



V'Smart Academy

CA | CMA INTER

# GST

Think **GST...** Think **Vishal Sir !!**

**CA Vishal  
Bhattad**

# AMENDMENTS

Applicable For  
May 26/June 26 Exam

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## New GST Rates

### Old GST Rates:-

CGST Rate	0%	2.5%	6%	9%	14%
SGST Rate	0%	2.5%	6%	9%	14%
Total	0%	5%	12%	18%	28%

### New GST Rates:-

CGST Rate	0%	2.5%	9%	20%
SGST Rate	0%	2.5%	9%	20%
Total	0%	5%	18%	40%



# REVERSE CHARGE & ECO

## GTA – Forward Charge

⇒ Old Rate – 12%

⇒ New Rate – 18%

## Tax payable by ECO on notified services u/s 9(5) of CGST Act/ 5(5) of IGST Act

### Sec 9(5)(v) Local Delivery Service

Newly Inserted  
by N/n 17/2025

➤ Services by way of local delivery through ECO – ECO is liable to pay tax.

**Exception (i.e. ECO is not liable):-** If Delivery person/supplier is liable to register u/s 22(1), then Delivery person/supplier is liable to pay GST.

**Analysis:-** If local delivery services (like parcel delivery, courier-type local delivery) are provided through an e-commerce platform, the **ECO must pay GST** instead of the delivery person/supplier.

**Exception:** If the delivery person/supplier is already required to register for GST because their turnover is above the limit given in Sec 22(1), then the delivery person/supplier, not the ECO, must pay the GST.

**Que 1:-** Mr. Rahul is an individual delivery partner engaged in providing local delivery services such as delivery of food and groceries within the city of Indore. He supplies these services through an ECO named SpeedCart. His aggregate Turnover is ₹18 lakh. Who is liable to pay GST? Whether Mr. Rahul is required to obtain GST registration?

**Answer:-**

⇒ In this case, **Speed Cart i.e. ECO is liable to pay GST** as supply of local delivery services through ECO is notified u/s 9(5).

⇒ Also, Mr. Rahul is **not required to obtain GST registration**, even though he supplies services through an ECO, because:

- he provides **local delivery services notified u/s 9(5)**, and
- his **aggregate turnover does not exceed the threshold limit prescribed u/s 22(1)**.



# EXEMPTIONS FROM GST

## Sl.NO. 18 Goods Transport Services

### Exemption

**Services by way of transportation of goods-**

- (a) by road except the services of (i) a goods transportation agency; (ii) a courier agency;
- (b) by inland waterways.

**Explanation:** Nothing contained in this entry shall apply to:

- (i) local delivery services provided by an ECO or
- (ii) local delivery services provided through an ECO.

Newly Inserted  
by N/n 16/2025

**Comment:** Local Delivery Services provided by/through ECO are **Taxable** under GST.



## Definitions

1) **Definition of GTA (Goods Transport Agency):** 'Goods transport agency' means any person who provides service in relation to transport of goods by road and issues a consignment note by whatever name called, **but does not include:**

- (i) an ECO by whom the services of local delivery are provided,
- (ii) an ECO through whom the services of local delivery are provided.

Substituted by  
N/n 16/2025

**Note:-** Individual truck or tempo operators who do not issue consignment notes are exempt from GST.

**Que 2:-** Dunzo, an ECO, provides local delivery services of food and grocery items within city limits. During the year, it delivered 10,000 orders and collected delivery charges of ₹40 per order, aggregating to ₹4,00,000. The deliveries were made by road using two-wheelers, and no consignment note was issued. Dunzo, an ECO claimed exemption under GST on the delivery charges, treating the service as transportation of goods by road, contending that it was neither a goods transport agency nor a courier agency.

Examine the correctness of the claim made by Dunzo and determine the GST liability, if any, with reasons.

**Answer:-**

- ➔ In the given case, the delivery service is local in nature and is provided through an ECO. Hence, the exemption is **not applicable** & claim made by Dunzo is **incorrect**.
- ➔ Accordingly, the delivery charges of ₹4,00,000 are taxable and GST at 18% amounting to ₹72,000 is payable. Therefore, Dunzo is liable to pay GST on the delivery charges collected.

### Sl.No 36C Individual Life Insurance Services:

**Exemption:** Services of life insurance business provided by an insurer to the insured, where the insured is not a group.

**Explanation:** Clarification-

- a) This exemption applies to contract of insurance if the insured is an individual, or an individual & his/her family.
- b) Family shall include all individuals insured as family in the contract of insurance.

Newly Inserted  
by N/n 16/2025

### Sl.No 36D Individual Health Services:

**Exemption:** Services of health insurance business provided by an insurer to the insured, where the insured is not a group.

**Explanation:** Clarification-

- a) This exemption applies to contract of insurance if the insured is an individual, or an individual & his/her family.
- b) Family shall include all individuals insured as family in the contract of insurance.

Newly Inserted  
by N/n 16/2025

**(zga) 'health insurance business'** means the effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient, travel cover and personal accident cover.

**(zfb) For Sl.No. 36C & 36D, 'Group'** means group of persons who join together with a commonality of purpose or for engaging in a common economic activity, other than availing insurance, and includes:

- a) **Employer:** employee groups, where an employer-employee relationship exists between the master/group policyholder and the members of the group in accordance with the applicable laws.



- b) **Non employer:** employee groups, where a clearly evident relationship exists between the master/group policyholder and the members of the group, for services/ activities other than insurance.

**Sl.No 36E Reinsurance of the insurance services specified in serial numbers 36C or 36D.**

**Que 3:-** Mr. Arun, an individual, purchases a health insurance policy from XYZ Insurance Ltd. for himself and his family (spouse and two children). The total premium for the year is ₹ 1,50,000. Separately, Mr. Arun's company also provides a group health insurance policy covering 50 employees for which the employer pays a premium of ₹ 5,00,000. Determine the GST liability on the premiums paid by Mr. Arun (individual plus family policy) and the employer (group policy).

**Answer:-**

**1. Individual & Family Policy:**

- The GST exemption applies to health insurance contracts where the insured is an individual or individual & family.
- GST liability: ₹ 1,50,000 × 0% = ₹ 0

**2. Group Policy:**

- The exemption does not apply to group insurance policies.
- The employer-paid premium of ₹ 5,00,000 is taxable at 18% GST.
- GST liability: ₹ 5,00,000 × 18% = ₹ 90,000



## Time of Supply

**12(4) TOS for Vouchers (for meaning of voucher refer Definition) Omitted by F.A. 2025**

The TOS of vouchers exchangeable for goods is-

**Identifiable Voucher:-** Date of issue of the voucher, if the supply that it covers is identifiable at that point, or

**Non-Identifiable Voucher:-** Date of redemption of the voucher in other cases.

**13(4) TOS for Vouchers (for meaning of voucher refer Definition) Omitted by F.A. 2025**

The TOS of vouchers exchangeable for services is-

**Identifiable Voucher:-** Date of issue of the voucher, if the supply that it covers is identifiable at that point, or

**Non-Identifiable Voucher:-** Date of redemption of the voucher in other cases.

**Example:-** A Ltd., offering hospitality services, partners with B Ltd. to market its hotel rooms through discount coupons/vouchers. Since the supply linked to the voucher is identifiable, the TOS for the voucher is its date of issue.

**Que 4:-** ABC Ltd. issues gift vouchers redeemable against its goods or services. During a financial year, ABC Ltd. issues 5,000 gift vouchers of face value ₹ 1,000 each, aggregating to ₹ 50,00,000. Out of these, some vouchers are RBI-approved Pre-Paid Instruments (PPIs) and the balance are non-PPI vouchers. Discuss the GST treatment.

**Answer:-**

- As per **CBIC clarification**, RBI-approved PPIs are treated as **money and are neither goods nor services**, while non-PPI vouchers are treated as **actionable claims** other than specified claims.
- Such actionable claims are covered under Schedule III and are kept outside the ambit of supply. Accordingly, the issuance or sale of vouchers by ABC Ltd., whether PPI or non-PPI, does not constitute a taxable supply and **no GST is payable** at the time of issuance or sale of vouchers.
- Further, Sections 12(4) and 13(4) of the CGST Act relating to time of supply of vouchers have been **omitted**, thereby confirming that GST liability arises only at the time of actual supply of goods or services and not at the time of issuance of vouchers.



## VALUE OF SUPPLY

### GST Treatment of Secondary/Post-Sale Discounts: [Cir. No. 251/08/2025]

1	<b>ITC on Discounts via Financial/Commercial Credit Notes</b>	<b>No ITC reversal</b> is required by the recipient for discounts given through such credit notes as there is <b>no reduction</b> in original transaction value & tax liability of supplier.
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**Example:** ABC Ltd. supplies goods to XYZ Ltd. for ₹1,00,000 + GST 18% = ₹1,18,000. Later, ABC Ltd. issues a commercial credit note of ₹10,000 to XYZ Ltd. due to a discount offered for early payment.

**Conclusion:**

- The credit note is **financial/commercial in nature** and does **not reduce the original transaction value** for GST purposes.
- Thus, ABC Ltd. **cannot reduce its original tax liability** of ₹18,000, and similarly, XYZ Ltd. **cannot reduce the ITC** already claimed.

2	<p><b>Post-Sale Discount from Manufacturer to Dealer – Is it Consideration for inducement to supply goods further?</b></p> <p><b>Independent Sale Transactions:-</b> Such discounts are not treated as consideration for inducing further supply to customers.</p> <p><b>Discounts Linked to Manufacturer – Customer Agreement:-</b> Then such discounts act as an inducement for the dealer's supply &amp; form part of consideration between manufacturer and dealer.</p> <p><b>Example:</b> M/s Sunshine Ltd., a manufacturer, sold goods to its dealer M/s Star Traders for ₹2,00,000 + GST 18% = ₹2,36,000. Later, Sunshine Ltd. offered a post-sale discount of ₹20,000 to Star Traders.</p> <p>a) If the discount is independent of customer sales, how should GST be treated?</p> <p>b) If the discount is linked to an agreement encouraging Star Traders to sell to end customers, how should GST be treated?</p> <p><b>Conclusion:</b></p> <p>a) If the discount is <b>independent of customer sales</b>, it is <b>not part of consideration</b>.</p> <p>b) If the discount is <b>linked to an agreement to encourage sales to customers</b>, it is <b>consideration for inducement</b>.</p>
3	<p><b>Whether Post-Sale Discounts Are Consideration for Promotional Activities?</b></p> <p><b>No Separate Service:-</b> This discount merely reduces sale price of goods &amp; is not linked to any independent service to manufacturer. Hence, no GST as it is not a consideration for any taxable service.</p> <p><b>Separate Promotional Services:-</b> If the dealer specifically agrees to promotional services (ads, branding, exhibitions, etc.) &amp; separate consideration is agreed, Then, it is a distinct taxable service, and GST applies on such consideration.</p> <p><b>Example:</b> M/s Star Ltd., a manufacturer, sells goods to its dealer, M/s Bright Traders, for ₹1,50,000 + GST 18%. Later, Star Ltd. gives a post-sale discount of ₹15,000 to Bright Traders.</p> <p>a) The discount is just a reduction in sale price.</p> <p>b) The discount is given because Bright Traders agrees to carry out advertising and branding activities for Star Ltd., with separate agreed consideration of ₹15,000.</p> <p>Explain the GST treatment in both cases.</p> <p><b>Conclusion:</b></p> <p>➡ If a post-sale discount <b>only reduces the sale price of goods</b>, it is <b>not a separate service</b> and <b>no GST is payable</b>.</p> <p>➡ However, if the discount is given in return for <b>promotional services</b> (ads, branding, exhibitions) with a <b>separately agreed consideration</b>, GST is <b>chargeable on that consideration</b>.</p>



# Input Tax Credit

## Sec 17 (5)(d): Self- Construction of immovable property

**Blocked Credit** ITC is not allowed on goods and/or services received by a taxable person for construction of an immovable property other than Plant and Machinery.

**Construction (Explanation 2):** Any reference to “Plant or Machinery” should be read as “Plant and Machinery” for all purposes retrospectively from 01/07/2017.

Newly Inserted by  
F.A. 2025

**Note:** As per **Case of Chief Commissioner of CGST v. Safari Retreats Pvt. Ltd. (2024)**, SC clarified that ITC is allowed on “Plant and machinery” & Buildings essential for business (e.g., for leasing or renting) can qualify as plant & eligible for ITC.



## TAX INVOICE, DEBIT NOTE & CREDIT NOTE

## Sec 34(2): Details of Credit Note to be declared in return

### Restriction:

<b>Old Provision:</b>	A supplier could not reduce output tax liability by way of <b>issuing credit note</b> , if the tax incidence or interest had been passed to another person, or the recipient had not reversed ITC.
<b>New Provision:</b>	<p>➔ <b>Registered recipient:</b> If the recipient has <b>availed ITC</b> corresponding to the credit note but has not reversed it, the supplier <b>cannot reduce output tax liability</b>.</p> <p>➔ <b>Other cases:</b> If the <b>tax incidence has been passed to another person</b>, the supplier <b>cannot reduce output tax liability</b>.</p>
<b>Reason for this Amendment</b>	<p>➔ This amendment removes ambiguity and clearly separates the conditions for Registered vs. unregistered recipients.</p> <p>➔ Ensures output tax reduction by the supplier is allowed only when the ITC and tax incidence are correctly adjusted by the recipient or not shifted.</p>

Substituted by F.A.2025

**Que 5:-** ABC Ltd., a registered supplier, sells goods to XYZ Ltd., a registered recipient, for ₹10,00,000 plus GST @18% (₹1,80,000). After the supply, ABC Ltd. issues a credit note of ₹1,00,000 plus GST ₹18,000 due to price adjustment. XYZ Ltd. has availed ITC on the original supply but has not reversed ITC corresponding to the credit note.

In another case, ABC Ltd. issues a credit note of ₹50,000 plus GST ₹9,000 to an unregistered customer, who has already paid the full price including GST. Discuss the GST implications under the provision on credit notes and the effect on ABC Ltd.'s output tax liability.



**Answer:-**

- **For the Registered recipient (XYZ Ltd.):** If the recipient has availed ITC corresponding to the credit note but has not reversed it, the supplier cannot reduce output tax liability. In this case, XYZ Ltd. has not reversed ITC of ₹18,000, so **ABC Ltd. cannot reduce its output GST** for the credit note issued to XYZ Ltd.
- **For the Unregistered recipient:** In this case, if the tax incidence has already been passed on to another person, the supplier cannot reduce output tax liability. Since the unregistered customer has already paid ₹ 50,000 plus GST ₹9,000, **ABC Ltd. cannot adjust GST** on this credit note either.



## RETURNS

### Sec 38:- Communication of details of inward supplies and ITC

Registered persons file outward supplies u/s 37(1) & ~~an auto-generated statement~~ **a statement** containing details available to recipients, showing:

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- Supplier on which ITC is available to the recipient,
- Supplies on which ITC cannot be claimed (fully or partly), and
- Other prescribed details.

### Sec 44 read with Rule 80:- ANNUAL RETURN

#### Exemption from filing

Commissioner exempts the registered person whose aggregate turnover in **any** Financial year from **F.Y. 2024-25 onwards** is up to ₹ 2 Cr from filing annual return for that said F.Y.

**Newly Inserted by  
N/n 15/2025**