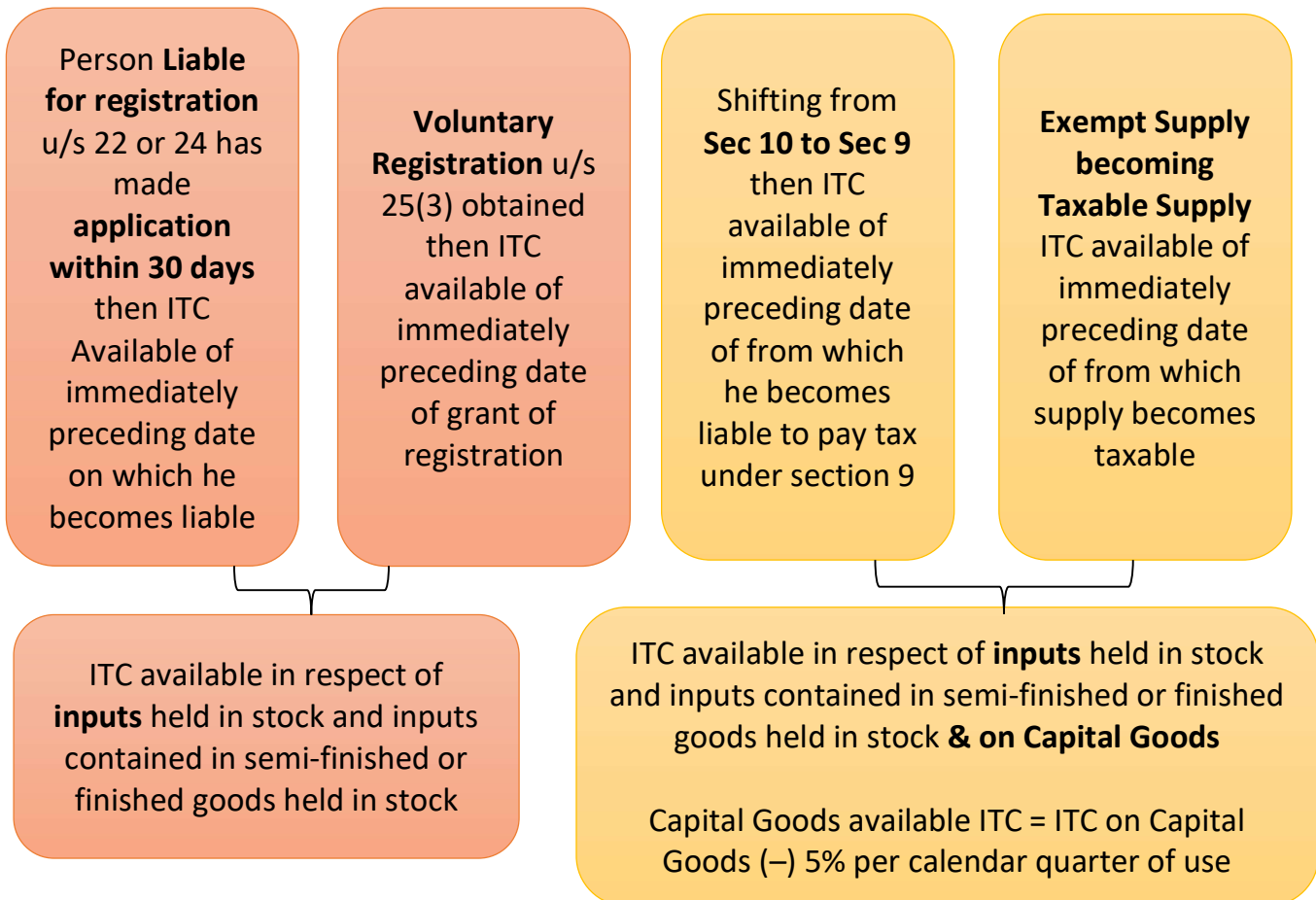
ITC reversal when return of time expired medicines/drugs are treated as fresh supply

FRAUD

Tax paid in fraud cases, detention, confiscation etc. [Clause (i) of section 17(5)]

- Tax paid under sections 74, 129 and 130 is not available as ITC.

CREDIT IN SPECIAL CIRCUMSTANCES- SEC 18



TIME LIMIT TO CLAIM ITC- SEC 18(2)

A registered person shall **not be entitled** to take input tax credit under sub-section (1) in respect of any supply of goods or services or both to him **after the expiry of one year from the date of issue of tax invoice** relating to such supply.

Note: Here, the **maximum time limit for availing ITC is one year**. Invoices more than one year old are not eligible for taking credit.

If the claim of **ITC** pertaining to CGST, SGST/UTGST, IGST put together **exceeds ₹ 2,00,000**, the **declaration needs to be certified by a practicing Chartered Accountant/Cost Accountant**.

TRANSFER OF BUSINESS- SEC 18(3)

ITC in case of sale, merger, demerger, amalgamation, lease or transfer of the business [Section 18(3)]

Where there is a **change in the constitution** of a registered person on account of

- sale
- merger
- demerge
- amalgamation
- lease or transfer of the business with the specific provisions for transfer of liabilities, or
- due to the death of the sole proprietor

the said registered person shall be allowed to **transfer the input tax credit** which remains **unutilised in his electronic credit ledger to such** sold, merged, demerged, amalgamated, leased or **transferred business** in such manner as may be prescribed.

In **the case of demerger, ITC will be apportioned** in the **ratio of the value of assets** of the new units as specified in the demerger scheme.

Here, "**value of assets**" means the **value of the entire assets** of the business **irrespective** of **whether ITC has been availed thereon or not**.

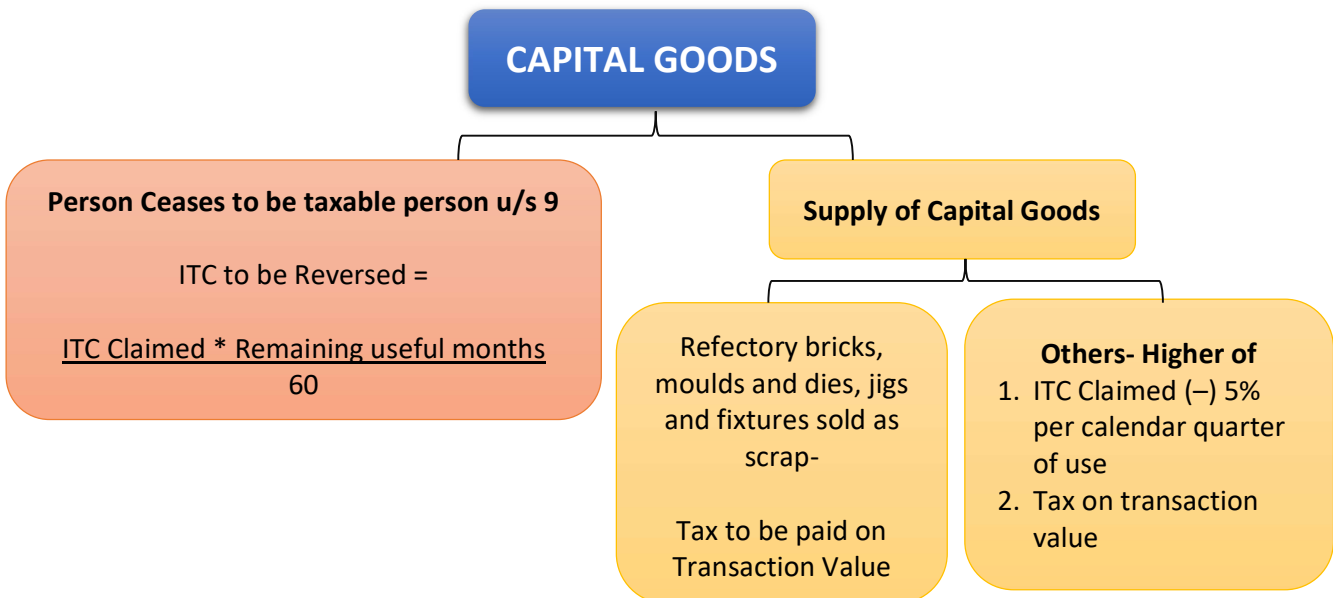
CEASE TO BE TAXABLE PERSON U/S SEC 9

Reversal of ITC on switching to composition levy or exit from tax-paying status [Section 18(4) read with rule 44 of CGST Rules]

- Section 18(4) requires reversal of ITC when a registered person who has availed ITC **switches to composition levy or when his supplies get wholly exempted from tax**
- **ITC on inputs should be reversed proportionately** on the basis of corresponding invoices on which credit had been availed on such inputs
- ITC involved in the remaining useful life (in months) of the **capital goods** should be **reversed on pro-rata basis, taking the useful life as 5 years (i.e., 60 Months)**.
- The registered person has to **debit the electronic credit or cash ledger** by the reversal amount in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and capital goods on the day immediately preceding the date of switch over/ date of exemption
- **After payment** of such amount, the **balance** of input tax credit, if any, lying in his electronic credit ledger **shall lapse**

Amount payable on supply of capital goods or plant and machinery on which ITC has been taken [Section 18(6) read with rule 40(2) & rule 44(6) of the CGST Rules]

- If capital goods or plant and machinery on which ITC has been taken are supplied outward by the registered person, he must pay an amount that is the **higher of the following**:
 - ✓ **ITC taken on such goods reduced by 5% per quarter** of a year or part thereof from the date of issue of invoice for such goods [i.e., ITC pertaining to remaining useful life of the capital goods (in quarters)], or
 - ✓ **tax on transaction value**
- Where the amount so determined exceeds the tax payable on the transaction value of the capital goods, such amount need to be paid and thus, should be added to the output tax liability.
- If **refractory bricks, moulds and dies, jigs and fixtures** are supplied as **scrap**, the taxable person may **pay tax on the transaction value**.



Transfer of ITC on obtaining separate registrations for multiple places of business within a State/ Union Territory [Rule 41A of CGST Rules]

- Section 25 enables a taxpayer to obtain separate registrations for multiple places of business in a State/ Union territory.
- The registered person (transferor), having **separate registrations** for **multiple places** of business within a State/Union Territory, **can transfer the unutilised ITC** (wholly or partly) lying in his electronic credit ledger to any or all of the newly registered place(s) of business in the **ratio of the value of assets held by them at the time of registration**.

GOODS AND SERVICE TAX

- Here, the '**value of assets**' means the **value of the entire assets** of the business irrespective of whether **ITC has been availed thereon or not**.
- The registered person should furnish the prescribed details on the common portal within a period of 30 days from obtaining such separate registrations.
- Upon acceptance of such details by the newly registered person (transferee) on the common portal, the unutilised ITC gets credited to his electronic credit ledger.

MANNER OF UTILIZATION OF ITC

Sections 49(5), 49A, 49B, rule 88A and Circular No. 98/17/2019 GST dated 23.04.2019 together prescribe the sequence of utilisation of ITC

ITC \ Liability	IGST	CGST	SGST
IGST	1	2- In any order	
3- Jab tak IGST ka balance zero nahi hota tabh tak CGST & SGST ka ITC utilise nahi kar sakte.			
CGST	5	4	Not Allowed
SGST	7	Not Allowed	6
SGST ka ITC IGST k against use karne k liye CGST ka balance Zero hona chahiye			

RESTRICTION ON UTILIZATION OF ITC- RULE 86A

The **Commissioner/ an officer (not below the rank of an Assistant Commissioner)** authorised by him is empowered to impose restrictions on utilization of ITC available in the electronic credit ledger if he has reasons to believe that such **ITC has been fraudulently availed or is ineligible**.

The restrictions can be imposed in the following circumstances:

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

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

If the ITC is so availed, the restrictions can be imposed by not allowing such ITC to be used for discharging any liability under section 49 or not allowing refund of any unutilised amount of such ITC.

Such **restrictions can be imposed for a period up to 1 year** from the date of imposing such restrictions. However, the Commissioner/officer authorised by him, can withdraw such restriction if he is satisfied that conditions for imposing the restrictions no longer exist.

RESTRICTION ON UTILIZATION OF ELECTRONIC CREDIT LEDGER- RULE 86B

Rule 86B limits the use of input tax credit available in the electronic credit ledger for discharging output tax liability. The aforesaid rule starts with non-obstante clause and has an **over-riding impact on any other provision of the rules**.

Applicability of Rule 86B

Rule 86B is applicable to the registered person having value of **taxable supply (other than exempt supply and zero-rated supply) in a month exceeding Rs 50 lakh**.

Therefore, in cases wherein value of taxable supply in a month is less than Rs 50 lakh, then this restriction would not be applicable.

Nature of restriction imposed

The registered person to whom the said rule is applicable **cannot utilize input tax credit in excess of 99% of the output tax liability**.

Matlab kam se kam 1% of output tax liability ko Cash Ledger se pay karna padega

EXCEPTIONS TO RULE 86-B

Payment of Income Tax more than Rs 1 lakh

Rule 86B may not apply in cases whereby person mentioned below have **deposited sum of more than Rs 1 lakh as income tax** under the Income - tax Act, 1961) **in each of the last 2 financial years for which the time limit to file return of income under section 139(1) of the said Act has expired**

- The **registered person** or
- The **karta /proprietor/the managing director** of the registered person
- Any of the **two partners, whole-time directors, members of Managing Committee** of Associations or Board of Trustees of the registered person, as the case may be.

Receipt of refund of input tax credit of more than Rs 1 lakh

Rule 86B may not apply whereby registered person has received a **refund amount of more than Rs 1 lakh** on account of unutilized input tax credit under the following:

- zero-rated supplies made without payment of tax
- Inverted duty structure

It is pertinent to note that refund should have **been received in the preceding financial year**

Payment of total output tax liability through electronic cash ledger in excess of 1% of total output tax liability

If the registered person has **paid more than 1% of total output tax liability** using electronic **cash** ledger **upto the said month in the current financial year**, the restrictions as specified in Rule 86B shall not apply.

It is pertinent to note that GST **liability paid under reverse charge mechanism should not be taken into account** while calculating the total output liability paid through electronic cash ledger.

Rule 86B would not be applicable in case of below-mentioned registered person:

- Government Department; or
- a public sector undertaking; or
- a local authority; or
- a statutory body.

INTRODUCTION

- Under GST law, a supplier is required to **obtain State-wise registration**.
- A supplier has to obtain registration in **every State/UT** from where he makes a **taxable supply** provided his aggregate turnover exceeds a specified threshold limit.
- Thus, he is **not required to obtain registration** from a State/UT from where he makes a **non-taxable supply**.
- Since **registration in GST is PAN based**, once a supplier is liable to register, he has to **obtain registration in each of the States/UTs** in which he operates under the same PAN.
- Further, he is **normally** required to obtain **single registration in a State/UT**.
- However, where he has **multiple places of business** in a State/UT, he has the **option either to get a single registration** for said State/UT [wherein it can declare one place as principal place of business (PPOB) and other branches as additional place(s) of business (APoB)] **or to get separate registrations** for each place of business in such State/UT.

Taxable Person – Section 2(107)

Taxable person means a person who is **registered or liable to be registered** under section 22 or section 24.

Thus, even an unregistered person who is liable to be registered is a taxable person. Similarly, a person not liable to be registered, but has taken voluntary registration and got himself registered is also a taxable person.

PERSONS LIABLE FOR REGISTRATION- SECTION 22

- Every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his **aggregate turnover in a financial year exceeds basic exemption Limit**.

Note: **As per Notification No. 10/2019**-Central Tax dated 7th March, 2019 any person, who is engaged in **exclusive supply of goods and whose aggregate turnover is more than forty lakh rupees**, is liable to be registered under the act.

GOODS AND SERVICE TAX

Limit- 10 Lacs for GSB	Limit- 20 Lacs for GSB	Limit- 40 Lacs only Goods 20 Lacs for Services
Manipur	Arunachal Pradesh	Jammu Kashmir
Mizoram	Meghalaya	Assam
Nagaland	Sikkim	Himachal-Pradesh
Tripura	Uttarakhand	All other States
	Puducherry	
	Telangana	

Explanation: - For the purpose of this sub-section a person shall be considered to be **engaged in the supply of goods** even if he is engaged in **exempt supply of services** provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of **interest or discount**.

ANALYSIS OF AGGREGATE TURNOVER

- a. Aggregate turnover to **exclude inward supplies** on which tax is payable under **reverse charge**
- b. Aggregate turnover **excludes the element of taxes charged under this Act** (CGST, SGST, UTGST, and IGST and compensation cess.)
- c. Aggregate turnover to include **total turnover** of all branches **under same PAN**
- d. Value of exported goods/services, exempted goods/services, inter-State supplies between distinct persons having same PAN, to be included in aggregate turnover.
- e. **Aggregate turnover** to include all supplies made by the taxable person, whether on his **own account or made on behalf of all his principals**.

It means while calculating threshold limit of rupees forty lakhs in case of supplier of goods only, we shall **not club value of exempt supply of service** which is in form of extending loans or advances whose consideration is in form of **interest or discount**.

Following shall be registration Limit for below mentioned class of people- Either trader or manufacturer

Threshold Limit for Registration for Suppliers of ice-cream, pan masala, tobacco, Fly ash bricks; Fly ash aggregates; Fly ash blocks, Bricks of fossil meals or similar siliceous earths, Building bricks, Earthen or roofing tiles

Rs 10 Lacs	Rs 20 Lacs
1. Manipur 2. Mizoram 3. Nagaland 4. Tripura	Remaining States and Union Territories.

Notes:

1. These suppliers are also not eligible for exemption limit of Rs. 40 Lacs.
2. Registration is mandatory in case of inter-state supply of these goods.

Registration required only for a place of business from where taxable supply takes place

- A person is required to obtain registration with respect to his **each place of business** in India from **where a taxable supply** has taken place.
- However, a supplier is **not liable to obtain registration** in a State/UT from where he makes an **exempt/non-taxable supply**
- Further, the **threshold limit** of a person having places of business in more than one State/UT in India gets **reduced to ₹ 10 lakh** only when such person makes **taxable supplies** of goods or services or both from **any of the Special Category States** as per section 22.
- However, in case he makes exempt/non-taxable supply from a Special Category State and taxable supplies from a State other than Special Category State, the threshold limit shall not be so reduced.

Person liable for registration in case of transfer of business

Where a **business is transferred**, whether on account of succession/any other reason [including transfer/change in the ownership of business due to death of the sole proprietor], to another person **as a going concern**, the transferee/successor, is to be **registered with effect from the date of such transfer/succession**.

Where the **business is transferred**, pursuant to **sanction of a scheme/ arrangement** for amalgamation/ de-merger of **two or more companies**, pursuant to an order of a High Court/Tribunal, the transferee is to be registered with effect from the **date on which the Registrar of Companies issues a certificate of incorporation giving effect to such order**.

PERSONS NOT LIABLE FOR REGISTRATION- SECTION 23

As per section 23(1)(a), any person engaged **exclusively** in the business of supplying goods or services or both that are

- **not liable to tax** or
- **wholly exempt** from tax under CGST Act/ IGST Act

shall not be liable to registration.

As per section 23(1)(b) An agriculturist, to the extent of supply of produce out of cultivation of land.

The term **agriculturist** has been defined under section 2(7) as an **individual**/Hindu Undivided Family (**HUF**) who undertakes cultivation of land—

- (a) by **own labour**, or
- (b) by the **labour of family**, or
- (c) by **servants on wages** payable in cash or kind or by hired labour under personal supervision or the personal supervision of any member of the family.

From the above definition, it is clear that the benefit of not being liable to registration is only restricted to the agriculturists who are individuals or HUFs.

Further, if an **agriculturist** is also **engaged in making** any **supply other than supply of produce out of cultivation of land**, he shall be **liable to registration** based on applicable threshold limit.

SPECIFIED CATEGORY OF PERSON NOT LIABLE FOR REGISTRATION

1. As per section 23(2) Specified category of persons notified by the Government exempted from obtaining registration which are as follows

Persons making only reverse charge supplies

Persons who are only engaged in making supplies of taxable goods or services or both, the **total tax on which is liable to be paid on reverse charge basis** by the recipient of such goods or services or both under section 9(3) have been **exempted from obtaining registration** [Notification No. 5/2017 CT dated 19.06.2017].

Persons making inter-State supplies of taxable services up to Rs 20 lakh

The persons making **inter-State supplies of taxable services** and having an aggregate turnover, to be computed on all India basis, **not exceeding an amount of Rs 20 lakh in a financial year** have been **exempted** from obtaining compulsory registration.

However, the aggregate value of such supplies, computed on all India basis, should not exceed an amount of Rs **10 lakh in case of Special Category States** of **Mizoram, Tripura, Manipur and Nagaland** [Notification No. 10/2017 IT dated 13.10.2017].

Persons including Casual Taxable Person making inter-State taxable supplies of notified handicraft goods and notified handmade goods up to Rs 20 lakh

Conditions to be fulfilled

1. The **aggregate value** of such supplies, to be computed on all India basis, **does not exceed an amount of ₹ 20 lakh** [₹ 10 lakh in case of **Special Category States** of Mizoram, Tripura, Manipur and Nagaland] in a FY.
2. Such persons have **obtained a PAN and have generated an e-way bill**

APMC- COMMISSION AGENT

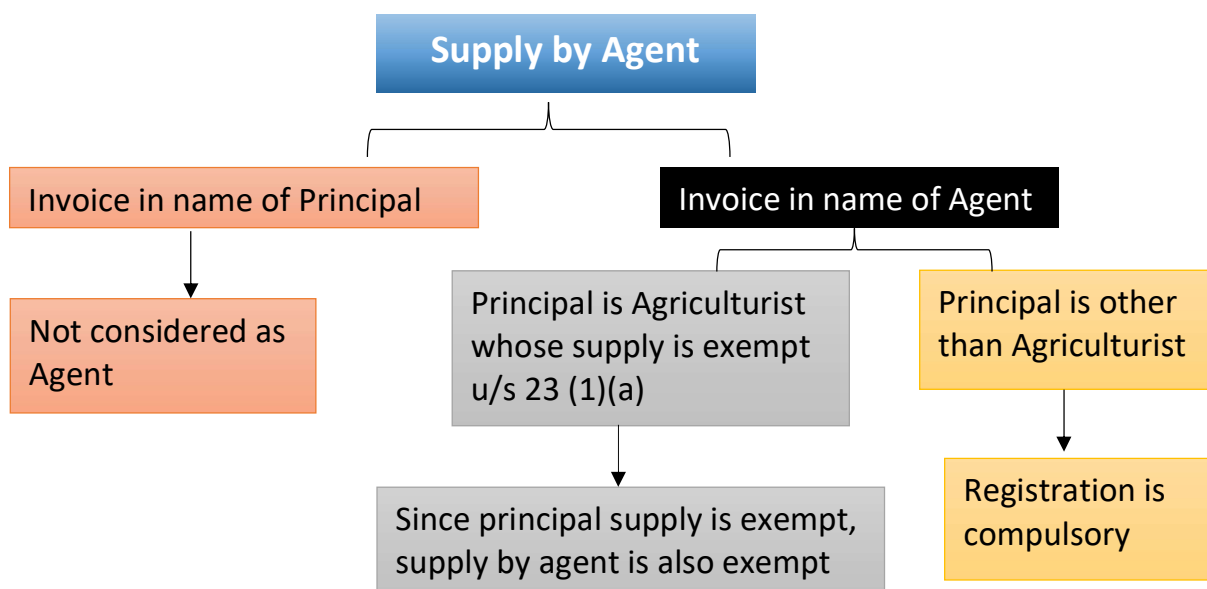
Liability to register in respect of services provided by the commission agent as per APMC Act for sale/ purchase of agricultural produce

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**.

However, **generally**, a **commission agent** under APMC Act makes **supplies on behalf of an agriculturist who is not a taxable person** if he supplies produce out of cultivation of land [as seen above].

Thus, a commission agent, who is making supplies on behalf of non-taxable person [viz. agriculturist], is not liable for compulsory registration under this provision.



(1) Persons making any inter-State taxable supply.

However, threshold limit of ₹ 20 lakh (₹ 10 lakh in case of Special Category States of Mizoram, Tripura, Manipur and Nagaland) is available in case of inter- State supply of taxable services and of notified handicraft goods.

(2) Casual taxable persons (CTP) making taxable supply.

However, threshold limit of ₹ 20 lakh (₹ 10 lakh in case of Special Category States of Mizoram, Tripura, Manipur and Nagaland) is available in case of CTP who is making inter-State taxable supplies of notified handicraft goods and availing the benefit of exemption from registration as mentioned in point (i) above.

(3) Persons who are required to pay tax under reverse charge on inward supplies received.

However, persons engaged exclusively in making outward supplies, tax on which is liable to be paid on reverse charge basis are exempt from registration.

(4) Non-resident taxable persons (NRTP) making taxable supply.

(5) Persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise.

(6) E-commerce:

- a. Every ECO (Electronic Commerce Operator) who is required to collect tax at source under section 52, ECO means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.
- b. Persons who supply goods and/or services, other than supplies specified under section 9(5), through such ECO who is required to collect tax at source under section 52.

However, **threshold limit of ₹ 20 lakh (₹ 10 lakh** in case of Special Category States of Mizoram, Tripura, Manipur and Nagaland) is available **in case of suppliers supplying services through ECO.**

This Limit is now also applicable to supply of goods through ECO who is required to collect TCS under section 52 and having an aggregate turnover in the preceding financial year and in the current financial year not exceeding the threshold limit subject to the following conditions, namely:

- a. such persons shall **not make any inter-State supply** of goods;
- b. such persons shall **not make supply** of goods through ECO in **more than one State/Union territory**;
- c. such persons shall be required to have a **PAN issued** under the Income-tax Act, 1961;

- d. such persons shall, before making any supply of goods through ECO, **declare on the common portal**:
 - a. their **PAN**
 - b. **address** of their place of business and
 - c. **State/UT** in which such persons seek to make such supply, which shall be subjected to validation on the common portal;
- e. such persons have been **granted an enrolment number** on the common portal on successful validation of the PAN declared above;
- f. such persons shall **not be granted more than one enrolment number** in a State/UT;
- g. no supply of goods shall be made by such persons through ECO unless such persons have been granted an enrolment number on the common portal; and
- h. where such persons are subsequently granted registration under section 25, the enrolment number shall cease to be valid from the effective date of registration.

(7) Persons who are required to deduct tax under section 51, whether or not separately registered under this Act.

(8) Input Service Distributor, whether or not separately registered under this Act.

(9) Every person supplying online information and data base access or retrieval (OIDAR) services from a place outside India to a person in India, other than a registered person;

(10) Persons who are required to pay tax under section 9(5)

(11) such other person or class of persons as may be notified by the Government on the recommendations of the Council.

Point 6 to 10 discussed at CA Final Level

PROCEDURE FOR REGISTRATION- SECTION 25

Particulars	Where	When
Person who is liable to be registered under section 22 or section 24	in every such State/UT in which he is so liable	within 30 days from the date on which he becomes liable to registration
A casual taxable person or a non-resident taxable person		at least 5 days prior to the commencement of business
Every person who makes a supply from the territorial waters of India	in the coastal State/UT where the nearest point of the appropriate base line is located.	within 30 days from the date on which he becomes liable to registration

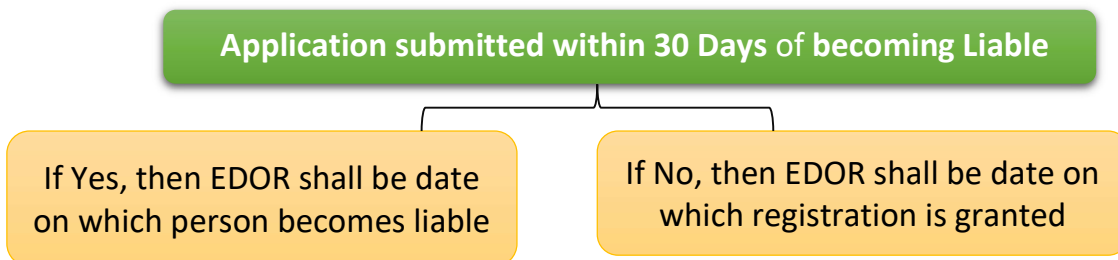
Section 2(20) Casual Taxable Person

- A person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business,
- whether as principal, agent or in any other capacity,
- in a State or a Union territory where he has no fixed place of business.
- Thus, a casual taxable person is someone who has a business in a different state, but comes to a different state for a business purpose temporarily.

Section 2(77) Non-Resident Taxable Person

- Any person who occasionally undertakes transactions involving supply of goods or services or both,
- whether as principal or agent or in any other capacity,
- but who has no fixed place of business or residence in India.
- Hence, a non-resident taxable person is someone who has a business outside India, but comes to a different state for a business purpose temporarily.

Effective Date of Registration



- In case the **application is submitted within 30 days** of the person becoming liable to register, it shall be the **date on which the person becomes liable**
- And if the **application is submitted after 30 days** of the person becoming liable to register, it shall be the date on which **the registration is granted**.

STATE-WISE REGISTRATION

Section 25(2) read with rule 11

- **Registration needs to be taken State-wise**, i.e. there is no centralized registration under GST. A business entity having its branches in multiple States will have to take separate **State-wise registration** for its branches in different States.
- Although a taxpayer having **multiple places of business in one State is not mandatorily required to obtain separate registration** for each such place of business in the State, he has an **option to obtain independent registrations** with respect to each such separate place of business

Application for registration by Special Economic Zone (SEZ) [Second proviso to section 25(1)]:

SEZ is a geographically bound zone where the economic laws relating to export and import are more liberal as compared to other parts of the country. SEZ is considered to be a place outside India for all tax purposes.

VOLUNTARY REGISTRATION - SEC 25(3)

- A person who is **not liable to be registered** under section 22 or section 24 **may get himself registered voluntarily**.
- In case of voluntary registration, all provisions of this Act, as are applicable to a registered person, shall apply to voluntarily registered person.
- However, once a person obtains voluntary registration, he has to pay tax even though his aggregate turnover does not exceed the applicable threshold limit for registration (Rs 40 lakh/ Rs 20 lakh/ Rs 10 lakh, as the case may be).

DISTINCT PERSON - SEC 25(4) & (5)

Distinct Person- 25(4)

A person who has obtained/ is required to obtain more than one registration, whether in one State/ Union territory or more than one State/Union territory shall, in respect of each such registration, be treated as distinct persons.

Establishments of distinct persons Section 25(5)

Further, where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishments shall be treated as establishments of distinct persons.

PAN

PAN must for obtaining registration [Section 25(6) & (7)]

- A Permanent Account Number is mandatory to be eligible for grant of registration.
- A Non-Resident Taxable Person (NRTP) may be granted registration on the basis of other prescribed documents

SUO-MOTU REGISTRATOIN

Suo-motu registration by the proper officer [Section 25(8) read with rule 16]

- Where, pursuant to any survey, enquiry, inspection, search or any other proceedings under the Act, the **proper officer finds** that a **person liable to registration** under the Act 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 shall either:

1. **submit an application for registration** in prescribed form **within 90 days** from the date of grant of temporary registration, or
2. **file an appeal** against such temporary registration.

In case (2), if the **Appellate Authority upholds the liability to registration**, **application** for registration shall be **submitted within 30 days** from the date of issuance of such order of the Appellate Authority.

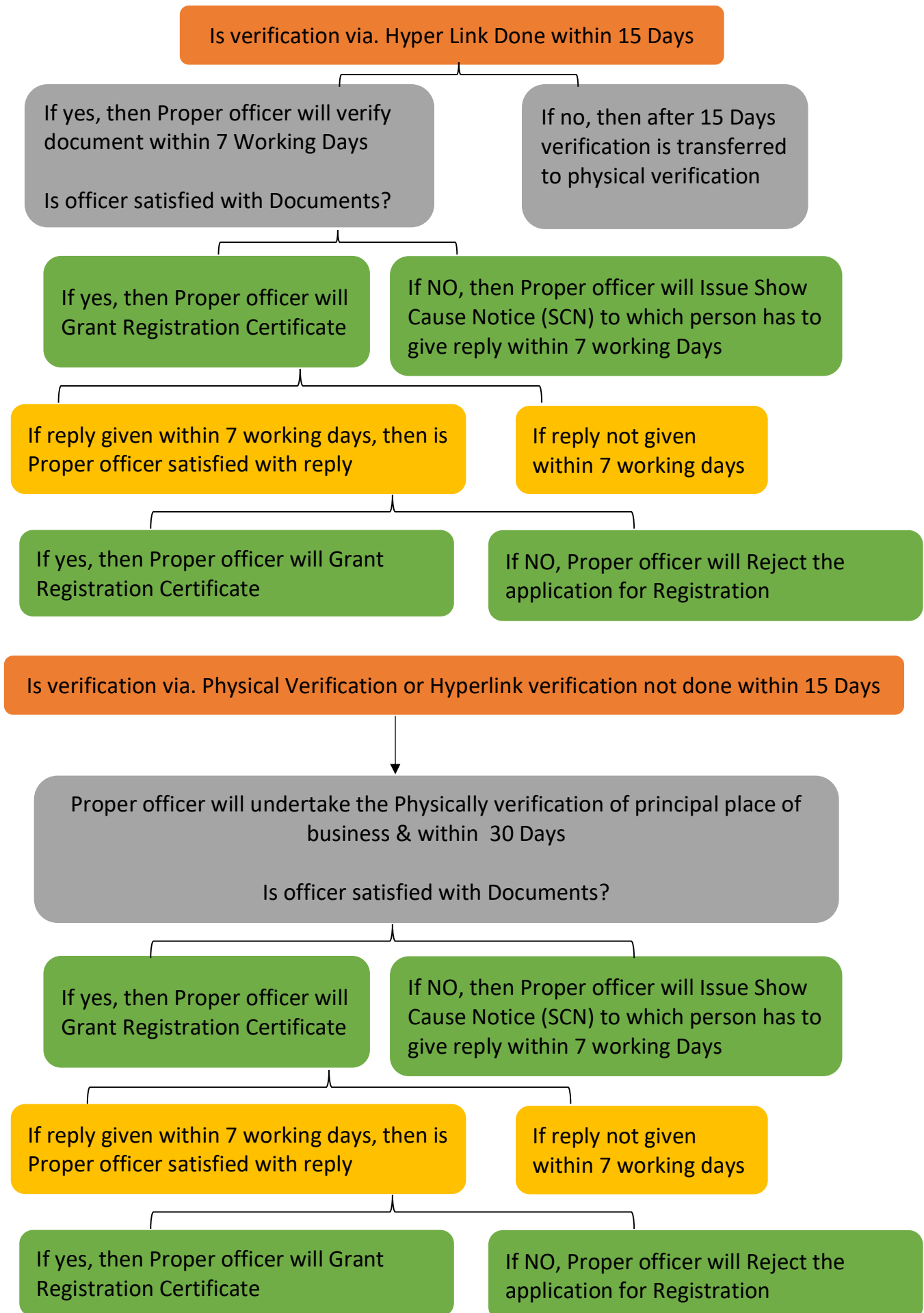
GSTIN thereafter granted shall be effective from the date of order of proper officer granting temporary registration

APPLICATION FOR REGISTRATION- RULE 8

1. **File part A** by adding following details
 - a. Mobile No.- Verified by OTP
 - b. Email Id- Verified by OTP
 - c. Pan- Verified by CBDT Data Base
2. Upon Submission of part A, TRN (Temporary Reference Number) will be generated which will be valid for 15 Days
3. In case of CTP and NRTP, Advance payment of cash is to be made using TRN
4. Within 15 Days file Part-B and opt for either Aadhar Verification or Physical Verification.

If Opted for Aadhar Verification- Hyperlink will be generated which will be valid for 15 Days.-

GOODS AND SERVICE TAX



Where the proper officer is satisfied that the physical verification of the place of business of a person is required AFTER the grant of registration:

he may get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in prescribed form on the common portal **within a period of 15 working days** following the date of such verification.

Where the physical verification of the place of business of a person is required BEFORE the grant of registration in the circumstances specified in the proviso to rule 9(1) [as given above]:

the proper officer shall get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in prescribed form on the common portal **at least 5 working days prior to the completion of the time period** specified in the said proviso.

AADHAR AUTHENTICATION

Section 25(6A)-Registered Person

- **Every registered person** shall undergo **authentication**, or furnish proof of possession of Aadhaar number, in such form and manner and **within such time as may be prescribed**;
- Provided that if **Aadhaar number is not assigned** to the registered person, such person shall be **offered alternate and viable means** of identification in such manner as Government may, on the recommendations of the Council.

Section 25(6B): New Applicant (Individual)

- On and from the date of notification, **every individual** shall, in order to be eligible for grant of registration, **undergo authentication**, or furnish proof of possession of Aadhaar number
- Provided that if **Aadhaar is not assigned** to such individual, such individual shall be offered **alternate viable means of identification**. (Notification No.18/2020-CT dt.23.03.2020 w.e.f. 01.04.2020)

Section 25(6C): New Applicant (Other than Individual)

- On and from the date of notification, **every person, other than individual**, shall, in order to be eligible for grant of registration, **undergo authentication**, or furnish proof of possession of Aadhaar number of **Karta, Managing Director, whole Time Director, Trustees, authorised representative, authorised signatory**
- Provided that where such person or class of persons have **not been assigned Aadhaar Number**, such person or class of persons shall be **offered alternate viable means of identification**

Section 25(6D):- Exceptions

The Provisions of sub-section 6A and 6B or 6C shall not apply to such person or class of persons or any State or Union territory or Part thereof, as the Government may, on the recommendations of the Council, specify by notification. .(Notification No.17/2020-CT dt.23.03.2020 w.e.f. 01.04.2020)

- Analysis: - Provisions of section 25(6B/6C) shall not be applicable to :
 - A person who is not a citizen of India.
 - Class of persons other than following class of persons Individual, Authorised signatory of all types, Managing and Authorised partners, Karta of HUF.

BANK DETAILS- RULE 10A

A taxpayer has an option to give his bank account details after obtaining registration,

- **within 30 days from the date of grant of registration or**
 - **the due date of furnishing return u/s 37 i.e. IFF or GSTR-1,**
- whichever is earlier**

ISSUANCE OF REGISTRATION CERTIFICATE- RULE 10A

- Where the application for grant of registration has been approved, a certificate of registration [duly signed or verified through EVC by the proper officer] in **Form GST REG-06 showing the PPOB and APOB** is made available to the applicant on the Common Portal and a Goods and Services Tax Identification Number (hereinafter referred to as “GSTIN”) i.e. the GST registration no. is communicated to applicant, **within 3 days after the grant of registration**

EFFECTIVE DATE OF REGISTRATION

Applicant submits application for registration	Effective Date of registration is
Within 30 days from date he became liable for registration	Date on which he became liable to registration
After 30 days from date he became liable for registration	Date of grant of registration certificate.

Display of registration certificate and GSTIN on the name board [Rule 18]

- Every registered person shall **display his registration certificate in a prominent location at his PPOB and at every APOB**. Further, his GSTIN also has to be **displayed on the name board exhibited at the entry of his PPOB and at every APOB**.

NON-RESIDENT TAXABLE PERSON- RULE 13

1. A non-resident taxable person shall electronically submit an application, along with a valid passport, for registration, duly signed, in **FORM GST REG-09, at least five days prior to the commencement of business** at the Common Portal either directly or through a Facilitation Centre notified by the Commissioner.

Provided that in the case of a **business entity incorporated or established outside India**, the application for registration shall be submitted along with its **tax identification number or unique number** on the basis of which the entity is **identified by the Government of that country** or its Permanent Account Number, if available.

2. A person applying for registration as a non-resident taxable person shall be **given a temporary reference number** by the common portal for making an **advance deposit of tax**

Period of validity of registration certificate granted to CTP/NRTP

Registration Certificate granted to CTP/NRTP will be valid for:

- (i) **Period specified** in the registration application, or
- (ii) **90 days** from the effective date of registration [can be **extended further** by a **period not exceeding 90 days** by making an application before the end of the validity of registration granted to him**]

Advance deposit of tax

At the time of submitting the registration application, 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.

AMENDMENT OF REGISTRATION- SECTION 28 & RULE 19

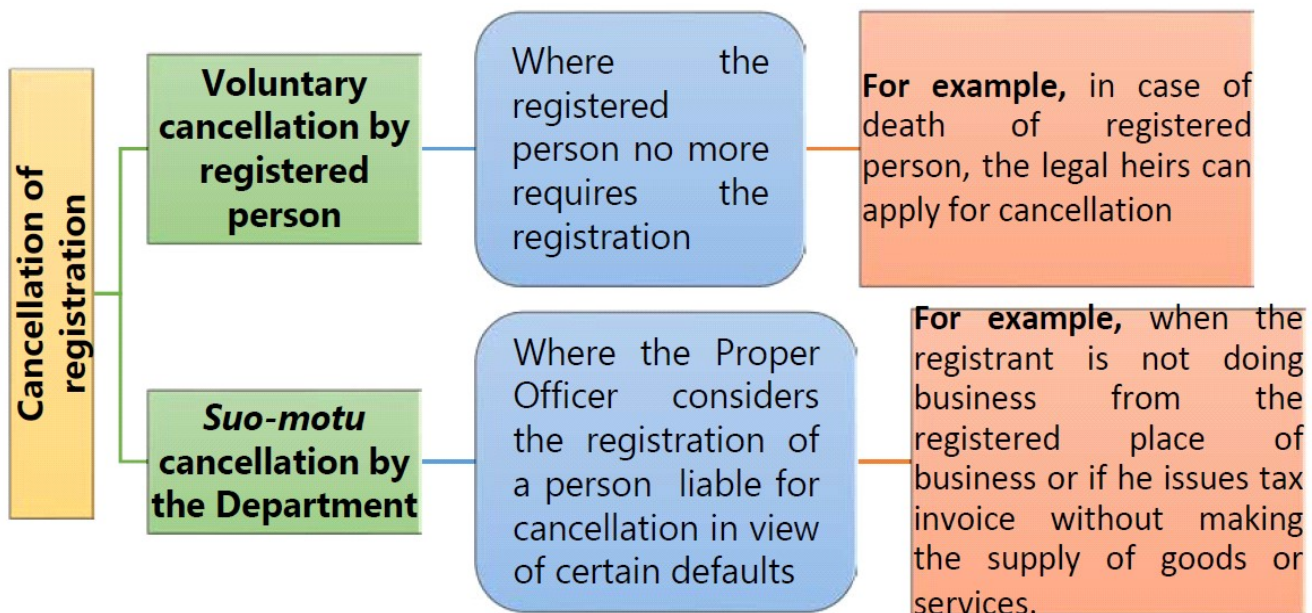
Non-core fields like name of day to day functionaries, e-mail ids, mobile numbers, etc. are done instantly via otp

In case the change is in core information in the registration application,

1. The taxable person will **apply for amendment within 15 days** of the event necessitating the change.
2. The proper officer, then, will approve the amendment or issue a **Show Cause Notice within next 15 days**

3. The registered person shall furnish a **reply to the notice** to show cause in FORM GST REG-04, within a **period of seven working days** from the date of the service of the said notice.
4. Where the **reply furnished is found to be not satisfactory or where no reply** is furnished in response to the notice) **within seven working days**, the proper officer shall **reject the application and pass an order in FORM GST REG-05** .
5. 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 notice to show cause under sub-rule (3),
6. the certificate of registration shall stand amended to the extent applied for and the amended certificate shall be made available to the registered person on the common portal.

APPLICATION FOR CANCELATION OF REGISTRATION- RULE 20



Circumstances when the proper officer can cancel registration on his own [Section 29 (2)]

1. A registered person has **contravened the prescribed provisions** (Refer I below)
2. Registration liable to be cancelled if monthly return filer **fails to file return continuously for 6 months** or a person opting for QRMP fails to file return **for 2 tax periods** [Clauses (h) & (i) inserted to rule 21] (Refer II below)
3. **Voluntarily registered** person has **not commenced** the business **within 6 months** from the date of registration
4. **Registration** was obtained by means of **fraud, wilful misstatement** or suppression of facts

Notes

1. Prescribed contraventions which make a registered person liable to cancellation of registration [Rule 21]:

The registered person-

- (a) does not conduct any business from the declared place of business, or
- (b) issues invoice/bill without supply of goods/services in violation of the provisions of this Act, or the rules made thereunder.
- (c) violates the provisions of section 171. Section 171 contains provisions relating to anti-profiteering measure²⁵.
- (d) violates the provision of rule 10A
- (e) avails input tax credit in violation of the provisions of section 16 of the CGST Act or the rules made thereunder; or
- (f) furnishes the details of outward supplies in Form GSTR-1 under section 37 for one or more tax periods which is in excess of the outward supplies declared by him in his valid return under section 39 for the said tax periods; or
- (g) violates the provision of rule 86B.
- (h) being a registered person required to file return under section 39(1) for each month or part thereof (i.e. monthly return filer), has not furnished returns for a continuous period of 6 months.
- (i) being a registered person required to file return under proviso to section 39(1) for each quarter or part thereof (i.e. quarterly return filer), has not furnished returns for a continuous period of 2 tax periods.

2. Composition Scheme- has not furnished the return for a financial year beyond 3 months from the due date of furnishing the said return

Due date- 30th April following the F.Y.- waha se 3 Months

Suspension of Registration [Section 31 & Rule 21A]

1. Where a **registered person has applied for cancellation of registration**, the registration shall be deemed to be suspended from:
 - (a) the date of submission of the application or
 - (b) the date from which the cancellation is sought,whichever is later, pending the completion of proceedings for cancellation of registration.
2. Where **cancellation of the registration has been initiated by the Department on its own motion**:

Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled, he may suspend the registration of such person with effect from a date to be determined by him, pending the completion of the proceedings for cancellation of registration.

Where, a **comparison of the returns** furnished by a registered person under **section 39** with:

- (a) the details of **outward supplies furnished in Form GSTR-1**; or
- (b) the details of **inward supplies** derived based on the details of outward supplies

furnished by his suppliers in their Form GSTR-1, or such other analysis, as may be carried out on the recommendations of the Council, show that there are **significant differences** or anomalies indicating contravention of the provisions of the CGST Act or the rules made thereunder, leading to cancellation of registration of the said person, his **registration shall be suspended**.

There is a contravention of the provisions of rule 10A by the registered person

Said person shall be intimated in prescribed form by sending a communication to his e-mail address provided at the time of registration or as amended from time to time.

In this intimation for suspension and notice for cancellation of registration, the said differences and anomalies are highlighted and said person is **asked to explain, within a period of 30 days, as to why his registration shall not be cancelled**.

3. A registered person, whose registration has been suspended as above:
 - shall **not make any taxable supply** during the period of suspension and
 - shall **not be required to furnish any return under section 39**.

*The expression “shall not make any taxable supply” shall mean that the registered person shall not issue a tax invoice and, accordingly, not charge tax on supplies made by him during the period of suspension.

4. A registered person whose registration has been suspended, **shall not be granted any refund under section 54**, during the period of suspension of his registration
5. The suspension of registration shall be deemed to be revoked upon completion of the cancellation proceedings by the proper officer.
Such revocation shall be effective from the date on which the suspension had come into effect.
The suspension of registration may be revoked by the proper officer, anytime during the pendency of the proceedings for cancellation, if he deems fit.
6. Where any order having the effect of revocation of suspension of registration has been passed, the provisions of section 31(3)(a) [revised tax invoices] and section 40 [first return] in respect of the supplies made during the period of suspension and the procedure specified therein shall apply.

PROCEDURE FOR CANCELLATION OF REGISTRATION- RULE 20 & 22

Voluntary cancellation by registered person

Application

A registered person seeking cancellation of registration shall electronically submit the **application for cancellation** of registration in prescribed form **within 30 days** of **occurrence of the event** warranting cancellation

He is required to furnish in the application the **details of inputs** held in stock or inputs contained in semi-finished/finished goods held in stock **and of capital goods** held in stock on the date from which cancellation of registration is sought, liability thereon, details of the payment, if any, made against such liability and may furnish relevant documents thereof.

Order

Where a person who has submitted an application for cancellation of his registration is no longer liable to be registered, proper officer **shall issue the order of cancellation of registration within 30 days from the date of submission of application for cancellation.**

Suo-Motu Cancellation by the Department [Rule 22]

1. Where the **proper officer has reasons to believe** that the registration of a person is liable to be cancelled under section 29, he shall issue a notice to such person, requiring him to **show cause within seven working days** from the date of service of such notice as to why his registration should not be cancelled.
2. If **reply to SCN is satisfactory**, proper officer shall **drop the proceedings** and pass an order in prescribed form. However, where the person instead of **replying to the SCN** served for failure to **furnish returns** for a continuous period of 6 months (3 months in case of composition scheme supplier) furnishes all the pending returns and **makes full payment of the tax dues along with applicable interest and late fee**, the proper officer **shall drop the proceedings and pass an order**.
3. Where registration of a person is liable to be cancelled, proper officer shall issue the **order of cancellation of registration within 30 days from the date of reply to SCN**.

Effective date of cancellation

The cancellation of registration shall be effective **from a date** to be determined by the proper officer and **mentioned in the cancellation order**. He will direct the taxable person to pay arrears of any tax, interest or penalty including the amount liable to be paid under section 29(5).

AMOUNT PAYABLE

Amount payable on cancellation of registration [Section 29(5) & (6)]

A registered person whose registration is cancelled will have to **debit the electronic credit or cash ledger** by an amount equivalent to:

(i) input tax credit (ITC) in respect of:

- stock of inputs and inputs contained in semi-finished/finished goods' stock or
- capital goods or plant and machinery on the day immediately preceding the date of cancellation, or

(ii) the **output tax payable** on such goods **whichever is higher**, calculated in such manner as may be prescribed.

However, in case of capital goods or plant and machinery, the taxable person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery, reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery under section 15, whichever is higher.

Amount of credit to be reversed in respect of INPUTS:

Higher of

- ITC on basis of corresponding invoice
- Output tax payable on such goods

Amount of credit to be reversed in respect of CAPITAL GOODS OR PLANT & MACHINERY:

Higher of

- ITC of remaining life computed on pro-rata basis taking useful life of 5 years
- Tax on transaction value u/s 15

REVOCATION OF CANCELLATION OF REGISTRATION- RULE 23

Procedure for revocation of cancellation

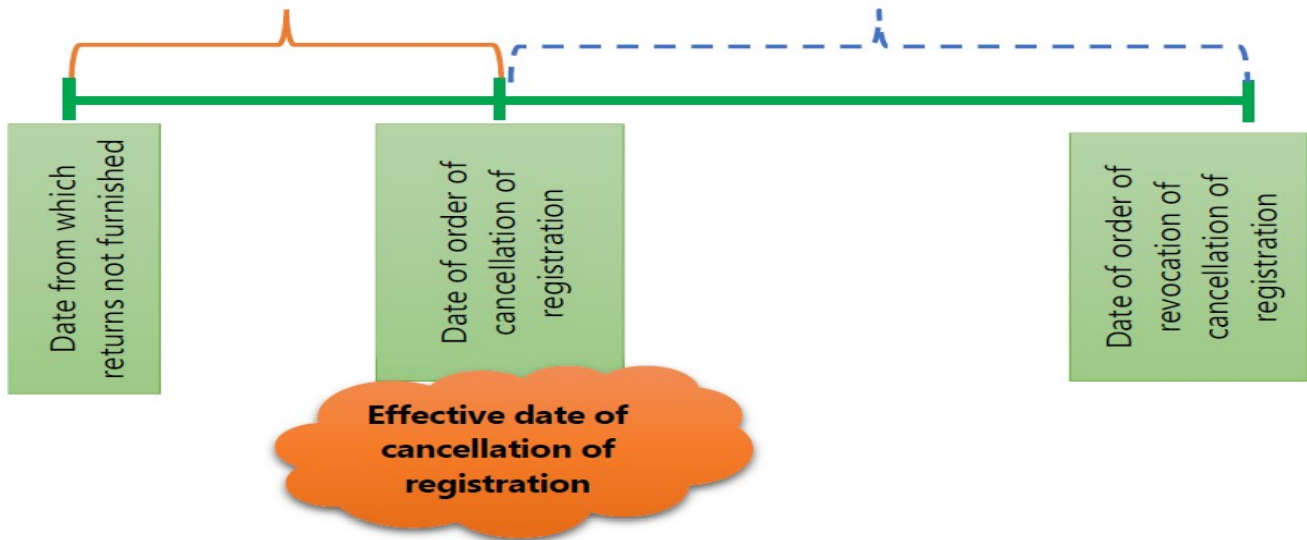
1. Where the registration of a person is cancelled suo-motu by the proper officer, such registered person may **apply for revocation** of the cancellation to such proper officer, **within 90 days**** from the **date of service of the order** of cancellation of registration.
Said period of 90 days may, on sufficient cause being shown and for reasons to be recorded in writing, be **extended for a period not exceeding 180 days by Additional/Joint Commissioner or Commissioner.
2. If the proper officer is satisfied that there are sufficient grounds for revocation of cancellation, he may **revoke the cancellation** of registration, by an order **within 30 days of receipt of application** and communicate the same to applicant.
3. Otherwise, he may **reject the revocation application.**
4. However, before rejecting the application, he has to **first issue SCN** to the applicant who shall furnish the **clarification within 7 working days** of service of SCN. The proper officer shall dispose the application (**accept/reject** the same) **within 30 days of receipt of clarification.**

Where registration was cancelled for failure of registered person to furnish returns

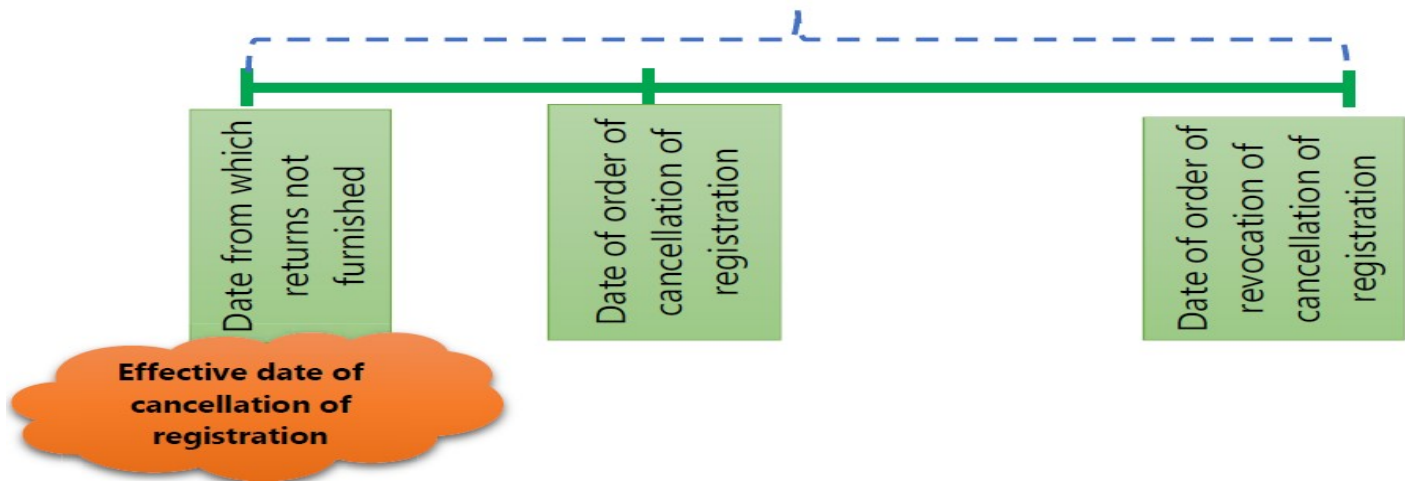
GOODS AND SERVICE TAX

Returns for this period to be filed before applying for revocation of cancellation

Returns for this period to be filed within 30 days of the order of revocation of cancellation



Returns for this period to be filed within 30 days of the order of revocation of cancellation



TAX INVOICES- SECTION 31

- A tax invoice must be issued by a registered person making taxable supplies.
- There is no format prescribed.
- Certain fields however are mandatory and they have been specified.
- The invoices could be manual or electronic.

In case of supply of taxable goods

- The invoice must be issued
 - **before or at the time of removal** of goods for supply, where the supply involves movement of goods and
 - **before or at the time of delivery** to recipient where the supply doesn't involve movement of the goods.
- In case there is a **continuous supply of goods**, and where **successive Statement of Accounts (SOA) are issued** or where **successive payments** are involved, the invoice must be issued before or at the time of issue of each such SOA / the receipt of each such payment.

In case of supply of taxable services

- The invoice must be issued before or after the provision of service but maximum **within 30 days of the provision of service, and this period is 45 days** in case of **Banking, Insurance, NBFC and Financial institutions**.
- In case there is a **continuous supply of services**
 - Where the **due date of payment is ascertainable** from the contract, the invoice must be issued **on or before such due date**
 - Where the due **date of payment is not ascertainable**, the invoice must be issued **on / before receipt of such payment by the supplier**
 - Where the payment is **linked to the completion of event**, the invoice must be issued **on / before the completion of that event**

Continuous supply of goods: means [Section 2(32)]:

a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis under a contract

whether or not by means of a wire, cable, pipeline or other conduit, and

for which the supplier invoices the recipient on a regular or periodic basis and

includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify

Continuous supply of services: means [Section 2(33)]:

supply of services which is provided, or agreed to be provided, continuously or on recurrent basis
under a contract
for a period exceeding 3 months with periodic payment obligations and
includes supply of such services as the Government may, subject to such conditions, as it may, by notification, specify

Where supply of services ceases before its completion [Section 31(6)]

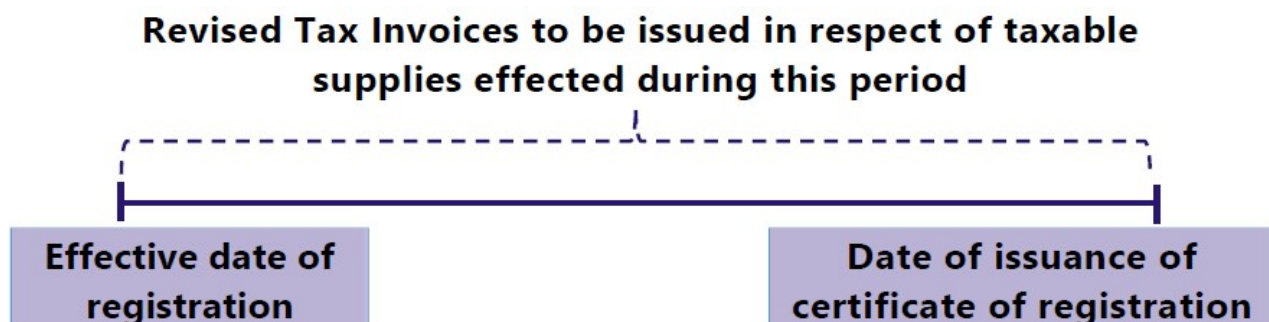
In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time **when the supply ceases** and such invoice shall be issued to the extent of the supply made before such cessation.

Goods sent on sale or return basis [Section 31(7)]

- Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued:
 - **before/at the time of supply** or
 - **6 months** from the date of removal
whichever is earlier.

Revised Tax Invoice [Section 31(3)(a) read with rule 53]

- Revised Tax Invoices shall be **issued within 1 month** from the date of issuance of certificate of registration. The words "Revised Invoice" shall be indicated prominently on such invoices
- As a person who becomes liable for registration has to apply for registration within 30 days of becoming liable for registration. When such an application is made within the stipulated time period and registration is granted, the effective date of registration is the date on which the person became liable for registration



No Tax Invoice required to be issued if value < Rs 200 – A consolidated Tax Invoice can be issued [Section 31(3)(b) read with fourth proviso to rule 46]

A registered person may not issue a Tax Invoice if:

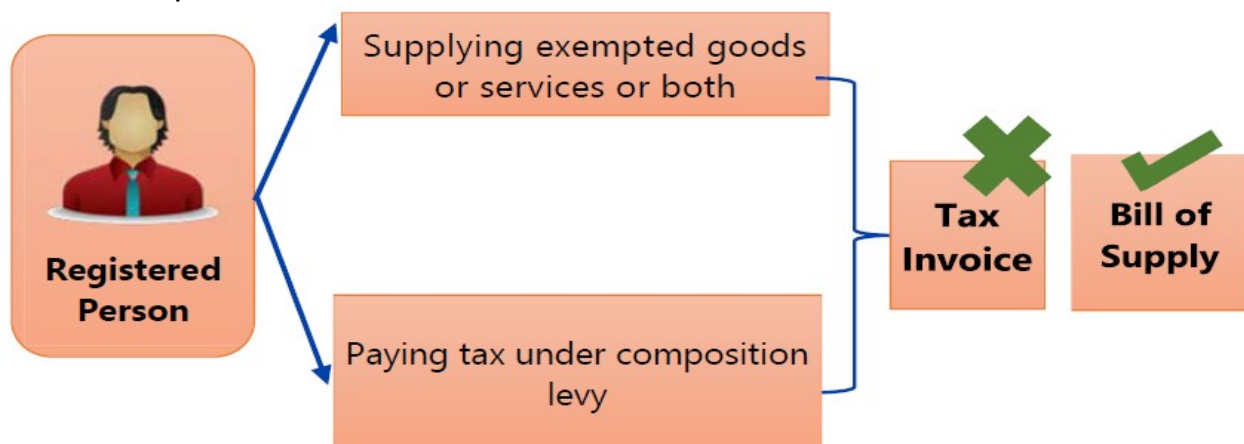
- (i) Value of the goods/services/both supplied < **Rs 200**,
- (ii) the recipient is **unregistered**; and
- (iii) the recipient does **not require** such invoice.

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.

- (iv) However, this option is **not available** to a supplier engaged in making supply of services by way of admission to **exhibition of cinematograph films** in multiplex screens

Bill of Supply [Section 31(3)(c) read with rule 49]

- A registered person supplying **exempted goods or services** or both or a registered **person paying tax under composition levy**, shall **issue a bill of supply** instead of a tax invoice.
- Person opting for **composition levy** 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.



Invoice-cum-bill of supply [Rule 46A]

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.

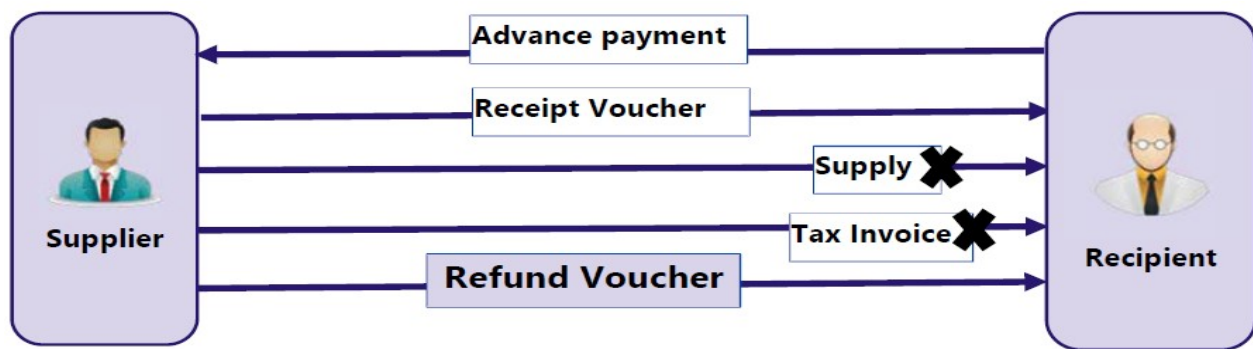
Receipt Voucher [Section 31(3)(d) read with rule 50]

A registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a Receipt Voucher evidencing receipt of such payment.

Where at the time of receipt of advance	
(i) rate of tax is not determinable	tax shall be paid at the rate of 18%
(ii) nature of supply is not determinable	same shall be treated as inter-State supply

Refund Voucher [Section 31(3)(e) read with rule 51]

Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a Receipt Voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a Refund Voucher against such payment.



Invoice to be issued by recipient if he is liable to pay tax under section 9(3)/(4) and receives supplies from an unregistered person

- A registered person who is liable to pay tax under reverse charge [under section 9(3)/9(4) of the CGST Act] shall issue an Invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both.
- Thus, a recipient liable to pay tax by virtue of section 9(3) has to issue invoice only when supplies have been received from an unregistered supplier.
- Payment voucher to be issued by recipient at the time of making payment if he is liable to pay tax under section 9(3)/(4)
- Consolidated Invoice is not permitted in case tax is payable under RCM.

Particulars of a tax invoice [Sections 31(1) & (2) read with rule 46]

Name, address and GSTIN of the supplier;
A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets/numerals/special characters hyphen or dash and slash, and any combination thereof, unique for a FY;
Date of its issue;
If recipient is registered - Name, address and GSTIN or UIN of recipient

GOODS AND SERVICE TAX

If recipient is unregistered and value of supply is	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 and its code
less than Rs 50,000	unregistered recipient may still request the aforesaid details to be recorded in the tax invoice
HSN code for goods or services	
Description of goods or services	
Quantity in case of goods and unit or Unique Quantity Code thereof	
Total value of supply of goods or services or both;	
Taxable value of supply of goods or services or both taking into account discount or abatement, if any;	
Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess)	
Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);	
Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce;	
Address of delivery where the same is different from the place of supply;	
Whether the tax is payable on reverse charge basis; and	
Signature or digital signature of the supplier or his authorized representative (not required in case of issuance of an electronic invoice in accordance with the provisions of the Information Technology (IT) Act, 2000).	
Quick Response code, having embedded Invoice Reference Number (IRN) in it, in case e-invoice has been issued	

Number of HSN digits required on tax invoice and class of registered person not required to mention HSN [Rule 46]

Annual Turnover in Preceding F.Y.	No. of Digits of HSN Code
Upto 5 Crores	For B2B – 4 Digits For B2C- 4 Digits (Optional)
Above 5 Crores	For B2B and B2C Supply- 6 Digits

Manner of issuing the invoice [Sections 31(1) & (2) read with rule 48]

Taxable Supply of Goods	Taxable Supply of Service
Invoice Shall be in Triplicate	Invoice Shall be in Duplicate
Original- Recipient	Original- Recipient
Duplicate – Transporter	Duplicate – Supplier
Triplicate- Supplier	

Receipt Voucher [Section 31(3)(d) read with rule 50]

- When an advance payment is received with respect to any supply of goods or services or both, a receipt voucher is required to be issued by the registered person.
- Further, if no supply is made and no tax invoice is issued after the issue of receipt voucher, the said registered person may issue to the person who had made the payment, a refund voucher against such payment.

Credit Note

Where a tax invoice has been issued for supply of goods / services / both, and where

- the taxable value in the invoice is greater than the taxable value of supply;
- the tax charged per invoice is greater than the tax payable in respect of such supply;
OR
- where the goods so supplied have been returned by the recipient OR
- where the goods / services have been found to be deficient;

in these cases, the registered supplier may issue a credit note to the recipient.

Debit Note

Where a tax invoice has been issued for supply of goods / services / both, and

- where the taxable value in the invoice is less than the taxable value of supply
- the tax charged per invoice is less than the tax payable in respect of such supply

the registered supplier may issue a debit note to the recipient.

Declaration

Any registered person who has issued a credit note, in relation to supply of goods / services / both, must declare the details of such credit note, in the return for the month during which such credit note was issued, but not later than:

- a) **30 November** following the end of Financial Year in which the supply was made
- OR
- b) **Date of furnishing the relevant annual return**
whichever is **earlier**.

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

E-invoicing

- E-invoicing' has been introduced for reporting of business to business (B2B) invoices to GST System for certain notified category of taxpayers.
- All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards **greater than Rs 5 crores** (hereinafter referred to as 'notified persons') will be required to issue e-invoices.
- E-invoicing is **not voluntary; only notified persons** are enabled to report invoices on IRP.

What is E-invoicing?

- I. Taxpayers will continue to **create their GST invoices on their own** Accounting/Billing/ERP Systems as per e-invoice schema.
- II. These invoices will then be **reported to 'Invoice Registration Portal (IRP)'**.
- III. On such reporting, IRP will **generate a unique 'Invoice Reference Number (IRN)'**, digitally sign it and return the e-invoice to the supplier.
- IV. A GST e-invoice will be valid only with a valid IRN.

Exemption from e-invoicing

- Following entities are exempt from the mandatory requirement of e-invoicing:
 - Special Economic Zone units**
 - Insurer or banking company or financial institution including NBFC
 - GTA supplying services in relation to transportation of goods by road in a goods carriage
 - Supplier of passenger transportation service
 - Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens.
 - **a Government Department and a local authority**
- Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds Rs 5 crore in the preceding financial year from 2017-18 onwards.
- **It is important to note here that **only SEZ units and not SEZ developers are exempt from issuing e-invoices.**
Thus, SEZ developers whose turnover exceeds Rs 5 crore in any preceding financial year from 2017-18 onwards are mandatorily required to issue e-invoices.
- Further, in case of supplies made by notified persons to SEZ units, e-invoices need to be issued.

How e-invoice data is consumed by GST System for generation of e-way bill or populating relevant parts GST Returns?

IRP sends the e-invoice data along with IRN to the GST System as well as to E-Way Bill System.

The GST system will auto-populate them into GSTR-1 of the supplier and GSTR-2A of respective receivers. With source marked as 'e-invoice', IRN and IRN date will also be shown in GSTR-1 and GSTR-2A.

Cancellation/amendment of reported invoice

Where needed, the seller can **cancel IRN** for an e-invoice already reported by reporting it on IRP within specified time (**Within 24 Hours**)

Amendment of e-invoice already uploaded on IRP will be done only on GST portal (while filing **GSTR-1**).

Amendment of invoices is not possible through the IRP.

The registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, is required to issue e-invoices for the supplies made to such Government Departments or establishments/ Government agencies/ local authorities/ PSUs which are registered solely for the purpose of deduction of TDS as per provisions of section 51, as they are to be treated as registered persons under the GST law

QUICK-RESPONSE (QR) CODE

Upon successful registration of invoice on IRP, it will return a signed e-invoice to the supplier with IRN and QR Code.

IRN is embedded in the QR Code which shall be extracted and printed on the invoice. The QR code enables quick view, validation and access of the invoices from the GST system from hand-held devices.

The digitally signed QR code will have a unique IRN which can be verified on the central portal as well as by an offline app by the officer.

This will be helpful for tax officers checking the invoice offline on the roadside where internet may not be available all the time.

The QR code consists of the following e-invoice parameters:

- GSTIN of supplier
- GSTIN of recipient
- Invoice number as given by supplier
- Date of generation of invoice
- Invoice value (taxable value and gross tax)
- Number of line items

- HSN code of main item (the line item having highest taxable value)
- Unique Invoice Reference Number (hash)
- Date of generation of IRN

DYNAMIC QR CODE ON B2C INVOICES

All B2C invoices issued by a registered person whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds Rs 500 crores will have a QR code.

- The purpose of this provision is to enable and encourage digital payments where buyer can scan the dynamic QR code and make payment from mobile wallet directly.
- The dynamic QR code, on the other hand, will have the payment details and thus 'scan and pay' in one go is possible.
- This has no relevance or applicability to the e-invoicing in respect to B2B supplies by notified class of taxpayers.
- Dynamic QR Code will be generated by the seller himself either on the Point of Sale (PoS) machine or the invoice issued.

Circular No. 156/12/2021 GST dated 21.06.2021 has clarified that any person, who has obtained a Unique Identity Number (UIN), is not a "registered person" as per the definition of 'registered person' provided under section 2(94).

Therefore, any invoice, issued to such person having a UIN, shall be considered as invoice issued for a B2C supply and shall be required to comply with the requirement of Dynamic QR Code.

NON-APPLICABILITY OF DYNAMIC QR CODE

Dynamic QR code is not applicable to an invoice issued to an unregistered person by following suppliers:

1. Insurer or banking company or financial institution including NBFC
2. Goods transport agency supplying services in relation to transportation of goods by road in a goods carriage
3. Supplier of passenger transportation service
4. Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
5. Supplier of online information and database access or retrieval (OIDAR) . services

No Dynamic QR code in case of exports

As regards the supplies made for exports, though such supplies are made by a registered person to an unregistered person, however, since e-invoices are required to be issued in respect of supplies for **exports treating them as B2B supplies, Dynamic QR code requirement will not be applicable to them.**

Parameters/ details to be captured in the Dynamic QR Code

Dynamic QR Code, inter-alia, shall contain the following information: -

- Supplier GSTIN number
- Supplier UPI ID
- Payee's Bank A/c number and IFSC
- Invoice number & invoice date,
- Total invoice value and
- GST amount along with breakup i.e. CGST, SGST, IGST, Cess, etc.

Further, Dynamic QR Code should be such that it can be scanned to make a digital payment.

COMPLIANCE IN CERTAIN CASES

Case-I: If a supplier provides/ displays Dynamic QR Code, but the customer opts to make payment without using Dynamic QR Code and supplier provides the cross reference of such payment made without use of Dynamic QR Code, on the invoice

In cases where the supplier, has digitally displayed the Dynamic QR Code and the customer pays for the invoice: -

- i. using any mode like UPI, credit/ debit card or online banking or cash or combination of various modes of payment, with or without using Dynamic QR Code, and the **supplier provides a cross reference of the payment** (transaction id along with date, time and amount of payment, mode of payment like UPI, Credit card, Debit card, online banking etc.) **on the invoice**; or
- ii. **in cash**, without using Dynamic QR Code and the supplier provides a **cross reference of the amount paid in cash**, along with date of such payment on the invoice;

said invoice shall be deemed to have complied with the requirement of having Dynamic QR Code.

Case-II: If a supplier makes available to customers an electronic mode of payment like UPI Collect, UPI Intent or similar other modes of payment, through mobile applications or computer-based applications, where though Dynamic QR Code is not displayed, but the details of merchant as well as transaction are displayed/ captured otherwise

In such cases, if the **cross reference of the payment** made using such electronic modes of payment is made on the invoice, the invoice shall be deemed to comply with the requirement of Dynamic QR Code.

However, if payment is made after generation/ issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.

Case-III: In case of pre-paid invoices i.e. where payment has been made before issuance of the invoice

If **cross reference** of the payment received either through electronic mode or through cash or combination thereof is **made on the invoice**, then the invoice would be deemed to have complied with the requirement of Dynamic QR Code.

In cases other than pre-paid supply i.e. where payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.

Case-IV: In case where the e-commerce operator (ECO)/online application has complied with the Dynamic QR Code requirements, whether the suppliers using such e-commerce portal or application will still be required to comply with the requirement of Dynamic QR Code?

Dynamic QR code requirements apply to each supplier/registered person separately, if such person is liable to issue invoices with Dynamic QR Code for B2C supplies.

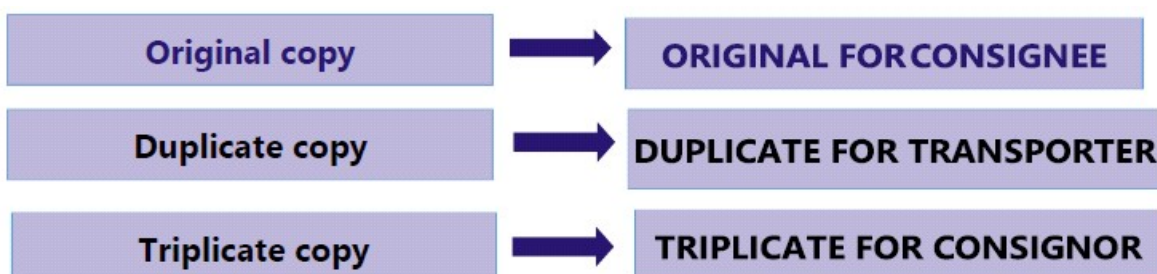
In case, the supplier is making supply through the e-commerce portal or application, and the said supplier gives **cross references of the payment received** in respect of the said supply on the invoice, then such invoices would be deemed to have complied with the requirements of Dynamic QR Code.

In cases other than pre-paid supply i.e. where payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.

DELIVERY CHALLAN- RULE 55

Few situations where a delivery challan, serially numbered, should be issued instead of invoice. Such situations are as follows:

- supply of **liquid gas** where the **quantity** at the time of removal from the place of business of the supplier is **not known**
- transportation of goods for **job work**
- transportation of goods for **reasons other than by way of supply**, or
- such other supplies as may be notified by the Board



The supplier is required to issue a tax invoice after delivery of goods where tax invoice could not be issued at the time of removal of goods for the purpose of supply.

Where the goods are being transported in a semi knocked down or completely knocked down condition or in batches or lots –

- the supplier shall issue the **complete invoice before dispatch of the first consignment**;
- the supplier shall issue a **delivery challan for each of the subsequent consignments**, giving reference of the invoice;
- each consignment shall be **accompanied by copies** of the corresponding delivery **challan** along with a **duly certified copy of the invoice**; and
- the **original copy of the invoice** shall be sent along with the **last consignment**.

Goods transported in SKD/CKD condition or in batches or lots

Where the goods are being transported in a **semi knocked down or completely knocked down** condition or in batches or lots,

- a. the supplier shall issue the **complete invoice before dispatch of the first consignment**;
- b. the supplier shall issue a **delivery challan** for **each of the subsequent consignments**, giving reference of the invoice;
- c. Copies of the corresponding delivery challan shall accompany each consignment along with a duly certified copy of the invoice; and
- d. the **original copy** of the invoice shall be sent **along with the last consignment**.

Goods may be moved within the State/from the State of registration to another State for supply on approval basis and art works may be sent by artists to galleries for exhibition on delivery challan along with e-way bill wherever applicable

Suppliers of jewellery etc. who are registered in one State may have to visit other States (other than their State of registration) and need to carry the goods (such as jewellery) along for approval. In such cases if jewellery etc. is approved by the buyer, then the supplier issues a **tax invoice only at the time of supply**.

In view of relevant provisions of rule 55, it is clarified that 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.

E-WAY BILL [SECTION 68 READ WITH RELEVANT CGST RULES]

Statutory requirement

Section 68 stipulates that the Government may require the **person in charge of a conveyance** carrying any consignment of goods of value exceeding ₹ 50,000 to carry with him E-way Bill.

What is e-way bill?

E-way bill is an electronic document generated on the GST portal **evidencing movement of goods**.

The **pre-requisite for generation** of e-way bill is that the **person who generates** e-way bill **should be a registered person** on GST portal and he should register on the e-way bill portal using his GSTIN.

If the **transporter** is generating the e-way bill, but he is **not registered** person under GST law, it is **mandatory for him** to get enrolled on e-waybill portal before generation of the e-way bill to get **15-digit Unique Transporter Id called TRANSIN**.

WHEN IS E-WAY BILL REQUIRED TO BE GENERATED

[Rule 138(1)]

Whenever there is **a movement of goods** of consignment value **exceeding Rs 50,000**:

- (i) in relation to a supply; or
- (ii) for reasons other than supply; or
- (iii) due to inward supply from an unregistered person,

the **registered person who causes such movement of goods** shall furnish the information relating to the said goods as specified in **Part A** of Form GST EWB-01 before commencement of such movement.

Consignment value of goods - Taxable Value + GST Amount - Exempt Supply

It is important to note that **“information is to be furnished prior to the commencement of movement of goods”** and “is to be issued whether the **movement** is in relation to a **supply or for reasons other than supply”**.

Who causes movement of goods?

- If supplier is registered and undertakes to transport the goods, movement of goods is caused by the supplier.
- If recipient arranges transport, movement is caused by him.
- If goods are supplied by an unregistered supplier to a registered known recipient, movement shall said to be caused by such recipient.

Consignment value of goods - Taxable Value + GST Amount - Exempt Supply

- Consignment value of goods shall be the value:
- determined in accordance with the provisions of section 15,
- declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and
- also includes the Central tax, State or Union territory tax, integrated tax and cess charged, if any, in the document and
- shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

Special situations where e-way bill needs to be issued even if the value of the consignment is less than Rs 50,000:

(i) Inter-State transfer of goods by principal to job-worker

Where goods are sent by a **principal located in one State or Union territory to a job worker located in any other State or Union territory**

(ii) Inter-State transfer of handicraft goods by a person exempted from obtaining registration

Where **handicraft goods*** are transported from one State or Union territory to another State or Union territory **by a person who has been exempted from the requirement of obtaining registration** [under clauses (i) and (ii) of section 24], the e-way bill shall be generated by the said person irrespective of the value of the consignment [Fourth proviso to rule 138].

*Handicraft goods are the goods specified in Notification No. 56/2018 CT dated 23.10.2018 which exempts the casual taxable persons making inter-State taxable supplies of such handicraft goods from obtaining registration upto specified turnover limit

E-way Bill in case of 'Bill To Ship To' Model

It is clarified that as per the CGST Rules, that **only one e-Way Bill** is required to be generated [Press Release dated 23.04.2018]

INFORMATION TO BE FURNISHED IN E-WAY BILL

An e-way bill Form GST EWB-01 contains two parts:

(I) **Part A** [comprising of details of GSTIN of supplier & recipient, place of delivery (indicating PIN Code also), document (Tax invoice, Bill of Supply, Delivery Challan or Bill of Entry) number and date, value of goods, HSN code, and reasons for transportation, etc.]: to be **furnished by the registered person**** who is **causing movement** of goods of consignment value exceeding Rs 50,000 and

(II) **Part B** (transport details) [Transporter document number (Goods Receipt Number or Railway Receipt Number or Airway Bill Number or Bill of Lading Number) and Vehicle number, in case of transport by road]: to be **furnished by the person who is transporting the goods**.

However, information in **Part-A may be furnished:

- **by the transporter**, on an authorization received from such registered person [First proviso to rule 138(1)] or
- by the **e-commerce operator or courier agency**, where the goods to be transported are supplied through such an e-commerce operator or a courier agency, on an authorization received from the consignor [Second proviso to rule 138(1)].

Once the goods are ready for movement from the business premises and transportation details are known, **the user can enter the Part-B details and generate the e-way bill** for movement of goods.

E-way Bill can be generated only after entering the details of Part-B.

OTHER POINTS

Where the goods are transported by railways:

- **no requirement to carry e-way bill** along with the goods, but **railways has to carry invoice or delivery challan or bill of supply**, as the case may be along with goods.
- Further, **e-way bill generated** for the movement is required to be **produced at the time of delivery of the goods**. [Proviso to rule 138(2A)].

Voluntary Generation of E-Way bill

The registered person or, the transporter may, **at his option**, generate and carry the e-way bill **even if the value of the consignment is less than ₹ 50,000** [First proviso to rule 138(3)].

Where the goods are supplied by an unregistered supplier to a recipient who is registered

The movement shall be said to be **caused by such recipient** if the recipient is known at the time of commencement of the movement of goods [Explanation 1 to rule 138(3)].

PART B- NOT MANDATORY IF

E-way bill is valid for movement of goods by road only when the information in Part-B is furnished

Details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a **distance of upto 50 km within the State/UT**

→ This exemption is not allowed for interstate supply

GOODS AND SERVICE TAX

- from the place of business of the consignor to the place of business of the transporter for further transportation
- from the place of business of the transporter finally to the place of business of the consignee

TRANSFER OF GOODS

From one conveyance to another [Rule 138(5)].

- The user can **update Part-B (Vehicle details) as many times as he wants for movement of goods to the destination.**
- The transporter transferring goods from one conveyance to another in the course of transit shall, **before such transfer** and further movement of goods, **update the details of the conveyance.**
- However, the updating should be done **within the validity period.**

CONSOLIDATED E-WAY BILL

After e-way bill has been generated, where **multiple consignments** are intended to be transported in one conveyance, the transporter may **indicate the serial number of e-way bills** generated in **respect of each such consignment** electronically on the common portal and a **consolidated e-way bill in Form GST EWB-02 may be generated** by him on the said common portal prior to the movement of goods [Rule 138(6)].

Consolidated e-way bill is a **document containing the multiple e-way bills for multiple consignments** being carried in one conveyance (goods vehicle). ss

Consolidated EWB is like a trip sheet and it contains details of different e-way bills in respect of various consignments being transported in one vehicle and these e-way bills will have different validity periods.

Where the **consignor/consignee has not generated the e-way bill** in Form GST EWB-01 and the **aggregate of the consignment value of goods** carried in the conveyance is **more than ₹ 50,000**, the **transporter, generate the e-way bill in Form GST EWB-01 prior to the movement of goods** [Rule 138(7)].

CANCELLATION OF E-WAY BILL

Where an e-way bill has been generated, but goods are either not transported or are not transported as per the details furnished in the e-way bill, the e-way bill may **be cancelled electronically on the common portal within 24 hours of generation of the e-way bill** [Rule 138(9)].

However, an e-way bill **cannot be cancelled** if it has been **verified in transit** in accordance with the provisions of rule 138B [First proviso to rule 138(9)].

Further, unique EWB number generated is **valid for a period of 15 days** for updating of Part B [Second proviso to rule 138(9)].

VALIDITY OF E-WAY BILL

Validity period of e-way bill/consolidated e-way bill [Rule 138(10)]

Sr No.	Distance within country	Validity period from relevant date
1	Upto 200 KM	One day in case of Other than ODC or MS
2	For every 200 km or part thereof thereafter	One additional day in case of Other than ODC or MS
3	Upto 20 KM	One day in case of ODC or MS
4	For every 20 km or part thereof thereafter	One additional day in case of ODC or MS
ODC- Over Dimensional Cargo		
MS- multimodal shipment in which at least one leg involves transport by ship		

Relevant date

means the date on which the e-way bill has been generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as the **period expiring at midnight of the day** immediately following the date of generation of e-way bill.

This can be explained by following examples –

(i) Suppose an e-way bill is generated at 00:04 hrs. on 14th March. Then first day would end on 12:00 midnight of 15 -16 March. Second day will end on 12:00 midnight of 16 -17 March and so on.

(ii) Suppose an e-way bill is generated at 23:58 hrs. on 14th March. Then first day would end on 12:00 midnight of 15 -16 March. Second day will end on 12:00 midnight of 16 -17 March and so on.

The **validity of the e-way bill starts when first entry is made in Part-B**

Extension of validity period

- If validity of the e-way bill expires, the goods are not supposed to be moved.
- In general, the validity of the e-way bill cannot be extended

However, the validity of the e-way bill can be extended in following cases:

Extension by Commissioner for certain categories of goods:

Commissioner may, on the recommendations of the Council, by notification, extend the validity period of an e-way bill for certain categories of goods as may be specified therein.

Extension by transporter in exceptional circumstances:

The transporter can extend the validity of the e-way bill, if the consignment is not being reached the destination within the validity period due to exceptional circumstance like natural calamity, law and order issues, trans-shipment delay, accident of conveyance, etc.

He needs to explain this reason in details while extending the validity period. The validity of the e-way bill may be **extended within 8 hours from the time of its expiry**.

ACCEPTANCE OF E-WAY BILL

The details of the e-way bill generated shall be made available to the -

- (a) supplier, if registered, where the information in Part A has been furnished by the recipient/transporter; or
- (b) recipient, if registered, where the information in Part A has been furnished by the supplier/transporter,

on the common portal, and the supplier/recipient, as the case may be, shall communicate his acceptance or rejection of the consignment covered by the e-way bill [Rule 138(11)].

In case, the person to whom the information in Part-A is made available, does not communicate his acceptance or rejection within the specified time, it shall be deemed that he has accepted the said details.

The **time-limit specified** for this purpose is:

- (i) **72 hours** of the details being made available to him on the common portal

or

- (ii) the **time of delivery of goods**,

whichever is earlier [Rule 138(12)]

Points to remember

1. E-way bill is **not valid for movement of goods without vehicle number** on it.
2. If there is a mistake, incorrect or wrong entry in the e-way bill, then **it cannot be edited** or corrected. **Only option is cancellation** of e-way bill within 24 hours of generation and generate a new one with correct details.
3. E- Way Bill may be **updated with vehicle number any number of times**.
4. The **latest vehicle number should be available on e-way bill** and should match with the vehicle carrying it in case checked by the department.
5. For **each invoice, one e-way bill has to be generated**, irrespective of the fact whether same or different consignors or consignees are involved. **Multiple invoices cannot be clubbed to generate one e-way bill**.

SITUATION'S WHERE E-WAY BILL NOT REQUIRED

- a. where the goods being transported are the ones given below:

Sr No	Description of Goods
1	Liquefied petroleum gas for supply to household and non-domestic exempted category (NDEC) customers
2	Kerosene oil sold under PDS.(Public Distribution System)
3	Postal baggage transported by Department of Posts
4	Natural or cultured pearls and precious or semi-precious stones; precious metals and metals clad with precious metal
5	Jewellery, goldsmiths' and silversmiths' wares and other articles
6	Currency
7	Used personal and household effects
8	Coral, unworked and worked coral

- b. where the goods are being transported by a non-motorised conveyance
- c. where the goods are being transported from the customs port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs
- d. in respect of movement of goods within such areas as are notified under of rule 138(14)(d) of the State or Union territory GST Rules in that particular State or Union territory
- e. where the goods [other than de-oiled cake], being transported, are exempt from tax
- f. where the goods being transported are alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas or aviation turbine fuel
- g. where the supply of goods being transported is treated as no supply under Schedule III of the CGST Act
- h. where the goods are being transported –
- a. under customs bond from an inland container depot or a container freight station to a customs port, airport, air cargo complex and land customs station, or from one customs station or customs port to another customs station or customs port, or
 - b. under customs supervision or under customs seal
- i. where the goods being transported are transit cargo from or to Nepal or Bhutan
- j. where the goods being transported are exempt from tax under Notification No. 7/2017 CT (R) 28.06.2017 [Supply of goods by the CSD to the Unit Run Canteens or to the authorized customers and supply of goods by the Unit Run Canteens to the

authorized customers] and Notification No. 26/2017 CT (R) 21.09.2017 [Supply of heavy water and nuclear fuels by Department of Atomic Energy to Nuclear Power Corporation of India Ltd. (NPCIL)]

- k. any movement of goods caused by defence formation under Ministry of defence as a consignor or consignee
- l. where the consignor of goods is the Central Government, Government of any State or a local authority for transport of goods by rail
- m. where empty cargo containers are being transported
- n. where the goods are being transported upto a distance of 20 km from the place of the business of the consignor to a weighbridge for weighment or from the weighbridge back to the place of the business of the said consignor subject to the condition that the movement of goods is accompanied by a delivery challan issued in accordance with rule 55.
- o. where empty cylinders for packing of liquefied petroleum gas are being moved for reasons other than supply

DOCUMENTS TO BE CARRIED

Documents and devices to be carried by a person-in-charge of a conveyance [Section 138A]

The person-in-charge of a conveyance shall carry -

- (a) the **invoice or bill of supply or delivery challan**, as the case may be; and
- (b) a **copy of the e-way bill** in physical form or the e-way bill number in electronic form* or mapped to a RFID** embedded on to the conveyance [except in case of movement of goods by rail or by air or vessel] in such manner as may be notified by the Commissioner.

**RFIDs are Radio Frequency Identification Device used for identification

Invoice Reference Number in lieu of tax invoice

In case, e-invoice is issued, the Quick Response (QR) code having an embedded Invoice Reference Number (IRN) in it, may be produced electronically, for verification by the proper officer in lieu of the physical copy of such tax invoice.

INSPECTION

Inspection and verification of goods [Rule 138C]

A summary report of every inspection of goods in transit shall be recorded online by the proper officer in **Part A** of a prescribed form **within 24 hours of inspection** and the final report in **Part B** of said form shall be recorded **within 3 days of such inspection**.

GOODS AND SERVICE TAX

The Commissioner, or any other officer authorised by him, may, on sufficient cause being shown, **extend the time** for recording of the final report in **Part B** of said form, for a **further period not exceeding 3 days**.

The period of **24 hours** or, as the case may be, **3 days** shall be counted from the **midnight of the date on which the vehicle was intercepted**.

Where the **physical verification** of goods being transported on any conveyance has **been done** during transit **at one place** within the State/Union territory or in any other State/Union territory, **no further physical verification** of the said conveyance shall be carried out again in the State/Union territory, **unless a specific information** relating to **evasion of tax** is made available subsequently.

DETENTION

Facility for uploading information regarding detention of vehicle [Rule 138D]

Where a vehicle has been intercepted and detained for a **period exceeding 30 minutes**, the **transporter may upload the said information in specified form on the common portal**.

BLOCKING

Blocking of e-waybill generation facility [Rule 138E]

Blocking of GSTIN for e-way bill generation facility is **only in respect of any outward movement** of goods.

E-way bills can be generated in respect of inward supplies received by said registered person.

As per rule 138E, no person 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:

- (i) A person paying tax under **composition scheme** has **not furnished** the statement for **payment of self-assessed tax for 2 consecutive quarters**, or
- (ii) A person paying tax under **regular scheme** has **not furnished** the **returns for a consecutive period of 2 tax periods**, or
- (iii) 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.
- (iv) A person whose **registration has been suspended** under the provisions of rule 21A of the CGST Rules.

ELECTRONIC CASH LEDGER- PMT-05

[SECTION 49(1), (3), (6), (10) & (11) READ WITH RULE 87 OF CGST RULES]

- Any **amount paid by the taxpayer** will be reflected in the electronic cash ledger (**Crediting Cash Ledger**).
- The amount available in this ledger may be **used for making any payment towards** tax, interest, penalty, fees, or any other amount **due under the act/rules** in the time and manner prescribed. (**Debiting Cash Ledger**)
- To initiate a payment, taxpayers should **generate a challan online** using form **GST PMT-06**, which will be **valid for a period of 15 days**. Payment can then be remitted through any of the following modes:
 - ✓ Internet banking (authorized banks only)
 - ✓ Credit or debit card (authorized banks only)
 - ✓ National Electronic Fund Transfer (NEFT) or real-time gross settlement (RTGS) (any bank, authorized or unauthorized)
 - ✓ Over-the-counter (OTC) payment (authorized banks only) for deposits up to ten thousand rupees per challan and per tax period by cash, cheque or demand draft

Mode of Deposit in Electronic Cash Ledger

1. Online- Net banking, Credit Card, Debit Card- Not Limit
2. Offline
 - a. NEFT/RTGS- No Limit
 - b. Over the Counter Payment- 10,000 Per tax Period

What is CPIN, CIN, BRN and E-FPB?

CPIN stands for Common portal Identification Number. It is created for every Challan successfully generated by the taxpayer. It is a **14-digit unique number** to identify the challan. **CPIN remains valid for a period of 15 days.**

CIN or Challan Identification Number is generated by the banks, once payment in lieu of a generated Challan is successful. It is a **17-digit number** that is **14-digit CPIN plus 3-digit Bank Code**.

E- challan validity is for 15 days. The commission for making payment through e-challan has to be borne by the person making the payment.

Manner of utilization of amount reflected in Electronic Cash Ledger

A registered person may, **transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger** under this Act, to the electronic cash ledger for,—

- (a) integrated tax, central tax, State tax, Union territory tax or cess; or
- (b) integrated tax or central tax of a **distinct person** and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act:

Provided that **no such transfer under clause (b) shall be allowed** if the said registered person has any **unpaid liability in his electronic liability register**.

ELECTRONIC CREDIT LEDGER- PMT-02

[SECTION 49(2),(4)&(5), SECTION 49A, SECTION 49B READ WITH RULE 86, RULE 86A, RULE 86B AND RULE 88A OF CGST RULES]

- The electronic liability register specified under section 49 shall be maintained in **FORM GST PMT-02**
- Every claim of Input Tax Credit self-assessed by the taxpayer shall be credited to this ledger. The amount available in this ledger may be **used for payment towards output tax only**.
- This ledger may include the following:
 - ✓ ITC on inward supplies from registered taxpayers
 - ✓ ITC available based on distribution from input services distributor (ISD)
 - ✓ ITC on input of stock held/semi-finished goods or finished goods held in stock on the day immediately preceding the date on which the taxpayer became liable to pay tax, provided he applies for registration within 30 days of becoming liable
- Permissible ITC on inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day of conversion from composition scheme to regular tax scheme
- ITC eligible on a payment made on a reverse charge basis. ITC cannot be utilised for tax payable under reverse charge mechanism, but once such payment is made, it can be used as credit.

ELECTRONIC LIABILITY LEDGER- PMT-01

[SECTION 49(7), (8) & (9) READ WITH RULE 85 OF CGST RULES]

Taxpayers should settle their liabilities in the following order [Sec49 (8)] :

- Self-assessed tax and other dues, such as interest, penalty, fees, or any other amount relating to previous tax period returns
- Self-assessed tax and other dues relating to the current tax period return
- Any other amount payable under the act/rules (liability arising out of demand notice, proceedings, etc.)

DEBIT TO ELECTRONIC LIABILITY LEDGER

- all amounts payable towards tax, interest, late fee and any other amount as per return filed
- all amounts payable towards tax, interest, penalty and any other amount determined in a proceeding by an Assessing authority or as ascertained by the taxable person
- interest payable under Section 50
- any interest amount that may accrue from time to time.

DEBIT TO ELECTRONIC CASH/CREDIT LEDGER

Debit to Electronic Credit Ledger and Credit to Electronic Liability Register	Debit to Electronic Cash Ledger and Credit to Electronic Liability Register
Payment of all the liabilities of a registered person as per his return subject to section 49 or section 49A or section 49B.	Payment of all the liabilities of a registered person as per his return subject to section 49 or section 49A or section 49B. Payment of TDS deducted under section 51, TCS deducted by e-commerce operator under section 52, amount payable under reverse charge basis, amount payable under section 10, amount payable towards payment of interest, penalty, fee or any other amount under the Act.

INTEREST ON DELAYED PAYMENT OF TAX [SECTION 50]

Interest shall be applicable **only on the net taxes paid through electronic cash ledger** and not on the gross taxes paid for such tax period.

When interest is payable?

Interest is payable in case of **delay in payment of tax,**

Rate of interest

18%

Computation of period for calculation of interest

Date following the due date of payment to the actual date of payment of tax.

OUTWARD SUPPLIED- SEC 37

Furnishing details of outward supplies [Section 37]

Section 37 of Central Goods & Services tax Act, 2017 mentions that the details of outward supplies of goods / services / both, are required to be furnished by every registered person, including casual taxable person, but excluding:

- a) Input Service Distributor (ISD)
- b) Non-resident taxable person
- c) Person paying tax under composition scheme
- d) Person effecting TDS
- e) Person effecting TCS
- f) Supplier of Online Information and Data Base Access / Retrieval Services (OIDAR)

What is the form for submission of details of outward supplies?

The details of are required to be furnished, electronically, in Form GSTR-1 for the month or quarter.

Further, a Nil GSTR-1 can be filed through an SMS using the registered mobile number of the taxpayer.

What is the due date of submission of GSTR-1?

Monthly filing of GSTR-1:

GSTR-1 for a particular month is filed on or before the 10th day of the immediately succeeding month.

Quarterly filing of GSTR-1:

GSTR-1 has been allowed to be filed quarterly by small taxpayers with aggregate annual turnover up to Rs 5 crore in the preceding financial year under Quarterly Return Monthly Payment Scheme [QRMP Scheme].

Class of registered person	Time limit for furnishing the details of outward supplies in Form GSTR-1 for each quarter/tax period
Registered persons opting for QRMP scheme	13th day of the month succeeding such tax period
Others	11th day of the month succeeding such tax period

Registered person debarred from furnishing details of outward supplies in Form GSTR-1/IFF [Rule 59(6) amended]

- a. A registered person shall **not be allowed to furnish** the details of outward supplies in Form **GSTR-1**, if he has **not furnished** the return in Form **GSTR-3B for the preceding month**.
- b. A registered person, to whom an intimation has been issued on the common portal under the provisions of rule 88D(1) in respect of a tax period/periods, **shall not be allowed to furnish GSTR-1/IFF** for a subsequent tax period, **unless** he has either **paid the amount equal to the excess ITC** as specified in the said intimation or has furnished a **reply explaining the reasons** in respect of the amount of excess ITC that still remains to be paid, as required under the provisions of rule 88D(2)
- c. A registered person shall not be allowed to furnish GSTR-1/IFF, if he has **not furnished the details of the bank account as per the provisions of rule 10A**.

Invoice Furnishing Facility [IFF] for taxpayers opting for QRMP Scheme?

IFF is a facility provided to **quarterly taxpayers** who are in QRMP scheme, to file their details of **outward supplies in first two months** of the quarter, to **pass on the credit to their recipients**.

IFF is not mandatory, but an optional facility

Taxpayers opting for QRMP Scheme may **furnish the details of such outward supplies to a registered person**, as he may consider necessary, **for the 1st and 2nd months** of a quarter, upto a **cumulative value (Invoice Value) of Rs 50 lakh in each of the first 2 months** of the quarter using IFF electronically on the common portal.

However, **invoices pertaining to last month** of a quarter are to be uploaded in **GSTR-1 only**.

Details of outward supplies required to be furnished in IFF:-

The details of outward supplies furnished using IFF shall include the only B2B Supply–

- (a) **invoice wise details** of supplies made to the **registered persons**;
- (b) **debit and credit notes**

However, if a registered person does not opt to upload invoices using IFF, then he has to upload invoice details for all the 3 months of the quarter in Form GSTR-1.

A taxpayer cannot file GSTR-1 before the end of the current tax period.

However, following are the exceptions to this rule:

- a. Casual taxpayers, after the closure of their business
- b. Cancellation of GSTIN of a normal taxpayer

A taxpayer who has applied for cancellation of registration will be allowed to file GSTR-1 after confirming receipt of the application.

What kind of details of outward supplies are required to be furnished in GSTR-1?

Sr. No.	Invoice-wise Details of ALL	Consolidated details of ALL	Debit and Credit Notes
1	Inter-State and Intra-State supplies made to registered persons	Intra-State supplies made to unregistered persons for each rate of tax	Issued during the month for invoices issued previously
2	Inter-State supplies made to unregistered persons with invoice value exceeding ₹ 2,50,000	Inter-State supplies made to unregistered persons with invoice value upto ₹ 2,50,000 for each rate of tax separately for each State	

How are the details of outward supply furnished in prior periods amended? [Section 37(3)]

Ordinarily, in Amendment Table, the supplier is required to give details of original invoice (No and Date), the particulars of which have been wrongly entered in GSTR-1 of the earlier months and are now sought to be amended.

Rectification of errors

If the supplier discovers any error or omission, he shall rectify the same in the tax period during which such error or omission is noticed, and pay the tax and interest, if any, in case there is short payment, in the return to be furnished for such tax period.

Time limit for rectification

Maximum time limit is **earlier of** the following dates:

- the **30th day of November** following the end of the financial year to which such details pertain or
- **Date of filing of the relevant annual return**

INWARD SUPPLIED- SEC 38 & RULE 60

Form GSTR-2A –

is a system generated read only statement of inward supplies for a recipient. This statement is updated on a real time basis.

Form GSTR-2B –

an auto-drafted read only statement containing the details of eligible ITC - is made available to the registered person (recipient) for every month. It is a static statement and is available only once a month.

In case of monthly Form GSTR-1, the cut-off date is 00:00 hours on 12th of the relevant month to 23:59 hours, on 11th of the succeeding month. Whereas for quarterly Form GSTR-1/IFF, Form GSTR-5 and Form GSTR-6, the cut-off date is 00:00 hours on 14th day of relevant month to 23:59 hours, on 13th day of succeeding month

GSTR-3B

GSTR-3B – [Section 39(1) read with rule 61 & 61A of the CGST Rules]

Section 39(1) prescribes a monthly return for every registered person, other than

- an input service distributor or
 - a non-resident taxable person or
 - a composition taxpayer,
 - a person deducting tax at source,
 - a person collecting tax at source, i.e. an electronic commerce operator and
 - supplier of OIDAR services located in non-taxable territory providing such services to non-taxable online recipient
-
- GSTR-3B is a simple return containing summary of outward supplies, inward supplies liable to reverse charge, eligible ITC, payment of tax etc.
 - GSTR- 3B does not require invoice-wise data of outward supplies.
 - A Nil GSTR-3B can be filed through an SMS using the registered mobile number of the taxpayer
 - GSTR-3B can be filed monthly or quarterly.

Due date for filing return

(i) Monthly GSTR-3B - **on or before 20th** of the month succeeding the month for which return is furnished.

(ii) Quarterly GSTR-3B- **on or before 22nd or 24th of the month** succeeding the quarter for which return is furnished in case of a taxpayer opting for **QRMP scheme**

QUARTERLY RETURN MONTHLY PAYMENT

QRMP Scheme is an **optional return filing scheme**, introduced for small taxpayers having **aggregate annual turnover (PAN based) of upto ₹ 5 crore** in the preceding financial year to furnish their **Form GSTR-1 and Form GSTR-3B** on a **quarterly basis** while **paying their tax on a monthly basis** through a simple challan.

Opting of QRMP scheme is GSTIN wise.

It implies that **some GSTINs for a PAN can opt for the QRMP scheme and remaining GSTINs may not opt for the said scheme.**

Conditions and restrictions:

Registered persons under QRMP scheme must have **furnished the return for the preceding month, as due on the date of exercising such option.**

Example

If a registered person intending to avail of QRMP scheme for the quarter 'July to September' is exercising his option on 27th July for the said quarter, he must have furnished the return for the month of June which was due on 22nd/24th July.

Where such **option has been exercised once, they shall continue to furnish the return as per the selected option** for future tax periods, unless they revise the said option.

Manner of exercising option of QRMP scheme

A registered person intending to opt for QRMP scheme for any quarter shall indicate his preference for furnishing of return on a quarterly basis from **1st day of the 2nd month of the preceding quarter till the last day of the 1st month of the quarter for which the option is being exercised.**

Example

A registered person intending to avail of QRMP scheme for the quarter 'July to September' can exercise his option from 1st May to 31st July.

Option of QRMP scheme to lapse

In case where a registered person's **aggregate turnover crosses Rs 5 crore** during a quarter in a financial year, he shall **not be eligible** for furnishing of return on **quarterly basis from the first month of the succeeding quarter.**

Form and manner of filing return –

GSTR-3B Due date for filing return in case of a taxpayer opting for QRMP scheme - Quarterly GSTR-3B on or before 22nd or 24th (Depending upon States) of the month succeeding the quarter for which return is furnished

Class of registered persons	Due Date
Registered persons whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Union territories of Daman & Diu & Dadra & Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep.	22nd day of the month succeeding such quarter.
Registered persons whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi.	24th day of the month succeeding such quarter.

Nil GSTR-3B

A Nil GSTR-3B can be filed through an SMS using the registered mobile number of the taxpayer.

What SMS?- Not for Exam

NIL space<Return Type>space<GSTIN>space<Return Period>

Manner of dealing with difference in ITC available in auto-generated statement containing the details of ITC and that availed in return prescribed [New rule 88D introduced]

Amount of ITC availed by a registered person in the return for a tax period(s) furnished by him in Form GSTR-3B exceeds the ITC available to such person in accordance with the auto-generated statement containing the details of ITC in Form GSTR-2B the said registered person shall be given an intimation

- a. pay an amount equal to the excess ITC availed in the said Form GSTR-3B, along with interest payable under section 50, through prescribed form, or
- b. explain the reasons for the aforesaid difference in ITC on the common portal, within a period of 7 days.

Such registered person shall, upon receipt of said intimation, either,

- a. pay an amount equal to the excess ITC, as specified in intimation, fully or partially, along with interest payable, through prescribed form and furnish the details thereof, electronically on the common portal, or
- b. furnish a reply, electronically on the common portal, incorporating reasons in respect of the amount of excess ITC that has still remained to be paid,

within 7 days' period.

Where any amount specified in the intimation remains to be paid within 7 days' period and where no explanation/reason is furnished by the registered person in default or where the explanation/reason furnished by such person is not found to be acceptable by the proper officer, the said amount shall be **liable to be demanded in accordance with the provisions of section 73/section 74.**

GSTR-4- ANNUAL RETURN FOR COMPOSITION DEALER

Section 39(2) read with rule 62 of the CGST Rules

Every registered person paying tax under section 10, i.e. a composition supplier is required to **file an annual return in Form GSTR-4.**

Quarterly statement for payment of self-assessed tax

The persons required to file GSTR-4 are also required to furnish a **statement in the Form GST CMP-08** containing **details of payment of self-assessed tax**, for every quarter (or part of the quarter), by **18th day of the month succeeding such quarter.**

Due date for filing GSTR-4 and Statement for payment of self assessed tax

- GSTR-4- 30th April following end of such Financial Year
- CMP-08- 18th of Month Succeeding Such quarter

Nil GST CMP-08

Nil GST CMP-08 is required to be filed.

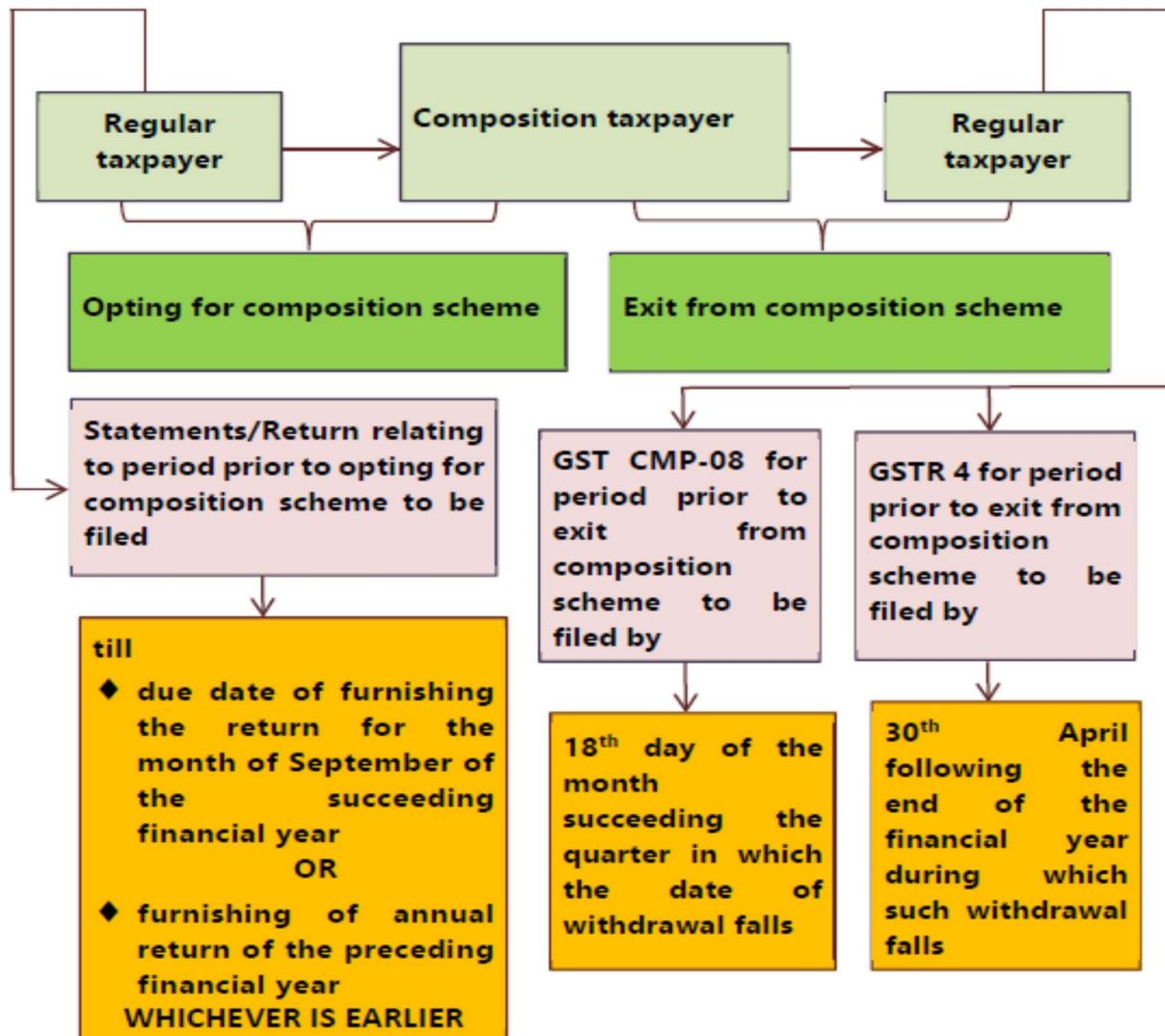
Statements/return for the period prior to opting for composition scheme

If a registered person opts to pay tax under composition scheme from the beginning of a financial year, he will, where required, furnish statements/return relating to the period prior to paying tax under composition scheme till the

- due date of furnishing the return for the month of September of the succeeding financial year, or
- furnishing of annual return of the preceding financial year

whichever is earlier.

Person Opting in or Opting Out from Composition Scheme



GSTR-5- NRTP

GSTR-5 - Return for Non-Resident Taxable Persons [Section 39(5) read with rule 63 of the CGST Rules]

Monthly return

A simplified monthly tax return has been prescribed in Form GSTR-5 for a NRTP for every calendar month or part thereof.

The details of outward supplies and inward supplies of a NRTP are incorporated in GSTR-5.

Last date of filing return

GSTR-5 should be furnished

- within 20 days after the end of the calendar month or
- within 7 days after the last day of validity period of the registration, whichever is earlier.

Payment of interest, penalty, fees or any other amount payable

A NRTP should pay the tax, interest, penalty, fees or any other amount payable under the CGST Act or the provisions of the Returns chapter under the CGST Rules, till the last date of filing GSTR-5.

A NRTP is not required to file an annual return.

DUE DATE FOR PAYMENT OF TAX- QRMP SCHEME

Monthly payment of tax under QRMP Scheme

The registered person under the QRMP Scheme would be required to pay the tax due in 1st month or 2nd month or both the months of the quarter by depositing the tax due **by 25th day of the month succeeding such month.**

The said person can use any of the following two options provided below for monthly payment of tax during the first 2 months –

- Fixed sum method
- Self-Assessment Method

FIXED SUM METHOD

The amount is equal to:

- **35% of the tax paid in cash** in the return for the **preceding quarter** where the **return was furnished quarterly**; or
- **100% of tax liability paid in cash** in the return for the **last month** of the immediately preceding quarter where the **return was furnished monthly.**

SELF-ASSESSMENT METHOD

Pay the tax due by considering the tax liability on inward and outward supplies and the input tax credit available, in Form GST PMT-06

Applicability of interest

- For registered person making payment of tax by opting Fixed Sum Method -No interest
- For registered person making payment of tax by opting Self- Assessment Method - Interest amount would be payable

RECTIFICATION OF ERROR/OMISSIONS- SEC 39(9)

Time limit for making rectification

The maximum time limit within which the rectification of errors/omissions is permissible is earlier of the following dates:

- 30th day of November following the end of the financial year to which such details pertain, or
- Actual date of filing of the relevant annual return

ANNUAL RETURN-SECTION 44

Section 44 read with rule 80 of the CGST Rules

(a) Who is required to furnish annual return and what is the due date for the same?

All registered persons are required to file an annual return. However, following persons are not required to file the annual return:

- I. Casual taxable persons.
- II. Non- resident taxable person
- III. Input service distributors
- IV. Persons authorized to deduct/collect tax at source under section 51/52
- V. Person supplying OIDAR services from outside India to unregistered persons in India

The annual return for a financial year needs to be filed by **31st December of the next financial year.**

(b) What is the prescribed form for annual return?

- The annual return is to be filed electronically in Form **GSTR-9** through the common portal.
- Composition scheme supplier: A person paying tax under **composition scheme** is required to file the annual return in **Form GSTR-4.**

FINAL RETURN-SECTION 45

Section 45 read with rule 81 of the CGST Rules

(a) Who is required to furnish final return?

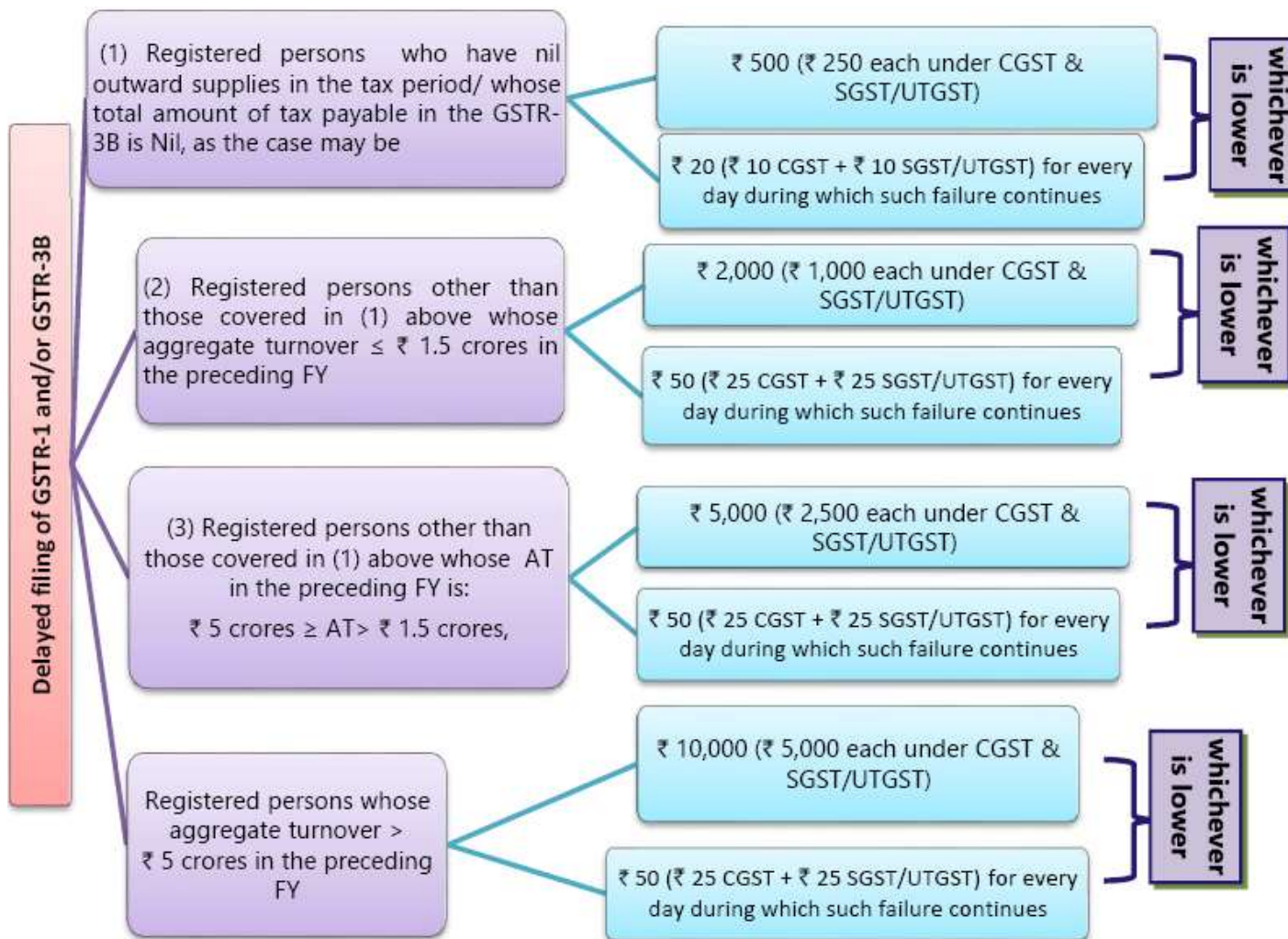
Every registered person who is required to furnish return u/s 39(1) and whose **registration** has been **surrendered or cancelled** is required to file a final return electronically in Form GSTR- 10 through the common portal.

(b) What is the time-limit for furnishing final return?

The final return has to be filed **within 3 months** of the:

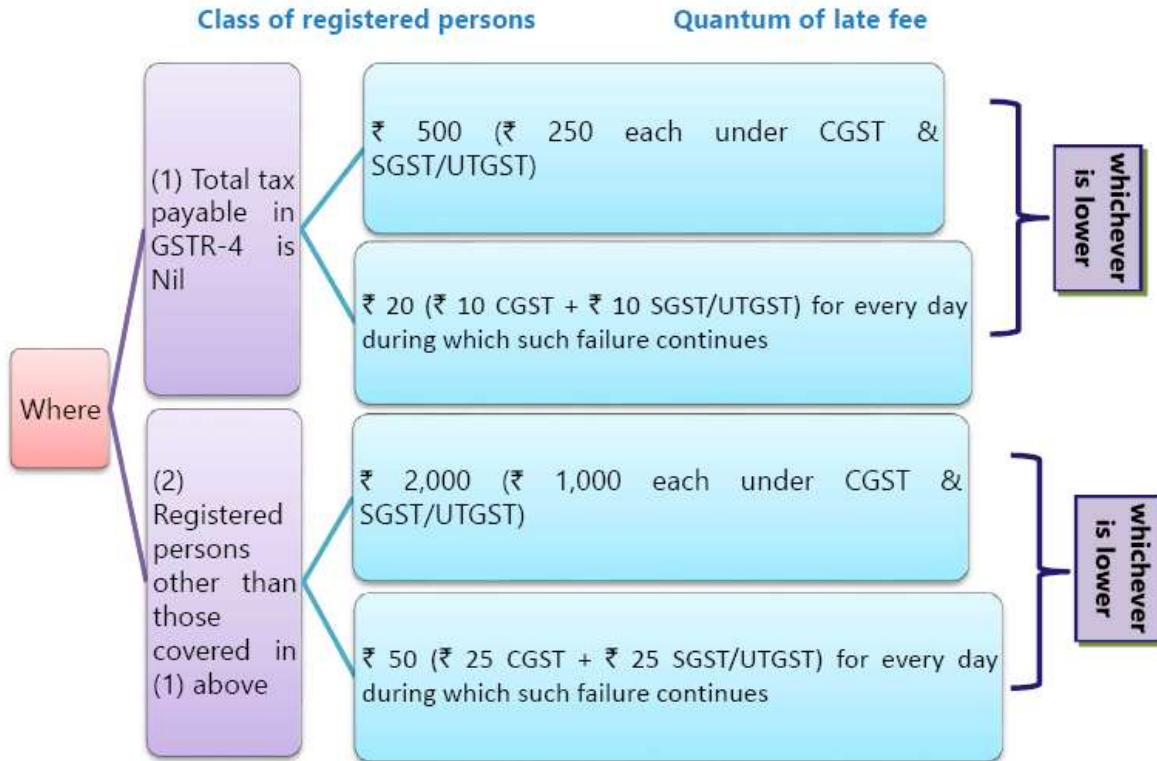
- (i) **date of cancellation** or
 - (ii) date of **order of cancellation**
- whichever is later.**

DEFAULT/DELAY IN FURNISHING RETURN

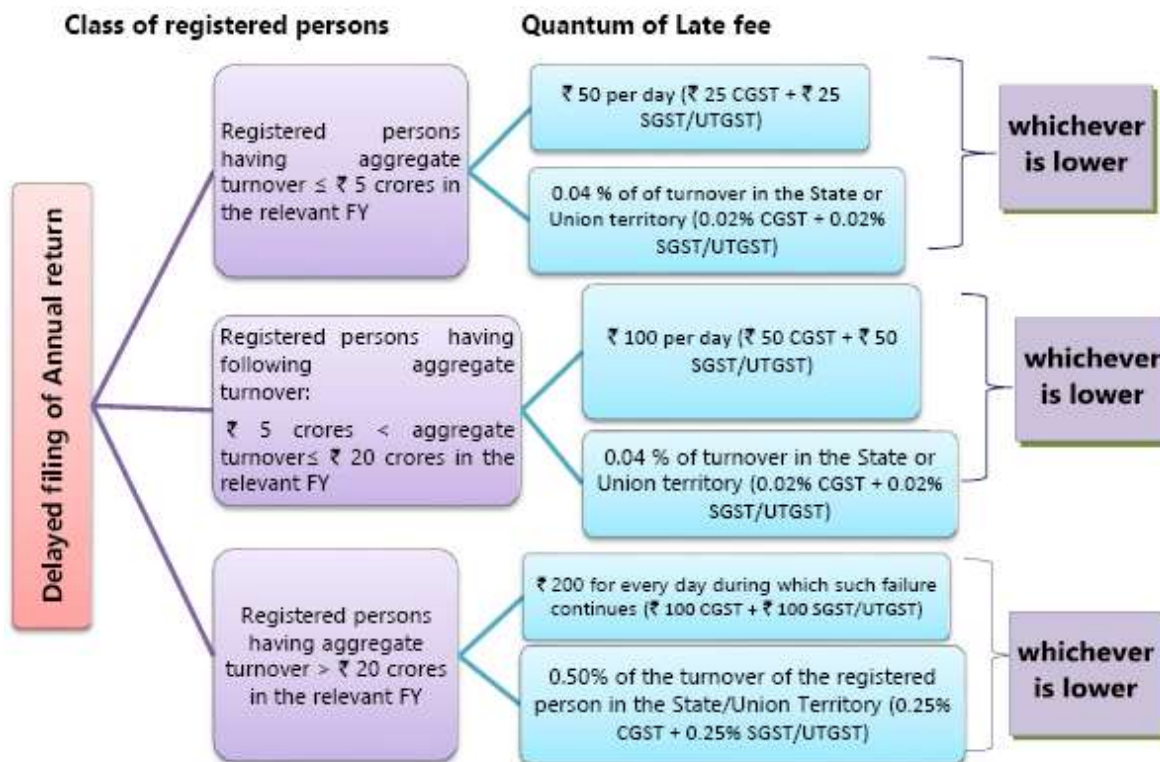


(ii) For delayed filing of GSTR-4:-

Amount of late fee payable under section 47 by a composition supplier who fails to furnish Form GSTR-4 by the due date, shall be as follows:

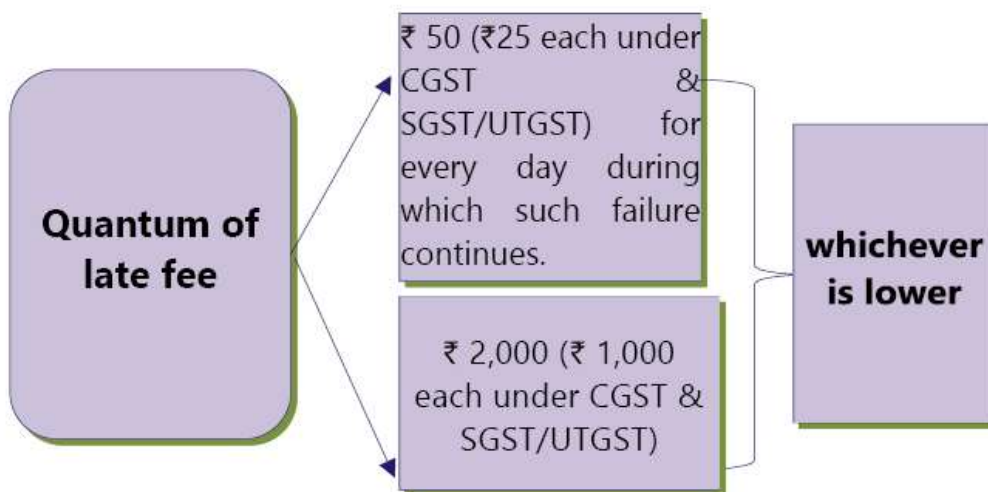


(iii) For delayed filing of GSTR-9:-



(iv) For delayed filing of GSTR-7:-

Total amount of late fee payable under section 47 by any registered person, required to deduct tax at source under the provisions of section 51 for delayed filing of GSTR-7, shall be as follows:



ACCOUNTS AND OTHER RECORDS [SECTION 35]

Who is required to maintain books of accounts and at which place?

Every registered person shall keep and maintain, books of accounts at his principal place of business (hereinafter referred to as PPOB) and books of account relating to additional place of business (hereinafter referred to as APOB) [as mentioned in the certificate of registration].

Which accounts and records are required to be maintained?

A true and correct account of following is to be maintained:

1. production or manufacture of goods;
2. inward and outward supply of goods or services or both;
3. stock of goods;
4. input tax credit availed;
5. output tax payable and paid
6. such other particulars as may be prescribed Such as
7. Goods/services imported/exported
8. Separate accounts of advances
9. Address of premise where goods are stored
10. RCM
11. Name and address of Supplier and Recipient

PERIOD OF RETENTION OF ACCOUNTS [SECTION 36]

72 months from the due date of furnishing of annual return

If party to appeal or revision then for a period of **one year after final disposal** of such appeal or revision or proceedings or investigation

Records which are to be maintained only by a supplier other than a supplier opting for composition levy

- Account of stock of goods received and
- supplied including
 - opening balance,
 - receipt,
 - supply,
 - goods lost/stolen, destroyed,
 - written off,
 - gifted,
 - free samples,
 - stock balance.
- Account of details of tax payable, collected and paid,

- ITC claimed, together with register of tax invoice, credit-debit notes, delivery challan issued/received during any tax period

Records to be maintained by agent

- Authorisation received from each principal to receive/supply goods/services on behalf his behalf
- Particulars of goods/services received/supplied on behalf of every principal
- Details of accounts furnished to every principal
- Tax paid on receipts/supply of goods/services effected on behalf of every principal

Records to be additionally maintained by a manufacturer and service provider

Manufacturer- Monthly production accounts showing quantitative details of- raw materials/services used in manufacture and goods so manufactured including waste and by-products

Service provider

Accounts showing quantitative details of goods used in the provision of services details of input services utilised and services supplied

Separate records for works contract to be maintained by a person executing works

Contract

- Names and addresses of Persons on whose behalf the works contract is executed
- Supplier from whom goods/services are received
- Description, value and quantity of goods/services received for/utilised in the execution of works contract
- Details of payment received in respect of each works contract

Records to be maintained by owner or operator of godown or warehouse and Transporters whether registered or not

records of the consignor, consignee and other relevant details of the goods in such manner as may be prescribed

Transporter

- Records of goods transported, delivered
- goods stored in transit by him GSTIN of the registered consignor and Consignee for each of his branches

Owner or operator of godown or warehouse

Books of Accounts for the period for which particular goods remain in the warehouse including the particulars relating to dispatch, movement, receipt, and disposal of such goods

How the accounts and records will be maintained?

- Records in electronic form be authenticated by a digital signature
- Proper electronic back-up of records be maintained and preserved
- Such records need to be produced, on demand, in hard copy or in any electronically readable format
- Details of files, their passwords and explanation for codes, and any other info required for access
- **No entry to be erased/overwritten**
Incorrect entries, other than those of clerical nature, be scored out under attestation and there after correct entry be recorded.
- In case electronic records being maintained, a log of every entry edited or deleted shall be maintained.
- Books of account maintained manually be serially numbered

Failure to maintain the accounts

- PO shall determine the tax payable on the unaccounted goods and/or services, as if the same had been supplied by such person
- Provisions of section 73/74 shall, mutatis mutandis, apply for determination of such tax

SECTION 51- TDS

By Whom-

1. department or establishment of the Central Government or State Government local authority
2. Governmental agencies
3. an authority or a board or any other body, -
 - (i) set up by an Act of Parliament or a State Legislature; or
 - (ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860;
4. public sector undertakings

When-

Total value of supply of taxable goods and/or services under a contract exceeds ₹ 2,50,000 exclusive of tax & cess as per the invoice.

Standard Rate of deduction

1% +1% [CGST + SGST] on net value of taxable supplies

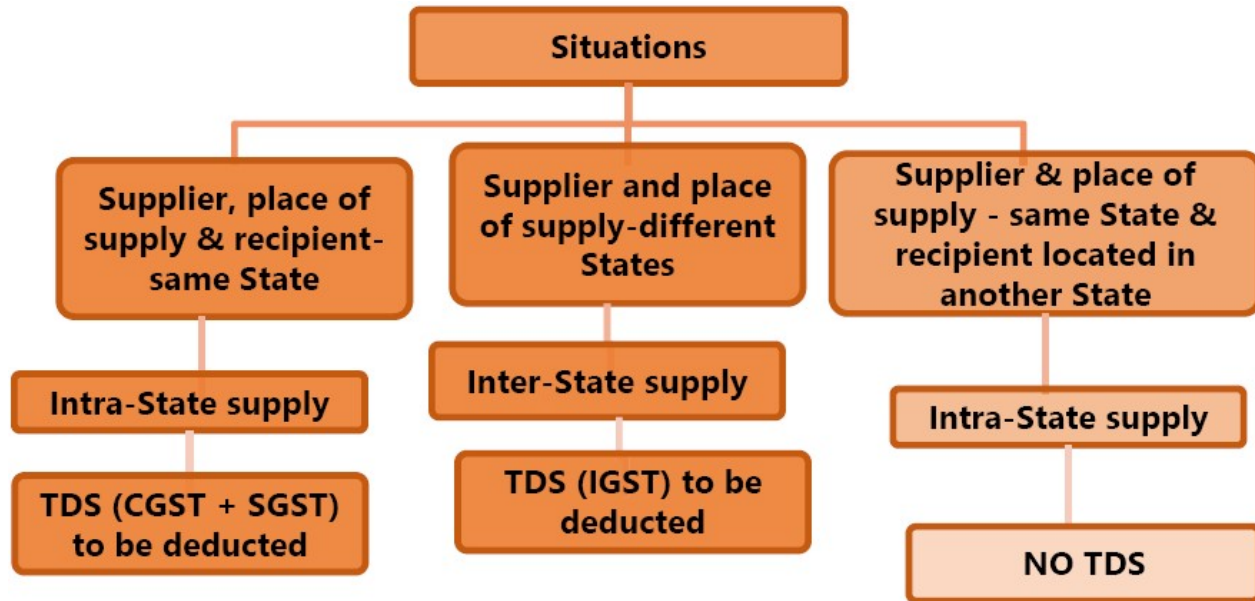
Payment to be made

within ten days after the end of the month in which such deduction is made

NO TDS

Location of Supplier	Place of Supply	Location of Recipient	TDS u/s 51
State A	State A	State A	Yes
State A	State A	State B	No
State A	State B	State B	Yes
UT-1	UT-1	UT-1	Yes
UT-1	UT-2	UT-2	Yes
UT-1	UT-1	UT-2	No

Applicability of TDS



SECTION 52- TCS

Who is liable to collect TCS ?

Every Electronic Commerce Operator (ECO), not being an agent, has been mandated to collect tax at source (TCS) on the net value of taxable supplies [supplies net of returns if any] made through it by suppliers,

Rate of TCS

Half percent of the net value of intra-State taxable supplies.

1% of the net value of inter-State taxable supplies.

TCS Not applicable to 9(5) ECO

1. services by way of transportation of passengers by a radio-taxi, motorcab, maxicab, motor cycle, omnibus or any other motor vehicle;
2. services by way of providing accommodation in hotels, inns or other commercial places meant for residential except where the person supplying such service through electronic commerce operator is liable for registration under section 22(1)
3. services by way of house-keeping except where the person supplying such service through electronic commerce operator is liable for registration under sub-section 22(1) of the CGST Act
4. supply of restaurant service other than the services supplied by restaurant, eating joints etc. located at specified premises

Deposit of TCS by ECO to Government

The TCS amount collected by the ECO has to be remitted to the Government Treasury within 10 days after the end of the month in which the collection was made.

