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Expanded Form of Abbreviations used in Chart Book

AA	Aadhaar authentication
AA	Adjudicating authority
AA	Appellate authority
AA	Advance authorisation
AAAR	Appellate Authority for Advance Ruling
AAR	Authority for Advance Ruling
AC	Additional Commissioner
ACD	Additional Customs duty
AR	Annual return
ARN	Application reference number
AT	Appellate tribunal
BE	Business Entity
CDN	Credit note & Debit note
CFC	Convertible foreign currency
CFY	Current Financial Year
CTP	Casual Taxable Person
CWF	Consumer Welfare fund
D/D	Due date
DC	Deputy Commissioner
DGAP	Director General of Anti Profiteering
DO	Demand order
DSA	Direct Selling Agents
DTA	Domestic tariff area
ECO	Electronic Commerce Operator
EOU	Export oriented unit
EPCG	Export Promotion Capital Goods
ES	Exempt supply
EWB	E-way bill
FAT	Final assessment tax
FC	Forward Charge
FI	Financial Institutions
FTWZ	Free Trade Warehousing Zone
GSTIN	Goods & service tax identification number
GSTN	Goods & service tax network
GTA	Goods Transport Agency
HSN	Harmonised System of Nomenclature.
IFF	Invoice Furnishing facility
ISD	Input Service distributors
ITS	Inverted tax structure
JC	Joint Commissioner
LUT	Letter of undertaking
ME	Merchant Exporter
NBFC	Non-Banking Financial Corporations
NRTP	Non-resident Taxable Person
NTOR	Non-taxable online recipient
NTT	Non-taxable territory

OIDAR	Online Information Data Base Access and Retrieval
OOBH	Opportunity of being heard
PAT	Provisional assessment tax
PFY	Preceding Financial Year
PO	Proper officer
POB	Place of business
PSP	Private service providers
QR	Quick Dynamic
QRMP	Quarterly return monthly payment
RC	Registration certificate
RP	Registered Person
RWA	Resident Welfare Association
SCN	Show cause notice
SEZ	Special Economic zone
TP	Taxable Person
TS	Taxable supply
TT	Taxable Territory
UIN	Unique Identification number
WD	Working days
WIH	Whichever is higher
ZRS	Zero rated supply

CHAPTER - 1: BASIC CONCEPT OF GST



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FRAMEWORK OF GST

Name	Governing Act	Levied by	Event of Levy
CGST	Central Goods and Services Tax Act, 2017	Central Government	On Intra State supply of Goods and Services
SGST	State Goods and Services Tax Act, 2017	State Government	On Intra State supply of Goods and Services
UTGST	Union Territory Goods and Services Tax Act, 2017	Union Territories	On Intra State supply of Goods and Services
IGST	Integrated Goods and Services Tax Act, 2017	Central Government	On Inter State supply of Goods and Services
GST CESS	GST Compensation Cess Act, 2017	Central Government	On Intra/Inter State supply of notified Goods and Services

CONCEPT & PRINCIPLE OF GST

- ⇒ GST is a **Broad-based Value added tax**
- ⇒ GST is a **Destination based tax**
- ⇒ GST is technically paid by suppliers but it is actually borne by consumers (Ultimate burden may be passed on).
- ⇒ GST is collected at multiple stage of production and distribution of goods and services in which taxes paid on inputs are allowed as set off against output tax.
- ⇒ GST is a tax on the consumption of products from business sources, and not on personal or hobby activities.
- ⇒ Under GST, input tax credit is provided throughout the value chain.

CONSTITUTIONAL AMENDMENTS

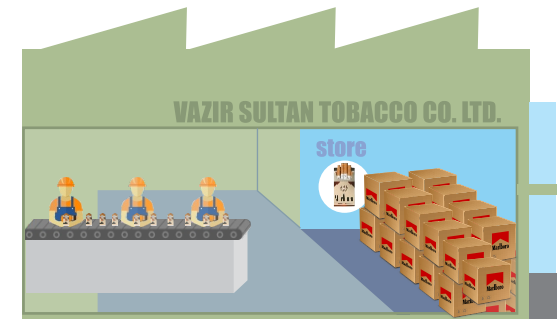
Article 366 (12A)	GST means "Any tax on supply of Goods or Services or both except tax on Supply of the Alcoholic Liquor for human Consumption"
Article 246A	Concurrent powers to both, Parliament and State Legislatures is given to make laws with respect to GST
Article 269A	Provides exclusive power to the Parliament to legislate with respect to inter-State trade or commerce i.e. integrated tax (IGST) (including import)

BENEFITS OF GST

- 1) Creation of Unified National market
- 2) Mitigating Cascading Effect of taxes
- 3) Elimination of multiple taxes and double taxation
- 4) To Promote make in India Initiative
- 5) It also helps to increase overall revenue of Govt.

TAXES ON TOBACCO AND TOBACCO PRODUCTS, OPIUM, INDIAN HEMP AND OTHER NARCOTIC DRUGS AND NARCOTICS:

In the case of tobacco and tobacco products, the Centre alone would have the power to levy excise duty in addition to the GST



Particulars	₹
Value	1,00,000
Excise	10,000
	1,10,000
CGST @ 14%	15,400
SGST @ 14%	15,400
	1,40,800



WHOLESALER

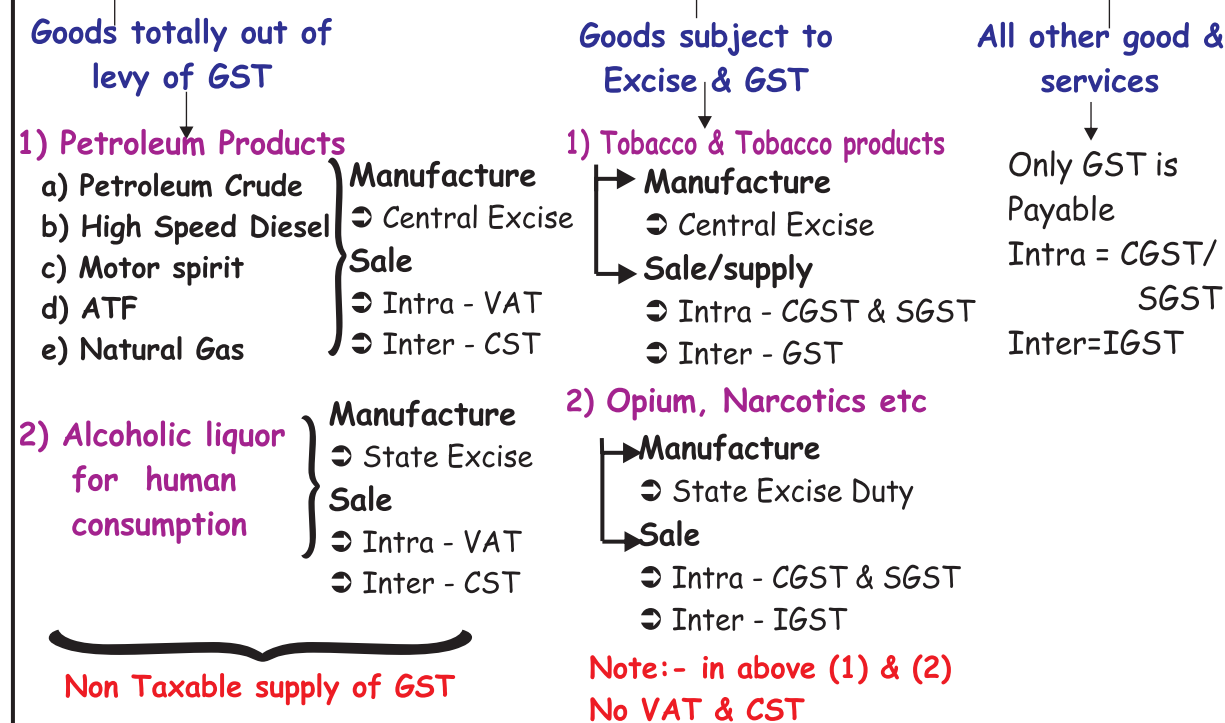
Particulars	₹
Value	2,00,000
Excise	
CGST @ 14%	28,000
SGST @ 14%	28,000
	2,56,000



RETAILER

TAXABILITY ON GOODS IN SPECIAL CASES

Taxability on Goods in Special Cases



RECOMMENDATION OF GST COUNCIL

Recommendations of GST Council —

- (a) Taxes to be subsumed in GST
- (b) Exemption in GST
- (c) model of GST Laws, principles of levy, apportionment of IGST between Center & State and the principles that govern the POS
- (d) the threshold limit of turnover for Exemption
- (e) the rates of GST & other Special Rates
- (f) Special Provision w.r.t. the special category state
- (g) any other matter relating to the GST.
- (h) Special rates to raised additional resources during any natural calamity /disaster

SPECIAL CATEGORY OF STATE

- 1) Arunachal Pradesh
- 2) Assam
- 3) Jammu and Kashmir
- 4) Manipur
- 5) Meghalaya
- 6) Mizoram
- 7) Nagaland
- 8) Sikkim
- 9) Tripura
- 10) Himachal Pradesh
- 11) Uttarakhand

MANNER OF UTILIZATION OF ITC IN GST

INWARD SUPPLY	OUTWARD SUPPLY		
1. IGST	First IGST	Any CGST	Any SGST/UTGST
2. CGST	First CGST	Second IGST	
3. SGST/UTGST	First SGST/UTGST	Second IGST	

Note:- CGST cannot be used against SGST/UGST or vice-versa

Entertainment tax

E.T. by state Govt.=Substances in GST levied then so such tax is payable

E.T. by local body = It is not subsumed in GST. Hence it is payable in addition to GST

E.g. Price of Movie ticket 500
E.T of local body 20

CGST @8%
SGST @8%

TAXES TO BE SUBSUMED IN GST

Central Taxes	State Taxes
<ul style="list-style-type: none"> Central Excise duty Additional excise duty Excise duty levied under Medicinal & Toiletries preparation Act Additional Customs duty(ACD) Service Tax Surcharges & Cesses Central Sales Tax 	<ul style="list-style-type: none"> State VAT/Sales Tax Central Sales Tax Purchase Tax Entertainment Tax (other than those levied by local bodies) Luxury Tax Entry Tax (All forms) Taxes on lottery, betting & gambling Surcharges & Cesses

Taxes not subsumed under GST

1.	Property Tax & Stamp Duty
2.	Electricity Duty
3.	Excise Duty on Alcohol
4.	Basic Custom Duty
5.	Excise Duty on Petrol Diesel

CHAPTER - 1 : Charge of GST & Concept of Supply



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Section 9(1) of CGST Act / Sec 5(1) of IGST Act :- Charging Section

Levy

Charge

9(1) - Intra-State Supply of Goods or services or Both

5(1) [IGST Act]- Inter-State Supply of Goods or Services or Both

Shall be determined as per sec 15 read with rules

Value

Rate

CGST Rate	0%	0.125%	1.5%	2.5%	6%	9%	14%
SGST Rate	0%	0.125%	1.5%	2.5%	6%	9%	14%
Total	0%	0.25%	3%	5%	12%	18%	28%

Collection

in such manner as may be prescribed (Detail discussion in TOS chapter)

Person Liable to Pay Tax

Sec 2(107) "Taxable person" - includes

Taxable person means a person who is registered or liable to be registered u/s 22 or sec 24

Forward Charge Sec 9(1)	Taxable person making Intra-State Supply
Reverse Charge Sec 9(3)/9(4)	Recipient of Supply
E-Commerce Sec 9(5)	E-Commerce Operator

Goods not Subject to Levy of GST - alcoholic liquor & un-denatured extra neutral alcohol/rectified spirit used for manufacture of alcoholic liquor for human consumption.

Sec 9(2): - Levy on Petroleum Products from Notified date : - Supply of petroleum crude, high speed diesel, petrol, natural gas and ATF shall be levied from the notified date on recommendation of GST Council.

Note : Still levy of GST on such products is not notified

Analysis: The type of levy existing or to be continued after GST

	(Supply) GST	(Production) ED	(Sale) VAT	CST
1. Alcoholic Liquor for Human Consumption	X	State	✓	✓
2. Petroleum crude, High speed Diesel, Motor spirit (Petrol), Natural gas, Aviation Turbine fuel	X	Central	✓	✓
3. Un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption	X	✓	✓	✓
4. Tobacco & Tobacco products	✓	Central	X	X
5. Opium, Indian Hemp and other Narcotic Drugs	✓	State	X	X
6. All other Products	✓	X	X	X

SEC 2 (56) "INDIA"

Means

- Territory of India (state and the Uts.)
- Its
 ↳ Territorial Water, ↳ seabed and
 ↳ sub-soil underlying such waters,
 ↳ continental shelf, ↳ Exclusive economic zone (EEZ) or
 ↳ Any other maritime Zone under Maritime Zones Act.

- Air space above its territory & territorial waters

SEC 2(114) "UNION TERRITORY"

Means the territory of -

- the Andaman and Nicobar Islands
- Lakshadweep
- Daman and Diu and Dadra and Nagar haveli
- Ladakh
- Chandigarh

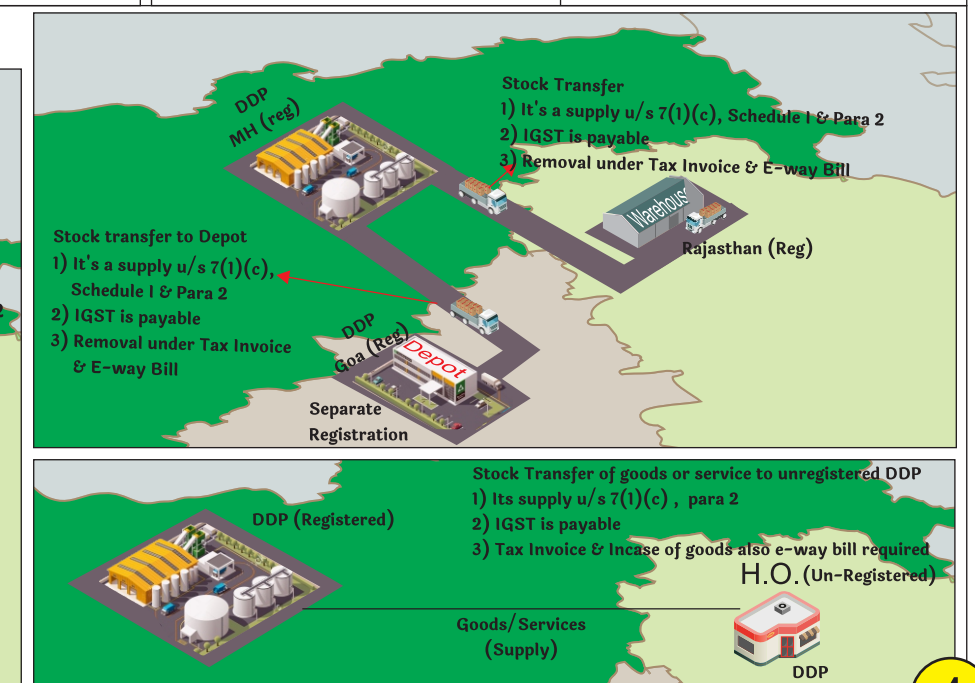
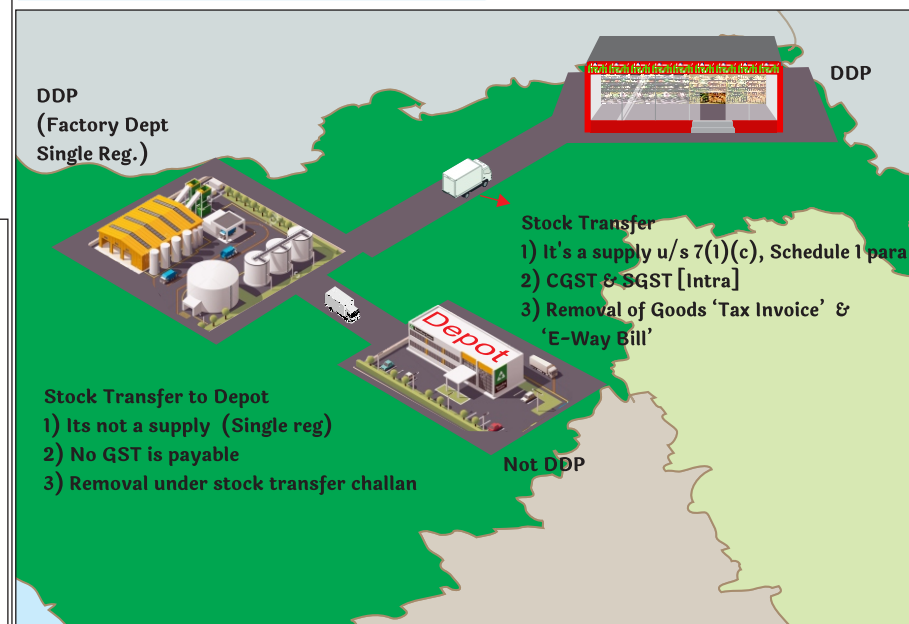
Union Territory of India

UT	UT	UT
State Legislature	No State Legislature	Partly State Legislature
State - 28 States	UT (Total Governed by CG)	- Delhi - Puduchery - JK
Intra State - CGST 50% - SGST 50%	Intra State - CGST 50% - UTGST 50%	Intra State - CGST 50% - SGST 50%
Inter State - IGST 100%	Inter State - IGST 100%	Inter State - IGST 100%

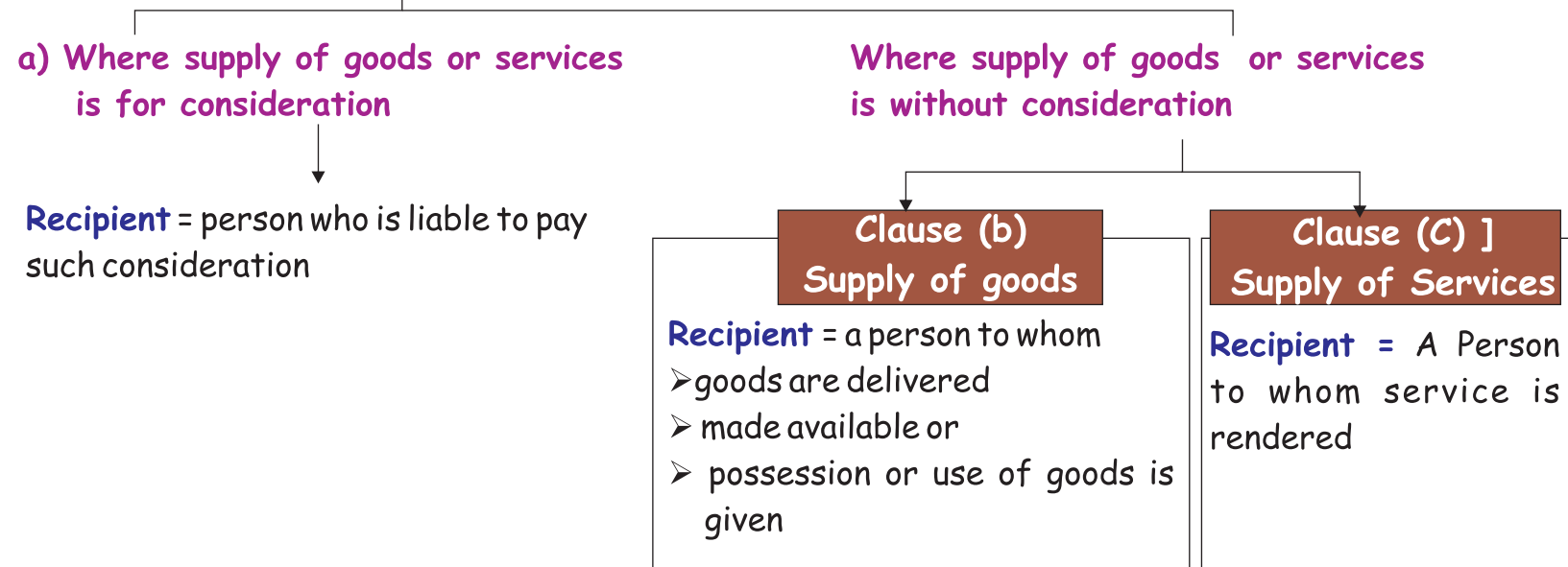
Sec 2(84) "Person" - includes

- An Individual
- A hindu undivided family
- A Company
- A Firm
- A limited Liability Partnership
- An AOP or a BOI, whether incorporated or not, in India or outside India
- Corporation established under any Act
- any body corporate incorporated by or under the laws of a country outside India
- A co-operative society registered under any law relating to co-operative societies
- A local authority
- CG or a SG
- Society as defined under the Societies Registration Act, 1860
- Trust
- Every artificial juridical person, not falling within any of the above

Single/ Multiple Registration



Sec 2(93) "Recipient"



Recipient also includes agent acting on behalf of the recipient

Sec 2(94) "Registered person" - includes

"Registered person" means a person -

➔ who is registered under section 25

➔ but does not include a person having a Unique Identity Number (UIN)

Sec 2(80A):- Online Gaming

Means offering of a game on internet or electronic network & includes online money gaming

Sec 2 (105) "Supplier"

means person supplying the said goods or services or both and **shall include** an agent acting as such on behalf of such supplier

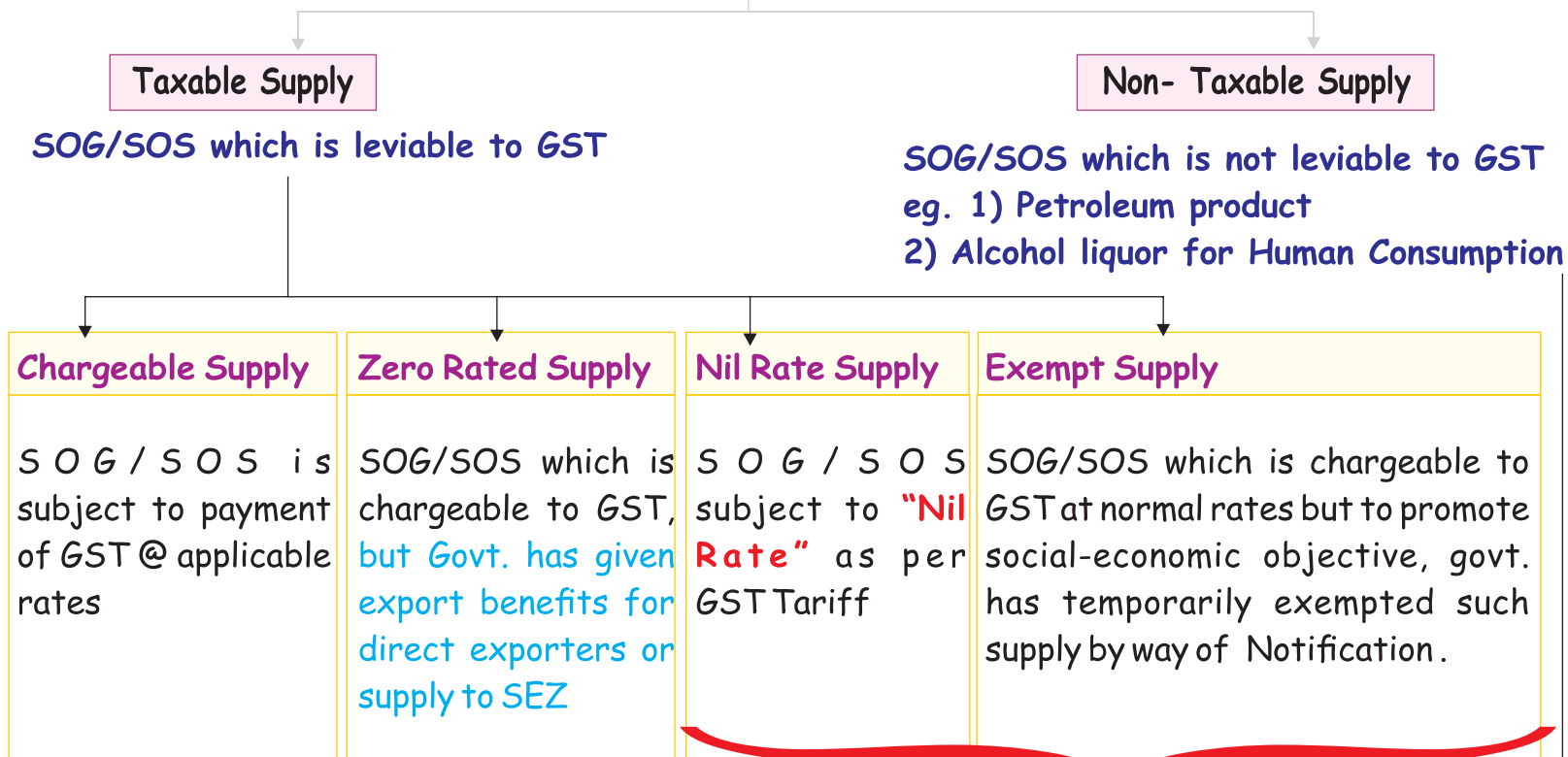
Proviso:- Supplier includes person arranging supply of specified actionable claims & also who owns / operates / manages e-platform for supply.

Sec 2(102A):- Specified actionable claim

Means actionable claim involved in/by

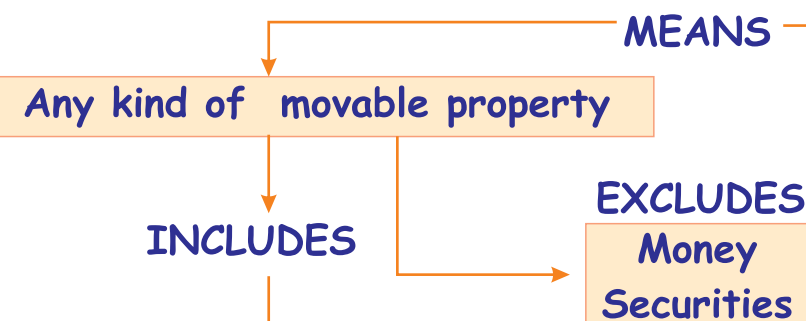
1	betting	2	casinos	3	gambling
4	horse racing	5	lottery	or	
6	online money gaming.				

Type of Supply



Note:- As per Se 2(47) : For GST Purpose Exempt Supply includes Nil Rate, Wholly Exempt & non taxable supply

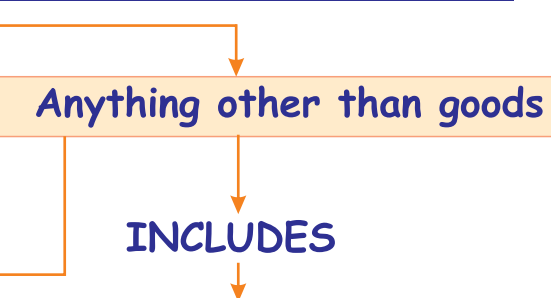
Sec 2 (52) Goods



- 1) Actionable Claims,
- 2) Growing Crop, grass & things attached to or forming part of land agreed to be severed before/under a contract of supply

Interest on Loan/Adv/Deposits
It's a service but Govt. has exempted such interest by N/N 12/2017 **Except** interest on credit card

Sec 2(102) Services



Separate consideration is charged for

- ➔ Use of Money (eg. Interest)
- ➔ Conversion of money (eg. Commission)
- ➔ to Facilitate or arranging transaction of securities (e.g. brokerage/ portfolio management fees)

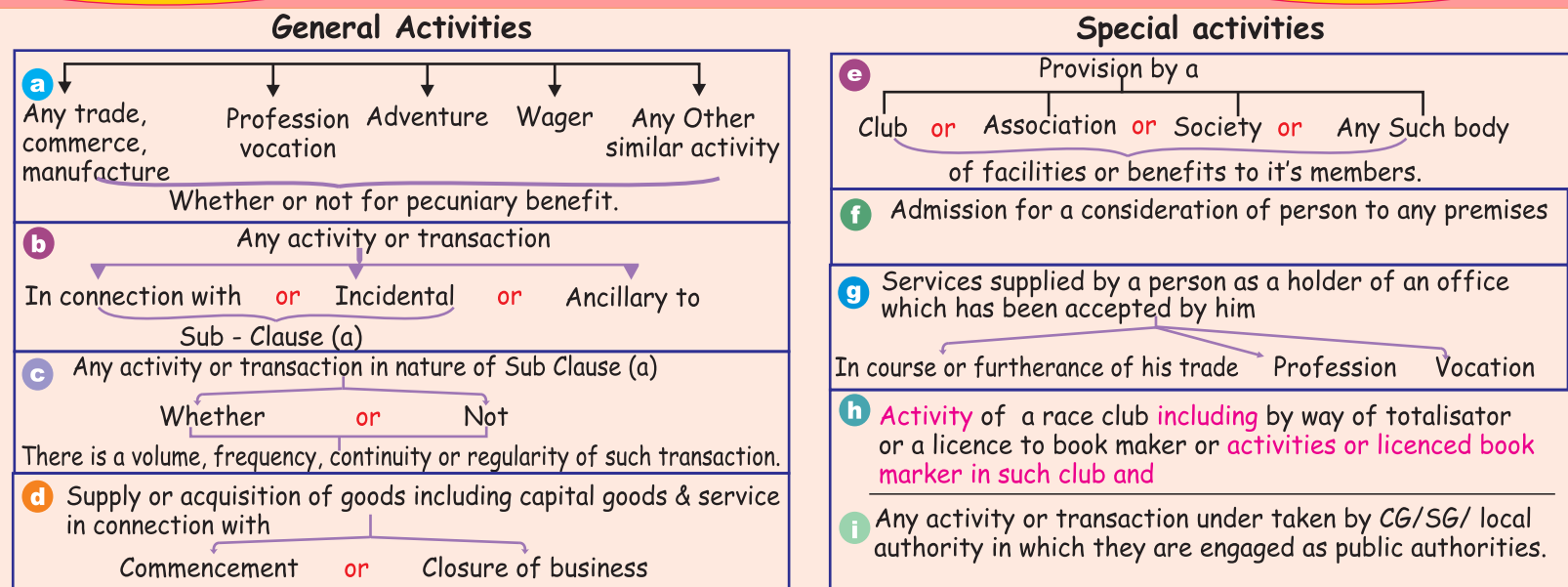
Sec 16 of IGST Act: Zero Rated Supply

ZRS means Export of goods/services or both or SOG/ SOS for authorised operations to a SEZ developer/ unit.

General Activities

Business includes [Sec 2(17)]

Special Activities



CHAPTER - 1 : CONCEPT OF SUPPLY (SEC 7)

Sec 7(1)=Supply Includes

Supply of goods / Services with consideration

Sec 7(1) (a) All forms of supply of goods / services/both

Such as	Made or Agreed to be made	consideration	
Sale	No Particulars	Explanation	
Transfer	1	Made	Goods are already delivered or Service is already provided to the recipient
Barter			
Exchange	2	Agreed to be Made	This is split up in two parts namely: (i) There is an agreement for supply of goods or provision of service (ii) An advance has been received against the supply of goods or provision of service
Disposal			
Licence			
Rental			
Lease			

Sec 2(31) for consideration


a	b
Any payment made or agreed to be made whether in money or otherwise	The monetary value of any act or forbearance
Whether by recipient or otherwise	Whether by recipient or otherwise
-In respect of or -In response to or -For inducement	

Supply of goods/services

Exclusion:- it shall not includes


- Any **subsidy** given by central or state govt.
- Deposits** for concerning SOG/SOS except the supplier applies the deposits as a consideration for said supply

Sale of old Car




Sale of car for personal use by an individual- Not a supply in course or furtherance of business

Sale of old Jewellery



Sale of old jewellery which was used personally- Not a supply in course or furtherance of business

Prasadam supplied by religious places like temples, mosques etc.-Not a supply in Course of furtherance of business



Sec 7(1) (b) Importation of Services

Import of service
 ➤ for **consideration**
 ➤ **whether or not** in the course or furtherance of **business**

Analysis: -

- GST on import of goods governed by Customs Tariff Act [ACD 3(5)/3(7)]
- RCM is applicable on such service except OIDAR (FCM)
- Import of services other than for business purpose (for personal use) Exempt N/N 04/2017

Import of Service (Analysis)

Free import services is not treated as supply **unless it imported from**

- **Related person or DDP outside India &**
- **In the course of business**

Schedule I

Sec 7 (1)(c) Deemed supply

Supply of goods/service without consideration

- Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- Supply of goods or services or both
 - between related persons or
 - between distinct person as specified in u/s 25, in the course of furtherance of business

Proviso - Gift by employer to employee not exceeding ₹50,000 in a financial year not be treated as supply
- Supply of goods
 - by a principal to his agent who further undertakes supply [**selling agent**]
 *Invoice in the name of agent
 - by an agent to principal who procures the goods on behalf of principal [**buying agent**]
 *Invoice in the name of agent
- Import of Services from
 - from a related person outside India or
 - from any of his other establishments outside India, in the course or furtherance of business

Sec 7(2)(a)=Supply Excludes

Sch III (Transaction not be treated as supply)

- Services by an employee to the employer in the course of or in relation to his employment.

i. Compensation for premature termination	Non Taxable as it is in relation to employment.
ii. Non compete fees received by an employee from employer	Taxable as it is not in the course of or in relation to employment
iii. Casual labour appointed on daily basis for wages	Non Taxable as it is in relation to employment contract
iv. Directors Remuneration	a) If TDS under IT Act is deducted u/s 192 - Not a Supply b) If TDS under IT Act is deducted u/s other sec - Supply
- | Circular no. 172/04/2022: | |
|--------------------------------------|---|
| Scenario | Taxability under GST |
| Perquisites provided as per contract | Not taxable (Under Schedule III) |
| Perquisites not in terms of contract | Taxable if value exceeds ₹50,000 (Under Para 2, Schedule I) |
- The functions performed by the MP , MLA, Members of Panchayats, Members of Municipalities and Members of other local authorities
 - The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity
 - The duties performed by any person as a Chairperson or a Member or a Director in a body established by the CG/SG/LA

Sec 7(1) (aa) :- Activities or Transactions

By Any person [other than Individual]

Member or Constituents

For

Cash

Deferred payment

Other valuable consideration

Explanation:- the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another

Related Person (as per explanation to Sec 15) of CGST Act

- such persons are officers or directors of one another's business
 - such persons are legally recognized partners in business
 - such person are employer and employee
 - any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them
 - one of them directly or indirectly controls the other
 - both of them are directly or indirectly controlled by a third person
 - together they directly or indirectly control a third person
 - they are members of the same family
 - sole agent/sole distributor/sole concessionaire of the other.
- Family [Sec 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.

Schedule II : Activities or transactions to be treated as supply of goods or services

Sec 7(1A):- Where certain activities or transaction constitute a supply in accordance with the provisions of subsection (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

Para 1 : Transfer of goods

Supply of goods	1) Transfer of title in goods 2) Transfer of Title in Goods on future date (Ex. Hire Purchase)
Supply of Service	Transfer of rights in goods or undivided share in goods without transfer of title in goods

Para 2 : Land & Building

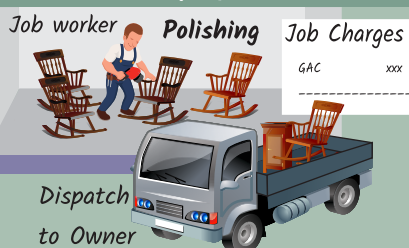
Supply of Service	Any lease, tenancy, easement, license to occupy land
Supply of Service	Any lease, letting of building including commercial, industrial complex for business/commerce either wholly or partly

Note: Sale of land & building not treated as supply as per schedule 3 other than construction intended for sale [of para 5(b)]

Para 3: Treatment or process

Supply of Service	Any treatment or process which is applied to another person's goods (Jobwork)
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Process of Job worker



Para 4 : Transfer of business asset

Supply of goods	Permanent transfer of Business Asset:- If goods as a part of the asset are permanently transferred or disposed off
Supply of Service	Temporary transfer of business assets:- If goods as a part of business asset are put to any private use or are used for any purpose other than business

Para 5 : Following activities always treated as supply of service under GST

- Renting of immovable property**
- Construction of complex, building, civil structure including a complex, building intended for sale to buyer.**
But in following case it shall not be treated as supply.
When entire consideration has been received after
- issuance of completion certificate
- It's 1st occupancy
whichever is earlier
Note :- Construction - it includes addition, alteration, replacement, remodeling of any existing civil structure

1) before Completion	After Completion	Taxable value for GST = ₹80 Lacs
40,00,000	20,00,000	
2) ₹1	79,99,999	Taxable Value = ₹80 Lacs
3) After Completion	80,00,000	Not taxable As per Sch - III

- Temporary transfer of IPR**
- Development, design, programming, customisation etc. of info. Tech. Software**

Customized Software	SOS
Sale of Pre-packed Software	SOG
License to use prepacked Software	SOS
- Agreeing to the obligation**
- to refrain from an act or
- to tolerate an act/to do an act.
- Transfer of right to use any goods for any purpose for cash, deferred payment or other consideration.**

Para 6 : Composite supply treated as supply of service

Supply of Service	a Works contract Labour + Material = Works Contract (construction)
--------------------------	--



Supply of Service	Restaurant, catering or any supply of service where food/drink is supplied for consideration.
--------------------------	--



(c) Deemed Supply : If any person ceases to be a taxable person then goods forming part of business asset shall be **deemed to be supplied** (In the course or furtherance of business) unless :-

- Business is transferred as going concern to another person.
- Business is carried on by personal representative who is deemed to be a TP.

not a deemed supply

4	Services of funeral, burial, crematorium or mortuary including transportation of the deceased.						
5	Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building Analysis <table><tr><td>Sale of land and Building</td><td>Not treated as supply as per sch III , No GST</td></tr><tr><td>Rental, Leasing and licensing of Land & Building</td><td>Treated as Supply & GST Payable</td></tr><tr><td>Sale of Building before completion certificate or 1st occupancy whichever earlier</td><td>Treated as supply para 5(b), Sch II & GST payable</td></tr></table>	Sale of land and Building	Not treated as supply as per sch III , No GST	Rental, Leasing and licensing of Land & Building	Treated as Supply & GST Payable	Sale of Building before completion certificate or 1st occupancy whichever earlier	Treated as supply para 5(b), Sch II & GST payable
Sale of land and Building	Not treated as supply as per sch III , No GST						
Rental, Leasing and licensing of Land & Building	Treated as Supply & GST Payable						
Sale of Building before completion certificate or 1st occupancy whichever earlier	Treated as supply para 5(b), Sch II & GST payable						
Clarification 177/09/2022 GST: Sale of land either as it or after development like levelling, laying down of drainage, water & electricity lines is also sale of land and not attract GST							
6	Actionable claims, other than specified actionable claims.						
7	Merchant Trading: Goods are supplied from one non-taxable territory to another non-taxable territory, without entering in India						
8	a) Warehouse Sale: Supply of warehoused goods to any person before clearance for home consumption. b) High sea sales: Supply of goods by the consignee to another person, through transfer of ownership documents, after the goods leave the foreign port but before clearance for home consumption.						
9	Apportionment of co-insurance premium by the lead insurer to the co-insurer is not supply, provided the lead insurer pays GST on the entire premium paid by the insured.						
10	Services by insurer to the reinsurer for which ceding, or reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, are not supply, provided that GST is paid by the reinsurer on the gross reinsurance premium, inclusive of the commission.						
Sec 7(2)(b)= Notified activities by Government <ul style="list-style-type: none">Services under Article 243G & 243W of Panchayats & Municipality andServices of granting liquor license against consideration in the form of license fee by SG							

Sec 8 : Composite Supply & Mixed Supply

The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:

- (a) a composite supply comprising two or more supplies, one of which is a principal supply, **shall be treated as a supply of such principal supply**; and
- (b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular **supply which attracts the highest rate of tax**.

Definition - Composite Supply

Composite Supply as per Sec 2 (30) : means a supply made by a taxable person to a recipient consisting of

- two or more taxable supplies of goods or services or both or any combination thereof
- which are naturally bundled and
- supplied in conjunction with each other in ordinary course of business one of which is a principal supply



Illustration.— (Goods + Service) Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply;

Definition - Mixed Supply

Mixed Supply as per Sec 2 (74) : means

- Two or more individual supplies of goods or services or any combination thereof
- Made in conjunction with each other by a taxable person for a single price
- Where such supply does not constitute a composite supply



Illustration.— A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately

IMPORTANT CLARIFICATIONS

Cir. no. 1/1/2017: Inter-state movement of modes of conveyance or repairs between DDP:



Scenario (Inter/Intra State movement of conveyance bet ⁿ DDP)	GST Levy
Conveyance carrying goods/passengers/ both between DDP	No GST on conveyance
Conveyance for repair & maintenance	No GST on conveyance
Repair & maintenance on conveyance by DDP	GST payable (deemed supply Sch- I)
Conveyance moved for further supply	GST payable (Treated as SOG/SOS)

Cir. no. 21/21/2017: : Inter-state movement of Rigs, tools, spare parts between DDP:

Scenario	IGST Levy
Inter-state movement of rigs, tools, spare parts accompanied with conveyance between DDP	No GST on rigs, tools etc.
Further supply of these goods between DDP	CGST/SGST/IGST applicable

Cir. no. 116/35/2019: Donations received by charitable institutions from individual, without quid pro

Scenario	GST Levy
Displaying name/placing name plates of donors in charitable organizations	No GST (Philanthropic purpose, no commercial gain)
Note: The institution places name plates to show gratitude, not for advertisement.	
Displaying name/placing name plates of donors to promote his business	GST payable (its advertisement service)

Cir. No. 44/2018: Taxability of 'tenancy rights' under GST

Issue	GST Levy
Tenancy premium for transfer of tenancy rights to incoming tenant	Taxable
Surrendering tenancy rights by the outgoing tenant for a portion of the premium	Taxable (Service provided by outgoing tenant)

Renting of residential property for use as residence	Exempt
Execution of documents (registration, stamp duty) involved in the transaction.	Does not affect GST liability

Cir. No. 57/31/2018: Principal-Agent-Relationship, under Para 3 of Sch I, in context of Agents:

Scenario	P = Principal, A = Agent	Covered under Para 3, Schedule I
Selling Agent		
SOG by Principal to Agent (Invoice in Agent's name for further supply)	Yes (Transaction bet ⁿ P to A = taxable)	
SOG by Principal to Agent (Invoice in Principal's name for further supply)	No (Transaction bet ⁿ P to A = not taxable)	
Buying Agent		
SOG by Agent to Principal (Invoice in Agent's name)	Yes (Transaction bet ⁿ A to P = taxable)	
SOG by Agent to Principal (Invoice in Principal's name)	No (Transaction bet ⁿ A to P = not taxable)	

Cir. No. 73/47/2018 Principal-Agent-Relationship, under Para 3 of Sch I, in context of DCA:

	Scenario	Taxability	Treatment of Interest charges by DCA
1.	DCA don't have authority to pass title in his own invoice	Not covered in para 3 of Sch- 1	➤ It is treated as finance charges for start term loan ➤ Interest = Exempt
2.	DCA have authority to pass title in his own invoice	Covered in para 3 Tr. bet ⁿ P-A = Taxable Tr. by agent in his own invoice with customer	VOS = As per Rule 29 VOS = T.V. charges by A + Interest (delay payment of consideration)

Cir. no. 178/10/2022 Applicability of liquidated damages, compensation & penalties for breach of contract or legal violations.:

Agreeing to obligation ➤ to refrain from an act, or ➤ to tolerate an act or situation, or ➤ to do an act .	Parameters for taxability under GST: ➤ Contractual relationship between supplier and recipient. ➤ Express or implied promise for services; ➤ payment can't be assumed. ➡ Independent arrangement or activity.
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If payment is merely & event in the course of main contract & it is not the main objective = No GST	
Scenario	Taxability under GST
Liquidated damages	Normally not taxable, but taxable in some cases
Compensation for cancellation of coal blocks	Not taxable (No contract between govt and allottee)
Cheque dishonour fine/penalty	Not taxable (No express or implied agreement)
Penalty for violation of law	Not taxable (No agreement with govt)
Forfeiture of salary or bond payment	Not taxable (Not consideration for tolerating the act)
Compensation for not collecting toll charges	Taxable (Treated as supply)
Late payment surcharge/fee	Taxable (Part of the principal supply)
Fixed capacity charges for power	Not taxable (Exempt as sale of electricity)
Cancellation charges	Taxable (Assessed as principal supply, same rate as service contract)

Cir. No. 11/11/2017 Taxability of printing contracts	
Scenario	SOG/SOS Classification
Printing of books, pamphlets, brochures, annual reports, etc (where content is from recipient & physical inputs are from printer).	Supply of Service - Printing
Supply of printed envelopes, letter cards, boxes, napkins, wallpapers, etc. (using recipients designer logo only)	Supply of Goods - Printed items

Cir. no. 190/02/202 Incentives by MeitY to banks for promoting RuPay and BHIM-UPI3	
Scenario	Taxability
Incentives paid by Ministry of Electronics & IT (MeitY) to acquiring bank for promoting digital payments	Not taxable (Treated as Subsidy)

Cir. No. 196/08/2023 Taxability of Holding company's share capital in its subsidiary.	
Scenario	Taxability
Holding of shares by a holding company in a subsidiary	Not taxable (Shares are neither goods nor services)

Cir.No. 201/13/2023 Supply of food or beverages in cinema hall	
Scenario	Taxability
Supply of food/beverages in cinema hall as part of service or independently	Taxable as restaurant service
Sale of cinema ticket bundled together with food & beverages	Entire supply is taxed at cinema exhibition rate

Cir. No. 213/07/2024:- Taxability of ESOP/ESPP/RSU provided by an Indian company to its employees through its overseas holding company		
Scenario	Taxability	Reason
ESOP/ESPP/RSU [Reimbursement by Indian Co. to foreign] Co. on cost to cost basis	Not a supply & no GST	➤ It's a part of employees remuneration as per para 1 of Sch III ➤ Securities or shares neither goods/services
Additional fees, mark-up, commission (charges by foreign co. to India co.)	Supply & taxable	SOS of facilitating the transaction in securities

Cir No. 215/09/2024:- Settlement of claim by insurance co. Salvage value of damage vehicle		
Scenario	Reason	Taxability
1) Deduction of salvage value from settlement	➤ Claim is settled after deducting salvage value ➤ Ownership of salvage value with person insured ➤ Salvage does not become properly of Insurance Co.	Deduction of salvage value = Not a supply [no GST is payable by insurance co.]
2) Full Insured declared value settlement	➤ Claim is settled on full value without deducting salvage ➤ Ownership of salvage is with insurance Co.	Sale of salvage by Insu. Co. = Supply [Insurance co. liable to GST]

Cir. no. 234/28/2024 :- Preferential location charges (PLC) collected by builder along with sale of residential or commercial property	
PLC charge with construction service is a composite supply	
Scenario	Taxability
If construction intended for sale & taxable as SOS under para 5(b) of Sch - II	Supply of construction service is main service & PLC is naturally bundled with it.
Sale of building after completion	Not a supply as per para 5 of Sch - III, so PLC also not liable to tax

Taxability of Penal Charges by Banks etc.[Cir. No. 245/02/2025]	
➡ RBI has instructed lenders to charge penal charges (not penal interest) for loan term violations (excludes credit cards, External Commercial Borrowings, etc.).	
➡ Such charges, like liquidated damages, for breach of contract are not a consideration for tolerating an act, thus no GST applies on them.	

GST implications on vouchers [Cir. No. 243/37/2024]	
Issue	Clarification
Are voucher transactions taxable under GST?	➤ RBI-approved vouchers (like gift cards) are treated as money: Not taxable. ➤ Other vouchers are actionable claims: Not taxable. Conclusion: Vouchers aren't taxed under GST, but the goods/services bought with them are taxable at redemption.
GST on voucher transactions by distributors/ agents:	➤ P2P Basis: Distributors buy and sell vouchers on their own - treated as trading in money/actionable claims, so no GST. ➤ Commission Basis: Distributors act for the issuer - GST applies on commission as it's a supply of service. Conclusion: GST is charged only on services like distribution or promotion, not on voucher trading.
GST on Additional Services Related to Vouchers:	Distributors or others providing extra services (like ads, co-branding, tech or customer support) to the voucher issuer for a fee must pay GST , as these are separate taxable services.
GST on Unredeemed Vouchers (Breakage):	Unredeemed vouchers (breakage) involve no supply of goods or services and no agreement to act or refrain from acting. Conclusion: Breakage is not a taxable supply, so no GST is payable.

Chapter 2: Reverse Charge Mechanism & ECO



CA Vishal Bhattad

Sec 9(3) CGST/SGST, Sec 5(3) IGST Act:

- ⇒ Applies to specified goods or services by Govt.
- ⇒ Recipient of the supply is liable to pay tax directly.

Sec 9(4) CGST Act, Sec 5(4) IGST Act:

- ⇒ Relates to specified goods or services by Govt. from URP to specified class of registered recipient.
- ⇒ Tax liability falls on registered recipients.

Sec 9(5) of CGST/SGST Act, Sec 5(5) of IGST Act: Liability of ECO

- If there is **intra-state or inter-state** supply of **notified services** through ECO,
- ⇒ the tax on such supply shall be paid by ECO &
- ⇒ All provisions of act shall apply to that ECO as if he is the person liable to pay tax in relation to such supply.

	Sec 9(4)	100% tax liability
Construction	Value of Inputs and Input services purchase from registered supplier is less than 80% by Promoter	Promotor
	In case of Cement supplied by unregistered person to Promoter	Promotor
	In case of Capital Goods supplied by unregistered person to Promoter	Promotor

Reverse Charge Mechanism Under sec 9(3)

Transport Sector

1. GTA

GTA Service (Transportation of goods by road)

Option 1

If GTA does not opt to pay tax under forward charge

GST is payable by recipient @5% subject to following conditions

If transportation of goods service supplied by GTA to R.P. under GST

RCM is applicable & Recipient i.e. R.P is liable to pay tax

Exception :

If GTA service is supplied to Govt./LA/ Govt. Agencies who has taken reg. under GST only for TDS = **no FCM & RCM**

If Transportation of goods service is supplied by GTA to URP

If URP is following notified person
1) factory, 2) Society
3) Co-Society
4) Body corporate
5) P.F./LLP/AOP
6) CTP

RCM is applicable & above notified person is liable to pay tax
Note:- Also such Un. Reg. notified person need to take compulsory Reg u/s 24 for Payment of Tax

If Recipient is not falling in notified category e.g. Individual HUF/Trust (URP) etc.

Service Exempted
The Question of FCM/ RCM does not arise

Note: Once a GTA opts to pay GST under FC in a FY, it will continue unless a declaration to switch to RCM is filed in the 4th quarter of PFY.

Option 2

If GTA opt to pay tax under forward charge.

- 1) Take Reg. under GST
- 2) Pay GST
- With ITC = 12%
- Without ITC = 5%
- 3) Issue Tax Invoice with declaration of Forward charge
Note:- If GTA service supplied to URP other than notified Person = **Exempt**

Sec 9(5) : Liability of ECO for Notifies Services

Entry (a)/(d)

Entry (a)

Passenger transport service by

Cab or other motor vehicle

Cab or other motor vehicle

Whenever such service supplied through ECO. ECO is liable to pay tax

ECO is liable to pay tax

Omnibus

If supplier is other than company & supplied services through ECO

If supplier is a company

Supplier is liable to pay tax (even though service is supplied through ECO)

Entry (d)

Restaurant service other than specified premises

Whenever service is provided through ECO, Eco is laible to pay tax

Exception:

If restaurant is located in such specified premises (where room rent is more than ₹7,500) then supplier (restaurant) is liable to pay tax

Entry (b)/(c)

(b) Accommodation in Hotel, inn etc

(c) Housekeeping by way of plumbing etc.

If supplier is not liable for registration under GST

If above services supplied through ECO, then Eco is liable to pay tax

If supplier is liable for registration under GST.

If above services supplied through ECO, then supplier is liable to pay tax & not ECO

In above cases, ECO (other than exceptions) is liable to pay tax, irrespective of fact that supplier is registered or not.

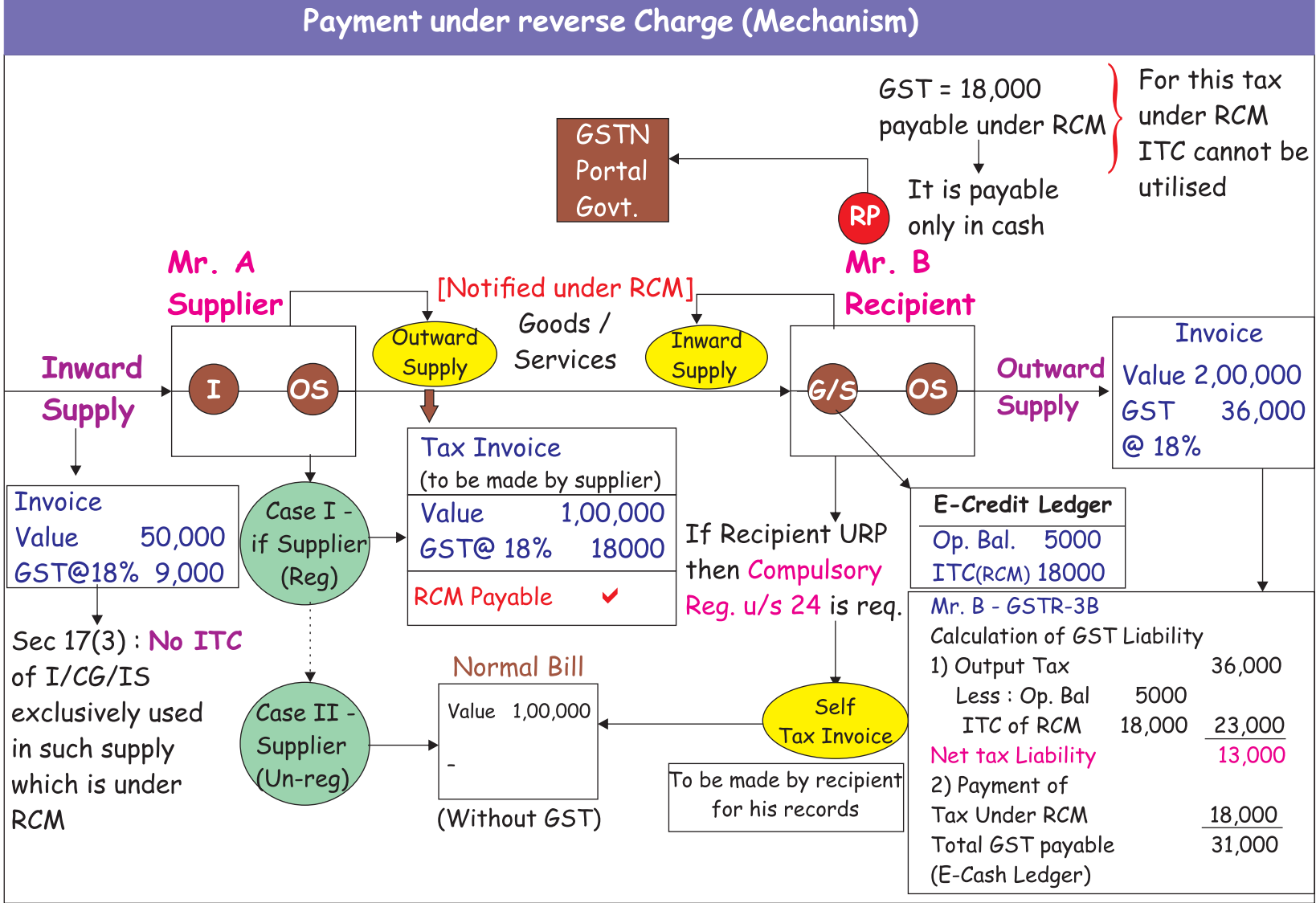
8.	Recovery agent		
Services by any recovery agent to a banking company, Financial Institution or NBFC in a taxable territory.		Such banking company, Financial institution or NBFC in TT	
Copyright Service Sector			
9.	Copyright service		
transfer or permitting use or enjoyment of a copyright relating to Original, dramatic, musical works		Music company, producer or the like, located in the TT	
by Music composer, Photographer, Artist			
to Music company, producer or the like			
9A.	Copyright relating to literary		
Transfer or permitting use or enjoyment of a copyright relating to original literary work by an author to publisher		A Publisher located in the taxable territory	
<div>Copyright Services</div> <div><div>Entry 9</div><div><div>Supplier</div><div>➤ Music Composer</div><div>➤ Photographer</div><div>➤ Artist</div></div><div><div>Service</div><div>Original</div><div>➤ Dramatic</div><div>➤ Musical</div><div>➤ Artistic</div></div><div><div>Recipient</div><div>Music Company</div><div>Producer or like</div></div><div>in TT</div><div>Under RCM recipient is liable to pay tax</div></div> <div><div>Entry 9A</div><div><div>Supplier</div><div>Author</div></div><div><div>Service</div><div>Original literary work</div></div><div><div>Recipient</div><div>Publisher in TT</div></div><div>Under RCM publisher is liable to pay tax</div><div>But</div><div>Supplier can shift the liability under F.C. subject to following conditions: 1) Author has taken Registration in GST 2) he has filed declaration to commissioner ➤ For payment to tax under F.C. ➤ Compliance of all provisions of this act ➤ not reversing the option within a period of 1 year 3) He will make declaration in invoice (Invoice - 01)</div></div>			
10.	Members of Overseeing committee		
Supply of Service by Members of Overseeing committee		to Reserve Bank of India (RBI)	Reserve Bank of India (RBI)
11.	DSAs		
Services	Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or LLP	a banking company or a NBFC	A banking company or a NBFC, located in the taxable territory.
12.	Business Facillator		
Services supplied by Business Facilitator		to A banking company located in the taxable territory.	Banking company located in Taxable Territory

13.	Agent of Business Correspondent		
Services supplied by An agent of Business Correspondent (BC) to A business correspondent, located in the taxable territory		Business correspondent located in TT	
<p>Services BF/BC:-</p> <pre>graph LR Agent[Agent] -- "Entry 13 RCM Services" --> BC[Business Correspondent] BC -- "Entry 12 RCM Services" --> Banking[Banking Company] BF[Business Facilitator] GSTN[GSTN] BC -.-> GSTN Banking -.-> GSTN Banking -- "Forward charge is applicable & business correspondent is liable to pay tax" --> BC</pre>			
14.	Security Services		
Supply Security services (as a security personnel)	Any person by other than a body corporate to a registered person	RP located in Taxable Territory	
Proviso	In following cases F.C. is applicable, if security services are supplied to i) >CG/SG/UT/LA departments > Governmental agencies ii) a RP paying tax under composition scheme. registered only for deducting TDS u/s 51		
15.	Renting of motor vehicle		
Service	by	to	Liability
Renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged .	any person other than body corporate (does not issue an invoice charging CGST @ 6 % and SGST 6% to the service recipient)	Any body corporate	Any body corporate located in Taxable Territory
<p>Analysis:-</p> <p>Renting of Motor vehicle(M.V.)</p> <div><p>Renting of M.V. designed to carry passenger [e.g. car/bus/auto etc.]</p><p>cost of fuel is included in a consideration</p><p>Supplier of service Any person other than body corporate</p></div> <div><p>Renting of M.V. designed to transport goods [e.g. truck /tractor etc.]</p><p>Forward Charge is applicable</p><p>Cost of fuel not included in a consideration</p><p>Forward charge is applicable</p><p>Recipient Any body corporate in taxable territory</p></div>			
Circular No. :- 177/09/2022			
Renting of Motor Vehicle	where the renter defines how and when the vehicles will be operated, determining schedules, routes and other operational considerations.	RCM Applicable	
Passenger Transport Service	passenger transport services over pre-determined routes on pre-determined schedules.	FCM Applicable	
Other Service Sector			
16.	Lending of security		
Lending of securities	by lender to borrower	Borrower i.e. a person who borrows the securities	

17.	Import service		
Any service supplied by Any person from a non taxable territory to Any person other than non taxable online recipient (NTOR)	Any person located in taxable territory	Sec 2(16):- NTOR means any unregistered person receiving online information and database access or retrieval services located in taxable territory.	Explanation:— "unregistered person" includes a person registered solely to deduct TDS u/s 51.

Goods and services notified under reverse charge mechanism under section 9(3) of the CGST Act/ section 5(3) of the IGST Act are as follows:

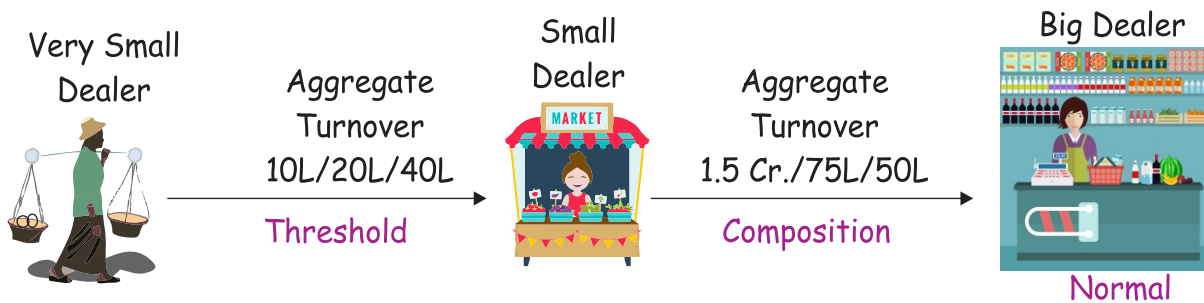
Liability under RCM for Supply of Goods (N/N 4/2017 Central Tax(Rate))		
Description	Supplier	Recipient (Liable to Pay Tax)
Cashew nuts, not shelled or peeled	Agriculturist	Any RP
Bidi Wrapper leaves (tendu)	Agriculturist	Any RP
Tobacco leaves	Agriculturist	Any RP
Essential oils excluding citrus oils like Peppermint oil, Spearmint, Water mint, horsemint etc.	Any URP	Any RP
Silk yarn	A person who makes silk yarn from raw silk or silk cocoons for sale.	Any RP
Raw cotton	Agriculturist	Any RP
Supply of lottery.	SG, UT or LA	Lottery distributor or selling agent.
Used vehicles, seized goods, old items and scrap.	CG excluding Indian Railways, SG, UT or LA	Any RP
Private Sector Lending certificate (PSLC)	Any RP	Any RP
Metal Scrap	Any URP	Any RP



Chapter 3:- Composition Scheme



Analysis - Threshold, composition & Normal Scheme



Assessee	Mfg	Trader	SP	Mfg	Trader	SP	Mfg	Trader	SP
	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tax benefits	No Tax Payable			Tax is payable @ Composite Rate			Tax is payable @ Normal Rate		
procedure benefit									
Registration	Not required			Compulsory			Compulsory		
GST Invoice	Not required			Bill of supply			Tax invoice		
GST Records	Not required			Limited Extent			As prescribed under this Act		
ITC	NO			NO			Yes		
GST Return	Not required			1) GSTR -4, GSTR - 9A Annually 2) Quarterly Statement - CMP-08 3) Payment of Tax - Quarterly			GSTR-1 & GSTR-3B, Monthly or Quarterly for notified category		

GST Rate under Composition Scheme

Rule- 7 = Rates:-

	Categories of RP	CGST	SGST	Total	Basis for Calculation
1)	Manufacturer	0.5%	0.5%	1%	Turnover in State/UT (T . S . + Exempt + Nil rate)
2)	Catering & Restaurant	2.5%	2.5%	5%	Turnover in State/UT
3)	Trader	0.5%	0.5%	1%	Turnover of taxable SOG & SOS in the State/UT Only Taxable Supply of SOG & SOS
4)	R.P. not eligible u/s 10(1)&(2), but eligible for 10(2A)	3%	3%	6%	Turnover of SOG & SOS in the State/UT (T . S . + Exempt+ Nil rate)

⇒ Both are Optional Scheme.

Sec 10(1) & 10(2)		Sec 10(2A)
Applicability:	Manufacturer + Trader+ Restaurant etc.	Sec 10(2A) - Applicability :- ⇒ Applicable to RP whose Agg. T/o in P.F.Y is not exceeding ₹ 50 Lakhs ⇒ Person is not eligible to opt u/s/ 10(1)(2) ⇒ It is applicable to: a) Person engaged in SOS b) M/T/C where service is pre-dominant
Eligibility :	Agg. T/O of P.F.Y. of R.P. does not exceeds Normally - 150 lakhs (including Assam + H.P. + J/K) Special Category State(SCS) - 75 lakhs	
C.L.in C.F.Y.	Composititon levy upto Agg. T/O 150L/75L	
Marginal Supply of services =	Manufacturer/catering & restaurant/trader may supply services of value upto 10% of T/O in state of P.F.Y. or 5 Lakhs. Which ever is higher (limit is state wise).	
Sec 10(2)- Eligibility Conditions-		Sec 10(2A)- Eligibility Conditions -
a)	Person opting for the scheme u/s 10(1) (Manufacturer/ Catering & Restaurant / Trader) cannot supply any service (Taxable / exempt), except as allowed in proviso 2 to sec 10(1). (Limit is statewide)	Not Applicable
b)	Not engaged in SOG/SOS, which are Non-taxable under GST Act.	a) Not engaged in SOG or SOS, which are Non-taxable under GST Act.
c)	Not engaged in making any inter-state outward SOG/SOS Note: Inter state inward supply is allowed.	b) Not engaged in making any inter-state outward SOG or SOS
d)	Not engaged in SOS, through an ECO , collecting TCS u/s 52. (i.e For SOG - CL allowed).	c) Not engaged in SOS, through an ECO , collecting TCS u/s 52
e)	Not a manufacturer of Notified Goods* .	d) Not a manufacturer of Notified Goods* .
f)	Neither a CTP nor NRTP	e) Neither a CTP nor NRTP
*[Notified Goods= Ice cream & other edible ice / Pan Masala / Aerated water/ tobacco & tobacco substitutes, Fly ash bricks, Fly ash aggregates, fly ash blocks]		*[Notified goods = Ice cream & other edible ice / Pan Masala / Aerated water/ tobacco & tobacco substitutes]
Note:- This restrictions only applicable to C.F.Y and not for P.F.Y		
Proviso to Sec. 10(2)/ sec. 10(2A) : All RP with the same PAN must choose the composition scheme u/s 10(1). If one of them chooses the regular scheme, everyone else will also be ineligible for the composition scheme.		
Sec. 10(3):- Eligibility Criteria for composition scheme:- ⇒ Option availed by RP u/s 10(1)/(2A) - shall lapse w.e.f. the day on which his Aggregate T/o during a CFY exceeds 150 lakhs/ 75 Lakhs/ 50 lakhs, as the case may be.		
Sec. 10(4):- Other Conditions:- ⇒ Composition dealer cannot collect tax on outward supplies. ⇒ Composition dealer will not be eligible to claim ITC. ⇒ Composition dealer cannot issue tax invoice, but issue Bill of supply.		
Sec. 10(5):-If PO believes that a taxable person has paid tax u/s 10(1)/(2A) despite not being eligible, such person shall- ⇒ pay tax & penalty as per applicable provisions & ⇒ sec 73/74/74A shall be applicable.		
Rule-5 Conditions/ restrictions:- 1) Title on Bill of Supply= "Composition Taxable person, not eligible to collect tax on supplies" 2) Display at business premise= "Composition Taxable Person" 3) Pay tax under RCM = Stock of URP held at the time of taking C.L.		

Section 2(6):- Aggregate Turnover		Explanation 1 of Sec 10 [Aggregate Turnover]	
means the aggregate value of <ul style="list-style-type: none"> 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 PAN, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess	aggregate turnover” shall include the value of supplies made by such person from the 1st day of April of a financial year up to the date when he becomes liable for registration under this Act, but shall not include the value of exempt supply of services provided by way of extending deposits, loans or advances is so far as the consideration is represented by way of interest or discount.	<div> <div> P.F.Y. XX-YY No Business </div> <div> C.F.Y. Xy-YZ Composition Levy </div> </div> <div> <div> <div>Agg T/O of PFY does not exceeds 10(1)- ₹ 150L/75L/ 10 (2A)- 50L</div> <div> Threshold No Registration ↓ T/o 20 L Includes </div> </div> <div> <div>liable for Reg</div> <div> 130L Cr [10(1)] 55L [10(1) SCS] 30L [10(2A)] </div> </div> </div> <div>Agg. T/O</div>	

Sec 2(112):-Turnover in State” or “Turnover in UT		Explanation 2 of Sec 10 [Turnover in State]	
means the aggregate value of <ul style="list-style-type: none"> all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis) and exempt supplies made within a State or UT by a taxable person, exports of goods or services or both and inter-State supplies of goods or services or both made from the State or Union territory by the said taxable person but excludes central tax, State tax, Union territory tax, integrated tax & cess.	turnover in State or turnover in Union territory” shall not include the value of following supplies, namely: <ul style="list-style-type: none"> (i) supplies from the first day of April of a financial year up to the date when such person becomes liable for registration under this Act; and (ii) interest or discount on deposits, loans or advances. <div>[We calculate T/o in state for payment of tax under CL]</div>	<div> <div> P.F.Y. XX-YY No Business </div> <div> 1st April T/O in State </div> </div> <div> <div> <div>Agg. T/O of PFY does not exceed 10(1) - ₹ 150L/75L 10(2) - 50L</div> <div> No Reg. T/O 20 L Excludes </div> </div> <div> <div>Liabe for registration</div> <div> 130L [10(1)] 55L [10(1) CS] 30L [10(2A)] </div> </div> </div> <div>Tax is payable only this T/o in State</div>	

2(47) : Exempt Supply	
means a supply of any goods or services or both ➡ which attracts nil rate of tax or ➡ which may be wholly exempt from tax includes non-taxable supply	

Procedure- Composition Scheme		Composition Levy	
Procedure:- Rule-3 Intimation by URP= Pay tax under Composition levy in part B of FORM- GSTREG-01.(Considered only after grant of reg.) Intimation by RP= Electronically file an intimation, prior to commencement of FY, for which option exercised. Any intimation i.r.o. any place of business in a State/UT= deemed to be an intimation i.r.o all other place of business registered on same PAN.	Rule-6 Validity of Composition Scheme = Till person continues to fulfill conditions u/s 10(2)/(2A)/ Rule-5. ➡ If person ceases to fulfill above conditions= shall file intimation of opting out scheme in CMP 04 (Within 7days) ➡ If person want to opt out voluntarily= shall file intimation in CMP 04 before such withdrawal. ➡ After withdrawal he shall issue tax invoice & allowed to avail ITC i.r.o. stock held by him as on date.	<div> <div> P.F.Y. 1) Agg. T/O [for deciding eligibility of C.L] Less: Interest / Discount 2) T/O in State [For Calculating marginal service] Less: Interest/ Discount T/O in State </div> <div> C.F.Y. XX 3) T/O in State [For payment of GST] Less: Interest/ Discount T/O in State (1%, 5%, 6%) XX </div> </div> <div> <div> Intimation for opting C.L. </div> <div> <div> If a person is UR P.F.Y. 20 L C.F.Y. UR Sec 22: Need to apply for Reg. Form = REG - 01 PART A ➤ PAN PART B Opting for C.L If is treated as intimation </div> <div> If a person is already registered P.F.Y. R C.F.Y. R Intimation of C.L shall be given in form [CMPO2] before starting C.F.Y. </div> </div> </div> <div> <div> Rule-62 ➡ File statement- Quarterly till 18th of month following the quarter.(CMP-08) ➡ File Return (GSTR-4)- Annually till 30th June of the following year. </div> <div> Rule-80 ➡ File Return (GSTR-9A)- Annually till 31st Dec of following year. </div> </div>	
		<div> <div> Interest / Discount on loan/Advances/Deposits </div> <div> <div> 4) Agg. T/O [150L/75L/50L] Less: Interest/ Discount Agg. T/O </div> <div> Upto XXX (X) XX </div> </div> </div> <div> <div> * Interest = Exempt Supply = On loan /Advances or deposits * Discount = Exempt Supply = Cheque discounting / BOE discounting etc. [e.g. Money Discounting] </div> </div>	

Chapter 4:- EXEMPTIONS (Mega N/n 12/2017 & Others)



Exemption Related to Health Care

Sl.No. 74 <div>Imp</div>	<div>a) Health Care by<div>⇒ a clinical establishment (hospital+nursing home+Pathological lab), ⇒ an authorized medical practitioner ⇒ paramedics (Nursing staff+physio+lab assistant etc.).</div></div> <div><div>Means<div>⇒ Diagnosis or ⇒ Treatment or ⇒ Care</div><div>For illness, injury, pregnancy abnormality deformity</div><div>Recognised system of medicine Allopathy+Yoga +Ayurveda+Naturopathy+homeopathy+Siddha+unani</div></div><div>Includes<div>Transportation of the patient (i.e. Ambulance Service)</div></div><div>Does not includes<div>⇒ hair transplant ⇒ plastic surgery except(exemption available) to restore or to reconstant ⇒ anatomy ⇒ function of body affected due to >congenital defects >development abnormalities > Injury or trauma</div><div>Food Supplied to the Patient<div>Canteen run by Hospital To Admitted Patients Exempt To Non-Ad. Patients Taxable To Doctors, staff etc. Taxable</div><div>Canteen run by Pvt. person Food supplied to all Taxable</div></div></div><div>CBIC Clarifications<div>Assisted Reproductive Tech. (ART) or IVF Exempt Ambulance service by SG or through PSP Exempt Services to/by Hospitals Services by senior doctors/consultants/technicians to hospital Exempt Retention money by hospital Exempt</div></div><div>Renting of room by clinical establishment<div>If room rent is ₹5,000 or less per day Exemption If room rent exceeds ₹5,000 per day ICU/ICCU/NICU Exemption Normal room Taxable</div></div></div>	<div>b) Ambulance Service provided by others is also - Exempted</div>
Sl.No. 46 <div>Imp</div>	Health Care or Animal or Birds Service by Veterinary Clinic	
Sl. No. 74A <div>Imp</div>	Service provided by professional by way of rehabilitation, therapy or counseling at medical establishment, Educational Institution, Govt. Center or charitable institution u/s 12AA or 12AB etc.	

Exemption Charitable and Religious Sector

Sl.No. 1	Imp	Services-entity u/s 12AA/ 12AB of Income tax Act By way of charitable activities								
<div>Public Health by way of</div> <div><div>Core or counseling<ul style="list-style-type: none">⇒ Terminally ill person⇒ Person with physical or mental disability⇒ Affected with HIV/AIDS⇒ Person addicted with narcotics or drugs etc.</div><div>Public awareness<ul style="list-style-type: none">⇒ Preventive health⇒ Family planing⇒ Prevention of HIV infection</div></div> <div>Not includes-1) Hostel Accommodations 2) Lodging or boarding unless it's a composite supply 3) Fitness camp & classes</div>		<div>Advancement of<ul style="list-style-type: none">⇒ Religion or⇒ Spirituality or⇒ Yoga</div> <div>Prevention environment includes<ul style="list-style-type: none">⇒ watershed⇒ forest & Wildlife</div> <div>Advancement of educational programs or skills development relating to<ul style="list-style-type: none">⇒ abandoned, orphaned or homeless children⇒ physically mentally abused person⇒ prisoners⇒ persons over age of 65 years residing in a rural area</div>								
Sl.No.13	Religious Activities - Conduct of Religious Ceremony									
Sl.No. 13	Imp	<div><div>Renting of precincts of a religious place Meant for general public</div><div>Owned or manage by an entity registered as a - charitable or - religious trust</div><div>Sec 12AA/12AB Sec 10(23C)(v) Sec 10(23BBA)</div><div>Of Income Tax Act</div></div> <div><div>Exemption is not available in following cases</div><table><tr><th>Renting</th><th>Exemption not available</th></tr><tr><td>Renting of Rooms</td><td>where charges are ₹ 1000 or more per day</td></tr><tr><td>Renting of Premises,Community halls, kalyanmandapam or open area and the like</td><td>where charges are ₹ 10,000 or more per day</td></tr><tr><td>Renting of Shops or other spaces for business or commerce</td><td>where charges are ₹10,000 or more per month</td></tr></table></div>	Renting	Exemption not available	Renting of Rooms	where charges are ₹ 1000 or more per day	Renting of Premises,Community halls, kalyanmandapam or open area and the like	where charges are ₹ 10,000 or more per day	Renting of Shops or other spaces for business or commerce	where charges are ₹10,000 or more per month
Renting	Exemption not available									
Renting of Rooms	where charges are ₹ 1000 or more per day									
Renting of Premises,Community halls, kalyanmandapam or open area and the like	where charges are ₹ 10,000 or more per day									
Renting of Shops or other spaces for business or commerce	where charges are ₹10,000 or more per month									

Exemption in Legal Sector

Sl.No. 45 Imp	Legal Services by arbitral tribunal, advocate etc.
<p>Service provided by arbitral Tribunal</p> <ul style="list-style-type: none"> To Business Entity <ul style="list-style-type: none"> Agg T/O of business Entity up to such amount in PFY make it eligible for exemption from registration → Exempt Agg. T/O of business Entity in PFY such amount make it liable for reg. → Taxable [Under RCM business Entity is liable] To Non business Entity → Exempt CG/ SG /UT/ LA Govt. Entity → Exempt 	<p>Service provided by individual advocate or firm of advocate other than Sr. Adv.</p> <ul style="list-style-type: none"> To Business Entity <ul style="list-style-type: none"> Agg T/O of business Entity up to such amount in PFY make it eligible for exemption from registration → Exempt Agg. T/O of business Entity in PFY such amount make it liable for registration → Taxable [Under RCM business Entity is liable] To Non business Entity → Exempt CG/ SG /UT/ LA Govt. Entity → Exempt To Another individual advocate or firm of advocate → Exempt

Note :- Legal service = service provided in relation to - advise /consultancy / assistance, in any breach of law in any manner, and includes representational services before any court/ tribunal/ authority

<p>Service provided by senior advocate</p> <ul style="list-style-type: none"> To Business Entity <ul style="list-style-type: none"> Agg T/O of business Entity up to such amount in PFY make it eligible for exemption from registration → Exempt Agg. T/O of business Entity in PFY such amount make it liable for reg. → Taxable [Under RCM business Entity is liable] To Non business Entity → Exempt CG/ SG /UT/ LA Govt. Entity → Exempt To Another individual advocate or firm of advocate → Taxable but can take exemption of amount upto T/O of business entity in PFY to be eligible for exemption from registration
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S.No. 54 : Exemption in Agriculture Sector Imp












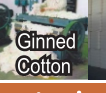







- Agricultural operations directly related to production of any A.P. including cultivation, harvesting, threshing, plant protection or seed testing.
- Supply of farm labour
- Processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, bulk packaging etc. which do not alter essential characteristics of A.P
- Renting or leasing of agro machinery or vacant land with or without a structure incidental to its use.
- Loading, unloading, packing, storage or warehousing of A.P.
- Agricultural extension services (Scientific research & knowledge to farmer).
- Services by any APMC or Board or services provided by a commission agent for sale or purchase of A.P.

Agriculture:

- cultivation of plants and
 - Rearing of all life-forms of animals, **except the rearing of horses**
- for
- food,
 - fibre,
 - fuel,
 - raw material or
 - other similar products

Agricultural Produce (A.P.): means any produce of agriculture on which

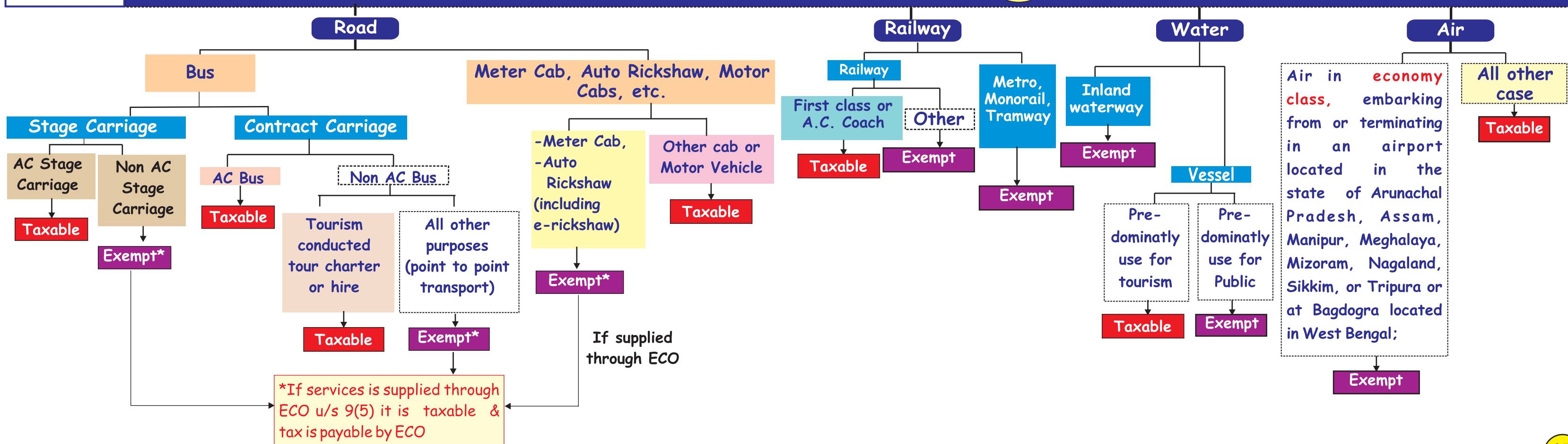
- either no processing is done
- such processing is done as is usually done by a cultivator or producer
 - which does not alter its essential characteristics
 - but makes it marketable for primary market.

 Tomato	 Tomato Ketchup	 Sugar Cane	 Sugar & jaggery	 Potato	 Potato Chips
 Grams	 Pulses	 Paddy	 Rice	 Raw Cotton	 Ginned Cotton
 Cow	 Dung	 Milk Pasteurization <small>Note : Usually not done by producer</small>	 Pasteurized Milk		
 Grains <small>Note : Usually done by producer & does not essential character</small>	 Wheat <small>Note : Usually not done by producer</small>	 Flour			

Sl.No. 55 Imp	Exemptions on intermediate production processes Carrying out an intermediate production process as job work in relation to agriculture (Cir. no. 19/19/2017) Milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce, hence not eligible for exemption
Sl.No. 57 Imp	Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables .
Sl.No. 24 Imp	Services of Loading, Unloading, warehousing, packing, storage of Rice .
Sl.No.24A	Warehousing of minor forest produce
Sl.No.24B Imp	"Services by way of storage or warehousing of cereals, pulses, fruits and vegetables."
Sl.No.55A	Services by way of Artificial insemination of live stock other than horses

S.No.14&15

PASSENGER TRANSPORT SECTOR Imp



Sl.No.18	TRANSPORTATION OF GOODS				
	Road	Railway	Inland Waterways	Air/Vessel	Pipelines or Conduit
	GTA/Courier				
	Other road transport				
	Taxable	Fully taxable	Exempt	Fully taxable	Fully taxable
	Exempt				
Exemptions to GTA/Vessel/Rail		Sl.No. 21B Transport of goods by GTA to Govt.			
D	Defence or military equipments.	<div> <div>GTA</div> <div>Transport of Goods</div> <div>Exempt</div> </div> <div> <div>CG/SG/UT</div> <div>LA</div> <div>Govt. Agency</div> </div> <div>Registered only for Deducting TDS u/s 51</div>			
R	Relief material for victims				
M	Milk, Salt, food grains, flours, pulses or rice				
O	Organic manure				
N	Newspaper or Magazines				
A	Agriculture produce				

Sl. No. 22	Services by way of giving on hire-		
Imp	(a)	to a state transport undertaking, a motor vehicle meant to carry more than 12 passengers	
	(aa)	to a LA, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers.	
	(b)	to a GTA, a motor vehicle means of transportation of goods.	
	(c)	to a person providing services of motor vehicle for transportation of students, faculty and staff to an EI providing services by way of school.	
		<p>The diagram illustrates three scenarios of motor vehicle services. Scenario (a) shows Mr. A hiring a motor vehicle (M.V.) to transport Mr. B, which is exempt under S.No. 22. Scenario (b) shows Mr. B providing a service of transport to an Educational Institution, which is exempt under S.No. 66. Scenario (c) shows a Student or Faculty or Staff providing a service of transport to an Educational Institution, which is exempt under S.No. 66.</p>	
CBIC Clarifications			
1	Transport of Minerals within mines by Tipper, Dumper etc	It is a rental service for transportation of goods	Taxable
2	GTA + Cargo Handling (Packing + Loading + Unloading)		
	Bundle services with GTA	Composite Supply	Taxable as GTA
	Separate Invoice for Cargo handling	Non treated as Composite supply	Taxable as cargo handling

RENTING OF IMMOVABLE PROPERTY				
Sl.No.12	Renting of Residential Dwelling (RD) - for use as residence			
Supplier	Receipient	Taxability	Who will pay tax	
➤ Any Person [RP + URP]	URP(if use for residence)	Exempt	—	
➤ Any Person [RP + URP]	RP But if RP is - Proprietor - using RD in Personal capacity for own residence - Renting on own account	Taxable Exempt	Under RCM recipient (RP) is liable to pay tax —	
Sl.No.12A	Accommodation Services (Hostels, residence for student, Camps, Paying Guest accommodations & the like.) - Value ≤ 20,000 PP/PM for Continuous period of 90 days			
➤ Any Person [RP + URP]	Any Person [RP + URP]	Exempt	—	
When tax payable on accommodation services:- ➔ Value > 20,000 PP/PM or ➔ Supplied for non-continuous period of 90 days ➔ If charges on daily basis & not on monthly basis		CBIC Clarifications		
		1	hostel accommodation or long-term service apartments/hotels	It is taxable under entry 12 but exempt under entry 12A (if conditions of entry 12A are met)
		2	hostels for poor and middle-class students run by charitable trusts	
Renting of Immovable property other than Residential Dwelling (Fully taxable)				
➤ RP	Any Person [RP + URP]	Taxable	Supplier (FCM)	
➤ URP	RP	Taxable	Under RCM recipient (RP) is liable to pay tax	

EXEMPTION IN BANKING AND FINANCIAL SECTOR													
Sl. No. 27	Exemption												
Imp	<div> <div>(a)</div> <div>Consideration - Interest or discounting</div> <div>On extending</div> <div>Deposits Loan Advances</div> </div> <div> <div>(b)</div> <div>sale or Purchase of Foreign Currency</div> <div>Amongst Bank Amongst Dealer Amongst Bank & Dealer</div> </div> <p>Except:- Interest involved in credit card services</p> <p>All other services of Bank / FI/NBFC are taxable</p>												
<table> <tr> <th>Exempt</th><th>Taxable</th></tr> <tr> <td>Discounting of cheque promissory note, BOE</td><td>Processing, documentation fees charged by bank</td></tr> <tr> <td>Discounting of C.P. or C.D.</td><td>Interest on finance lease (delay payment of consideration)</td></tr> <tr> <td>Interest on debentures or bond</td><td></td></tr> <tr> <td>Repos & reverse Repos</td><td></td></tr> <tr> <td>Penal Interest = Interest</td><td></td></tr> </table>		Exempt	Taxable	Discounting of cheque promissory note, BOE	Processing, documentation fees charged by bank	Discounting of C.P. or C.D.	Interest on finance lease (delay payment of consideration)	Interest on debentures or bond		Repos & reverse Repos		Penal Interest = Interest	
Exempt	Taxable												
Discounting of cheque promissory note, BOE	Processing, documentation fees charged by bank												
Discounting of C.P. or C.D.	Interest on finance lease (delay payment of consideration)												
Interest on debentures or bond													
Repos & reverse Repos													
Penal Interest = Interest													

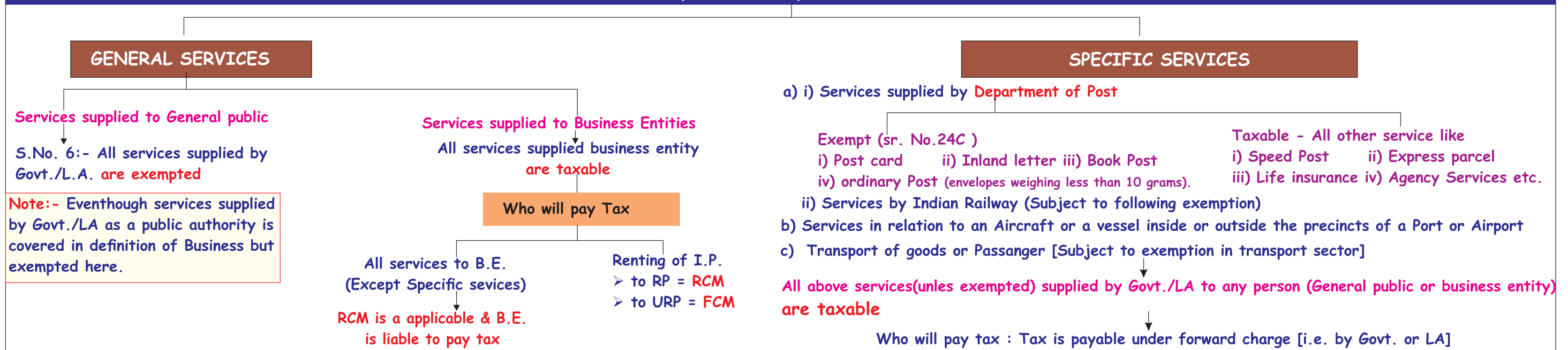
Imp Exemptions in Education Sector

Service Taken by Educational Institution	Sl.No.66:- Educational institution (EI)	Service supplied by Educational Institution
1)Transportation of students, faculty or staff 2) Catering (including mid-day meal) 3)Security, cleaning or house keeping 4) Supply of online education as Journal or periodicals 5)Service relating to admission to or Conduct of examination (eg. paper setting , Answers evaluation etc.)	<div style="border: 1px solid black; padding: 5px;"> <p>Exempt only if supplied to School</p> <p>Exempt only if supplied to Colleges etc.</p> <p>Exempt if supplied to all education Institute</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p>Pre-school or Higher or Secondary school (Public/Private/International)</p> <p>Education as a part of curriculum for obtaining qualification recognised by law(Indian law) Eg. Colleges, universities or institution etc authorised to providing education.</p> <p>Education as a part of Approved Vocational courses</p> <p>⇒ A course by ITI/ ITC affiliated to NCVET or SCVT offering courses in notified trades. ⇒ Modular Employable Skill Course approved by NCVET <small>NCVET = National Council for Vocational & Educational Training, SCVT = State Council for Vocational Training</small></p> <p>In Central and State Educational Boards for the limited purpose - by way of conduct of examination to the students.</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p>1) Private coaching classes are Taxable</p> <p>2) Only 5 input services to EI in respective cases are exempt. Thus, all other services supplied to EI are Taxable</p> </div>	<p>Exemptions</p> <p>1) Any service supplied by such EI to its student and faculty or staff. (e.g. education fees lab charge, lab charges, transportation, catering etc.</p> <p>2) Service by way of Conduct entrance examination against entrance fees</p> <p>Taxability Any Service supplied to any person other than student faculty or staff by such EI then it is taxable e.g.</p> <p>1) Auditorium of school given to other for seminar 2) Placement services to corporate 3) franchisees fees to various franchisees.</p>

Qualification recognised by law				Taxability in various scenario				Sr.No. 66A:- Affiliation service		
Scenario	Recognized by law	Taxability		Service	Taxability	Reason		Service provided by	Service provided to	Taxability
1. Services by IIM- - long duration program - Short Duraton Program	Yes, by IIM Act No	Exempt Taxable		1. Issuance of migration certificate	Exempt	Services by E.I. to Student		1. Affiliation service provided by Central or State Educational Board or Council or other similar body	To schools owned or controlled by - CG/SG/UT/LA - Govt. Authority/Entity To Pvt Schools	Exempt [Sr.No. 66A] Not Exempt =Taxable
2. Maritime courses approved by DG shipping	Yes, by Merchant Shipping Act	Exempt		2. Supply of food in Anganwadi [by Govt. or Corporate]	Exempt	Canteen services to pre-School		2. Affiliation service provided by Universities	To Colleges	Not Exempt = Taxable Cir No. 234/28/2024
3. Flying training courses approved by DGCA	Yes	Exempt		3. Catering services -School to student - Pvt. canteen to Std.	Exempt Taxable			Sl. No. 71	Services provided by training providers under the Deen Dayal Upadhyaya Grameen Kaushalya Yojana, offered by the Ministry of Rural Development, include skill or vocational training courses certified by the NCVET.	

Exemption Related to Entertainment, Museum etc.				Exemption in Government Sector	
<p>Service - performance by Artist - Folk or classical form (Sl.No.78)</p> <p>Consideration ≤ ₹1,50,000</p> <p>Exception - service as a brand ambassador (Taxable)</p> <p>Note:- If consideration is more than ₹1,50,000 then full amount is taxable.</p> <p>Service - Admission to (ticket charges)</p> <p>Si.No.81: Entertainment event</p> <p>(a) Circus > dance > Theatrical Performance</p> <p>(b) Award Function > Concert > Pageant > Musical Performance > Non-recognised sporting event</p> <p>(c) Recognised sporting event</p> <p>(d) Planetarium</p> <p>Consideration does not exceeds ₹500 per Person</p> <p>Si.No.79A: Monument Protected monuments Consideration - No Limit</p> <p>Si.No.79: Zoo etc</p> <p>> Museum > National Park > Wildlife sanctuary > Tiger reserve > Zoo</p> <p>Service = Training or Coaching in Recreational activities relating to</p> <p>(a) art or culture by an individual or Painting, dance Singing classes</p> <p>(b) Sport by charitable entity registered u/s 12AA or 12AB of I.T. Act</p>				<p>Access to Road or bridge on Payment of toll</p> <p>Sl. No. 23 Access to Road or bridge on Payment of toll</p> <p>SI No.61A Granting National permit to goods carriage & to operate through India.</p> <p>Services by foreign diplomatic missions in india</p> <p>Sl. No. 59 All services provided by a foreign diplomatic mission located in India</p> <p>Note:- Taxable Service: Services provided by office or establishment of an international organization.</p>	

Services provided by Government/LA



Other Exemptions [services provided by Govt. /LA]

Turnover or Value based		Railway Related services (Newly Inserted)		Certification or Registration based		Others	
Sl.No. 7	Service provided by Govt/Local Authority to Business Entity where its Aggregate T/O less than such amount in PFY make it eligible for exemption from registration Exception : above exemption not applicable to (a) Specific services (Ref. above part 2) (b) Renting of immovable property	Sl.No. 9E	Services provided by Railways to individuals by way of > Sale of platform tickets, > Facility of retiring rooms/waiting rooms, > Cloak room services & > Battery-operated car services.	Sl. No. 61	Service provided by Govt/LA by way of > Issuance of passport, > Visa driving licence, > Birth Certificate or Death Certificate	Sl. No. 8	Service provided by Govt. or LA to another Govt. or LA. Exception: Specific services (Ref. above part 2)
Sl. No. 9	Service provided by Govt/LA Where Gross Amount Charge per service (per invoice) does not exceeds ₹ 5000 & in case where continuous supply of service the limit is ₹5000 in a F.Y Exception: Specific services (Ref. above part 2) Note:- Renting of immovable property (any amount) = Taxable	Sl.No. 9F	Intra railway transactions between different zones / divisions are exempt.	Sl. No. 47	Service provided by Govt/LA by way (a) Registration required under any law (b) Testing, calibration, safety, check for protection or safety of worker, consumer or public at large	Sl. No. 62	Fines or liquidated damage for tolerating non performances of Contract
		Sl.No. 9G	> SPVs provide infrastructure to Railways for use and maintenance during the concession period for consideration, > while the Railways offers maintenance services to the SPVs for the same infrastructure, also for consideration. A special-purpose vehicle (SPV) is a legal entity that allows multiple investors to pool their capital and make an investment in a single company.			Sl. No.65A	Services by way of providing information under the Right to Information Act, 2005
						Circular no. 190/02/2023	
						Accommodation services by Defence mess to person other than business entity are exempt & such services are qualified as services by Govt.	

Taxability of transaction of providing loan by an overseas affiliate to its Indian affiliate or by a person to a related person (Circular No. 218/12/2024):-

- 1) If no consideration (other than interest/discount) is charged for a loan/credit from a related person or overseas affiliate: It is not considered a SOS & no GST is charged.
- 2) If consideration (in addition to interest/discount) is charged for a loan/credit from a related person or overseas affiliate: It is considered a SOS & GST is applicable.

GST on statutory collections made by RERA (Circular No. 228/22/2024):

RERA is considered a govt authority. Thus, statutory collections by RERA are exempt.

Exemption in sport sector	
Sl. No. 68 Imp	Service Provided to recognized Sport Body by- a) An individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body; b) Another recognised sports body;

Exemption in Construction Sector	
Sl.No. 10	Construction etc or Original Work to Pradhan Mantri Awas Yojana
Sl.No. 11	Construction etc or Original Work to Single Residential Unit

Miscellaneous	
Sl. No. 2	Transfer of a Going Concern
Sl. No. 52	Organization of Business Exhibition Outside India
Sl. No. 77 Imp	<div> <div> Exemption - Services by RWA to Members </div> <div> <div> <div> <div> <div>Services by</div> <div>- Un-incorporated body</div> <div>- Registered not profit Entity</div> </div> <div> <div>To</div> <div>By Way of</div> </div> <div> <div>Its</div> <div>Member</div> </div> </div> <div> <div>Re-imbursement of charged</div> <div>Share of contribution</div> </div> <div> <div>RWA or housing society</div> <div>Exemption Upto Amount = ₹ 7500 per month / per member</div> <div>For sourcing of goods or services</div> <div> <div>⇒ From third person</div> <div>⇒ For common use of its member</div> </div> </div> </div> </div> <div> CBIC Clarification:- 1) SOS by RWA to its members for contribution upto ₹ 7,500 per month per member (PM²) are exempt 2) RWA required to pay GST, only if such subscription > ₹ 7,500/- per month per member & ATO of RWA by way of SOS & SOG > ₹ 20 L 3) RWAs are entitled to take ITC of GST paid by them on capital goods (taps, pipes, other sanitary/ hardware filling, etc.) and Input services such as repair and maintenance service. 4) The ceiling of ₹ 7,500 (PM²) shall be applied separately for each residential apartment owned by him. 5) If amount exceeds 7500, GST shall be payable on the entire amount. </div> </div>
Sl. No. 77A	

Exemption Notification No. 9/2017-Integrated Tax (Rate)	
Sl.No.10 Imp	Service received from service provider located in non taxable territory to a) Government/ Central Govt./ Union Territory , a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession b) An entity registered under section 12AA of the Income tax Act, 1961 for the purposes of providing charitable activities or c) A person located in a non-taxable territory. Proviso:- Exemption shall not apply to OIDAR services received by persons specified in items (a) or item (b).
Sl.No.10F	Services supplied to an Establishment outside India
Sl.No.10G	Service provided to United National / International Organization
Sl.No.10H	Import Service by foreign diplomatic Mission
Sl.No.10L	Import of Services by Foreign Airline Company Establishments in India from Related Entities without Consideration
Sl.No.54	Service by Indian Tour Operator to Foreign Tourist for tour conducted outside India
Sl.No.12AA	Service provided by an Intermediary when location of both supplier and recipient of goods is outside the taxable territory

Sl. No. 52A	Tour Operator Service :- Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India. <div> <div>Tour Operator Service</div> <div> <div>Service Provided to Foreign tourist</div> <div>Service Provided to Indian tourist</div> </div> <div> <div>totally outside India</div> <div>Service Provided to foreign Tourist</div> <div>Service provided to foreign tourist totally in India</div> </div> <div> <div>Exempt (sr.no. 54)</div> <div> <div>Partly in India</div> <div>Partly Outside India</div> </div> <div> <div>Taxable</div> <div>Exempt (sr.no. 52A)</div> <div> <div>⇒ In proportion of no. of days outside India</div> <div>OR</div> <div>⇒ 50% of total consideration, whichever is less</div> </div> </div> <div>Fully Taxable</div> </div> </div>
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Other Exemptions	
Exemption Charitable and Religious Sector	
Sl.No.60	Services provided by specified organization with respect to Kailash Mansarovar and Haj Pilgrimage exempted

Exemption in banking and financial sector	
Sl.No.34	Services by Acquiring Bank to any person for Card transaction settlement ₹ 2,000 (Services by Payment Aggregators's are exempt but not for Payment Gateways)
Sl.No.27A	Services provided by a banking company to - Basic Saving Bank Deposit account holders under Pradhan Mantri Jan Dhan Yojana

Exemption in sport sector	
Sl.No.53	Sponsorship of Certain Sport Events (Read from Notes)
Sl.No.82	Admission to events organised under FIFA world cup 2017
Sl.No.9A	Services Provided by and to FIFA
Sl.No.9AA	Services Provided by and to FIFA at its subsidiary directly, indirectly related to event under FIFA U-17 Women's World cup 2020 to be hosted in India whenever rescheduled.
Sl.No.9AB	Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women's Asia Cup 2022 to be hosted in India.
Sl.No.82A	Service by way of right to admission to the event organise under FIFA U-17 Women's World cup 2020 [whenever rescheduled.]
Sl.No.82B	Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022

Services provided by Government to Business Entity	
Sl.No.63	Assignment of right to use natural resources to an Individual farmer for the purpose of Agriculture. (service provided by Govt./LA)
SI.No.9C	Service Provided by Govt. Entity against consideration in form grants to another Govt. or LA, received from Govt./LA
Sl.No.9D	Services by an old age home run by Govt. /Entity reg. u/s 12AA or 12AB, to its resident (Age 60 years or more) (Consideration-upto ` 25000 per month per member)(Consideration includes boarding/loading/maintenance charges)
Sl.No.65	Merchant overtime charges for inspection of import container by custom officers.

Services provided to Government

1)	Services provided by fair price shop
2)	Supply of pure services & composite supplies (where value of goods constitutes ≤ 25% of total value of supply) made to Govt. or LA in relation to functions entrusted under article 243G or 243W
3)	Services provided to a Governmental Authority by way of - (a) water supply (b) public health (c) sanitation conservancy (d) solid waste management (e) slum improvement & upgradation
4)	Insurance scheme where total premium is paid by Government
5)	Training program to Government where for which 75% or more expenditure is borne by Government.
6)	Passenger transport Service by air where boarding or termination at a regional connectivity scheme, Airport avails the consideration in the form of viability gap funding.
CBIC Clarification:- Cir no. 245/02/2025	
MCD receives services like housekeeping, maintenance etc for its office upkeep which are not related to the municipal functions under Article 243W of the Constitution, thus taxable under GST.	

Miscellaneous

Sl.No.39	Intermediary Service- Read From Notes
Sl.No.39A	Services by an intermediary of financial services
Sl.No.48	Services recognised by Biotechnology Industry Research Assistance Council
Sl.No.49	by way of collecting or providing news by ⇒ An independent journalist, ⇒ Press Trust of India or ⇒ United News of India;
Sl.No.50	Public Library Service
Sl.No.76	by way of public conveniences such as provision of facilities of Bathroom, Washrooms, Lavatories, Urinal or Toilets.
Sl.No.9B	Exempting Supply of Services associated with Transit Cargo to Nepal & Bhutan
	Exempt certain supplies to NPCIL
Sl.No. 69	Service by NSDC, NCVET, etc.

Other Exemption

Sl.No.30	Services provided by Employees State Insurance Corporation
Sl.No.31	Services provided by Employees Provident Fund Organisation (EPFO) to persons governed under the Employees provident Funds and Miscellaneous Provisions Act, 1952.
Sl.No.31A	Services Provided by coal mines provident fund organisation
Sl.No.31B	Services Provided by National Pension system
Sl.No.58	Services provided by National Centre for Cold Chain Development under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.
Sl.No.38	Services by way of collection of contribution under any pension scheme of the SGs

Sl.No.41	Long term lease of plot 30 years or more by State Government Industrial Development Corporations for development of infrastructure for financial business,
Sl.No.19C	Satellite launch services
Sl.No.25	Transmission or Distribution of Electricity
Sl. No.25A	Services of renting meters, testing equipment, connecting electricity, shifting meters & issuing duplicate bills. These help utilities serve their customers.
Sl. No.44A	Research & development services funded by grants supplied by Govt entity or Notified research association, university, college, or institution. Note: The institution must be notified when the research service is provided.
Sl.No.36A	⇒ GST liability on reinsurance of specified general & life insurance schemes:- GST on reinsurance services for schemes in Sl. Nos. 35 & 36 is exempt as per Cir No. 228/22/2024 ⇒ GST liability on reinsurance of insurance schemes for which total premium is paid by Govt.:- GST on reinsurance services for insurance under Sl. No. 40 is exempt as per Cir No. 228/22/2024. Circular No. 228/22/2024:- As per IRDAI, 'Retrocession' is when a reinsured risk is further ceded to another Indian Insurer or a Cross Border Re-insurer (CBR). Thus, 'reinsurance' under Sl. No. 36A includes 'retrocession' services.
Sl.No.36B	Insurance Services Provided by the Motor Vehicle Accident Fund

Circular no. 177/09/2022

It is clarified that ⇒ Services of IVF are covered under health care and thus **exempt**.

- ⇒ Tickets purchased for transportation from one point to another irrespective of ferry is owned/operated by PSU are **exempt**
- ⇒ If transportation takes place over pre-determined route on a pre-determined schedule. However, if it is hired for period of time, it is **taxable**
- ⇒ Fee charged from prospective students for entrance/admission/issuance of migration certificate are **exempt**.
- ⇒ Additional fee collected through higher toll charges from vehicles not having Fastag is also **exempt**.
- ⇒ Services provided by the guest anchors in lieu of honorarium are **taxable**
- ⇒ Movement of empty containers from Nepal and Bhutan, after delivery of goods there is a service associated with the transit cargo to Nepal and Bhutan, hence it is **exempt**.
- ⇒ Services of sanitation & conservancy services are provided by Indian Army or any other Govt Department are **taxable**.
- ⇒ Renting of trucks and other freight vehicles with driver for a period of time is a service of renting of transport vehicles with operator are **taxable**.
- ⇒ Location charges/preferential location charges (PLC) paid upfront in addition to the lease premium for long term lease of land constitute part of upfront amount charged are **exempt**

Cir No. 206/18/2023

Supply of pure services & composite supplies by way of horticulture / horticulture works (where value of goods constitutes ≤ 25% of total value of supply) made to CPWD are eligible for exemption.

Time of Supply



SECTION 31- INVOICE FOR SOG/SOS

Invoice by Supplier of Goods

As per Sec 31, a RP supplying taxable goods invoice shall be issued **Invoice**, before or at the time of

- (a) **removal of goods** for supply to the recipient, **where the supply involves movement of goods; or**
- (b) **delivery of goods or making available** thereof to the recipient, **in any other case**

Invoice by supplier of the Service

As per Sec 31, a RP supplying taxable services invoice shall be issued, **before or after the provision of service**

but not beyond 30 days (in case of banks or financial institution within 45 days) from the date of supply of service shall issue the Invoice

CONTINUOUS SUPPLY OF GOODS OR SERVICES

"Continuous Supply of Goods (SOG)"

means 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.



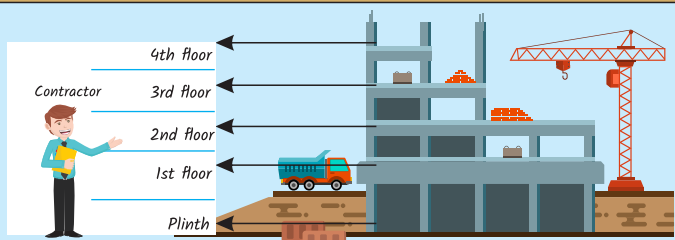
"Continuous Supply of Services (SOS)"

means a supply of services which is provided, or agreed to be provided,

- ➔ continuously or on recurrent basis,
- ➔ under a contract,
- ➔ for a **period exceeding three months** with periodic payment obligations and

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

Continuous supply of service-Analysis



Issue of Invoice Sec 31(5)

in case of continuous supply of services

Issue of Invoice

where the due date of payment by Recipient is ascertainable	where the due date of payment by Recipient is not ascertainable	where the payment is linked to the completion of an event,
Invoice shall be issued On or before due date of payment by recipient	Invoice shall be issued , On or before the receipt of payment by supplier	Invoice shall be issued On or before the date of completion of that event

Sec 31(4):- Issue of Invoice

In case of continuous supply of goods, where successive statements of accounts or successive payments are involved,

the invoice shall be issued before or at the time


- ➔ each such statement is issued or,
- ➔ as the case may be, each such payment is received.

Goods Sent for sale on Approval or Return Basis (Date of Issue of Invoice Section 31(7))

Where Goods are being sent for approval on Sale/Return are removed before Supply taken place, **Invoice shall be issued on or before**

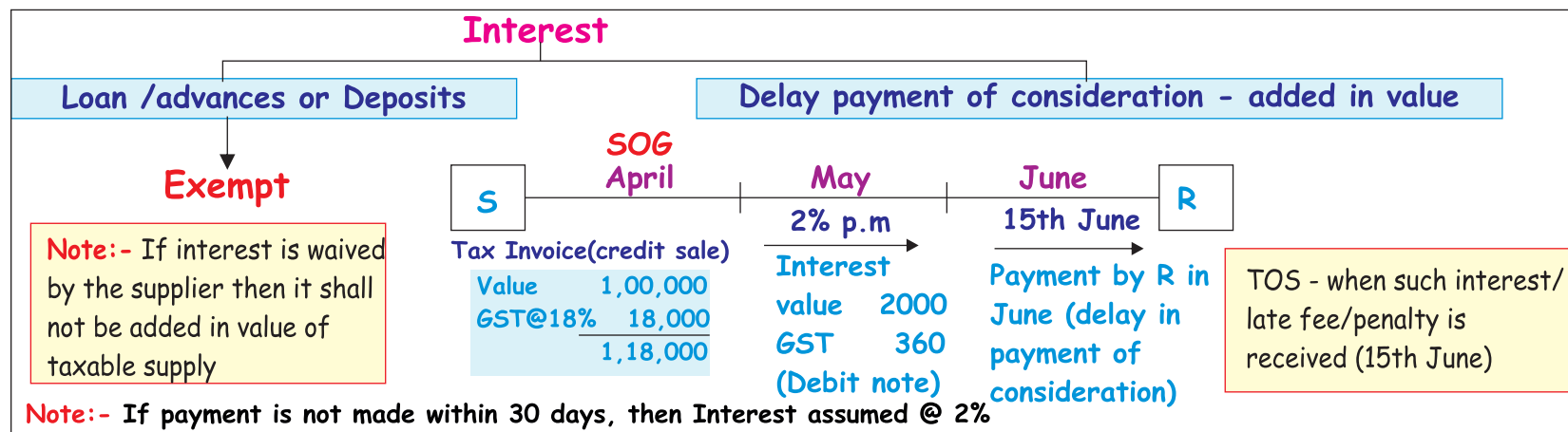
- (a) **time of Supply (i.e. date of approval) or**
- (b) **6 months from the date of Removal, Whichever is earlier**

Time of Supply u/s 12 & 13

Cases	Sec 12 : TOS for SOG	Sec 13 :- TOS for SOS	
	Sec 12(2) : TOS	Sec 13(2) :TOS	
Forward charge or Tax on Outward supply	Earlier of ➡ Date of issue of Invoice or ➡ Last Date of issue of Invoice Whichever is earlier Note : As per N/N 66/2017, TOS of goods is not on date of Receipt except Specified actionable claim	(a) If Invoice is issued within time	Date of invoice or Date of Receipt, whichever is earlier
		(b) If Invoice is not issued within time	Date of Completion or Receipt whichever is earlier
		(c) If TOS cannot be determined as per (a) or (b)	Date when Recipient shows receipt of service in his books
RCM or Tax on Inward supply	Sec 12(3) : TOS is on (a) Date of Receipt of goods, or (b) Date of Payment (book entry or debited to bank, WIE), or (c) 31st Day from Supplier's Invoice Whichever is earlier Note : If (a) (b) or (c)is not possible then date of Entry in Books of Accounts of recipient	Sec 13(3) : TOS is on (a) Date of Payment (book entry or debited to bank, WIE), or (b) 61st Day from Supplier's Invoice (c) Date of invoice issued by Recipient (Self Invoice), if any Whichever is earlier Note : If (a) or (b) or (c) is not possible then date of Entry in Books of Accounts of recipient	
Payment upto ₹1000 in excess of Invoice	Proviso to Sec 12(2) and 13(2) : TOS is on, at the option of Supplier, on the date of issue of next invoice in which such payment is adjusted		
Vouchers	Sec 12(4) and 13(4) : TOS is on (a) If Supply is identifiable - Date of Issue of Vouchers (b) In Other Cases - Date of payment of tax		
Residual Cases	Sec 12(5) and 13(5) : TOS cannot be determined in any of the above sec, then (a) In case Periodical returns is to be filed - Date on which such return is filed (b) In Other Cases - Date of Payment of Tax		
Interest/ Late Fees or Penalty for delay payment of consideration	Sec 12(6) and 13(6) : TOS is on ➡ Date on which Supplier receives such addition in value		

Note:

- i) **Date of Payment received** ➔ Date of book entry, or
➔ Credited to Bank } **Whichever is earlier**
- ii) **Date of Payment (RCM)=** ➔ Date of Payment entered in books of accounts, or
➔ Date of debit to bank } **Whichever is earlier**



TOS for SOG u/s 12(2) = Forward Charge

TOS for all SOG except specified actionable claims read with N/N 66/2017

Specified actionable claims [Goods includes actionable claims]

TOS = Date of Issue of invoice
or
Last date of Invoice
Whichever is earlier

TOS = 1) Date of issue of Invoice
or
2) Last date of Invoice
or
3) Date of receipt of Payment
Whichever is earlier

TOS IN CASE OF ASSOCIATED ENTERPRISES

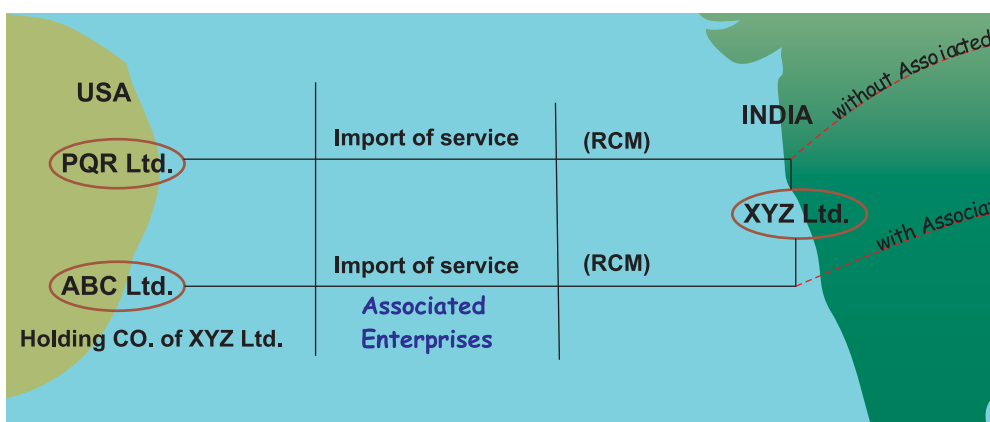
Sec 2(12) - Associated Enterprise

"Associate Enterprise" Shall have the same meaning as assigned to it in Section 92-A of the Income tax Act, 1961

TOS : As per 2nd Proviso of sec 13(3), in case of **supply by associated enterprises**, where the supplier of service is located outside India,

the time of supply shall be the

- date of entry in the books of account of the recipient of supply or
- the date of payment, whichever is earlier



TOS = 12(3)

- Date of payment
- Book entry or -bank debit
- 61th day from suppliers invoice

TOS = Proviso 2 to sec 13(3)

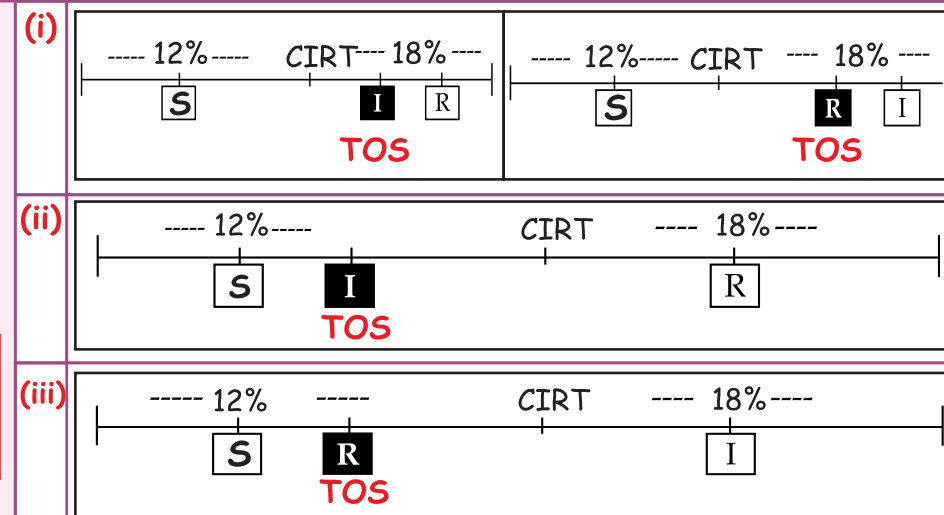
- 1) Date of entry of service in the books of A/c or
- 2) Date of payment

Note:- In this case, the criteria of 61th day is not applicable

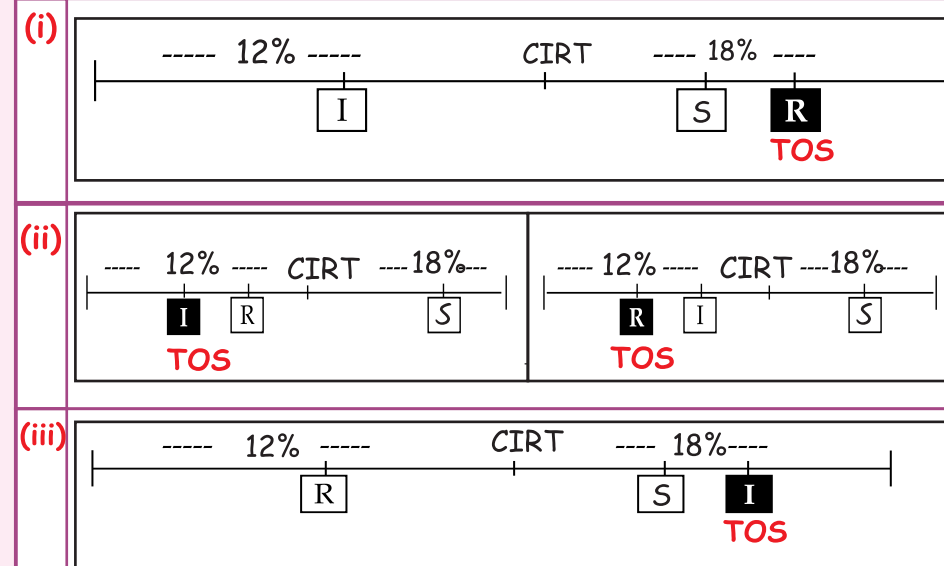
Sec 14- Change in Rate of Tax (CIRT) (applicable to both supply or goods & services)

Sec 14 (a):In case of supply of taxable Goods or service has been supplied before the change in effective rate

S = Supply
R = Receipt
I = Invoice



Sec 14(b)
In case of supply of taxable Goods or service has been supplied after the change in effective rate of tax



Proviso to Date of Payment

Date of Payment shall be date of credit in book in following cases

i) Entry in books | CIRT | Credit in Bank

- Credit in bank after 4 working days from date of CIRT
- Payment is made by way of an instrument

Date of payment = Date of credit in bank

TOS for payment of GST on spectrum usage services by telecom operators (Circular No. 222/16/2024):-

- ➔ Spectrum allocation services with deferred payments is considered as continuous SOS.
- ➔ Invoices must be issued by the payment due date specified in the contract as per sec 31(5)(a).
- ➔ For full upfront payment, GST is due when the payment is made or due, whichever is earlier.
- ➔ For deferred payments, GST is due with each instalment, when due or paid, whichever is earlier.

TOS of services of construction of road Services & maintenance thereof of National Highway Projects of NHAI in Hybrid Annuity Mode (HAM) model i.e. (Circular No. 221/15/2024):-

- ➔ If invoices issued on time, TOS is earlier of invoice date or payment receipt date.
- ➔ If invoices not issued on time, TOS is earlier of service provision date or payment receipt date.

Section 15 - Value of Supply



CA Vishal Bhattad

Sec 15(1)

Value of = Transaction value

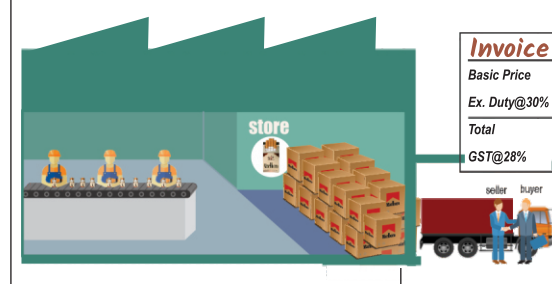
SOG/SOS

Price actually paid or payable for Supply

Conditions:

- 1) Supplier & recipient are not related
- 2) Price is sole consideration for Supply

Tobacco & Tobacco Products



Tax Invoice

Value	1,00,000
Central Excise @ 20%	20,000
	1,20,000
GST @ 18% (1,20,000 X 18%)	

Price Inclusive of GST

$$\text{Price (Inclusive of GST @ 18\%)} = 2,00,000$$

$$\text{VOS} = \frac{2,00,000 \times 100}{118} = 1,69,491$$

$$\text{GST} = \frac{2,00,000 \times 18}{118} = 30,508$$

Note: For GST purposes, the TCS amount under the Income Tax Act is not included in the value of supply.

Sec 15(2)

Inclusion to Transaction Value [only if charges extra by Seller]

a

Any taxes, Duties, fees or charges levied under any law (if charges by seller) except = GST

b

3rd party payment
Any payment
⇒ Supplier is liable to pay for supply
⇒ but incurred by recipient
⇒ Not included in price

c

Any Incidental expenses:
⇒ including commission or packing charged by the supplier or
⇒ any amount for anything done by the supplier in respect or supply at the time or before delivery

d

Interest, late fee
Interest, late fee penalty for
⇒ delayed payment of consideration for any supply of goods or services

e

Subsidy
Subsidy directly linked to price except subsidy given by CG/SG

Example : Isha Time Gallery has been appointed as an authorized center of Sony electronics, On sales of worth ₹ 20,00,000 electronic items. Sony electronics is liable to pay commission @ 10 % on such sale i.e. ₹ 2,00,000 but such selling commission to be paid by Sony electronics has been paid by Isha Time Gallery for the month of August. In this case such expense shall be included in transaction value.

Examples of additional recoveries by supplier

- ⇒ Packing, labeling, designing etc
- ⇒ Royalty, warranty charges, etc.
- ⇒ Insurance charges
- ⇒ Dharmada
- ⇒ Weightment charges.
- ⇒ Loading, weighing, coolie
- ⇒ Freight shown separately in invoice
- ⇒ Erection installation charges
- ⇒ Pre Delivery Inspection Charges

Analysis:- Interest

- on loan, advances or deposits
It is SOS but exempted
- On delayed payment of consideration
As per above clause it is included in VOS & GST is payable

Important Notes:-

- 1) **Value:-** Normally interest is assumed to be inclusive of GST whereas late fee & penalty, is assumed to be exclusive of GST.
- 2) **TOS:-** As per 12(6)/13(6) i.e. in a month when a such amount is actually received.
- 3) **Rate:-** Based of original supply

Analysis : Subsidy

- Given by Govt. (CG/SG/UT)
Not to be added to the value of supply
Analysis:- Price net of subsidy -no impact of govt. subsidy price including subsidy -deduct govt. subsidy
- Given by others
Subsidy linked to the price to be added in Value
1) price net of subsidy = add subsidy
2) price including subsidy = already added
- Not linked to the price (lumpsum or Blanket)
not to be added in value

Staggered discount (Buy more, save more offers):- Generally shown in the invoice, to be excluded

Periodic/ year end discount/ volume discounts :- Generally not shown on invoice since given at year end such discount are excluded from value of supply subject to fulfillment of conditions u/s 15(3)(b).

Secondary discounts (not known at TOS):- Such discount shall not be excluded from value of supply since not known at TOS & 15(3)(b) condition not satisfied.

Evidence of Compliance with Sec 15(3)(b)(ii) by Suppliers [Cir. No. 212/6/2024]

- Suppliers should obtain a CA/CMA certificate confirming ITC reversal for credit notes, including details like credit note, ITC amount & supporting documents.
- These certificates, with UDIN, must be provided if requested by tax officers during audits or investigations.

Sec 15(4)

If value of supply cannot be determine u/s 15(1) i.e. \Rightarrow Supply without price \Rightarrow Related party transaction \Rightarrow Supply without consideration or any other considerations then apply

CGST Rules 2017

Rule 27

When consideration is not wholly or partly in money

(a) Open market value (OMV)

(b) If (a) is not determinable

value = consideration in money + FMV of consideration not in money

(c) If (a) & (b) not determinable

Value = value of like kind & quality (LKQ)

(d) If (a), (b) or (c) not determinable then apply Rule 30 or 31 in that order

Rule 28

1) Supply between distinct (u/s 25(4)/(5) or related person (other determinable than agent)

(a) Open Market Value (OMV)

(b) If (a) is not determinable, value = value of like kind & quality

(c) If (a) & (b) not determinable, then apply Rule 30 or 31 in that order

Proviso 1: If further supply is as such by recipient at option of supplier (for SOG only)

Value = 90% of price charged for like kind & quality by recipient to his unrelated customers

Proviso 2: If recipient is eligible Full ITC then (for SOG & SOS)

OMV = Value declared in invoice for supply of goods or services.

2) If corporate guarantee service is provided to bank/FI on behalf of recipient who is related person,

VOS = 1% p.a. of guarantee offered, or actual consideration, whichever is higher

Proviso: If recipient eligible full ITC, then value declared in invoice shall deemed to be OMV.

Rule 29

Supply between principle & agent

(a) Open Market Value (OMV)

OR

90% of price of like kind & quality by the recipient to his unrelated customers

Where such goods are intended for further supply.

(b) If (a) is not determinable then Rule 30 or 31 in order.

Rule 30 & 31 are applicable in order in following cases

- 1) If situation covered in rule 27,28,29 but Valuation can not be done by applying the principles Stated in rules
- 2) If situation not covered in aforesaid rules.

Rule 30: Value of supply based on Cost

Value = 110% of $\begin{cases} \text{Cost of production (COP)} \\ \text{Cost of acquisition (COA)} \\ \text{Cost of provision of service} \end{cases}$

COP/COA = As per cost accounting standard-4

COP = Exclude - Advt. expenses/ insurance expenses/ non-recurring cost/ abnormal cost/ selling and distribution cost/ interest and financial charges

Rule 31: Residual method or Best judgement by using reasonable means

- Consistent with the principles & general provision of Sec 15

- Provision of this chapter (i.e. earlier rules)

Note: In case of SOS supplier may option for rule 31 instead of rule 30

Rule 33 : Deduction of expenses incurred as a pure agent

This rule is applicable for all supply of services

Value shall exclude the expenditure & cost incurred by the supplier as a pure agent subject to following conditions.

- 1) Supplier act as pure agent of the recipient while making payment to 3rd party
- 2) Amount separately shown in invoice
- 3) Supplies of goods / services procured by the supplier as a pure agent are in addition to services he supplies on his own A/c.

Definition of pure agent: Means a person -
(a) entering into contractual agreement with the recipient to incurred the expenditure as pure agent
(b) Neither holding any title on supplies procured as a pure agent
(c) Doesn't use such supplies for his own interest
(d) Received only the actual amount incurred to procure supplies under pure agent.

Rule 34- Rate of exchange of currency (other than Indian Rupees) for conversion of value-

- 1) SOG = Rate of exchange as notified by board u/s 14 of Customs Act as on the date of TOS u/s 12
- 2) SOS = Rate of exchange as determined by GAAP, As on the date of TOS u/s 13

Relevant date for exchange rate shall be determine as per Sec 12 & 13

Rule 35- Value of Supply (if inclusive of GST))

$$\text{Tax} = \frac{(\text{value including GST} \times \text{Tax Rate})}{100 + \text{Tax Rate}}$$

Important Clarification

GST Taxability of Personal and Corporate Guarantees [Cir.No. 204/16/2023]

S. No.	Situations	Reason	Liability of GST
1	Director providing personal guarantee to the bank for company's borrowing.	Taxable value zero (RBI mandate)	No Tax
2	If director providing guarantee is no longer connected with management of Co. but his guarantee is continue	VOS = consideration paid to him by company	Taxable
3	Corporate guarantee provided by a company to the bank/financial institutions for another related co.	VOS = Rule 28(2) (with or without consideration)	Taxable
4	Corporate guarantee provided by a holding company for its subsidiary company.	VOS = Rule 28(2) (with or without consideration)	Taxable

No Claim Bonus (NCB) by Insurance Company [Cir.No.186/18/2022]

Cases	Clarification
Is NCB considered as a supply?	No, NCB is not a supply
Can NCB be considered a discount?	Yes, NCB is deductible from premium as a discount

Clarification relating to pure agent [Cir. No. 206/18/2023]

Cases	Clarification
Reimbursement of electricity charges bundled with renting or maintenance	It is a composite supply, taxed at the rate of the principal supply (renting).
Electricity supplied as a pure agent	If real estate owners, developers, or RWAs supply electricity as a pure agent, it is not included in the value of their supply.
If Charging electricity on an actual basis	They are acting as a pure agent.

Valuation of Imported Services by Related Persons with Full ITC Eligibility [Cir. No. 210/4/2024]

Cases	Clarification
RCM Applicability	Tax under RCM applies to services from related foreign entities to Indian recipients, same as for domestic related parties.
Value of Services	The OMV is deemed as declared value in invoice, when the recipient is eligible for full ITC.
Services without Invoice	If no invoice is issued, the value may be declared as Nil (OMV deemed as Nil).

Sec 15(5): Overriding sec 15(1)/15(4), VOS notified by Govt. to be determined as per rules

Rule 31A: VOS of lottery, betting Gambling & Horse racing

VOS of lottery = 100/128 of \rightarrow face value (FV) of ticket or \rightarrow price as notified by organising State whichever is higher

VOS of actionable claim in betting, gambling or horse racing in a race club - 100% of FV of bet or amount paid in to totalisator.

Rule 31B: VOS of online gaming including actionable claims involved in online money gaming

Value = total amount paid/payable to/deposited with supplier in money/money's worth, including virtual digital assets, by or on behalf of player.

Proviso:- Any refund by supplier to player of balance money shall **not be deductible** from VOS of online money gaming.

Rule 31C: VOS of actionable claims in case of casino

Value = total amount paid/payable by/on behalf of player for -

- (i) purchase of tokens, chips, coins or tickets, etc. for use in casino; or
- (ii) participating in any event, including game, scheme, competition, etc. in casino (where token, chips, coins or tickets are not required)

Proviso:- Refund by casino to player on return of token, coins, chips, or tickets or otherwise shall not be deductible from value.

Explanation to rule 31B & 31C:- If winnings received by player is used for playing further event without withdrawing, it shall not be considered as amount paid to or deposited with supplier.

Free supply of moulds by original equipment manufacturer (OEM) to component manufacturer [Co. mfg.] [Cir. No. 47/21/2018]

Scenario	Clarification
If contract (between OEM & Co. mfg.) does not specify that mould should be owned by co. mfg.	Apportioned value of mould is not includible in the value of component
If contract (between OEM & Co. mfg.) does specify that mould should be owned by co. mfg. & supply it free by OEM	Apportioned value of mould is includible in the value of component

Reversal of ITC on Non-Taxable Portion of Life Insurance Premium [Cir. no. 214/8/2024]

- Premiums for taxable life insurance policies relating to saving not included in taxable value per rule 32(4) are not considered non-taxable or exempt supplies.
- Thus, no ITC reversal is required u/s 17(1) & (2) with rule 42/43.

GST on Incentive Amounts Shared by Acquiring Banks in Digital Payments [Cir. No. 228/22/2024]

- GST is **not applicable** on the incentive amount shared by acquiring banks with other stakeholders in the digital payment ecosystem under the notified Incentive Scheme, as it is considered a subsidy.

Clarification on Extended Warranty (EW) [Cir.No. 216/10/2024]

1) Customer opt for EW at the time of SOG	1) It is treated as part of composite supply 2) Principle supply is SOG
2) If supplier of goods (Manufacturer) & supplier of EW (dealer) are different.	Then GST is payable on EW as SOS
3) Customer opt for EW after supply	Then EW is treated as separate supply of service & GST is payable as the rate applicable for service.

Taxability & VOS of corporate Guarantee services to related party under rule 28(2) [Cir.No. 225/19/2024]

- 1) It is taxable irrespective of fact that loan is disbursed or not
- 2) Recipient (related person) is eligible for full ITC
- 3) Take over of loan
 - Original guarantee continued = No additional service = **No GST**
 - Fresh guarantee is given - service = **GST is payable**
- 4) Multiple guarantors (assume company A & B)
 - Total guarantee amount 1 Cr. [A - 60% & B = 40%]
 - Value for A = 1% of 60 lakhs & for B - 1% of 40 lakhs
- 5) Guarantee 1% per annum
 - If guarantee for 5 years = [1% X 5 years] or actual consideration
 - If guarantee for 8 month = [1% X 8/12] or actual consideration

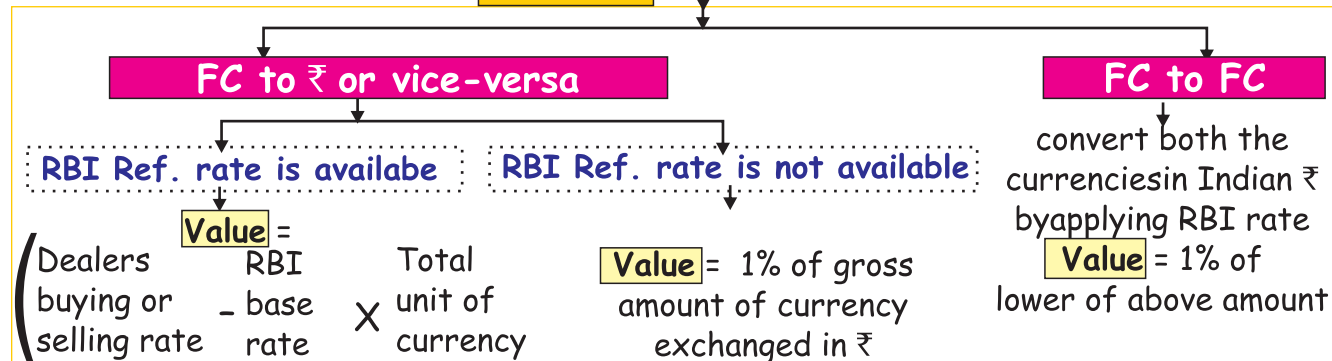
Valuation in special cases [Rule 32]

32(2) : Purchase or sale of foreign currency

Note :
FC = Foreign currency
EV = Exchange Value

Option 1

Option 2



(a) Exchange value up to ₹ 1,00,000.

Value = 1% of gross amount exchange value but min ₹ 250

(b) Exchange value more than 1 Lac but below 10 Lac

Value = 1000 + 0.5% of (E.V. - 1,00,000)

(c) Exchange Value above 10 L

Value = 5500 + 0.1% of (E.V. - 10,00,000) but max 60,000

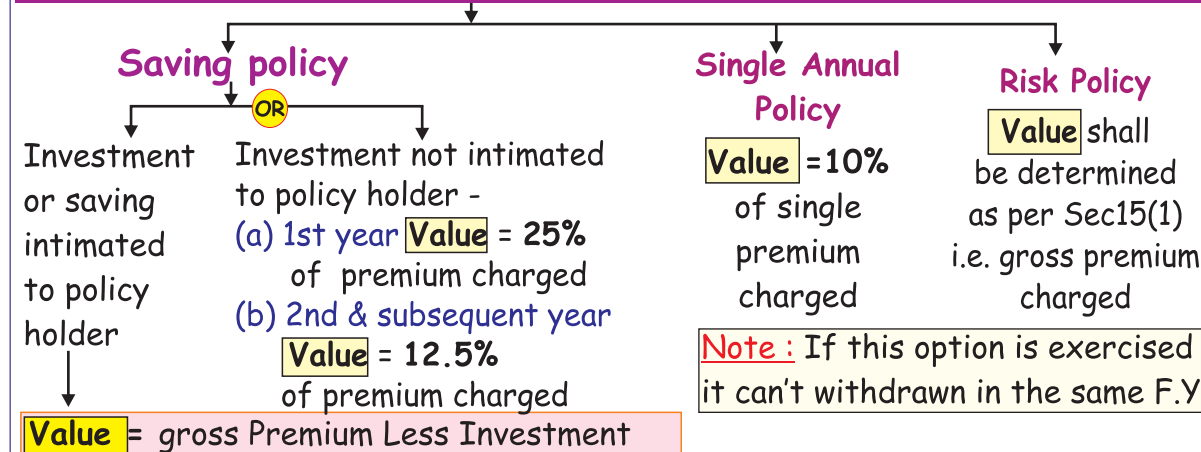
32 (3) : Value of the supply of Services in relation to booking of tickets by air travel agent

(a) Domestic Booking - Value = 5% of basic fare

(b) International Booking - Value = 10% of basic fare

Note: Basic fare means airfare on which commission is payable to air travel agent. i.e. It doesn't includes other charges & taxes.

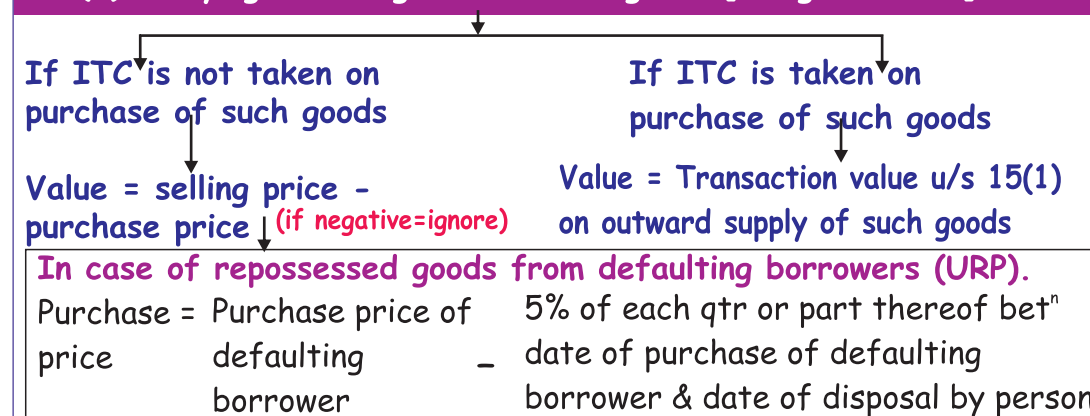
32 (4) : Life insurance business



32 (6) : Value of token, voucher, coupon, Stamp

Value = money value of goods / services / both redeemable against such coupon, token, voucher, stamp

32 (5) : Buying & Selling of 2nd hand goods [Marginal Value]



Special Margin Scheme for Motor vehicle

Condition	Value Calculation
When ITC is not availed	
Depreciation claimed u/s 32 (if negative=ignore)	Consideration received - Depreciated value (if Consideration \geq Depreciated value)
No Depreciation claimed u/s 32 (if negative=ignore)	Selling price - Purchase price
When ITC is availed	Normal valuation as per other applicable provisions.

Input Tax Credit



CA Vishal Bhattar

Sec 2(59) Input : Means **any goods** used/ intended to be used by supplier, in the course / furtherance of business.(other than Capital Goods)

Sec 2(60) Input Service : Means **any service** used/ intended to be used by supplier, in the course / furtherance of business.

Sec 2(19) Capital Goods : Means goods, the value of which is capitalised in the books of accounts of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business

Sec 2(62) "Input Tax":- 1) CGST / SGST / UTGST / IGST charged on any supply of goods or services or both made to him (Inward Supply)
2) the IGST charged on import of goods
3) the tax payable under the RCM **but does not include the tax paid under the composition levy**

Sec 2(82) "Output Tax":"Output tax" 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.

Sec 16 : Eligibility & Conditions for ITC

1) Eligibility criteria-

⇒ **Person**= Registered,

⇒ **Supply**= Used/Intended to be used in course / furtherance of his business

2) Conditions for availment of ITC:- (Overriding sec 16)

a) **He is in possession of a Tax Invoice/ debit not or other documents (as specified below)**

Rule 36- Documents Requirement :-

- 1) **ITC availed on the basis of following docs.-** Invoice by supplier/ Invoice by recipient (RCM)Self-invoice/ Debit note/ Bill of entry/ Revised Invoice/ Docs. by ISD.
- 2) **Mandatory Requirement in Invoice** - Details of tax, descriptions of goods or service, value of supply, GSTIN & place of supply (Only in case of Inter-State Supply).
- 3) **No ITC**- if tax has been paid & demand is confirmed because of fraud etc.

aa) **the details of the invoice or debit note has been furnished by the supplier in GSTR-1/1A and such details have been updated in GSTR - 2B of recipient.**

36 **No ITC** by a RP unless,-

- (a) The details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in Form GSTR 1 & **GSTR 1A** or using IFF &
- (b) the details of **ITC in respect of** such invoices or debit notes have been communicated to the RP in FORM GSTR-2B.

b) **He has received the Goods/Services/Both**

(**For Bill to Ship to**- it shall be deemed to be received

- ⇒ Goods- When goods are delivered by supplier to the recipient
- ⇒ Services- When services are provided by supplier

Cummulative Conditions of 16(2)(a)/(ab)/(b)

Situations	Date of receipt of Invoice	Date of receipt of G/S	Updated in GSTR -2B	Eligibility of ITC
A)	25.04.XX	26.04.XX	April	In April
B)	28.04.XX	03.05.XX	April	In May
C)	05.05.XX	29.04.XX	May	In May
D)	10.04.XX	15.04.XX	July	In July

ITC Eligibility for Goods Delivered Under Ex-Works Contract - Sec 16(2)(b) [Cir. No. 241/35/2024]-

- ⇒ In the automobiles sector, dealers can claim ITC when vehicles are handed over to the transporter at the OEM's factory gate under EXW contracts. This is considered as "receipt of goods" u/s 16(2)(b)
- ⇒ If the supplier arranges transport and insurance on behalf of the dealer, and the dealer bears the risk of loss in transit, ITC is still allowed.
- ⇒ However, ITC is not allowed if the goods are used for non-business purposes, lost, stolen, or given as gifts/free samples.

(ba) **The details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted(blacklist)**

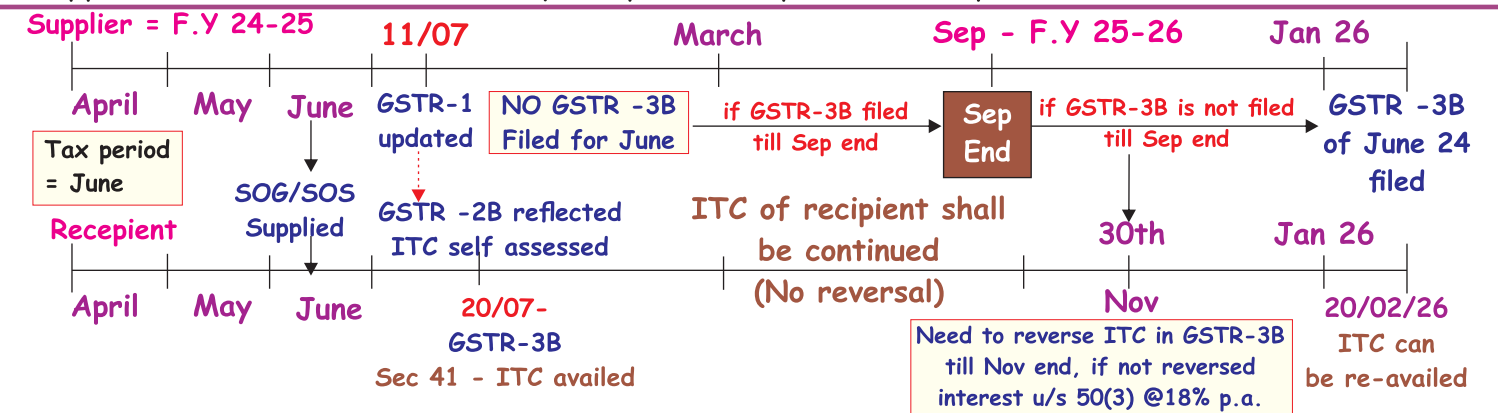
c) **Tax charged on such supply= has been actually paid to Govt. by the supplier**

Sec 41 :- Claim of ITC and Provisional acceptance thereof

- ⇒ The taxpayer shall self-assess and claim ITC in GSTR 3B.
- ⇒ In case the taxpayer has claimed ITC of GST which is not paid/ deposited by the corresponding supplier, than the taxpayer / recipient shall reverse the ITC along with interest as per rule 37A.
- ⇒ The recipient shall be eligible to re-claim the ITC reversed, on payment of GST by the supplier.

Rule 37A: Reversal of ITC in the case of non-payment of tax by the supplier and reavailment thereof:-

- ⇒ If the **RP** has availed ITC & supplier furnished his **GSTR-1 /1A** & if supplier has not furnished GSTR-3B of tax period till the **30th Sep** following the end of F.Y., then the **RP** shall reverse ITC in his GSTR-3B on or before **30th Nov** following the end of FY.
- ⇒ If ITC is not reversed by **RP** till **30th Nov**, then amount shall be payable with interest u/s 50
- ⇒ If supplier furnishes GSTR-3B subsequently for a tax period, **RP** may re avail ITC reverse earlier.



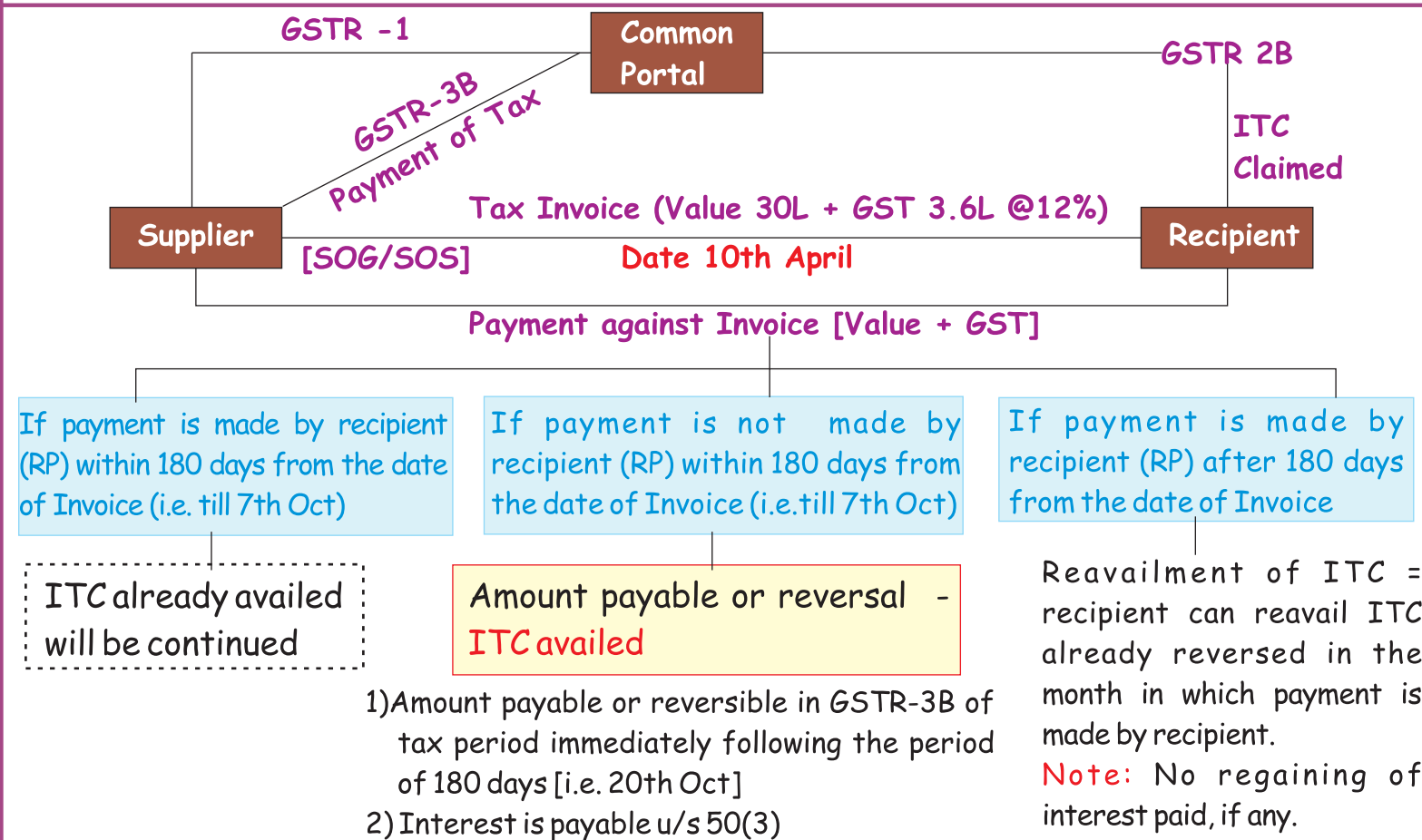
d) **He has furnished return u/s 39**

Proviso 1 :- ITC if Goods are received in Lot :- Where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment

Proviso 2:- Payment for the invoice to be made within 180 days (Rule 37)

1. **Default** : Failure by Recipient to pay (**Wholly or partly**) to the supplier the within 180 days from Invoice date.
2. **Consequence** : Amount equal to the ITC availed **proportionate to amount not paid to supplier** shall be **paid by him along with interest payable u/s 50**.
3. **Details to be furnished** : Details of defaulted supply, value not paid, ITC availed to be mentioned in GSTR-3B for the month immediately after the expiry of 180 days from Invoice date.
4. **Regain of Credit** : Regain when payment is made **to supplier** (Time limit u/s 16(4) is N.A. for regaining of ITC)
5. **Non Applicability** : This provision not applicable
 - a) Tax payable under RCM
 - b) Deemed supplies without consideration [Sch.I]
 - c) Value of supplies on account as per sec 15(2)(b)

2nd Proviso:- Payment to supplier within 180 Days [Rule 37]



Note:- If payment partly made within 180 days then proportionate reversal for outstanding amount & after such outstanding payment regain that proportionate credit.

3) When depreciation is claimed on tax component-

Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961, **the input tax credit on the said tax component shall not be allowed.**

4) Time limit of availing ITC-

A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both

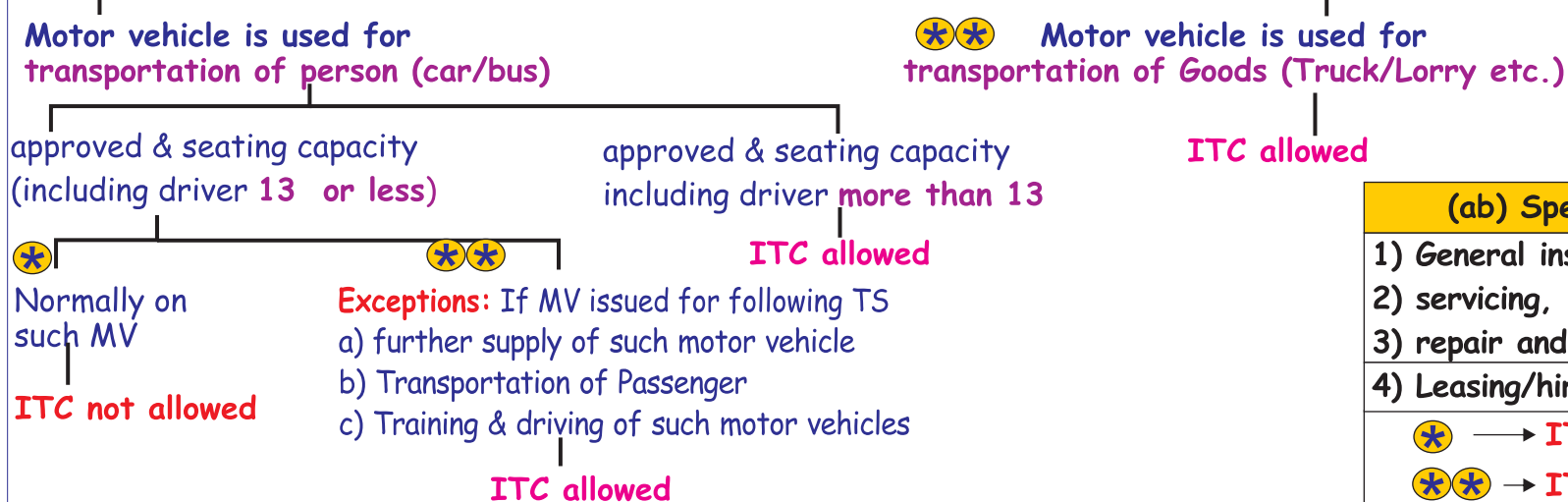
- ⇒ after the **30th day of November** following the end of financial year to which such invoice or debit note pertains or
- ⇒ **furnishing of the relevant annual return, whichever is earlier.**

6) Claiming ITC for invoices post revocation of registration cancellation

- ⇒ If RP's registration is cancelled and later revoked, he can claim **ITC for invoices not restricted** by Section 16(4) at the time of cancellation.
- ⇒ ITC can be claimed in the return filed till the **later** of following dates:
 - **Earlier** of 30th Nov of following year or date of furnishing Annual return.
 - The return for the period between cancellation and revocation, if filed **within 30 days** of the revocation order.

Sec - 17(5) Blocked Credit

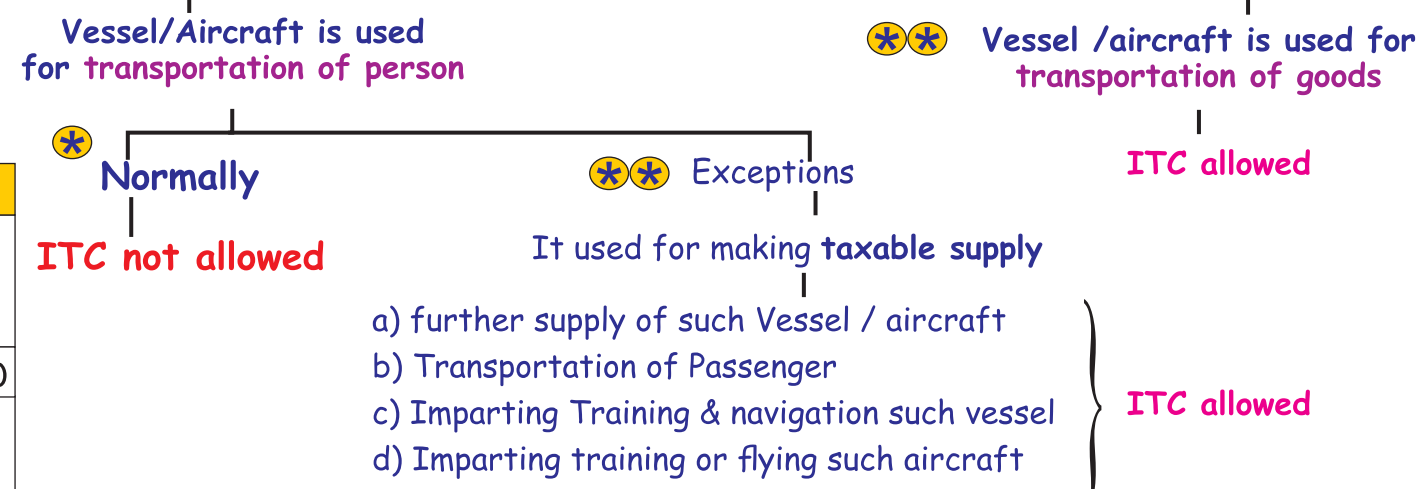
(a) Motor vehicles



(ab) Specified services

- General insurance,
 - servicing,
 - repair and maintenance
 - Leasing/hiring/renting (clause b)
- (*) → **ITC Not available**
 (**) → **ITC available**

(aa) Vessel & Aircraft



Availability of ITC in respect of Demo Vehicles (Cir. no. 231/25/2024)

ITC on demo vehicles used for transporting up to 13 people (including the driver) u/s 17(5)(a)	Clarification	ITC on demo vehicles capitalized in books of account by authorized dealers	Clarification
Demo vehicles used to promote sales (Trial run & Demonstration to potential buyers)	ITC is not blocked	Demo vehicles capitalized as "capital goods"	ITC can be claimed on taxes paid.
Demo vehicles used for employee transport or management (not for further supply)	ITC is blocked	Depreciation claimed on the tax portion of the capitalized demo vehicle	ITC cannot be claimed.
Dealers merely acting as agent of manufacturer and manufacturer is selling demo vehicles later	ITC is blocked	Capitalized demo vehicle sold later	Tax must be paid u/s 18(6) & Rule 44(6).

(b) Goods /services used in business not eligible for IT (mostly for employee, director, Guest etc.)

- (I)
- Food & beverages
 - Outdoor catering
 - Beauty Treatment
 - Healthy Services
 - Cosmetic plastic surgery
 - Life insurance health insurance
 - Leasing, renting, of ineligible MV/vessel/aircraft
- No ITC**
- (ii) Membership of a club, health & fitness center
- No ITC**
- (iii) Travels benefits extended to employee on vacation such leave or home travel concession
- No ITC**

Exceptions(in following cases ITC allowed) :-

- making outward supply of same category of goods/services or both or
- Element of composite or Mixed supply

Note:- If above supplies are provided to employees under any statutory obligation, ITC Allowed

Free Sample and gift treatment under GST

Not a supply as no consideration is included but

ITC taken on such goods

It shall be treated as supply

Value - Rule 31

ITC - available

ITC not taken

don't take it
u/s 17(5)(h)

Buy one, Get One offer



Supplier

Supply

GST = 500

Shirt 1

GST = 500

Shirt 2

Invoice

Shirt 1	5000
Shirt 2	Free
	5000

Single price for both shirts, hence No need to reverse ITC

It is clarified that "leasing" referred in **Sec 17(5)(b)(I)** refers to leasing of motor vehicles, vessels & aircrafts only and not to leasing of any other items. Accordingly, availment of ITC is not barred.

1) Circular no. 172/04/2022 : Proviso after **Sec 17(5)(b)(iii)** ie ITC of goods or services shall be available, which are obligatory for an employer to provide to its employees is applicable to the whole of **Sec 17(5)(b)**.

2) Circular No. 206/18/2023 : Input services in same line of business include transport of passengers or renting of motor vehicle with operator & not leasing of motor vehicles without operator which attracts GST for sale of motor vehicle

c) & d) Construction Sector

(c) Works Contract (services + Goods)

(d) Goods/Services or both

Construction of immovable property other than Plant or machinery

ITC not allowed

Explanation 1

Construction includes

- Reconstruction
- renovation
- addition / alteration
- repairs to the extent of capitalisation

IMP note:- If as per GAAP they are treated as revenue expenditure - **ITC allowed**

Note:- If any works contract services or goods or service is purchased for construction & plant or machinery - **ITC allowed**

Explanation 2 :- Definition of Plant or Machinery

Means

- Apparatus
- Equipments
- Machinery

Includes

Such foundation or structural support

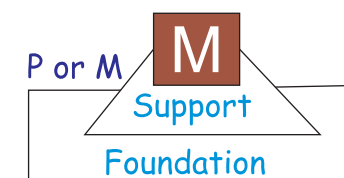
Excludes

- Land & Building or other civil Structure
- Telecommunication Towers
- Pipelines land outside the Factory

Note:- if works contract or goods or services purchased for construction of above = **No ITC**

Fixed to the earth by foundation or structural support

used for making an outward supply



I/CG/IS : ITC Allowed

Important Note :- If works contract services is availed for providing works contract services - **ITC allowed**
If goods or services are purchased for construction of other's building intended for sale - **ITC allowed**

Other Points		
	Non eligibility of ITC	Explanation
e)	Goods or services or both on which tax has been paid under sec 10	अगर composition supplier के composition tax, invoice में लगाकर दे रहा है, जो नहीं देना चाहिये था. So, recipient को उस Tax का credit नहीं मिलेगा
f)	Goods or services or both received by N RTP	No ITC (Remark: ITC available on imported goods by N RTP)
fa)	Goods &/or services received by taxable person, which are used/intended to be used CSR activities.	No ITC
g)	Goods or services or both used for personal consumption	No ITC
h)	<div> <div>Goods</div> <div>Lost, destroyed, stolen, written off Wholly or Partly</div> <div> <p>⇒ No ITC is available</p> <p>⇒ If ITC is availed then it needs to be reversed</p> </div> </div> <div> <div>Goods</div> <div>Distributed by way of Gift/sample</div> <div> <p>If ITC is taken on such goods</p> <p>As per para I Sch I, it is treated as supply</p> <p>GST is payable on value as determined u/r 30</p> <p>No need to reverse ITC</p> </div> <div> <p>If ITC is not taken on such goods</p> <p>Then as per sec 17(5) (h)</p> <p>ITC is not allowed</p> </div> </div>	
i)	Any tax paid u/s 74 for any period up to FY 2023-24.	

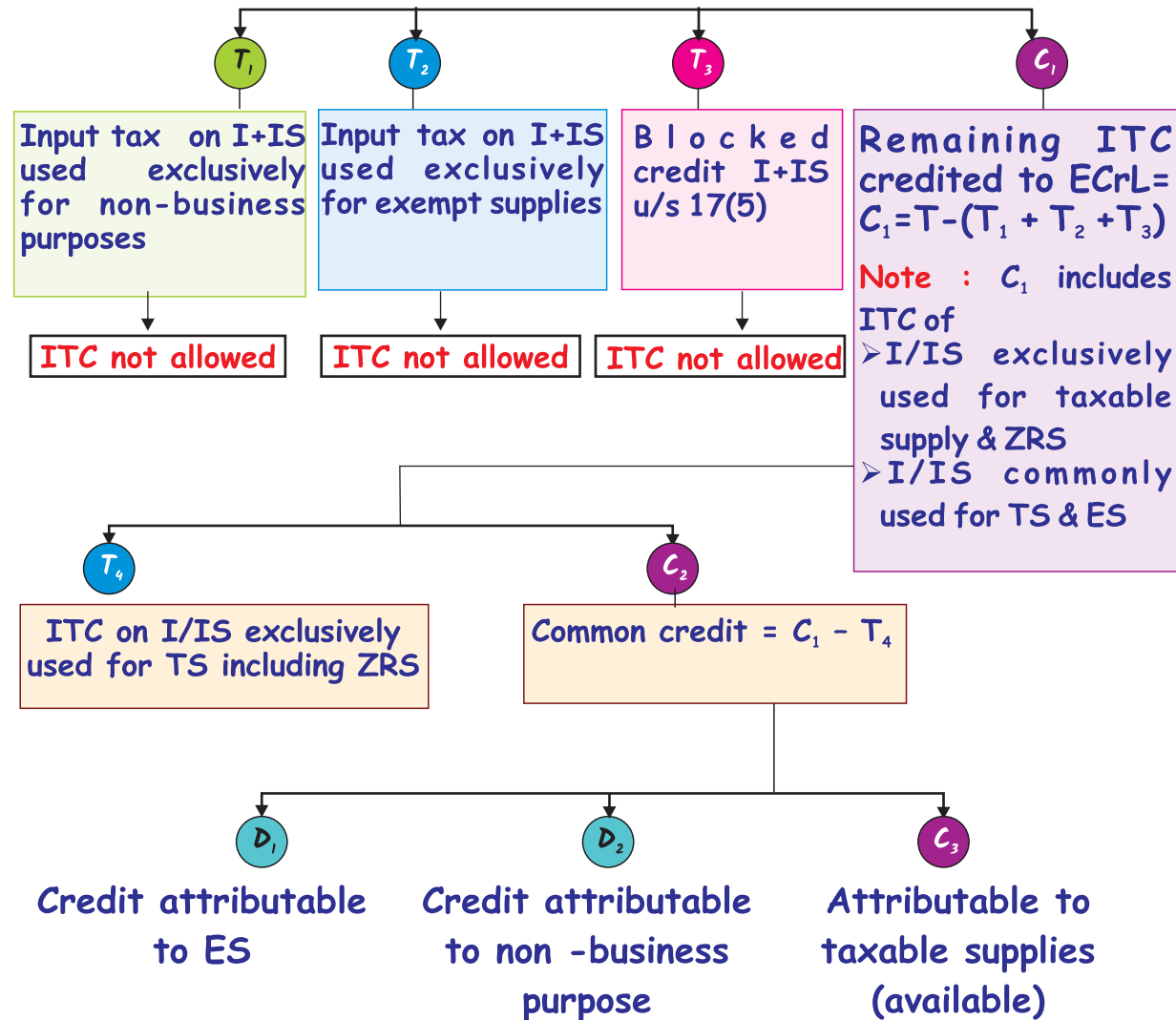
Time Limit for Availing ITC on RCM Supplies from URPs u/s 16(4) (Cir. No. 211/5/2024)	
Issue	Clarification
Services received from URP without consideration	The recipient must issue an invoice and pay tax under RCM.
Time limit for ITC u/s 16(4)	ITC time limit is based on the F.Y. when the self invoice is issued, not when the supply was received.
Invoice issued after TOS	If the self invoice is issued late, the recipient must pay interest on delayed tax & may face penalty u/s 122.
ITC for Ducts & Manholes in Optical Fiber Cable Networks u/s 17(5) (Cir. No. 219/13/2024)	
Issue	Clarification
Ducts & Manholes classification	Ducts and manholes are part of the OFC network and not land or buildings, so they are "Plant & Machinery."
ITC eligibility	Ducts & manholes are eligible for ITC & not blocked u/s 17(5)(c) & (d).
ITC Entitlement for Insurance Co. on Motor Vehicle Repairs in Reimbursement Claims (Cir.No.217/11/2024)	
Insurance Co. = General insurance of Motor vehicle	
<p>Handling of repair/damage cost through cashless mode</p> <p>ITC to Insurance co. on invoice of garage for repair</p> <ul style="list-style-type: none"> not blocked u/s 17(5) Invoice in the name of Insurance Co. Use in outward supply <p>ITC allowed</p>	<p>Handling of repair/damage cost through Re-imbursement mode</p> <p>ITC to Insurance co. on invoice of Garage for repair</p> <ul style="list-style-type: none"> not blocked u/s 17(5) Invoice not in the name of Insurance Co. <p>Hence ITC in-eligible u/s 16(2)(a)/(aa)</p>

Sec - 17(1), 17(2) & 17(3) Apportionment of Credit

Sec 17(1) & (2)Goods or Services or both used by RP	17(3): Value of Exempt Supply	Sec 17(4) : Special option of ITC to banking and F.I.
<div> <div>17(1) Partly For Business purpose & Partly Non Business purpose</div> <div>Credit available of Input tax exclusively used for business purpose</div> </div> <div> <div>17(2) Partly For effecting taxable supplies (including zero rated supply) partly Exempt supplies</div> <div>Credit available of Input tax exclusively used for taxable supplies (including ZRS)</div> </div> <div>Method of apportionment incase of I, CG & IS commonly used</div>	<div>2(47) :-</div> <div> <div>1) Nil rated supply</div> <div>2) Wholly exempt supply</div> <div>3) Non-taxable supply</div> </div> <div>Additional by 17(3) :-</div> <div> <div>4) Supply under RCM</div> <div>5) Transaction in Securities (1 % of sale value)</div> </div> <div>ES shall not include: -</div> <div> <div>⇒ Interest / Discount on loan advances & discount except in case of bank / FI</div> <div>⇒ Value of Supply of duty credit scrips</div> </div> <div> <div>6)Sale of land & Building (Stamp duty Value)</div> <div>7) Supply of warehoused goods to any person before clearance for home consumption (Value of SOG from Duty Free Shops at arrival terminal in international airports to incoming passengers)</div> </div> <div>(Do not consider other Schedule III activities in ES)</div>	<div>1. Availment of Tax Credit : Banking Company/FI including NBFC's have the following options -</div> <div> <div>(a) Option 1 : To comply with the provisions u/s 17(2) (read with rule 42 & 43), or</div> <div>(b) Option 2 : To avail of, every month, an amount equal to 50% of the eligible ITC in that month and the balance 50% shall lapse.</div> </div> <div>2. Conditions on choosing option of 50% availment :</div> <div> <div>(a) The said Company or Institutions shall not avail the credit of -</div> <div> <div>(i) Inputs and Input Services that are used for non-business purposes, and</div> <div>(ii) the credit attributable to blocked Credits</div> </div> </div> <div>3. Withdrawal : Option once exercised, shall not be withdrawn during the remaining part of F.Y.</div> <div>4. No Restriction : 50% of ITC Restriction shall not apply when supplies are made between branches (100% ITC is available).</div>

Rule 42 :- Manner of distribution of ITC w.r.t. I/IS

T = Total Input tax Credit on I/IS



$$D_1 = \frac{E}{F} \times C_2$$

$$D_2 = 5\% \text{ of } C_2$$

$$D_3 = C_2 - (D_1 + D_2)$$

E = Aggregate Value of ES
F = T/o in State

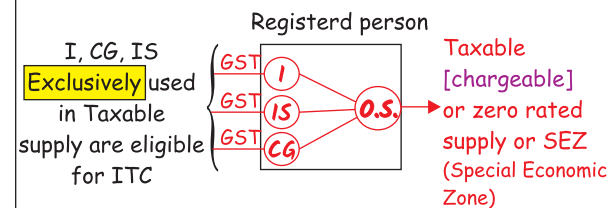
To be calculated only if I/IS is commonly used for business/non-business

- If E/F is not available for a tax period, then E & F at last tax period to be considered
- Value or T/O does not include Excise/VAT/CST (Specially for NTS)

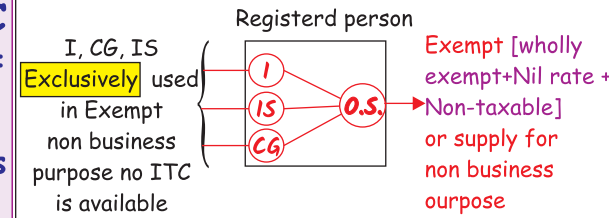
Reversed by the register person in GSTR 3B or in prescribed form

- C₃ will be computed separately for ITC of CGST, SGST/ UTGST and IGST.
- Σ(D₁ + D₂) will be computed for the whole financial year, by taking exempted turnover and aggregate turnover for the whole financial year. If this amount is more than the amount already added to output tax liability every month, the differential amount will be added to the output tax liability in any of the month till September of succeeding year along with interest @ 18% from 1st April of succeeding year till the date of payment.
- If this amount is less than the amount added to output tax liability every month, the additional amount paid has to be claimed back as credit in GSTR 3B or any month till September of the succeeding year.

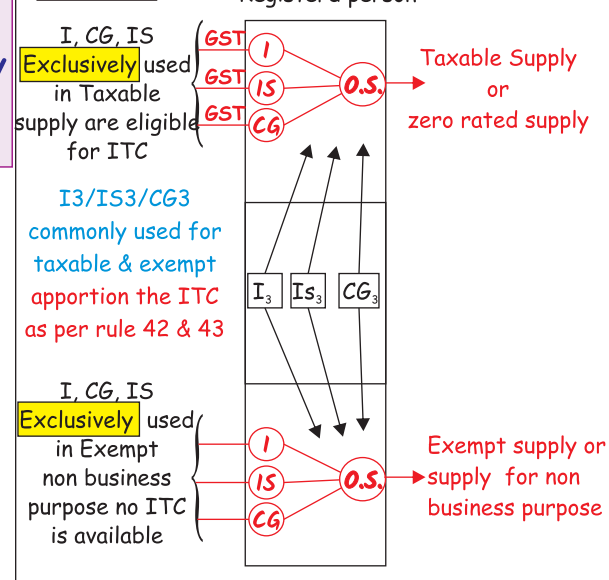
Case 1



Case 2

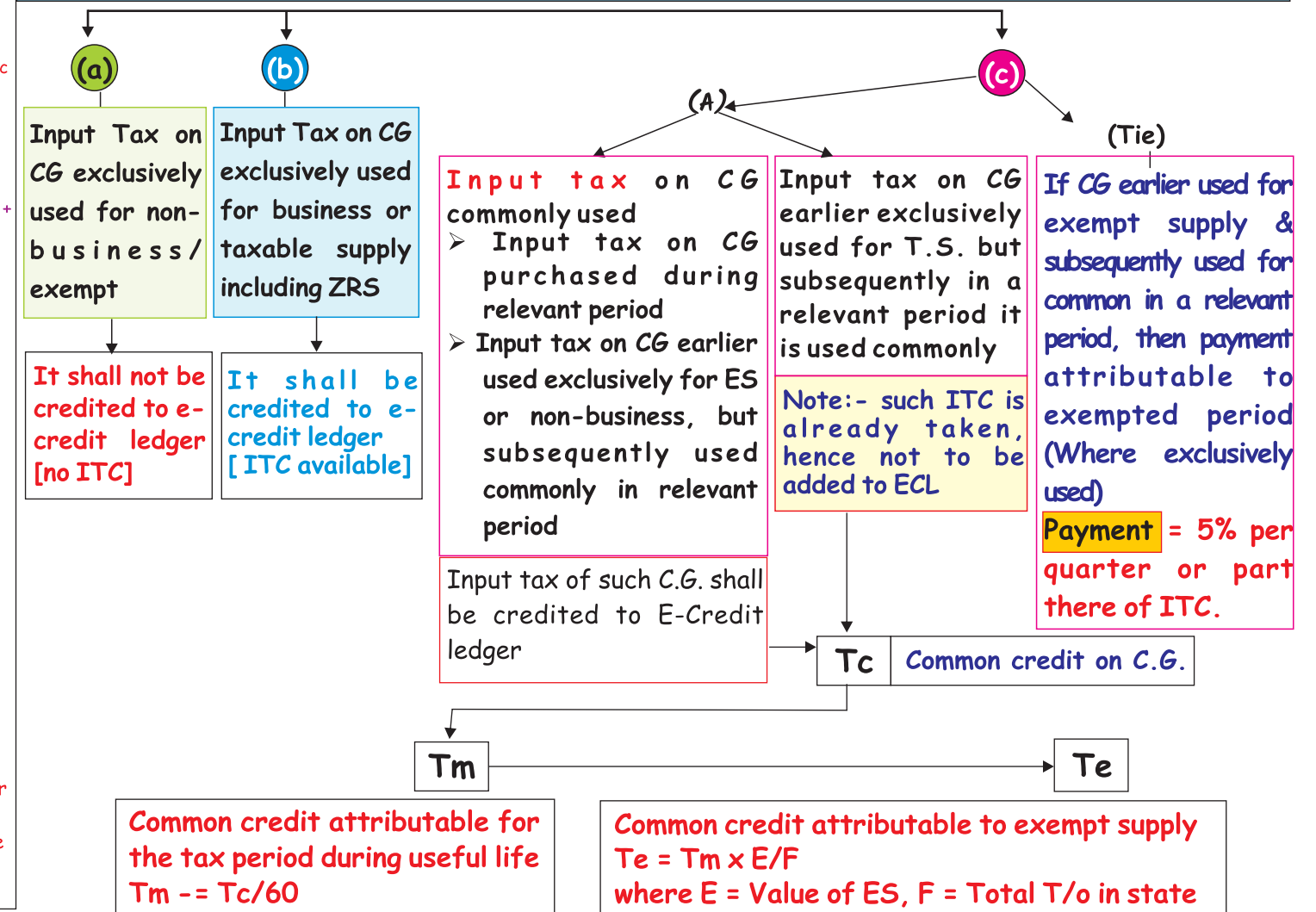


Case 3

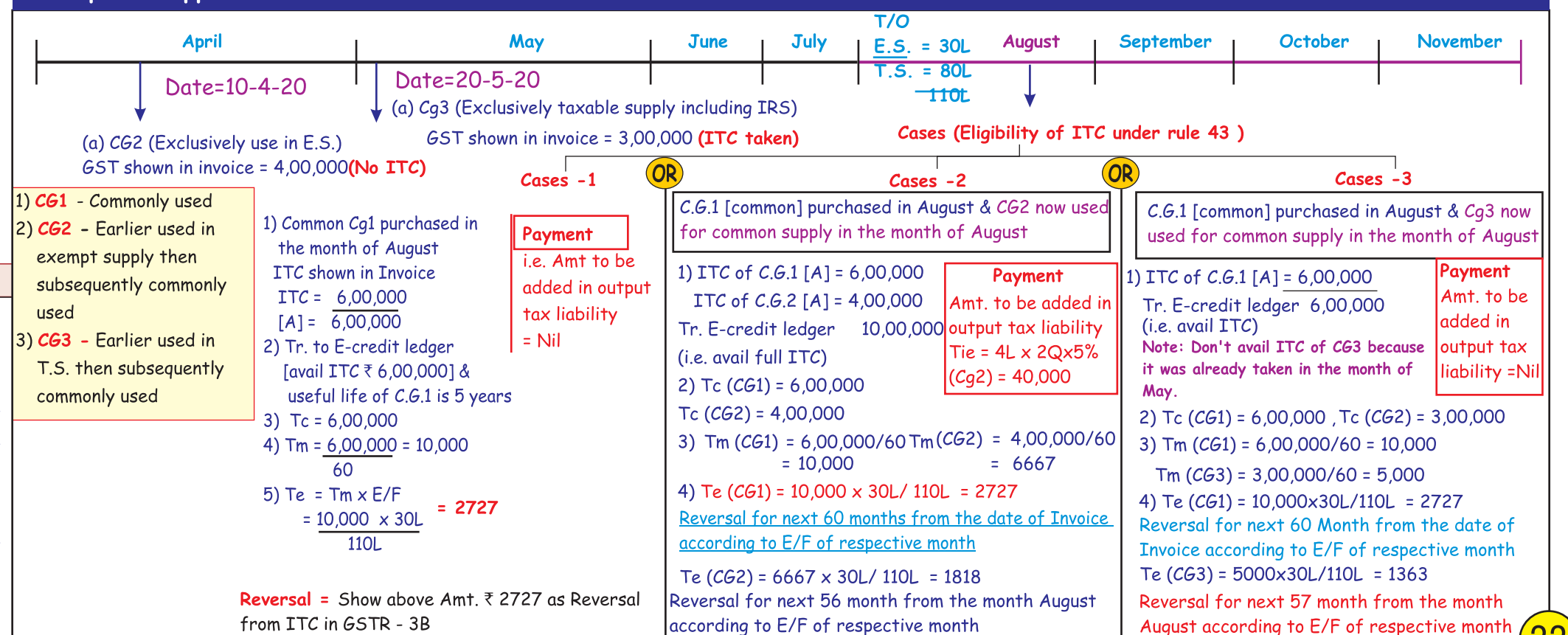


Rule 43:- Manner of distribution of ITC w.r.t CGs

Total input tax (IT) on capital goods (CG)

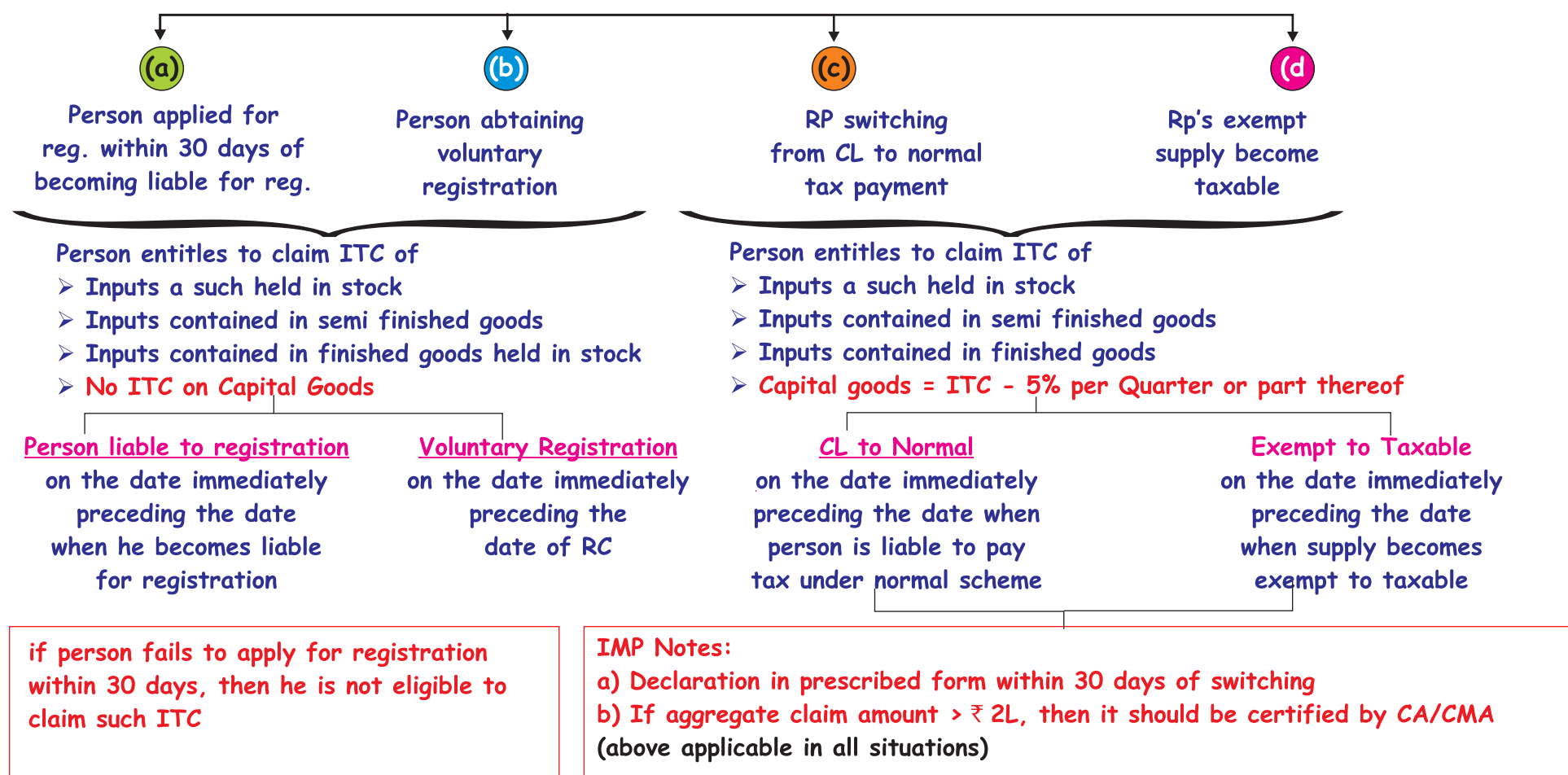


Example :- Apportionment of ITC under rule 43



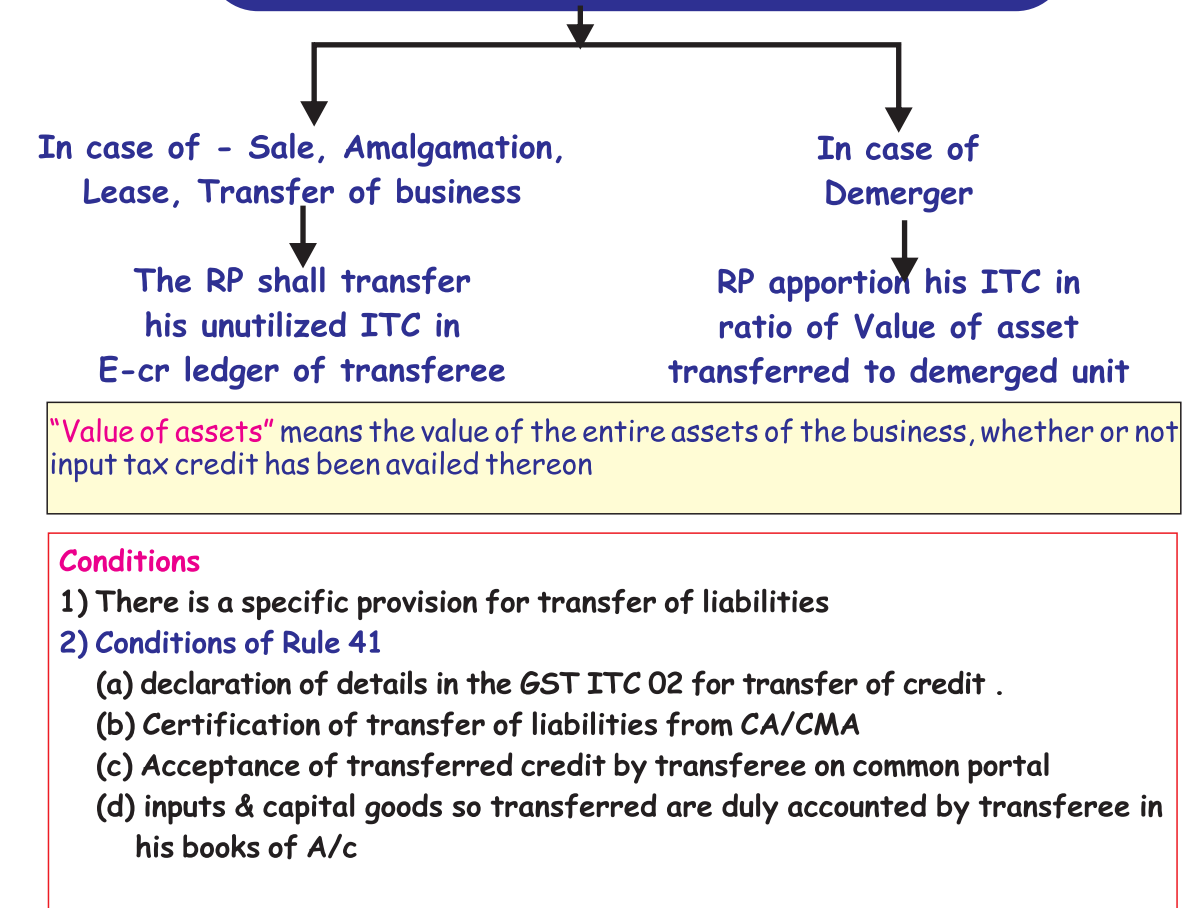
Sec 18 : Availment or Reversal of Credit

Sec 18(1) Availment of Credit



Section 18(2) : Person is not entitled to take ITC of I/CG after expiry of one year from the date of invoice.

Sec 18 (3) Transfer of ITC



Reversal of Credit

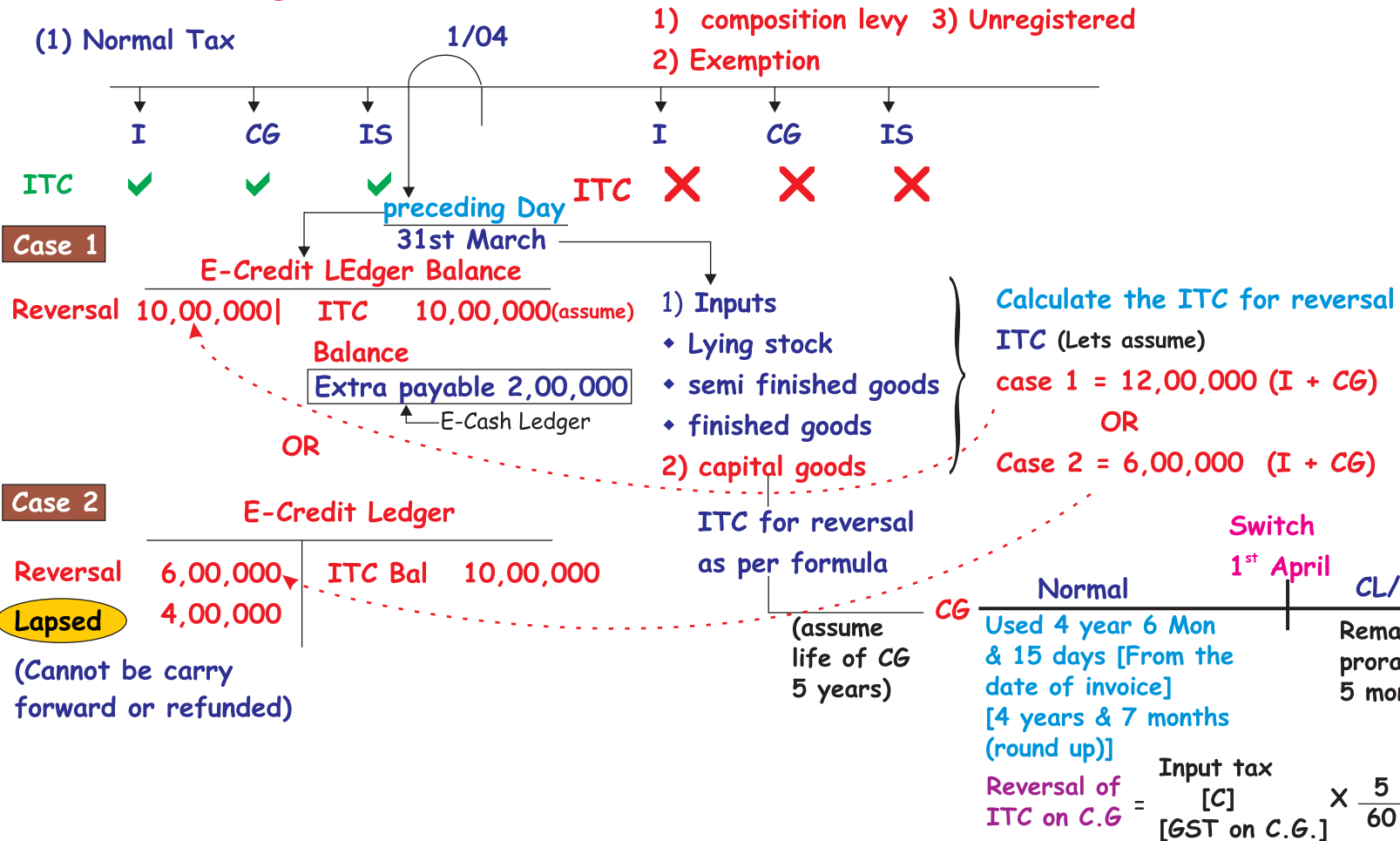
Sec 18(4) Reversal of credit in Special Cases

Registered person switching from normal scheme of payment of tax to composition Scheme	Taxable supply becomes exempt Supply	Cancellation of Registration
1) Amt to be reversed is equivalent to ITC on - Input as such held in stock - Inputs contained in semi finished goods - Inputs contained in finished goods held in stock - Capital goods [reversal on prorata basis pertaining to remaining useful life in a month (taking useful life as 5 yrs. After reversal balance if any in Ecr. ledger shall lapse Illustration: Capital goods have been in use for 4 years, 6 month and 15 days.	The useful remaining life in months= 5 months ignoring a part of the month Input tax credit taken on such capital goods= C Input tax credit attributable to remaining useful life= C multiplied by 5/60 Rule 44 : Procedure & conditions 1) Reversal of inputs shall be determined with	corresponding invoices. If invoice is not available then reversal is based on prevailing market price of inputs. 2) Reversal of ITC shall be calculated separately for CGST, SGST & IGST. 3) Reversal amt. will be added in output tax liability & details to be furnished in GST ITC- 03

Sec 18 (6) : Reversal of credit on supply of Capital Goods/ Plant & Machinery on which ITC has been taken

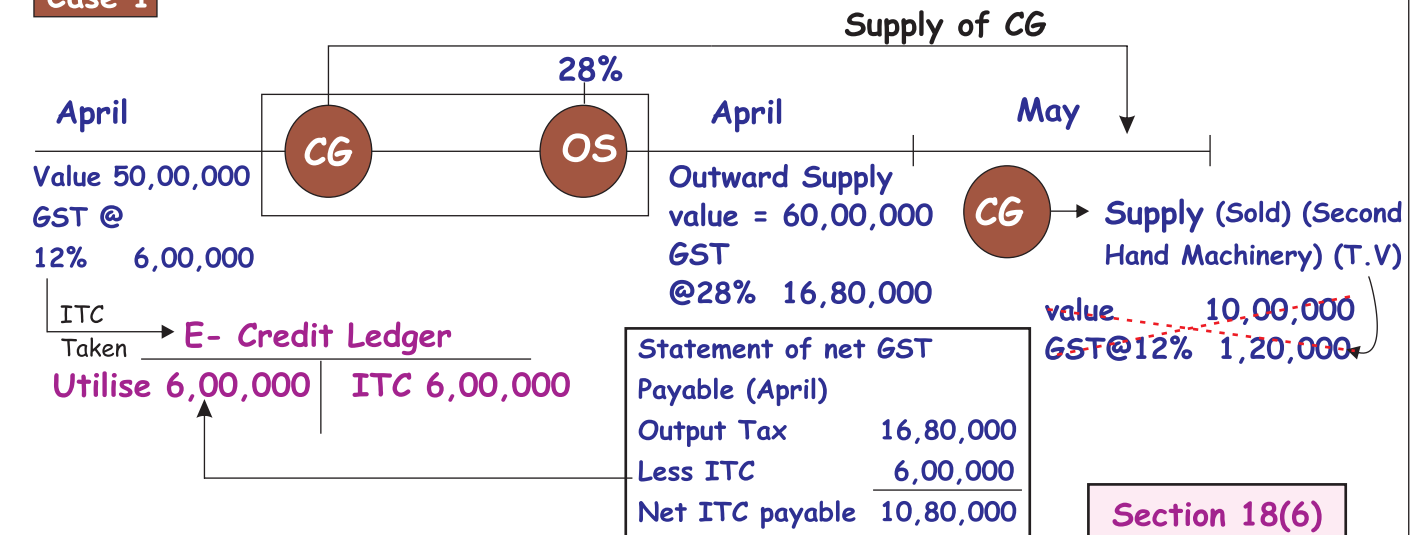
- If capital goods or plant & machinery on which ITC has been taken are supplied [Removed as such by way of sale transfer barter etc.] then registered person shall pay **higher** of the following
 a) **Payment = ITC - 5% per Qtr. or part thereof** OR
 b) **GST on transaction value**
- In case of refractory bricks, moulds & dies, jigs & fixtures supplied as a scrap then person may pay tax on transaction value instead of above 2 options.

Reverse Switching [Section 18(4)]



Why Sec 18(6) is given

Case 1



Imp Note :- In case of refactories bricks, mpulds, dies, jigs sold as scrap then amount payable = T.V. X GST [criteria of reduction of 5% frpm ITC is not applicable]

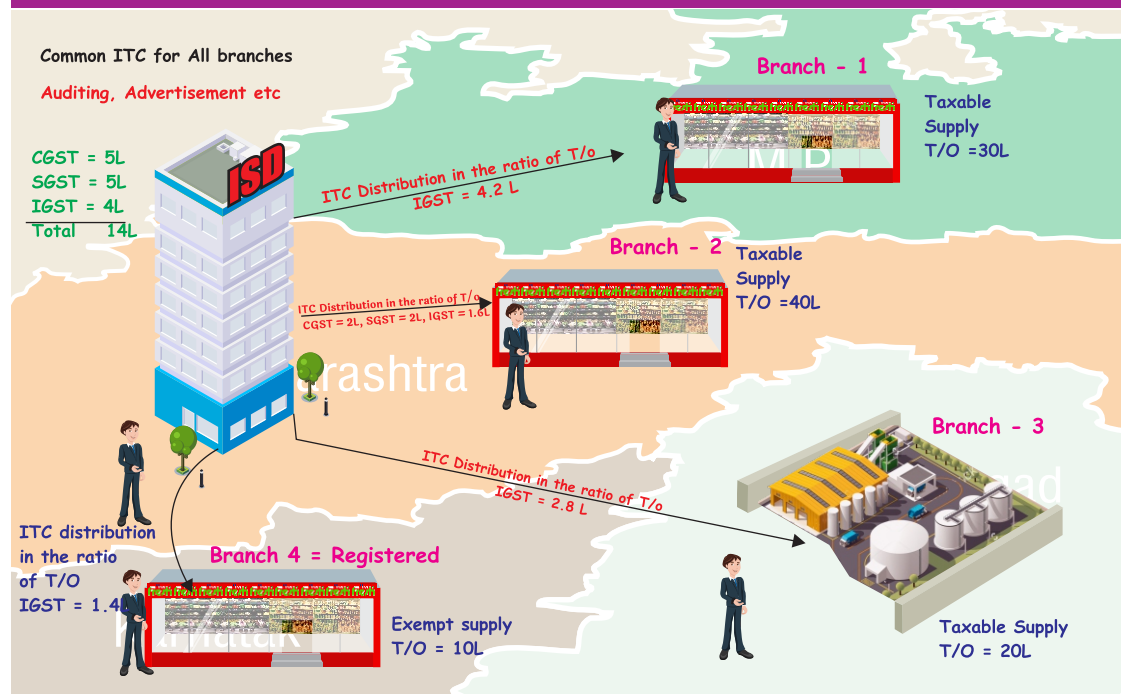
Payment higher of following = 5,70,000

1) GST on TV= 1,20,000 [10,00,000 X 12%]

OR

2) ITC taken- 5% per quarter [Part thereof] = 6,00,000 - 5% X 1 Qtr. X 6L = 5,70,000

Sec 20 - Distribution of credit by Input Service Distributor (ISD)



Sec 2(61)- ISD : Means an office of supplier of goods &/or services which receives tax invoices issued u/s 31 towards receipt of input services & issues a prescribed document to distribute credit of > CGST, > SGST/UTGST, > IGST paid on said services to a supplier of taxable goods &/or services having same PAN as that of said office.

The Input Service Distributor shall distribute the credit of

- Central tax as Central Tax or Integrate Tax and
- integrated tax as integrated tax or central tax State tax
- State tax as State tax or integrated tax

by issuing a document containing the amount of ITC being distributed in prescribed manner.

The Input Service Distributor may distribute the credit of CGST, SGST & IGST subject to the following conditions namely:-

- ISD Challan :-** The credit can be distributed to the recipients of credit against a document containing such details as may be prescribed
- Restriction on credit distribution:-** the amount of the credit distributed shall not exceed the amount of credit available for distribution
- One-to-One Basis:-** the credit of tax paid on IS attributable to a recipient of credit, shall be distributed only to that recipient
- Prorata Distribution :-**
- ITC of IS attributable to more than one recipient -** Distribution on pro rata basis of the T/o in state / UT of such recipient during the relevant period to the aggregate of the turnover of all such operational recipients
- ITC of IS attributable to all recipients -** Distribution on pro rata basis of the T/o in state / UT of such all recipient during the relevant period to the aggregate of the turnover of all such operational recipients

Relevant Period

- ☞ If T/o of P.F.Y. is available - Take such T/o
- ☞ If T/o of P.F.Y. is not available - take T/o of last Quarter of month in which credit to be distributed

For your self notes:-

Rule 86A: Restrictions on ITC Utilisation	
Authority to Restrict ITC	Commissioner or authorized officer can restrict ITC.
Restriction on Liability & Refund	➤ ITC cannot be used to pay any liability u/s 49. ➤ Unutilized ITC cannot be refunded.
Circumstances for imposing Restrictions	1. Invalid Documents: ITC claimed on documents issued by <ul style="list-style-type: none"> ➤ A non-existent or inactive business, a ➤ A person who hasn't paid the tax, or ➤ Without receipt of goods/services. 2. Non-existent RP: ITC claimed by a RP found to be non-existent or not operating from the registered business place. 3. Lack of Valid Documents: ITC claimed without possession of valid documents (tax invoices, debit notes etc.)
Duration of Restrictions	Restrictions last up to 1 year, can be lifted if conditions change.

For your self notes:-

Rule 86B: Restrictions on ITC available in Credit Ledger	
Applicability of Rule 86B	Applies to RPs with taxable supply > ₹ 50 lakh/month.
ITC Utilization Limit	➤ Cannot use > 99% of output tax to discharge output tax liability. ➤ 1% must be paid from E-cash ledger.
Exceptions	1. Paid more than ₹ 1L of income tax in last 2 years. 2. Received more than ₹ 1L of ITC refund (ZRS/ITS). 3. Paid more than 1% of tax from E-cash ledger. 4. Government/PSU/LA/Statutory body.
Commissioner's Authority	May remove restriction after verification.

Taxability of Services Between Offices of Same Organisation in Different States(Cir.No.199/11/2023)		
Issue	Clarification	
Can Head Office (HO) Avail ITC for Common Services and Issue Invoices to Branch Office (BO), or Must It Use ISD?	ITC Distribution Method	HO can either use the ISD mechanism or directly issue tax invoices to BO.
	ISD Registration	If HO chooses the ISD mechanism, it must register as an ISD u/s 24(viii).
	Services Specifically for Bos	ITC or invoices can only be issued if the services are specifically for or provided to the BO.
Is HO Required to Issue Invoices for Internally Generated Services to BOs When Full ITC is Available?	Valuation as per Rule 28(2)	If BOs are eligible for full ITC, the invoice value from HO to BO is considered the OMV.
	Uninvoiced Services	If HO doesn't issue an invoice, the value of services is deemed Nil and treated as OMV when full ITC is available.
Is Salary costs to be included by HO?	Inclusion of Employee Salary Costs	HO is not required to include employee salary costs in taxable value, even if BOs can't avail full ITC.

For your self notes:-

CHAPTER 8: IGST Act, 2017 (Place of Supply)



CA Vishal Bhattar

Export of Service 1) Location of supplier is in India 2) Location of Recipient as outside India 3) Place of Supply outside India. 4) Amount Received in CFE or ₹ if allowed by RBI 5) Supplier & recipient are not DDP	Circular No. 202/14/2023):- When exporters of services are paid export proceeds in INR from Special Rupee Vostro Accounts of correspondent bank(s) of partner trading country, opened by AD banks, it fulfils conditions of section 2(6)(iv) of IGST Act (i.e. payment received in CFE or INR if allowed by RBI.	Export of Goods ⇒ Goods are taken to a place outside India. Note:- No such condition of receipt of CFE, only requirement is that goods are taken out of India.	"Import of Goods" 2(10) : means bringing goods into India from a place outside India	Import of Service 2(11): means the supply of any service, where- (i) the supplier of service is located outside India (ii) the recipient of service is located in India; and (iii) the place of supply of service is in India
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Supply	SEC 7 - Inter -State Supply & Levy of IGST			SEC 8 -Intra-State Supply	SEC 9 : Supply in Territorial Water
	Inter State within India	Import	Supply outside India		Notwithstanding anything contained in this Act,
Supply of Goods	Sec 7(1): LOS & POS ⇒ Two different States ⇒ State & UT ⇒ UT to UT Comments : Place of supply shall be determined as per Sec 10	Sec 7(2) Imported into territory of India till it cross custom frontiers Comments : 1) Import goods means bringing into India from a place outside India. 2) IGST = ACD 3(7) 3) Value - As per provisions of Customs act 4) POS = Sec 11 = location & importer Exception:- IGST on import of goods being supply of online money gaming shall be levied & collected u/s 5(1) of IGST Act & not Sec 12 of customs act.	Sec 7(5) Supply of goods or services or both, a) when the supplier is located in India and the place of supply is outside India b) to or by a SEZ developer or a SEZ unit or c) In the taxable territory, not being an intra-State supply and not covered elsewhere in this section shall be treated in the course of inter-State trade or commerce.	SOG:- where the LOS & POS ⇒ the same State or ⇒ same Union territory SOS:- where the LOS & POS ⇒ the same State or ⇒ same Union territory	a Where the location of the supplier is in the territorial waters, b Where the place ^{OR} of supply is in the territorial waters, LOS (for clause (a) & POS (for clause(b))shall be deemed to be in the coastal State or Union territory where the nearest point of the appropriate baseline is located.
Supply of Service	Sec 7(3) LOS & POS - Two different States - State & UT -UT to UT Comments : 1) Location of supplier of service is defined u/s 2(15) 2) Place of Supply Shall be determined as per Sec 12.	Sec 7(4) : Supply of Service imported into territory of India. Comment : 1) As per Sec 2(11) import of service where, i) Supplier of service located outside India. ii) Recipient located in India iii) Place of supply in India 2) Place of supply shall be determined as per Sec 13 3) If supplier in non-taxable territory & recipient in taxable territory then IGST is payable under reverse charge , except OIDAR service to NTOR 4) Valuation as per Sec 15 of CGST Act.			

POS for supply of Goods

Sec 10 :- Place of Supply of Goods other than imported or export goods

S.No.	Nature of Supply	Parties Involved	Place of Supply
a)	Involves Movement of Goods	Movement by ➔ Supplier ➔ Recipient or ➔ Any other person (transporter)	POS = Location of the goods when the movement of goods terminates for delivery to the recipient
b)	Bill-to-Ship-to Sale	➔ Supplier ➔ Recipient (Shipping address) ➔ Third Person (Billing Address)	POS = Principal place of Business of third person, on whose direction goods are supplied to recipient
c)	Does not involve Movement of Goods	➔ Supplier ➔ Recipient	POS = Location of goods at the time of delivery to the recipient
ca)	Supply of goods to URP (overrides sec 10(1)(a)/(c)) (Does not override sec 10(1)(b)) supply through ECO = address of delivery recorded in invoice	➔ Supplier (registered) ➔ Recipient (unregistered)	POS= a) If address of recipient exist - address recorded in invoice b) If address of recipient does not exist - location of supplier
d)	Installation and Assembly of Goods at Site	➔ Supplier ➔ Recipient	POS = Place of such Installation or assembly of Goods
e)	Goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle	➔ Supplier ➔ Recipient	POS = Location at which goods are taken on board.

Note : Where the place of supply of goods cannot be determined, the POS shall be determined as per the prescribed Sec 10(2)

Sec 11 - Place of Supply Imported Goods or Export Goods

Nature of Supply	Place of Supply
Import of Goods into India	Location of the Importer
Export of Goods from India	Location outside India

POS of Services

Sec 12 (1) - Pos where LOS and LOR of Services in India

Sec	Description of Service	Place of Supply	
		Supply to unregistered person (B2C)	Supply to RP (B2B)
12(2)	General rule for all services except covered in 12(3) to 12(14)	(i) If Address of R exists on record POS = LOR (ii) If Address on recipient does not exists on record POS =LOS	
	POS of Online Services supplied to unregistered recipients. [Cir. No.242/36/2024]		
	➡ All online service providers (including online gaming, OIDAR, and ECOs) must record the State of unregistered recipients on tax invoices, irrespective of the value of supply. ➡ This State name acts as the POS under GST (as per Sec 12(2)(b)(I) of IGST Act). ➡ Suppliers must have systems in place to collect and record this information before making the supply. ➡ Missing the recipient's State on the invoice can lead to penalties u/s 122(3)(e). ➡ The recipient's State must also be reported as POS in GSTR-1/1A returns.		
12(5)	Training and performance appraisal	POS = Location where the service is actually performed.	
12(7)	Organisation of events including ancillary services, sponsorship	POS = Place where event is actually held. Note:- If event is held outside India POS = LOR	
	Rule 5 prescribed for supply of services attributable to different States or UT, of Sec 12(7)		
	In case of service		Basis of apportionment
	Services are supplied to a person other than a RP, the event is held in India in more than one ST/UT and a consolidated amount is charged absence of any contract or agreement for separately collecting		Shall be determined by application of the GAAP
12(8)	Transportation of goods, mail or courier	POS = Location at which goods are handed over for transportation Note:- Transportation outside India POS = Rule 12(2)	
12(9)	Passenger transport service	POS = Place where passanger embarks on the conveyance for a continuous jourey Note:- Right to passage for future use where point of embarkment is not known, POS = Section 12(2)	
12(13)	Insurance service	POS = LOR on record of insurance company	
12(3)	Service directly related to immovable property including agents, experts, lodging in hotels, inn, accommodation for functions & ancillary services	POS = Location at which immovable property or boat or vessel is located But if IP is located outside India , POS = LOR	

Location of such registered recipient

Rule 4:- The supply of services attributable to different States or Union territories, under section 12(3)		
In case of service		Basis of apportionment & Value of services
(i)By way of lodging accommodation by a hotel, inn, guest house, club or campsite, and services ancillary to such services (except cover in (ii))		number of nights stayed in such property
(ii) a single property located in two or more contiguous States or Union territories or both, and services ancillary to such services		area of the immovable property lying in each State or Union territory
(ii) In all other services in relation to immovable property including any immovable property for organising any marriage or reception etc.		
(iii) lodging accommodation by a house boat or any other vessel and services ancillary to such services		time spent by the boat or vessel in each such State or Union territory,
12(4)	Restaurant catering, personal grooming fitness, beauty treatment, health services including plastic surgery	POS = Location where service is actually performed
12(6)	Admission to events or amusement park & ancillary Services	POS = Where the event is actually held Where park or other place is located
12(10)	Service on board a conveyance	POS = Location of first schedule point of departure of that conveyance for the journey
12(11)	Supply of telecom services including data transfer, broadcast, cable or DTH	
	(a) Fixed lease or cable line	POS = Place where such fixed line is installed
	(b) Postpaid mobile, internet, DTH	a) If address of R exists = LOR b) If address of R dose not exists = LOS
	(c) Prepaid mobile, internet, DTH	a) Selling through agent = address of agent if on record otherwise LOS b) Direct to final subscriber = Place where voucher is sold
	(d) In all other cases	a) If address of R exist = LOR b) If address does not exist = LOS
	Proviso - Prepaid - electronic payment	POS = LOR in record of supplier

Rule 6 is prescribed supply of services attributable to different ST/UT , under sub section (11) of section 12 of the said Act,		
In case of service		Basis of apportionment
the leased circuit is installed in more than one ST/UT and a consolidated amount is charged , In the absence of any contract or agreement for separately collecting Liability on Intermediary		in proportion to the number of points lying in the ST or UT
12(12)	Banking & Financial Sector including stock broking	a) If address of R exist = LOR b) If address of R does not exist = LOS
12(14)	Advertisement services to Govt. or Local authority Rule 3 (refer from Study mat)	POS shall be determined for each State or UT where advertisement is broadcasted / Run/Played
Sec 13 (1) - POS where LOS or LOR of services is outside India		
Sec	Condition	Place of Supply
13(2)	All services other than covered in 13 (3) to 13(13) default Rule (General Rule)	POS = Location of recipient Note:- If LOR of service is not available , POS = LOS
13(3)	Supply on services on - Goods physically made available by recipient or - Individual physically present	POS = Place of Performance SOG = Proviso 1 : remote service through E-mean POS = Location of goods Proviso 2 : Goods temporarily imported for repairs etc & re-exported w/o use POS = LOR [13(2)]
The supply of service attributable to different States or Union Territory read with 13(7) of the IGST Act.		
Rule No.	In case of service	Basis of apportionment
Rule 7 applicable to Provision of Sec 13(3)	services supplied on the same goods,	by equally dividing the value of the service where the service is performed;
	in the case of services supplied on different goods,	by taking the ratio of the invoice value of goods , as the ratio of the value of the service performed in each State or Union territory;
	in the case of services supplied to individuals,	by applying the GAAP
13(4)	Supply of service directly on immovable property (includes experts renting, architect, interior design etc.)	POS = Place where the immovable property is located or intended to be located
Rule No.		Basis of apportionment
Rule 8 applicable to Provision of Sec 13(4), (In Multiple State)		by applying the provisions of rule 4, mutatis mutandis.
13(5)	Admission/Organisation to events including ancillary services	POS = Place where event is actually held
Rule No.		Basis of apportionment
Rule 9 applicable to Provision of Sec 13(5), (In Multiple State)		by applying the provisions of rule 5, mutatis mutandis.

13(6)	SOS u/s 13(3), (4),(5) in multiple taxable territory	POS = Taxable territory [Entire value is taxable]
13(7)	SOS u/s 13(3),(4),(5) more than 1 ST/UT	Rule 7 / Rule 8 / Rule 9
13(8)	Supply by banks/FI/NBFC to A/c holders - Intermediary services -Hiring all means of transport including Yatch upto 1 Month other than vessel or Aircraft	POS = Location of supplier (Refer material for detailed discussion)
13(9)	Transportation of goods other than mail or courier	POS = Place of destination of goods
	Cir. No. 203/15/2023:-POS of transportation of goods, including through mail & courier will be determined u/s 13(2) & not u/s 13(3)	
13(10)	Passenger transport service	POS = Place where passenger embarks on conveyance for a continuous journey
13(11)	On board supply of services	POS =The first scheduled point of departure of that conveyance for the journey
13(12)	OIDAR Service	POS = LOR
13(13) C.G has Notified services under this	(i) Supply of research & development services related to pharmaceutical sector by person located in TT to a person located in NTT	POS = LOR
	(ii) Repair & maintenance to air craft	POS = LOR
	(iii)Repair , Maintainance to ship & Vessel	

Sec 14 :- OIDAR

Sec 2(17) Online information and database access or retrieval (OIDAR) services:-

- ➡ Whose delivery is mediated by information technology over the internet or an electronic network and
- ➡ The nature of which renders their supply ~~essentially automated and~~
- ➡ ~~Involving minimal human intervention, and~~
- ➡ Impossible to ensure in the absence of information technology and
- ➡ Includes electronic services such as: Advertising on the internet ,Providing cloud services Provision of e-books, movie, music, software and other intangibles via telecommunication networks or internet, Providing data or information, retrievable or otherwise, to any person, in electronic form through a computer network, Online supplies of digital content (movies, television shows, music, etc.), Digital data storage and Online gaming

Sec 2(16) "Non-taxable online recipient"(NTOR)

means any unregistered person receiving OIDAR services located in taxable territory.
 Explanation: Unregistered person includes a person registered u/s 24(vi) solely for TDS u/s 51.

Supplier of Service	Service recipient	Taxability	Who is Liable ?	
Located in non Taxable Territory	NTOR	yes	Liability on Service Provider	
			When SP in NTT is represented by a person for any purpose in taxable territory	such representative liable for paying tax
			If the SP in NTT does not have a physical presence or a representative in the taxable territory	may appoint a person for Payment of Tax
Located in non-Taxable Territory	Other than non- assessee online recipient	yes	Service Recipient(RCM is applicable)	

Sec 16 : ZERO RATED SUPPLY

1) "zero rated supply" means

- (a) Export of goods or services or both; or
- (b) SOG &/or SOS for authorised operations to SEZ developer/ SEZ unit.

2) ITC may be availed for making ZRS, notwithstanding that such supply may be an exempt supply. (except block credit)

- 3)

(1) RP making ZRS is eligible to claim refund of unutilised ITC on supply, without paying IGST, under bond/ LUT, u/s 54 of CGST Act.
 Proviso:-If RP does not realise sale proceeds of ZRS of goods, he is liable to deposit refund received + interest u/s 50 of CGST Act within 30 days after expiry of time limit given under FEMA, 1999.

(2) Govt. may notify-

 - i)class of persons to make ZRS by paying IGST & claim refund of tax paid;
 - ii) class of goods or services to be exported by paying IGST & supplier may claim refund of tax paid.

- 4) The Govt, with Council's recommendation and conditions, can issue a notification to specify:
 - 1. Class of people can pay IGST on ZRS and claim a refund u/s 54.
 - 2. Class of goods/services can be zero-rated for which Supplier can pay IGST and claim a refund
- 5) No refund of unused ITC or IGST on ZRS of goods will be allowed if the goods are subject to export duty, despite the rules in Sec 16(3) & (4).

POS of goods to URPs u/s 10(1)(ca) (Circular No. 209/3/2024)

- ➡ If goods sold through e-commerce platforms to URP & billing address is different from the delivery address on the invoice, POS is where the goods are delivered.
- ➡ The supplier can use the delivery address on the invoice to determine the POS.

POS applicable for custodial services provided by banks to FPIs (Circular No.220/14/2024):

- ➡ Custodial services provided by banks or FI to FPIs should not be considered services to the 'account holder' u/s 13(8)(a) of the IGST Act.
- ➡ Thus, POS for these services should be determined under default rule in section 13(2).

For your self notes:-