V'Smart Academy

CA INTER GST

LDR Sep 26 Exam

The Tricky Twist with reference to

- IMP Exam/RTP/MTP questions from Questionnaire &
- ICAI MCQ Case Scenarios

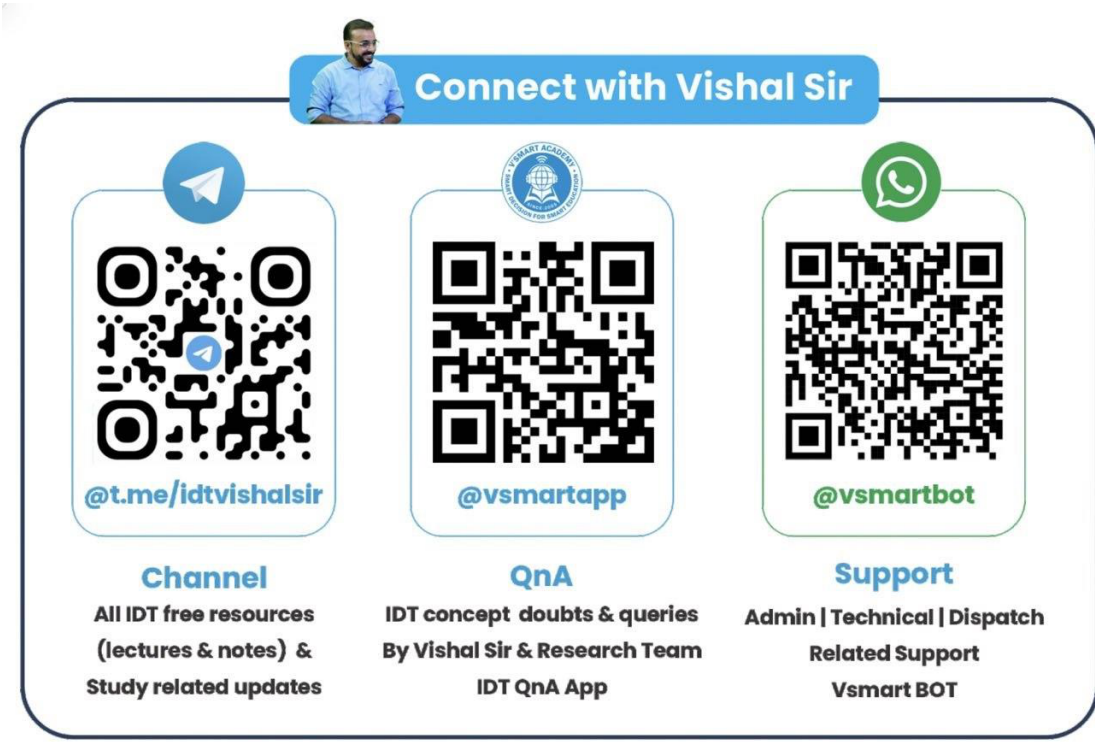
[Covered in just 35 pages]



CA VISHAL BHATTAD

INDEX

Sr.No.	Chapter Name	Page No.
1	Introduction of GST	Refer from chart book
2	Charge of Tax & Concept of Supply	Refer from chart book
3	Reverse Charge Mechanism	3.1 to 3.7
4	Composition levy	4.1 to 4.2
5	Value of Supply	5.1 to 5.3
6	Time of Supply	6.1
7	Place of Supply	7.1 to 7.2
8	Exemptions under GST	8.1 to 8.6
9	Payment of Tax & TDS-TCS	9.1 to 9.3
10	Input Tax Credit	10.1 to 10.5
11	Registration	11.1 to 11.4
12	Tax Invoice	12.1 to 12.3
13	E-Way Bill	13.1 to 13.2
14	Returns	14.1 to 14.4



Reverse Charge Mechanism & ECO

1) GTA – transportation of goods by Road – Any R.P. + URP (notified person)

- Notified Person: Factory, SO, Co-op SO, Body corporate, AOP, BOI, P.F. & CTP.
- If GTA opt for 12+ with ITC – Forward Charge (declaration in Invoice)
- Individual Carriage operator not a GTA = Exempt.
- GTA service to URP - other than notified = Exempt.

2) Ind / Sr / Firm of Advocate – legal Service [L.S.] – Business entity (TT)

→ legal Service [L.S.]: Advice/consultancy in law + representation in court.

3) Arbitral Tribunal [AT] — Any service – Business entity (TT)

→ LS/BT to B.E. (Agg T/o in P.F.y less than threshold) = Exempt.
→ LS/BT to non B.E. + Govt/L.A = Exempt.

*** 4) Any person other than body corporate — Sponsorship Servie. — Body corporate or P.F. [TT]**

→ If Supplier is body corporate → No RCM.

5) CG/SG/LA ——— Any Servie — B.E. [TT]

Forward charge
- Dept of post / Indian Railway / goods or passenger transport / at port or airport for vessels or aircraft.
- Renting of immovable property to URP [if to RP = RCM]

Exemptions
- Services to B.E. (Agg T/o in P.F.y less than threshold) = Exempt.
- Value of Service supplied is ₹5000 or less. = Exempt.

6) Any Person – Renting of residential dwelling (RRD) — to R.P. [TT]

- RRD is residential use to any URP = Exempt.
- RRD to an R.P (proprietors) using it for personal purpose. = Exempt.

7) URP – Renting of immovable property (other than RRD) – R.P. [other than composition taxp]

→ if recipient is Under C-L → No RCM.

8) Director — Any Service — to company or body corporate. [TTT]
[TDS - 194J]
- If TDS is deducted U/s 192 - in the course of employment = Not a Supply.
- Service in personal capacity (Renting of I.P.) = Forward charge.

9) Insurance Agent — Service — Insurance company. [TTT]
→ Only applicable to licensed insurance agent.

10) Recovery Agent — Service — Bank/FI/NBFC. [TTT]

11) Individual DSA — Service — Bank/NBFC (TTT)
[other than body corporate/PP/LLP]

12) Business Facilitator — service — Bank (TTT)
- If Service provided in rural area = Exempt.

13) Agent of BC — service — to business correspondent (B.C.). [TTT]

14) Transfer of Copyright Services.
a) Music composer/photographer/Artist — Original dramatic, musical — to music co., or artistic works producer or like
b) Author — Original literary work — publisher (TTT). [Default RCM]
Exception: Author can opt for F.C. if - 1) he must registered in GST.
2) file declaration to comm. 3) declaration of F.C. in invoice 4) for 1 year.

15) Any Person (other than B.C.) - Supply of security Personnel - to R.P.

Forward charge : 1) to Cb/Sb/UT/LA/Govt Agency. only they R.P. for deducting T.D.S. (Security Services) 2) to recipient Paying tax under composition Scheme.

16) Any person [other than B.C] — opted for S.V. → Renting of M.V. [Designed to carry passenger + cost of fuel] → To B.C.

17) services by the member of overseeing committee to RBI.
18) Security lending services to Security Borrower.

GST- RCM LDR NOTES

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

Entry (a)/(d)

(1) Passanger 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 → **ECO is liable to pay tax**
  - If supplier is a company → Supplier is liable to pay tax (even though service is supplied through ECO)

(2) Restaurant service other than specified primises

- Whenever service is provided through ECO, Eco is laible to pay tax
- **Exception:**
- If restaurant is located in such specified premises.

Entry (b)/(c)

(3) Accommodation in Hotel, inn etc

(4) Housekeeping by way of plumbing etc.

*** (5) Local delivery services.**

- 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 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.

(1 & 2).

* Specified premises

(a) Based on value - P.F.Y.

- Premises where Hotel accomodation Service was provided. &
- Room rent in P.F.Y > 7500 Per day

(b) Declaration by R.P.

- Supplier of Hotel accomodation files declaration.
- betn 1st Jan – 31st March (P.F.Y.)
- Declare premises as Specified premises.

(c) Declaration at the time of Reg.

- Person applying for Reg files declaration
- within 15 days of acknowledgement of Reg.
- Declare premises as Specified premises.

ICAI TRAP

GTA Service

Key principal

a) RCM applicability
1) default assumption
2) GTA - URP
3) GTA - R.P but not charging GST

b) Forward charge applicability
→ Specifically mentioned with IB / GST

TRAP

a) GTA – Govt/LA (R.P only for TDS) = Exempt
b) GTA – Govt/LA (R.P – Other purpose) = RCM on Govt/LA

Legal Service

Adv/Firm/Senior adv ——— B.E
- Agg T/o of P.F.Y below threshold = Exempt [No RCM & FCM]
- Agg T/o of P.F.Y exceeds threshold - RCM

Directors Service

Director — Personal capacity like - renting of I.P – Company = FCM.

Indian Railway – All Services including renting of IP = FCM

Renting

Residential dwelling – Supplier any person — R.P. = RCM
If URP = Exempt.

Immovable property Other than R.D – Supplier URP — R.P = RCM

Agent

– 1) Insurance agent / Recovery agent
Supplier – any person.
2) But Direct selling agent (DSA)
Supplier – Individual only for RCM

VSMART ACADEMY

RCM — T-Form: RCM service e.g. Legal Services

What to do when legal services appear in Inward Supply vs Outward Supply

T-Form — RCM Treatment of Legal Services

INWARD SUPPLY SIDE

Legal services RECEIVED by taxpayer

Step 1 — Identify RCM liability

You are the RECIPIENT → You pay GST

Advocate/firm supplied legal service to your business entity. YOU (recipient) must pay GST under RCM.
→ Sec 9(3) triggers
→ Compute: Value × applicable rate
→ Check: Intra-State or Inter-State?

Step 2 — Pay RCM in CASH only

Cannot use ITC balance to pay RCM

RCM tax ≠ output tax [Sec 2(82)]
→ ITC CANNOT be used for RCM liability.
→ Must pay CGST + SGST (intra) OR IGST (inter) in CASH
→ Issue SELF-INVOICE (if supplier is URP) & issue payment challan.

Step 3 — Claim ITC after cash payment

ITC available in next step

After paying RCM in cash, the same amount becomes eligible ITC.
→ Conditions: Sec 16(2) must be met

Step 4 — Use ITC to offset output tax

Reduce output tax liability

ITC obtained from RCM payment is now used to reduce forward charge output tax.

Note: - 1) Exempt scenario — when NO GST applies
If aggregate T/o for taxpayer below threshold in PFY.
2) Net effect on cash: RCM paid in cash → but ITC recovered → nets to ZERO cash impact IF sufficient output tax exists to absorb the ITC.

OUTWARD SUPPLY SIDE

Legal services PROVIDED by taxpayer

Step 1 — Check: Are you the supplier?

If you are advocate/firm providing legal services

Your recipient (business entity) pays GST under RCM.
→ No tax in your outward liability
→ But your OUTWARD SUPPLY still exists in aggregate turnover
→ Still include in GSTR-1 as RCM supply

Key rule: RCM supplies appear SEPARATELY in your computation. They are ADDED after netting ITC from output tax — always payable in cash.

V'SMART ACADEMY

M/s Arjun & Associates a partnership firm is a **registered supplier of goods and services in Pune, Maharashtra**. Its aggregate turnover in the preceding financial year was **₹2.5 crore**. The following details are provided for the month of March:

A — Outward Supply includes RCM supply →

No.	Particulars	Value (₹) [excl. taxes]	Nature
1	Intra-State supply of goods to registered dealers in Maharashtra	10,00,000	Intra-State
2	Inter-State supply of goods to registered dealers in Delhi	8,00,000	Inter-State
3	Inter-State supply of goods to registered dealers in Gujarat	4,00,000	Inter-State
4	**Sponsorship services** provided to **ABC Media Pvt. Ltd.**, a body corporate registered in Mumbai, Maharashtra for their annual brand event	5,00,000	Intra-State **RCM supply - recipient pays**

B — Inward Supply (ITC eligible)

No.	Particulars	Value (₹) [excl. taxes]	Nature
1	Purchase of raw materials from a registered supplier in Maharashtra (used in manufacturing)	6,00,000	Intra-State
2	Purchase of packing material from a registered supplier in Karnataka (used in business)	3,00,000	Inter-State
3	Purchase of office furniture from a registered supplier in Maharashtra (used in office)	2,00,000	Intra-State

C — Notified Services received (RCM analysis required)

No.	Particulars	Value (₹) [excl. GST]	Supplier details
1	Legal consultancy for business dispute resolution from **Mehta & Co.**, a **partnership firm of advocates**, Pune, Maharashtra	1,50,000	Intra-State Pune → Pune Partnership firm
2	Security guard services from **Sturdy Guards Pvt. Ltd.**, a **private limited company** (body corporate) registered in Pune, Maharashtra	1,00,000	Intra-State Pune → Pune Body corporate supplier

Notes

- Rates of CGST, SGST and IGST are **9%, 9% and 18%** respectively on all supplies.
- All amounts are exclusive of taxes, wherever applicable.
- Aggregate turnover of M/s Arjun & Associates in the **preceding financial year was ₹2.5 crore**.
- All conditions necessary for availing ITC have been fulfilled, subject to information given above.
- There was **no opening balance of ITC**.

Compute the **net GST payable in cash** by M/s Arjun & Associates for the month of March. Working notes for each transaction in Section C must form part of your answer.

Answer: - Step 1 — Computation of Output Tax Liability (Section A)

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Intra-State supply — Maharashtra ₹10,00,000 × 9% each	10,00,000	—	90,000	90,000
Inter-State supply — Delhi ₹8,00,000 × 18%	8,00,000	1,44,000	—	—
Inter-State supply — Gujarat ₹4,00,000 × 18%	4,00,000	72,000	—	—
Sponsorship to ABC Media Pvt. Ltd. [WN 3] Body corporate recipient — RCM on recipient. Arjun = NIL output.	5,00,000	NIL	NIL	NIL
Total Output Tax (A)		**2,16,000**	**90,000**	**90,000**

V'SMART ACADEMY

Step 2:- Calculation of RCM Liability

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Security services — Sturdy Guards Pvt. Ltd. [WN 2] Forward charge (body corporate supplier). Normal ITC. ₹1,00,000 × 9% each	1,00,000	—	-	-
RCM paid — Mehta & Co. [WN 1] ITC available after RCM cash payment. ₹1,50,000 × 9% each	1,50,000	—	13,500	13,500
Total RCM LIABILTY (B)			**13,500**	**13,500**

Step 2 — Computation of ITC Available (Section B + RCM paid)

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Raw materials — Maharashtra ₹6,00,000 × 9% each	6,00,000	—	54,000	54,000
Packing material — Karnataka ₹3,00,000 × 18%	3,00,000	54,000	—	—
Office furniture — Maharashtra ₹2,00,000 × 9% each	2,00,000	—	18,000	18,000
Security services — Sturdy Guards Pvt. Ltd. [WN 2] Forward charge (body corporate supplier). Normal ITC. ₹1,00,000 × 9% each	1,00,000	—	9,000	9,000
RCM paid — Mehta & Co. [WN 1] ITC available after RCM cash payment. ₹1,50,000 × 9% each	1,50,000	—	13,500	13,500
Total ITC Available (C)		**54,000**	**94,500**	**94,500**

ITC set-off order: IGST ITC → first against IGST output, then CGST, then SGST. CGST ITC → against CGST only (and then IGST). SGST ITC → against SGST only (and then IGST). Cross utilisation between CGST and SGST is NOT permissible.

Step 3 — Net GST Payable in Cash

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Total Output Tax (A)	2,16,000	90,000	90,000
LESS : ITC (As per (c)) IGST = 54,000 CGST = 94,500 SGST = 94,500	 (54,000) (4,500) (4,500)	 - (90,000) X	 - X (90,000)
Net output tax payable after all ITC [A]	**1,53,000**	**Nil**	**Nil**
Add: GST payable under RCM — Mehta & Co. [As per (B)] Partnership firm, Intra-State. Cannot be paid from ITC. Cash only.	—	13,500	13,500
Total GST payable in cash	**1,53,000**	**13,500**	**13,500**

VSMART ACADEMY

Chap 4: COMPOSITION LEVY

Compiled from Ch.4 Composition levy + ICAI MCQ Case Scenarios | | All Traps

Sr. No.	CASE / RULE	The Tricky Twist with reference of IMP questions & MCQ
	Aggregate T/o = taxable + exempt (wholly exempt+nil +NT) + exports + inter-state supplies (same PAN, all-India basis). Excludes GST & GST Cess always.	
1	**Exclude — Composition only** Interest on loans/advances/deposits = part of exempt supply under Sec 2(6) normally, BUT for composition eligibility it is specifically excluded from aggregate T/o & T/o in state. Note: Interest is in T/o for registration threshold (Sec 22) but EXCLUDED for composition.	**Q3. Mr. Zafar, Assam. Exempt supplies Rs. 70L includes Rs. 30L interest on loans & advances .** **Interest= excluded**
2	**Exclude — Always-**Inward supplies never in T/o Only outward supplies form aggregate T/o. Transport availed, commission paid, RCM purchases = inward -> always exclude.	**Q2.Zen Pvt Ltd, Noida+Chennai. Table lists transport availed Rs. 3L and commission paid Rs. 0.5L among 7 items. Both are inward supplies =Exclude**
3	**Explanation 2 to Sec 10** **T/o pre-registration period** i.e.1st April till the date person becomes liable for registration. 1) Aggregate T/o = includes (2) Turnover in State -> for computing composition tax = excludes	**Q12.Care & Care started 1st April. Registered mid-year when T/o crossed Rs. 20L. Pre-registration T/o (Quarter 1 = Rs. 20L) excluded from 'turnover in State' for computing composition tax.**
	Sec 10(1) Threshold for eligibility of composition levy PFY aggregate T/o <= Rs. 1.5 Crore . Special category states (except Assam, H.P., J&K): <= Rs. 75 Lakh . Assam, H.P., J&K get Rs. 1.5 Cr.	
4	**Marginal service limit-**Composition goods dealer can supply services (other than restaurant) up to HIGHER of: 10% of PFY T/o in State OR Rs. 5 Lakh	**Q4: M/s United Electronics, Karnataka. PFY T/o Rs. 120L (appliances). Wants to provide repair & maintenance services in CFY. Rs. 120L ->Rs. 12L.** **Q8: Mr. X — showroom Rs. 70L + consultancy Rs. 15L.= Rs. 85L->Rs. 8.5L.**
5	**Exempt ≠ Non-taxable**	**Q6: Sultan & Sons, Nagpur. Wholesaler of taxable Product P + Product Q exempt by notification. PFY T/o Rs. 130L. Accountant says exempt goods supplier NOT eligible for composition= wrong**
6	**Same PAN — All or none** ALL registrations under same PAN must collectively opt composition. If any registration ineligible -> none can opt.	**Q7: Subramanian — two registered places in Delhi, combined T/o Rs. 120L. Wants composition for one place, normal for other= Not allowed**
7	**Inter-state INWARD allowed** Sec 10 restricts only inter-state OUTWARD supply. Inter-state inward procurement is fully permitted under composition.	**Q15: M/s T plans to purchase raw material Rs. 5L from another state (inter-state inward)=Allowed**
8	**Notified goods — Manufacturer** Manufacturer of fly ash bricks = notified good u/s 10(2)(e). Cannot opt composition regardless of turnover, even if T/o is zero. [Sec 10(2)(e)]	**Q14(iii) Raju engaged in manufacture of fly ash bricks in Kerala. Only intra-state supply. Expected T/o < Rs. 1 Crore. Tax consultant advised to register under composition levy = Not allowed**

Sr. No.	CASE / RULE	The Tricky Twist with reference of IMP questions & MCQ
9	**Supply to SEZ = Inter-state**	Supply to SEZ unit from DTA = inter-state supply under GST. Makes the person ineligible for composition. Also needs regular taxpayer registration for SEZ supplies.
10	**Goods supply — no restriction under 10(2A)** Under Sec 10(2A), NO restriction on supply of goods alongside services. Both taxed @6% effective.	**Q13. PFY T/o Rs. 45L. Quarter 1 CFY T/o Rs. 48L = Rs. 30L services + Rs. 18L spare parts (goods) . Normal rates: goods 5%, services 18%. Opted 10(2A). Compute tax.** **T/o Rs. 48L < Rs. 50L -> entire Rs. 48L @6%. Goods GST Rs. 1,08,000 + Services Rs. 1,80,000 = Rs. 2,88,000.**
11	**GSTR-4 on withdrawal-**Must file GSTR-4 for the period under composition by 30th June following end of FY in which withdrawal falls. CMP-08 quarterly by 18th of following month.	**Q16.Mr. Jagmag, registered dealer in Kerala. Paying composition from 1st April . Opts for regular scheme from 1st December same FY. Whether liable to file GSTR-4?=YES Due date is 30th June of next FY.**
12	**Sec 10(4) — Double ITC block** Composition dealer: CANNOT collect tax • CANNOT avail ITC on inward supplies • must issue Bill of Supply (not tax invoice) • recipient also CANNOT claim ITC from composition dealer.	**Q18 (iii) Can recipient claim ITC on purchases from composition dealer? =NO** **(iv) Can composition dealer claim ITC on inward supplies? =NO** **(v) Can composition dealer issue tax invoice?=NO, Bill of supply**
13	**Optional · Timing of option** New registrant : can opt via Part B of Form GST REG-01 at time of registration. Existing registrant : must opt BEFORE commencement of relevant FY only — not during the year.	**Q18(vi): Person making fresh registration — can they opt composition?= Yes — at time of registration via Part B REG-01** **Q18(vii): Can already registered person opt composition at any time during the year?** **New registrant = only before FY starts.**

VSMART ACADEMY

Chap 5: Value Of Supply

Chapter 5 Value of Supply + Chapter 15 (Computation of GST) + ICAI MCQ Scenarios— Section-wise

Sec 15(1) Transaction value

Sr. No.	Item + Case	Ref case from questionnaire & ICAI MCQ		Trap / key note
1	Transaction value	May 25 Exam: MLM pvt ltd supply goods Market value = 500000 Transaction value = 575000		**Only take Transaction value**

Sec 15(2)(a) — Taxes other than GST

Sr. No.	Item + Case	Ref case from questionnaire & ICAI MCQ	Rule	Trap / key note
2	House tax / municipal tax / professional tax — charged separately	**CH 5-Q2(i):** Mr. R recovers rent ₹15,000 + house tax ₹1,000. **CH15-Q12**: Consultease pays professional tax of Maharashtra ₹4,500 recovered from XYZ Ltd. **CH15-Q6:** Municipal tax ₹60,000 charged separately from Calc. Exim.	**ADD**	Charged separately by supplier = add. Any tax under any law other than GST.
3	TCS of Income Tax Act collected in invoice	**CH 5 -Q15(i):** Ajay sold 3,000 units to Wellness Pharma @ ₹400 each. TCS ₹2,000 collected and included in tax invoice. Not to be added to value of supply.	**NOT ADD**	TCS is an interim levy — not a "tax" for Sec 15 purposes. Biggest MCQ trap.

Sec 15(2)(b) — Supplier's liability incurred by recipient

Sr. No.	Item + Case	Ref case from questionnaire & ICAI MCQ	Rule	Trap / key note
4	Dismantling charges on "as-is-where-is" sale paid by buyer	**CH5-Q3:** XYZ Ltd. sells plant & machinery at ₹2,00,000 on as-is-where-is basis. Buyer pays ₹3,000 dismantling to third party. This is buyer's own expense — supplier has no liability for it.	**NOT ADD**	As-is-where-is sale = buyer bears own dismantling cost. Not supplier's liability.
5	Supplier's liability discharged by recipient (third-party inspection / part fitting / weighment / vendor payment)	**CH5-Q13**: New Moon Pvt.(buyer) Ltd. paid ₹20,000 to Samriddhi's vendor directly (supplier's liability). **CH5-Q14:** BP Ltd.(buyer) directly paid ₹5,000 third-party inspection (Flow Pro's liability). **CH5-Q16:** Shri Balram(buyer) paid ₹2,000 weighment to Radhe Pvt. on behalf of Shri Krishna Pvt. **CH15-Q12:** Mr. A incurred ₹25,000 on behalf of Consultease for digital marketing supply	**ADD**	Supplier was liable, recipient paid + not in invoice = ADD to value.

Sec 15(2)(c) — Incidental expenses up to delivery

Sr. No.	Item + Case	Ref case from questionnaire & ICAI MCQ	Rule	Trap / key note
6	Testing / inspection done by supplier on customer request before delivery	**CH5-Q4:** AKJ Foods Pvt. Ltd. tests consignment for gluten/chemical residues before delivery at customer's request and charges a separate testing fee.	**ADD**	"Separate activity"— done before delivery by supplier = incidental.
7	Free delivery absorbed by	**CH5-Q5(1):** Furniture Wala delivers free up to 20 km. Ms. Leena's residence is 18 km away.	**NOT ADD**	Nothing charged to customer → not added.

V'SMART ACADEMY

	supplier (within free-delivery distance)	Showroom incurs ₹1,000 delivery cost but charges nothing to customer. Value = ₹2,00,000 only.		Supplier's internal cost ≠ value.
8	Concessional freight charged beyond free-delivery distance	**CH5-Q5(2):** Residence at 50 km from showroom. Showroom charges ₹10/km for extra 30 km beyond 20 km free zone = ₹300 freight charged. Value = ₹2,00,000 + ₹300 = ₹2,00,300. Composite supply.	**ADD**	Add only freight actually charged (composite). Rate of principal supply (furniture) applies.
9	Packing, commission, freight, transit insurance, designing, weighment, installation & testing charged by supplier	**CH5-Q19:** Kamal Book Depot charges packing ₹5,000, freight ₹2,000, transit insurance ₹1,500, extra designing ₹6,000, municipal taxes ₹500 over and above ₹2,00,000 goods price. All are includible. **CH15-Q6(1):** Evershine charges ₹50,000 freight on ₹18,50,000 intra-state supply (composite supply). **CH15- Q12(3):** Consultease employees incur ₹50,000 travel to Kolkata — charged to client at actual = includible.	**ADD**	All incidentals up to delivery are includible. If already in price, no double-add.

Sec 15(2)(d) — Interest for delayed payment

Sr. No.	Item + Case	Ref case from questionnaire & ICAI MCQ	Rule	Trap
10	Notional / waived interest for delayed payment	**CH5-Q6:** Mezda Banners gave 30-day credit. ABC paid 2 days late. Mezda waived the interest payable. Dept. wanted to add notional interest.	**NOT ADD**	Receipt basis only. Waived = not received = not addable.
11	Interest actually received for delayed payment	**CH15-Q13:** New Moon Pvt. Ltd. delayed payment, paid ₹15,000 interest. Value addition = ₹15,000 × 100/118 = ₹12,712 (treated as inclusive of GST). **CH15-Q2(2):** X & Co. paid ₹5,90,000 × 2% × 15/30 = ₹5,900 interest. Invoice value treated inclusive of GST.	**ADD**	Always back-calculate: Interest × 100/(100+rate). ToS = date of receipt [Sec 13(6)].
12	Del-credere agent who issues invoice in own name (Para 3 Sch I agent)	**CH5-Q7:** M/s Bela raises invoices in its own name as agent of M/s Chand. Bela provides short-term credit to buyers and charges interest. Since Bela issues own invoice = Para 3 agent → interest is delayed consideration → includible in value.	**ADD**	Own invoice = Para 3 agent = delayed consideration = taxable.
13	Del-credere agent where principal issues invoice (not Para 3 agent)	**CH5-Q7:** M/s Kela also acts as agent but M/s Chand raises invoice directly to customer. Kela not issuing own invoice = NOT Para 3 agent → interest is interest on loan/advance = exempt from GST.	**NOT ADD**	Principal's invoice = not Para 3 agent = interest on loan = GST exempt.

Sec 15(2)(e) — Subsidies

Sr. No.	Item + Case	Ref case from questionnaire & ICAI MCQ	Rule	Trap
14	Non-Govt subsidy (NGO/Trust)	**CH5-Q8:** Philanthropic association gives donation reducing fee to ₹3 lakh (from ₹5	**ADD**	**Net price stated** → add subsidy back.

VSMART ACADEMY

	directly linked to price — price is NET of subsidy	lakh). Fee is linked to subsidy. Value = ₹5 lakh (add back ₹2 lakh). **CH5**-Q12: NGO gives ₹5,000/machine. List price ₹80,000 is after subsidy. Add ₹5,000.		**Gross/list price stated** → already included, no change.
15	NGO lumpsum / blanket subsidy (not per-unit price-linked)	**CH5- Q15(iv):** NGO SAMVEDNA gives ₹30,000 blanket subsidy to old age home seller. Not linked to price of goods.	**NOT ADD**	Lumpsum / blanket / not per-unit price-linked → excluded even if NGO source.
16	Central / State Govt subsidy — directly price-linked	**CH15-Q15(ii):** State Govt pays ₹200/unit to Ajay for EWS families. Customer pays only ₹200 (normal ₹400). Value = ₹200 charged to customer only. **CH15-Q1(ii):** Central Govt gives ₹2,10,000 subsidy for supply of machinery to Govt school. List price is after subsidy. Not added.	**NOT ADD**	Govt subsidy ALWAYS excluded — even if directly price-linked. Absolute rule. **Net price stated** → already deducted, no change.. **Gross/list price stated** → deduct

Sec 15(3) — Discounts & NCB

Sr. No.	Item + Case	Ref case from questionnaire & ICAI MCQ	Rule	Trap
17	Discount given before / at time of supply, recorded in invoice	**CH5-Q12:** Discount @ 2% on list price ₹80,000 provided and recorded in invoice = ₹1,600 deductible.	LESS	No conditions. Any discount recorded in invoice = always deductible.
18	Post-supply discount: all 3 conditions satisfied (agreed at ToS + invoice-wise + ITC reversed)	**CH5-Q15(iii):** Festival Bonanza discount declared on 01.10 — agreement existed at ToS, invoice-wise, ITC reversal condition checked = deductible.	COND	All 3 conditions must hold simultaneously. Miss any one = cannot deduct.
19	Post-supply additional / festival / year-end / turnover discount NOT pre-agreed	**CH5-Q11:** Crunch Bakery gives additional discount on unsold stock after supply. Not agreed at time of supply. Cannot reduce value. **CH5-Q19:** Kamal Book Depot gives ₹20,000 post-supply discount on 2nd order receipt. Not known at time of 1st supply. **CH15-Q2(5):** ABC Ltd. revalues 10,000 packets from ₹10 to ₹9 and issues credit note. Not known at time of supply = not deductible.	**NOT ADD**	Fails "agreement at time of supply" test. Invoice-wise alone is insufficient.
20	No-Claim Bonus (NCB) — disclosed in policy and mentioned on renewal invoice	**C5-Q21:** Swasthya Bima Insurance offers 5% NCB on renewal premium for claim-free year. NCB disclosed in policy document + specifically mentioned in invoice. GST payable on net premium after NCB deduction.	LESS	CBIC clarification: NCB = permissible discount under Sec 15(3). GST on net premium.

V'SMART ACADEMY

Chap 6: Time of Supply

Chapter 6 Time of Supply + Chapter 15 (Computation of GST) + ICAI MCQ Scenarios— Section-wise

Sr. No.	Category	The Tricky Twist (Rule)	Common Exam Trap
Goods — Forward Charge (Sec 12)			
1	Advance for goods — no TOS (N/n 66/2017)	For goods (except composition dealers & specified actionable claims), advance received does NOT create a TOS. TOS is always on invoice / removal — regardless of when advance was received.	For goods, advance is irrelevant for TOS determination.
2	Goods RCM — 31-day rule **Sec 12(3)**	TOS = earliest of : ① Date of receipt of goods ② Payment date (earlier of book entry OR bank debit) ③ 31st day from supplier's invoice date	Also: payment = earlier of book/bank, not just one of them.
Services — Forward Charge (Sec 13)			
3	Advance before service **Sec 13(2)**	If payment (advance) is received before service is provided and invoice is not issued within prescribed period, **TOS = date of receipt of advance.**	Looking for invoice or service date when advance arrives first and no invoice is issued in time. Advance date governs.
4	Split payments — separate TOS for each **Sec 13(2)**	When consideration is received in parts (advance + balance), each installment has a separate TOS determined independently by applying the same rules to that portion alone.	Treating all instalments as one TOS. Each part must be evaluated independently — answer may have multiple TOS dates.
5	Services RCM — 61-day rule **Sec 13(3)**	TOS = earliest of : ①Payment by recipient (earlier of book entry OR bank debit) ② 61st day from supplier's invoice ③ Self-invoice date (if supplier is unregistered)	Services RCM = 61 days & not 31 days
6	Unregistered supplier — 61-day rule N/A **Sec 13(3)**	If supplier is unregistered, there is no supplier's invoice → 61-day condition is irrelevant. TOS = earlier of: payment date OR self-invoice date issued by the recipient.	Applying 61-day rule when supplier is unregistered. No supplier invoice = no 61-day count.

VSMART ACA

CHAP 7: PLACE OF SUPPLY

Chapter 7 (Place of Supply) + Chapter 15 (Computation of GST) + ICAI MCQ Scenarios— Section-wise

Sr.	Section / Area	The Tricky Twist & Reference of IMP questions & MCQ
1	**Sec 9 IGST** Territorial Waters	**CH15-Q8.Galaxy Cube (Bharuch, Gujarat) supplies goods in territorial waters 5 nautical miles from Gujarat baseline;7 nautical miles from Maharashtra baseline. Recipient: Blue Waters Inc. (Maharashtra registered).** **POS = Gujarat— nearest baseline wins (5 nm < 7 nm). Intra-State supply**
	Sec 10- POS for Supply of Goods	
2	**Sec 10(1)(b)** Bill-to-Ship-to Two-Leg POS	**Q5. PSL Ltd. (Chandigarh, Punjab) orders from CMR Ltd. (Jharkhand); instructs delivery to MHT Ltd. (Jharkhand). Two supplies arise simultaneously.** **Leg 1 — CMR → PSL: POS = Chandigarh, Punjab (PPB of third person PSL)** **Leg 2 — PSL → MHT: POS = Ranchi, Jharkhand (movement terminates)** **MCQ:** Company (Delhi) buys gifts from Punjab supplier; directs delivery to conclave participants at Udaipur hotel (Rajasthan). **POS = Delhi — PPB of the instructing party** (Delhi Company = third person). Udaipur hotel = just the drop-off. Inter-State supply → IGST.
3	**Sec 10(1)(c)** No Movement of Goods	**Q6.Newton (New Delhi) leases machine to Gravity (Noida, UP). After 12 months, Gravity purchases the machine at ₹5L — machine stays at Noida, zero physical movement.** **POS = Noida, Uttar Pradesh— where goods are located at time of supply (no movement). Inter-State (supplier Delhi ≠ POS UP).**
4	**Sec 10(1)(ca)** Unregistered — State Name = Address	**Q7.Garima (Gujarat resident, unregistered) buys car from Kiara Motors,Jaipur. Takes physical delivery in Jaipur. Invoice records only the word "Gujarat" as state.** **POS = Bhavnagar, Gujarat — recording state name in invoice = deemed recording of full address. Physical delivery in Jaipur is 100% irrelevant.**
5	**Sec 10(1)(ca)** E-commerce: Billing ≠ Delivery	**Q8.Two cases: (i) Bindusaar (Mumbai billing) orders laptop on Amazon for son at Bareilly, UP.** **(i) POS = Bareilly, UP — CBIC Circular: delivery address governs when different from billing.**
6	**Sec 10(1)(d)** Installation/ Assembly at Site	**CH 7-Q9 & CH15-Q9.Three high-frequency cases: (i) Machine assembled at Kutch, Gujarat ; (ii) Mizu Machine (AP) → Keyan Wind Farms (registered Karnataka) assembled at Tamil Nadu ; (iii) Rimjhim (UP) buys from Manav Steel (Rajasthan), installed at Haridwar, Uttarakhand. POS = Place of installation** **in ALL cases. (i) Kutch, Gujarat. (ii) Tamil Nadu — NOT Karnataka (recipient's GST state). (iii) Haridwar, Uttarakhand.**
7	**Sec 10(1)(e)** Goods on Board Conveyance	**Q10. Harpreet boards Delhi–Kota train atNew Delhi, carrying goods he loaded at Delhi. During journey, he SELLS goods to co -passenger at Jaipur station.** **POS = New Delhi— where goods were taken on board. NOT Jaipur where sale happened. Applies even if seller is a passenger, not the carrier.**
	Sec 12: POS FOR SERVICES	
8	**Sec 12(5)(a)/(b)** Training — Reg vs Unreg FLIP	**CH 15-11.M/s Cute & Co. (Bengaluru, Karnataka) trains in Bengaluru: (a) ABC Pvt. Ltd. (registered, Kerala) and (b) Babu Cones (unregistered, Rajasthan). SAME venue, SAME city. 1)ABC Pvt. Ltd.: POS = Kerala (registered state) → Inter-State, IGST. 2).Babu Cones: POS = Bengaluru, Karnataka (where training performed) → Intra-State, CGST+SGST.**
9	**Sec 12(7)(a)** Event Org -RP	**Q18.Sargam Events (Sagar, MP) organises annual event for Marxy harmaceuticals (registered in Jaipur, Rajasthan). Event physically held in Gandhinagar, Gujarat.** **POS = Jaipur, Rajasthan — location of registered recipient.**

Sr.	Section / Area	The Tricky Twist & Reference of IMP questions & MCQ
10	**Sec 12(7)** Event Org -Multi-State, Single Amount	**Q17.Event management company organises sporting event for Sports Federation across MULTIPLE STATES. A single consolidated amount is charged for all states combined. POS = Deemed in each state proportionately — when multi-state event + single amount, POS is split as per value attributable to each state per contract. No contract → Rule 5 of IGST Rules (accounting principles).**
11	**Sec 12(8)** GTA / Courier — Reg vs Unreg Triple Case	**Q19. (a) Mr. Joy (unreg, Kolkata) sends courier from Kolkata to Mumbai. (b) Ram Trade Links (registered, Delhi) hires transport for Delhi→Roorkee. (c) Mr. Mukul (unreg) sends household Ranchi → Jodhpur from Ranchi, Jharkhand. (a) POS = Kolkata, WB (unreg: where goods handed over). (b) POS = New Delhi (registered: recipient's state). (c) POS = Ranchi, JH (unreg: where goods handed over — destination is irrelevant).**
12	**Sec 12(9)** Passenger Transport — Return = Separate Journey	**Q 21.Mr. Nitin (unregistered, Rewa, MP) books TWO-WAY ticket: Prayagraj → Jaipur on 11 Sep AND Jaipur→Prayagraj on 15 Sep (both in same booking). Outward: POS = Prayagraj, UP (where embarks for outward journey). Return: POS = Jaipur, Rajasthan ,return journey = SEPARATE journey; POS = where passenger embarks for that return leg.**
13	**Sec 12(13)** Insurance	**Q25 .(a) Unregistered person from Gurugram buys travel insurance in Mumbai; insurer records show Gurugram. (a) POS = Gurugram, Haryana— recipient's location per supplier's records**
14	**Sec 12(3) Accommodation Services**	**CH 15-Q3.Hotel in Udaipur, Rajasthan provides accommodation to employees of a Delhi company during a conference. Employees from Gujarat & MP also attend. Hotel charges the company. IGST or CGST+SGST? POS = Rajasthan (hotel's location = immovable property).Intra-State → CGST + SGST.**
15	**Sec 12(3)** Property OUTSIDE India — Exception	**Q12.Architect firm (Ahmedabad, Gujarat) designs plan for a building to be built in Canada. Hired by Ravi Builders (Pune, Maharashtra). What is POS? POS = Pune, Maharashtra— Sec 12(3) proviso: if immovable property is located outside India , POS = location of recipient. Canada cannot be POS under Indian GST.**
16	**Sec 12(3)(a)** Hoarding — Immovable Fixture, Multi-State	**Q13.G.N. Enterprise (Chhattisgarh) rents hoarding space to Aakar Ad Agency (Nagpur, Maharashtra). Hoardings physically located in Udaipur (Rajasthan) AND Gwalior (MP).POS = Udaipur, Rajasthan for first hoarding; Gwalior, MP for second. Hoardings = embedded in earth = immovable. Each hoarding has its own POS regardless of supplier/ recipient state.**
17	**Sec 12(4)** Performance-Based Services	**Q14.Makeup artist Mr. Timmy Ferreira (based in Kolkata) travels to Jaipur, Rajasthan to do makeup for Bollywood actress. What is POS? POS = Jaipur, Rajasthan — where the beauty/makeup service is physically performed. Section 12(4): restaurant, catering, beauty treatment → POS = location of performance.**
18	**Sec 12(10)** Services on Board Conveyance	**Q21.Mr. X travels on Airjet flight from Delhi to Mumbai. He pays for and watches an English movie on demand during the flight. What is POS? POS = Delhi — first scheduled point of departure of the conveyance for the journey. NOT Mumbai (destination) or mid-air where movie watched).**
19	**Sec 12(11)** Telecom — Post-paid vs Pre-paid Distributor	**Q22/23/27 a) Mr. Karan (Mumbai, post-paid) — billing address Mumbai in records. (b) Mr. Premanand buys prepaid from PQR Distributors (Bengaluru, Karnataka); vouchers physically sold in Chennai, Tamil Nadu. (c) Also: BSNL landline installed in Kolkata, billing address Guwahati. (a) POS = Mumbai (billing address, post-paid). (b) POS = Karnataka (distributor's address) (c) BSNL landline: POS = Kolkata (where line is installed)**

Chapt 8: EXEMPTIONS UNDER GST

Compiled from Ch.8 Exemptions + Ch.15 Computation of GST + ICAI Case Scenarios | All Sectors | All Traps

Sr. No.	Key Point / Case Trigger	Exam Rule + Critical Distinction	Conclusion
Healthcare Sector			
1	**Recognised system of medicine**	Health-care services by clinical establishment, authorised medical practitioner or para-medic = EXEMPT. Recognised systems: Allopathy, Ayurveda, Yoga, Naturopathy, Unani, Siddha, Homoeopathy.	**✓ EXEMPT**
2	**Reiki healing / Stem cell preservation [Exam Trap]**	Reiki = NOT a recognised system → TAXABLE. Cord blood bank / stem cell preservation services = TAXABLE (not part of health-care exemption).	**✗ TAXABLE — Not recognised system**
3	**Plastic surgery — cosmetic vs reconstructive [Exam Trap]**	Cosmetic/beauty plastic surgery = TAXABLE. Reconstructive surgery to restore anatomy after congenital defect, developmental abnormality, injury or trauma = EXEMPT (e.g., cleft-lip repair of new-born).	**Cosmetic ✗ | Reconstructive ✓**
4	**Hospital room charges — ₹5,000/day threshold [Exam Trap]**	-Room charges EXCEEDING ₹5,000/day in a clinical establishment = TAXABLE. -ALL other services in same stay (surgery, OT charges, doctor fee, nurse charges) = EXEMPT even when room is taxable. -ICU/CCU/NICU/ICCU — NO limit, always EXEMPT.	**Room >₹5,000 ✗ | Other services ✓ | ICU always ✓**
5	**Hospital canteen food — in-patient vs visitor [Exam Trap]**	Food to IN-PATIENTS as advised by doctor/nutritionist = composite supply of healthcare = EXEMPT even if canteen is outsourced to 3rd-party caterer. Food to non-admitted patients, attendants, visitors = TAXABLE.	**In-patient ✓ (even outsourced) | Visitor ✗**
6	**Para-medics (physiotherapist, nurse, lab assistant) independent services**	Para-medics are authorised medical practitioners. Services in independent capacity = EXEMPT. When employed by clinical establishment, services treated as establishment's healthcare.	**✓ EXEMPT**
7	**Air ambulance / transportation to clinical establishment**	Transportation of patient to or from a clinical establishment by any mode = EXEMPT.	**✓ EXEMPT**
Charitable/Religious Sector			
8	**Services by 12AA/12AB entity — charitable activities**	Charitable activities = EXEMPT: (i) Public health (HIV, disability, narcotics counselling), (ii) Advancement of religion/spirituality/yoga, (iii) Skill development for abandoned/orphan/prisoner/physically abused persons, (iv) Persons aged 65+ in RURAL areas, (v) Wildlife/environment preservation.	**✓ EXEMPT — Specific charitable activities**
9	**Skill development for senior citizens — URBAN vs RURAL [Exam Trap]**	Skill development programme for persons 65+ in RURAL = EXEMPT (charitable). Same programme in URBAN/metro city = NOT charitable = TAXABLE.	**Rural ✓ | Urban ✗**
10	**Religious precincts renting — 3 different**	Trust u/s 12AA/12AB/10(23C): Rooms < ₹1,000/day = EXEMPT; Rooms ≥ ₹1,000/day = TAXABLE. Community Halls < ₹10,000/day	**Rooms <₹1k/day ✓ | Halls <₹10k/day ✓ |**

V'SMART ACADEMY

Sr. No.	Key Point / Case Trigger	Exam Rule + Critical Distinction	Conclusion
	thresholds [Exam Trap]	= EXEMPT; ≥ ₹10,000/day = TAXABLE. Shops/commercial < ₹10,000/month = EXEMPT; ≥ ₹10,000/month = TAXABLE.	**Shops <₹10k/month ✓**
11	**Conduct of religious ceremony (Pooja, havan etc.)**	Services by way of conduct of religious ceremony = EXEMPT.	**✓ EXEMPT**
12	**Donation with business promotion (name display in ARP, logo on donation item) [Exam Trap]**	If donor gets business promotion benefit (name/logo displayed) in return = consideration = TAXABLE supply. Pure donation without mutual expectation of promotion = No supply = No GST.	**Promotion benefit ✗ | Pure donation ✓ (no supply)**
13	**Wildlife preservation / environment conservation by charitable trust**	Services relating to preservation of environment including watershed, forests and wildlife = EXEMPT (charitable activity).	**✓ EXEMPT**
14	**Old Age Home — ≤₹25,000/month inclusive of boarding/lodging/maintenance**	Services by old age home run by Govt/12AA/12AB entity to residents (60+ years) = EXEMPT if consideration ≤ ₹25,000/month per member, inclusive of boarding, lodging AND main tenance.	**✓ EXEMPT — ≤₹25,000, all-inclusive**
Agriculture Sector			
15	**Rearing of all life forms (animals/silk worms) EXCEPT HORSES**	Services relating to rearing of all life forms of animals (except horses) for food, fibre, fuel or raw material = EXEMPT.	**✓ EXEMPT (non-horse animals)**
16	**Horses — ALWAYS excluded from animal-rearing exemption [Exam Trap]**	Artificial insemination of horses = TAXABLE (horses excluded). Leasing land to stud farm (horses) = TAXABLE. Rearing horses = TAXABLE. Remember: EVERY horse activity is taxable.	**✗ TAXABLE — Horses always excluded**
17	**Processing that changes essential characteristics → TAXABLE [Exam Trap]**	Sugarcane → Jaggery = TAXABLE (changes essential characteristics). Paddy → Rice = TAXABLE (post-cultivation, not intermediate process). Tomato → Ketchup = TAXABLE. Potato → Chips = TAXABLE.	**✗ TAXABLE — Changed characteristics**
18	**Tea & Rice — NOT treated as agricultural produce [Exam Trap]**	Tea and rice are NOT 'agricultural produce' for GST exemption. Sale on commission basis = TAXABLE. Warehousing of tomato ketchup, potato chips, biscuits = TAXABLE (not agri produce).	**✗ TAXABLE — Tea/Rice not agri produce**
19	**Agricultural operations that don't change essential characteristics**	Grading of wheat by quality = EXEMPT. Testing plant samples for pest detection = EXEMPT. Cultivation of ornamental flowers (floriculture) = EXEMPT. All are agricultural operations directly related to production.	**✓ EXEMPT — Agricultural operations**
20	**Specifically exempt agricultural services**	Agricultural extension services (training farmers on machinery/pesticides/scientific methods) = EXEMPT. Supply of farm labour = EXEMPT. Renting agro-machinery = EXEMPT. Warehousing seasonal vegetables, fruits, cereals, pulses = EXEMPT. Warehousing minor forest produce = EXEMPT.	**✓ EXEMPT — Specifically listed**

Sr. No.	Key Point / Case Trigger	Exam Rule + Critical Distinction	Conclusion
21	**Fumigation in warehouse of agricultural produce [Exam Trap]**	Services by way of fumigation in a warehouse of agricultural produce = specifically NOT in exempt list = TAXABLE. Note: Fumigation at an agri farm = Exempt	**✗ TAXABLE — Not in exempt list**
Passenger Transport Sector			
22	**Rail travel — AC/First class TAXABLE; Others EXEMPT [Exam Trap]**	TAXABLE: First class, any AC coach (AC Chair, AC Sleeper, Executive). EXEMPT: Second class (non-AC), Sleeper class (non-AC), Metro/Monorail/Tramway.	**AC/First ✗ | Non-AC/Sleeper ✓ | Metro ✓**
23	**Auto-rickshaw/ metered cab EXEMPT; lumpsum/radio taxi TAXABLE [Exam Trap]**	EXEMPT: Metered cabs, auto-rickshaws including e-rickshaws. TAXABLE: Car on lumpsum basis, radio taxis, app-based radio taxis (via ECO). Cable car = TAXABLE (not in exemption list).	**Metered ✓ | Lumpsum/Radio taxi ✗ | Cable car ✗**
24	**Air travel**	EXEMPT: Economy class passengers EMBARKING from specified North-East airports (Bagdogra, Dibrugarh etc.). TAXABLE: Business class anywhere; Economy from non-NE airports (Air between other cities = TAXABLE). **Note: Booking service by agent for air ticket in notified area= TAXABLE**	**Economy from NE airports ✓ | Business class anywhere ✗**
25	**Ferry / vessel between places in India (not for tourism)**	Public transport by ferry/inland waterways/vessel between places located in India = EXEMPT (when not predominantly for tourism). Private vs Govt operator = doesn't matter.	**✓ EXEMPT — Ferry/vessel, non-tourism**
26	**Accommodation — BOTH conditions mandatory [Exam Trap]**	EXEMPT only if BOTH met: (1) Value ≤ ₹20,000 per person per month AND (2) Minimum continuous period of 90 days. If value > ₹20,000 OR stay < 90 days → TAXABLE. Hostels/PGs/student accommodation = TAXABLE even if ≤ ₹20,000.	**Both conditions met ✓ | Either fails ✗ | Hostel always ✗**
27	**Stage carriage vs contract carriage [Exam Trap]**	Non-AC stage carriage (fixed route, fixed schedule, public) = EXEMPT. Contract carriage on fixed route with scheduled departure = EXEMPT. Contract carriage at RECIPIENT'S DISPOSAL (charter) = TAXABLE. Contract carriage for TOURISM = TAXABLE.	**Fixed route non-AC ✓ | Tourism/Charter ✗**
Goods Transport Sector			
28	**GTA exempt goods list**	GTA transportation of following = EXEMPT: (i) Agricultural produce, (ii) Organic manure, (iii) Milk/salt/food grains (iv) Defence/military equipment, (v) Relief materials for natural disaster victims, (vi) Newspaper/magazines (registered with Registrar of Newspapers).	**✓ EXEMPT — Specific goods only**
29	**GTA — milk PRODUCTS, polyester, unregistered partnership firm [Exam Trap]**	Milk PRODUCTS (not pure milk) = TAXABLE. Polyester fiber = TAXABLE. GTA to unregistered individual/casual person = EXEMPT (Entry 21A). GTA to partnership firm/AOP (even if unregistered) = TAXABLE under RCM.	**✗ TAXABLE — Not in exempt goods/person list**

Sr. No.	Key Point / Case Trigger	Exam Rule + Critical Distinction	Conclusion
30	**Giving means of transport vs. GTA service itself [Exam Trap]**	GIVING TRUCKS/VEHICLES (means of transport) to a GTA = EXEMPT irrespective of hiring charges. GTA providing transport service at 5% rate = TAXABLE (RCM/forward charge depending on option). These are two completely different supplies.	**Hire to GTA ✓ | GTA's own service ✗**
31	**Motor vehicle to State Transport Undertaking — >12 seats threshold [Exam Trap]**	Hiring motor vehicles to STU = EXEMPT only if vehicle carries MORE THAN 12 PASSENGERS. 8-10 seat vehicle = TAXABLE. 12-seater = TAXABLE.	**✗ <12 seats TAXABLE | >12 seats ✓**
Immovable Property Sector			
32	**Residential dwelling — registered vs unregistered recipient [Exam Trap]**	Residential dwelling for use as RESIDENCE: to unregistered person = EXEMPT. To REGISTERED PERSON = TAXABLE under RCM (recipient pays). **Exception:** proprietor renting in PERSONAL capacity for OWN RESIDENCE on OWN account (not firm's) = EXEMPT even if registered.	**To unregistered ✓ | To registered ✗ (RCM) | Proprietor personal use ✓**
33	**Accommodation ≤₹20,000/month + ≥90 days continuous**	Accommodation services ≤ ₹20,000/person/month for continuous period of at least 90 days = EXEMPT.	**✓ EXEMPT — Both conditions**
34	**Commercial property renting — always taxable [Exam Trap]**	Only RESIDENTIAL dwelling for use as RESIDENCE is exempt. Commercial property = TAXABLE always (forward charge, not RCM). Director renting commercial property = taxable under forward charge (not RCM).	**✗ TAXABLE — Commercial property**
Entertainment Sector			
35	**Classical/folk artist — ₹1,50,000 threshold + brand ambassador exclusion [Exam Trap]**	Performance in classical or folk music/dance/theatre = EXEMPT if consideration ≤ ₹1,50,000. If > ₹1,50,000 = TAXABLE. If performing as BRAND AMBASSADOR = TAXABLE regardless of amount. Bollywood/contemporary = TAXABLE (not classical/folk). Individual coaching in recreational arts = EXEMPT.	**Classical ≤₹1.5L + not brand ambassador ✓ | >₹1.5L or brand ambassador ✗**
36	**Training/coaching in recreational activities of arts by individual**	Training or coaching in recreational activities relating to arts or culture provided by an individual = specifically EXEMPT.	**✓ EXEMPT**
Banking/Finance Sector			
37	**Interest on loans**	Interest income on extending deposits, loans, advances = EXEMPT. EXCEPTION: Interest on credit card services = TAXABLE. Processing fee, commission, minimum balance charges = ALL TAXABLE (not interest).	**Loan/deposit interest ✓ | Credit card interest ✗ | Fees/commission ✗**
38	**Extending money (loan) is NOT a supply**	Money does not constitute goods or services. Extending a housing/personal loan = NOT a supply → No GST on loan amount itself. Only interest/fees are examined.	**✓ Not a supply (loan amount)**
39	**Sale of foreign exchange (forex) — EXEMPT**	Services by way of purchase or sale of foreign currency amongst banks or authorised dealers = EXEMPT. Commission/margin on forex = TAXABLE.	**✓ Forex sale EXEMPT | Commission ✗**

Sr. No.	Key Point / Case Trigger	Exam Rule + Critical Distinction	Conclusion
40	**Business facilitator — rural branch EXEMPT; urban branch TAXABLE**	Services by business correspondent/facilitator to banking company relating to accounts at RURAL AREA BRANCHES = EXEMPT. Urban/city branch = TAXABLE (under RCM — bank pays GST).	**Rural ✓ | Urban ✗**
Education Sector			
41	**Education services provided OUTSIDE premises [Exam Trap]**	Security & housekeeping provided OUTSIDE institution's premises (e.g., at annual function outside school) = TAXABLE. Same services WITHIN premises = EXEMPT.	**Within premises ✓ | Outside premises ✗**
42	**Affiliation — Central board to private school = TAXABLE [Exam Trap]**	Affiliation services: Central/State education board to GOVT school = EXEMPT. To PRIVATE school = TAXABLE (CBIC clarification).	**Affiliation to Govt school ✓ | Private school ✗**
43	**Catering to anganwadi — EXEMPT irrespective of funding [Exam Trap]**	Anganwadi = pre-school = eligible educational institution. Catering (including mid-day meals) to anganwadi = EXEMPT whether funded by Govt grants or CORPORATE DONATIONS. Funding source is irrelevant.	**✓ EXEMPT — Anganwadi catering regardless of funding**
Sports Sector			
44	**Sports — who is exempt and who is not [Exam Trap]**	EXEMPT: Individual as player, referee, umpire, coach, or team manager for a sporting event ORGANISED BY a recognised sports body. TAXABLE: Selectors, commentators, curators, technical experts TAXABLE: Service to a franchise that is NOT a recognised sports body. TAXABLE: Event not organised by recognised sports body.	**Player/Coach/Umpire to RSB ✓ | Selector/Commentator ✗ | Franchisee ✗**
45	**Right of admission to unrecognised sporting event ≤₹500/person**	Right of admission to sporting event where consideration per person ≤ ₹500 = EXEMPT.	**✓ EXEMPT — ≤₹500 admission**
Government Sector			
46	**Pure services to Govt vs composite supply — 25% goods threshold [Exam Trap]**	Pure services to Govt/local authority/Govt entity under Art 243G/243W = EXEMPT. Composite supply (goods + services): if goods ≤ 25% = EXEMPT. If goods > 25% = TAXABLE on full value. Training to Govt: Govt bears ≥75% cost = EXEMPT; <75% = TAXABLE.	**Pure services ✓ | Goods ≤25% ✓ | Goods >25% ✗ | Govt <75% training cost ✗**
47	**GSTN services to Govt / Civil maintenance of Govt office [Exam Trap]**	GSTN services to Govt for GST implementation = TAXABLE (specifically excluded). Civil maintenance of Govt office building = TAXABLE (CBIC: not a 243W function).	**GSTN & civil maintenance ✗ | Fair price shop & sanitation ✓**
48	**postal services**	EXEMPT: Post card, inland letter, book post, ordinary post (envelope ≤10 grams). TAXABLE: Speed post, express parcel, money orders, postal life insurance distribution, issuance of postal orders.	**Basic post ✓ | Speed/Express/Money order ✗**

VIT ACADEMY

Sr. No.	Key Point / Case Trigger	Exam Rule + Critical Distinction	Conclusion
49	**Passport fees**	Services by Central Govt by way of issuance of passport = EXEMPT.	**✓ EXEMPT — Passport issuance**
Construction Sector			
50	**Pure labour vs works contract — single residential unit [Exam Trap]**	Pure LABOUR contract for construction/erection/ commissioning/installation of ORIGINAL WORKS of a single residential unit (NOT part of residential complex) = EXEMPT. If material is also supplied (works contract) = TAXABLE at 18%. Sub-contractor providing pure labour = ALSO EXEMPT.	**Pure labour ✓ | Works contract ✗ | Sub-contractor pure labour ✓**
51	**REPAIR of residential unit — not covered [Exam Trap]**	Construction exemption is ONLY for ORIGINAL WORKS. REPAIR of a residential unit = TAXABLE (pure labour contract for repair is NOT exempt). Only original construction/erection is covered.	**✗ TAXABLE — Repair not original works**
Misc/Combined Sector			
52	**RWA maintenance — ₹7,500/month threshold**	RWA contribution up to ₹7,500/month per member = EXEMPT. If contribution EXCEEDS ₹7,500 → GST payable on ENTIRE amount (not just the excess). Property tax/electricity excluded from ₹7,500 calculation.	**≤₹7,500 ✓ | >₹7,500 ✗ on ENTIRE amount**
53	**Vehicle parking / Radio taxi / Cable car — NOT exempt**	Vehicle parking for general public = TAXABLE. Radio taxi = TAXABLE. Cable car = TAXABLE. None of these appear in the exemption list despite being common transport/facility services.	**✗ TAXABLE — Not in exemption list**
54	**Business exhibition —**	Services by organiser for business exhibition held OUTSIDE INDIA = EXEMPT. Exhibition anywhere INSIDE INDIA = TAXABLE.	**Outside India ✓ | Inside India ✗**
55	**Going concern transfer — EXEMPT**	Transfer of a going concern (entire business unit with all assets, liabilities and unexecuted orders) = EXEMPT from GST.	**✓ EXEMPT — Going concern**
56	**Sanitation conservancy / Fair price shop**	Services by way of: sanitation conservancy to Govt authority = EXEMPT. Fair price shop selling under PDS = EXEMPT.	**✓ EXEMPT — All four specific services**
57	**Cord blood bank / GSTN / Guest anchor / Annuity / Fumigation — all TAXABLE [Exam Trap]**	These look like they should be exempt but are NOT: Cord blood bank, GSTN services, guest anchor honorarium, road contractor annuities, fumigation in agri warehouse, artificial insemination of horses, cable car, vehicle parking.	**✗ TAXABLE — Common exam confusion items**

V'SMART ACADEMY

CHAP 9: Payment Of Tax & TDS -TCS

Compiled from Ch.9 POT-TDS & TCS + ICAI MCQ Case Scenarios | | All Traps

	Section / Area	The Tricky Twist	Reference of IMP questions & MCQ
	E-cash ledger/E-credit ledger/E-liability registered		
1	**Sec 49(4) ITC: output tax only**	Electronic Credit Ledger (ITC) can ONLY be used for output tax. It CANNOT pay: interest, penalty, late fee, RCM tax, or compensation cess — even if ITC balance is available.Only payable through E-cash ledger.	**Q4.Suhasini has ₹13,500 ITC but must pay RCM on security services (₹2,700). She assumes ITC will cover it= Wrong Q.5: Late fee of ₹2,000 shown on portal — accountant wants to use credit ledger= Wrong**
2	**Sec 49(8) Order of discharge: mandatory**	Mandatory sequence: (a) Self-assessed tax + dues of PREVIOUS periods first → (b) Self-assessed tax + dues of CURRENT period → (c) Any other amount as per demand notice.	**Q.8: Mr. Ram wants to pay current period tax BEFORE clearing previous period dues= Wrong — previous period is always first. Q.9 : Mr. Manik wants to clear demand notice u/s 73 of ₹48,000 BEFORE his May+June dues of ₹65,000= WRONG demand notice is LAST in the queue.**
3	**Sec 49(10) / Rule 87(13) PMT-09: head transfer**	Amount deposited under WRONG minor or major head in the electronic cash ledger can be transferred to the correct head using Form GST PMT-09. No need to re-deposit	**Q.11: ₹30,000 deposited under 'Interest' head of IGST instead of 'Tax' head of IGST. PMT-09 allows intra-head AND inter-head transfer within the e-cash ledger. Q.12 : ₹5,000 under Cess/Fee and ₹4,000 under IGST/Penalty — both can be moved to SGST/Fee via PMT-09.**
4	**Sec 49(2) CTP/NRTP advance payment**	must deposit ESTIMATED tax liability in advance before registration is granted, via a **temporary identification number** (not GSTIN).	**'CTP needs GSTIN to deposit tax' — wrong; they get a temp ID first.**
	Sec 50: Interest liability		
5	**Sec 50(1) Gross vs net interest @ 18% — the core twist**	**Return filed ON TIME but tax SHORT**-PAID → interest on GROSS tax liability (full unpaid amount incl. what ITC could have offset). **Return filed LATE** → interest only on NET tax liability (amount paid through e-cash ledger only).	**Q.13: Return filed on time, tax short by ₹16,000 (₹12,000 via cash + ₹4,000 via credit). Interest on ₹16,000 gross. If return was filed late instead → interest only on ₹12,000 net (cash portion). Q.14 : MNI Ltd. filed January return on time but paid short ₹50,000 → interest on entire ₹50,000 gross. If they had filed late on 20-04, interest only on ₹30,000 (cash portion). Calculation : On-time filed → Interest = ₹16,000 × 18% × 29/366 = ₹228. Late filed → ₹12,000 × 18% × 29/366 = ₹171. Also note-leap year**
6	**Sec 50(3) Wrong ITC utilised: interest from date of use**	Interest @18% on wrongly availed ITC applies ONLY on the amount ACTUALLY UTILISED (not just availed). **Period:** from DATE OF UTILISATION (earlier of due date of return OR actual filing date) to date of reversal/payment. Unutilised wrong ITC = NIL interest.	**Q.15: Wrong ITC ₹1,00,000 availed in June. Used ₹90,000 to pay July output tax. Remaining ₹10,000 is unused. Interest on ₹90,000 only (not ₹1,00,000). Start date = 22 Aug (extended due date of July return, earlier than actual filing 25 Aug). End date = 30 Sep (reversal). Days = 23 Aug to 30 Sep inclusive = 39 days. Interest = ₹90,000 × 18% × 39/365 = ₹1,731. MCQ CS9 : ₹1,00,000 wrongly availed but ₹1,10,000 correct ITC available — wrong ITC never actually used → NIL interest.**

7	**Sec 50(1) Pre-deposited cash: interest benefit**	If tax amount deposited in e-cash ledger BEFORE the due date and remains in the ledger from due date to the debit date — **NO interest** is payable even if the return is filed late.	**Q 13.If the taxpayer deposited ₹12,000 in cash ledger on 18th (before due date of 20th) and files the return on 25th, no interest is payable on that ₹12,000 since money was available in the ledger before the due date.**
8	**Sec 50(1) Interest on composition dealer**	Composition taxpayer pays tax quarterly via CMP-08. Delayed payment attracts interest @18% p.a. from the day after the due date (18th of month following the quarter). Formula: Tax × 18% × Days/365.	**MCQ 47- composition uses CMP-08 and the due date is 18th of the month following the quarter end. Example: quarter ending Dec, due date = 18 Jan. If paid on 9 Feb — delay = 22 days. Interest = ₹40,000 × 18% × 22/365 = ₹434.**
	Sec 51/52: TDS & TCS		
9	**Sec 51 Who deducts TDS — notified list**	TDS deductors: (a) Dept/establishment of CG or SG, (b) Local authority, (c) Governmental agency, (d) Any authority/board/body with 51%+ Govt equity or set up by Govt Act, (e) Society under Societies Act (CG/SG/LA established), (f) PSU, (g) ANY registered person receiving metal scrap from other registered persons.	**Q.19 : PSU is the BUYER — PSU is a notified deductor and must deduct TDS on its purchaseTDS is deducted BY the buyer (PSU), not the seller.** **Metal scrap receiver is a unique addition — any RP (not just Govt entities) receiving metal scrap from another RP must deduct TDS. Private companies buying metal scrap now fall in the TDS net.**
10	**Sec 51 TDS threshold: contract value, not instalment**	TDS threshold = total taxable value under a CONTRACT exceeds ₹2.5 lakh (ex-GST). Use CONTRACT value, NOT individual invoice value, NOT individual payment instalment.	**Q.19: Contract = ₹13,57,000 inclusive of GST. Net taxable = ₹11,50,000 (₹13,57,000×100/118). Paid in 5 equal instalments of ₹2,30,000 each. Each instalment is below ₹2.5L — but CONTRACT value far exceeds it. TDS @ 1% on each instalment of ₹2,30,000 = ₹2,300 each under CGST and SGST.**
11	**Sec 51 TDS base: taxable value ex-GST**	TDS is deducted on TAXABLE VALUE only (amount excluding CGST, SGST, IGST, UTGST and Cess). TDS is deducted irrespective of whether supplier has charged GST or not in the invoice.	**Q.18: Contract ₹4,61,000 excluding GST. TDS = ₹4,61,000 × 1% = ₹4,610 each (CGST + SGST).** **CS6 trap: invoice ₹2,97,360 inclusive of 18% GST. First back-calculate: ₹2,97,360/118 × 100 = ₹2,52,000. Then TDS = ₹2,52,000 × 2% = ₹5,040.**
12	**Sec 51 TDS threshold: exactly at ₹2.5L = NIL**	TDS applies only when taxable contract value EXCEEDS ₹2,50,000. If it is EXACTLY ₹2,50,000 — NO TDS.	**CS9 (Mouriya case): Sarees = ₹2,50,000 taxable (exactly) → NIL TDS. Dhoties = ₹3,00,000 (exceeds) → TDS on entire ₹3,00,000 (not just ₹50,000 excess).**
13	**Sec 51 — Proviso TDS non-applicability: inter-state rule**	TDS NOT applicable when BOTH the location of supplier AND the place of supply are in a state/UT different from the state of registration of the recipient — even if contract value far exceeds ₹2.5L.	**Q.17: Ramlala Enterprises (Delhi supplier) does interior decoration for Andhra Bhawan in Delhi. PoS of immovable property services = location of property = Delhi. Recipient = Andhra Pradesh Govt. Supplier (Delhi) + PoS (Delhi) ≠ recipient's state (AP) → NIL TDS, even though contract ₹15.5L exceeds ₹2.5L.** **MCQ1: Supplier in Rajasthan, PoS in Rajasthan, but Governmental Agency of Gujarat is recipient → NIL TDS.**

14	**Sec 51 TDS: exempt value excluded from base**	Where a contract includes both taxable and exempt supplies, TDS applies only on the TAXABLE portion. Exempt value is excluded from the TDS base AND from the ₹2.5L threshold calculation.	**Q.24(2): Works contract ₹4,30,000 includes exempt supply ₹1,00,000. Taxable value = ₹3,30,000. TDS = ₹3,30,000 × 1% CGST + 1% SGST = ₹3,300 each.**
15	**Sec 52 TCS rate: 0.25% each,**	Current TCS rate: 0.25% CGST + 0.25% SGST = 0.5% total for intra-state supply. For inter-state: 0.5% IGST.	**Q.24(1): QUICKDEAL ECO, net taxable supplies ₹1,50,000. TCS = ₹1,50,000 × 0.25% = ₹375 CGST + ₹375 SGST.**
16	**Sec 52 TCS base: net value, other suppliers only**	TCS is collected on NET value of taxable supplies made by OTHER suppliers through the ECO (gross supplies minus returns). ECO's OWN supplies are excluded. Supplies made by the ECO acting as an AGENT are excluded.	**MCQ1: ECO has ₹20L own supplies + ₹80L other supplier supplies - ₹20L returns = ₹60L net. TCS only on ₹60L × 0.5% = ₹30,000.** **Q.22: Fitan Ltd sells on ITS OWN website → Fitan itself is the ECO for its own goods → No TCS (own goods). When ECO sells as an agent of the supplier — no TCS.**
17	**Sec 52 TCS non-applicability: Sec 9(5) services**	TCS is NOT collected on: (a) supplies under Sec 9(5) [app-based transport/hotel — ECO pays GST directly], (b) exempt supplies, (c) RCM supplies, (d) when ECO is an agent, (e) ECO's own supply.	**Q21.App-based taxi (Ola, Uber) and hotel booking via ECO fall under Sec 9(5) — here the ECO is the deemed supplier and pays GST itself. No additional TCS APPLICABLE. ECO the deemed supplier under Sec 9(5) (→ ECO pays GST directly, no TCS).**
18	**Sec 52 TCS compliance:**	ECO compliance: (1) Compulsory registration u/s 24 (irrespective of turnover, granted in 3 working days), (2) Monthly statement by 10th of next month, (3) Deposit TCS by 10th of next month, (4) Annual statement by 31st December of subsequent FY.	**Q.23: compulsory registration applies regardless of threshold — many ECOs think they're exempt if turnover is below ₹20L.** **Monthly statement and TCS deposit are BOTH on the 10th — not 20th.**

Chap 10: INPUT TAX CREDIT

Chapter 10 Input Tax Credit + Chapter 15 (Computation of GST) + ICAI MCQ Scenarios— Section-wise

Sr. No.	CRITICAL RULE & KEY POINT	Exam Rule + Critical Distinction	Ref case from questionnaire & ICAI MCQ
Sec 16 (2) :- Conditions for availment of ITC			
1	**Possession of Invoice/debit note or other valid documents [Sec 16(2)(a)]**	ITC available ONLY on valid tax invoice/debit note. **Missing invoice** = NIL ITC for that item even if goods received and payment made.	**Q.20** ABC Co — 5 capital goods, 1 invoice missing → ITC ₹4,30,000 (not ₹5,00,000) **Q.12** Poorvi — 1 supplier invoice not furnished → ₹50,000 ITC unavailable **Ch.15 Q.1** Chill Capital goods — 2 invoices missing-No ITC
2	**ITC allowed ONLY on invoices REFLECTED in GSTR-2B. [Sec 16(2)(aa)]**	**Unreflected invoices** = zero ITC that month — available in future month once supplier uploads.	**Q.3** Laxmi Traders — 160/200 invoices uploaded → ITC only ₹7 lakh (160 INVOICES) **Q.23** KNK Supplier not filed GSTR-1 → NIL **Q.24** ABC & Co Landlord not uploaded in GSTR-1→ NIL
3	**Advance**: **[Sec 16(2)(b)]**	ITC available ONLY after goods/services are ACTUALLY RECEIVED. Advance payment alone does NOT entitle ITC in month of payment.	**Q.4** Sigma Consultants — advance for software Oct; service due Dec → ITC NIL in Oct
4	**Bill-to-Ship [Explanation of Sec 16(2)(b)]**	Goods delivered to third party on direction of registered person = DEEMED received. ITC available to the directing registered person.	**Q.5** Diwan & Sons directs Karim to deliver to Shubhkamna → ITC to Diwan when delivered by karim. **Q.21** Dina Ltd directs → accessories to dealers → ITC to Dina at the of delivery by supplier
5	**Ex-Works**: **[Circular. No. 241/35/2024]**	**EXW contract:** goods DEEMED received when handed to transporter at OEM's factory gate — NOT on physical delivery date. CBIC circular clarification.	**Q.5.1** MMPL — EXW, handed transporter 29 Apr; physical receipt 2 May → ITC in April **Q.13.1** VTPL — EXW equipment handed 28 Feb → ITC in Feb
6	**Lots** : **[Proviso 1 of Sec 16(2)]**	**Goods in multiple lots:** ITC available ONLY on receipt of LAST lot. ZERO ITC on first/intermediate lots — regardless of invoice raised or full payment made.	**Ch.15 Q.1** Chill 6 lots, 1st lot received → ITC NIL on 1st lot
7	**Jobworker**:	Input delivered to JOBWORKER on direction of registered person = deemed received by registered person. ITC available to principal.	**Q.21** Dina Ltd — input to jobworker Mr. Joe on Dina's direction → ITC ₹80,000 allowed
8	**Depreciation: [Sec 16(3)]**	Depreciation claimed on GST COMPONENT of capital goods under Income Tax Act → ITC NOT available. Depreciate only base cost → ITC available.	**Q.13.1** VTPL — truck, depreciation on GST NOT claimed → ITC ₹2,80,000 allowed **Ch.15 Q.6** Evershine Machinery — depreciation on full value incl. GST → ITC NIL **Q.33** ICAI MCQ Computer — GST in depreciation base → NIL
9	**Payment to supplier within 180 days [Proviso 2 of Sec 16(2)]**	Must pay FULL consideration + tax within 180 days from invoice date. Fail → reverse PROPORTIONATE ITC + interest. Part payment = proportionate ITC only.	**Q.6** 180-day rule — part payment, proportionate ITC [MTP Mar 23] **Q.26 Comfortable** — ₹5.9L unpaid → reverse ₹90,000 proportionately [MTP Mar 19] **Q.33 MCQ** Neelkanth — ABC 199 days → ₹15,000 reversed

Sr. No.	CRITICAL RULE & KEY POINT	Exam Rule + Critical Distinction	Ref case from questionnaire & ICAI MCQ
10	**180-days Exceptions**: **[Rule 37]**	180-day payment condition does NOT apply to: (a) Supplies under RCM, (b) Deemed supplies without consideration (Sch. I), (c) Value additions u/s 15(2)(b).	**Q.6 Exceptions stated — RCM, deemed supply, sec 15(2)(b) [MTP Mar 23]** **MCQ Q.44 PTL Advocate RCM — 180-day rule not applicable** **MCQ Q.34 XYZ Distinct persons — rule not applicable**
11	**Re-availment** : **[Proviso 2 of Sec 16(3)]**	ITC reversed for non-payment can be RE-AVAILED when payment is subsequently made. NO TIME LIMIT for re-availment.	**Q.6/Q26 Re-availment — no time limit stated** **Ch.15 Q.1 ICAI MCQ Radhika — re-avail without time limit after payment**
12	**GSTR-3B not filed by supplier** = Payment of tax not done by supplier **[Rule 37A]**	Supplier uploaded GSTR-1 but did NOT file GSTR-3B till 30th Sep → recipient must REVERSE ITC in GSTR-3B by 30th Nov. Re-availment when supplier files GSTR-3B.	**Q.7 Rule 37A — reversal by 30th Nov, re-avail when supplier files [Nov 23 Exam]**
13	**Time Limit [Sec 16(4)]**	ITC must be availed by EARLIER of: (a) 30th November following end of FY of invoice, OR (b) Date of furnishing annual return. **Debit note — Applicability from FY of debit note, NOT original invoice FY.**	**Ch.15 Q.3 Jino Old invoices — 30th Nov of succeeding FY** **Ch.15 Q.7 DEF Debit note — clock from debit note FY**
14	**Post-Revocation** of cancellation order: **[Sec 16(6)]**	Post-revocation ITC: claim by LATER of — (a) Earlier of 30th Nov/annual return for relevant FY, OR (b) Return for cancellation-to-revocation period, filed within 30 days of revocation order.	**Q.9 ABC Pvt Ltd — cancelled 15-Aug, revoked 5-Feb →Return is filed on25th feb. Invoice (ITC not taken) of 20th july. ITC by LATER = 30th Nov 20XY**
Sec 17 (5):- Blocked Credit			
15	**MV ≤13 seats: [Sec 17(5)(a)]**	MV for transportation of persons with seating capacity ≤13 (INCLUDING driver) → ITC BLOCKED. Only 3 exceptions: (i) further supply of such MV, (ii) transportation of passengers, (iii) driving training. **Note; MV does not include 2 wheeler=ITC ALLOWED**	**Q.10, Q.21, Q.24, Q.28** **15-seat = >13 → allowed; 10-seat = ≤13 → blocked** **Car insurance for exec car (≤13) → blocked** **Ch.15 Q.40 KBC Car for MD → blocked** **Ch.15 Q.11 Cute Car for managing partners → blocked** **Ch.15 Q.12 Consultease Car for director → NIL**
16	**MV ≤13 seats**: **[Sec 17(5)(a)]**	MV for transportation of persons with seating capacity MORE THAN 13 (including driver) → ITC ALLOWED for ANY purpose.	**Q.10, Q.21, Q.27** **15-seat tempo = >13 incl. driver → allowed** **Ch.15 25-worker bus → allowed** **Q.40 KBC Bus 14 seats > 13 → ITC ₹3L allowed**
17	**Demo Vehicle**: **[Circular no. 231/25/2024]**	Demo vehicle used by authorized dealer to promote sales = 'further supply' → ITC ALLOWED. Helping potential buyers decide = still part of further supply → still allowed.	**Q.10 ABC Motors — demo + helping buyers decide → ITC allowed.**

Sr. No.	CRITICAL RULE & KEY POINT	Exam Rule + Critical Distinction	Ref case from questionnaire & ICAI MCQ
18	**Insurance/ Repair cascades: [Sec 17(5)(ab)]**	Insurance, servicing, repair & maintenance of MV follows the SAME ITC treatment as the underlying vehicle. Blocked vehicle → related services also blocked. Allowed vehicle → related services also allowed.	**Q.11 Mr. Veer — car 6 employees (≤13) → insurance blocked; tempo for goods → repair allowed** **Q.23 KNK — insurance on trucks → allowed** **Ch.15 Q.40 KBC Car ≤13 → insurance blocked**
19	**Club Membership: [Sec 17(5)(b)(ii)]**	ITC on membership of club, health & fitness centre → BLOCKED. Not allowed even if provided for business welfare of employees.	**Q.13.1 VTPL — MD's sports club membership → blocked (not obligatory) [Sep 25 Exam]** **ICAI MCQ Fashion Freaks type Club not statutory → blocked**
20	**Health/Life Insurance: [Sec 17(5)(b)(i)]**	ITC on health insurance and life insurance → BLOCKED unless employer legally obligated to provide under any applicable law.	**Q.20 ABC Co — health insurance for employees → blocked (no statutory obligation)** **Ch.15 Q.44 PTL Health insurance not statutory → NIL**
21	**Outdoor Catering/Food: [Sec 17(5)(b)(i)]**	ITC on outdoor catering, food & beverages → BLOCKED. Exceptions: (a) same category outward supply, (b) element of taxable composite/mixed supply, (c) statutory obligation.	**Q.12 Poorvi — factory employee lunch, no statutory obligation → NIL [May 25 Exam]** **Q.20 ABC — confectionery at customer meet → blocked** **Q.21 Dina — catering at factory meeting → blocked** **Q.28 Prithviraj — catering for marketing event → blocked [RTP May 23]** **Ch.15 Q.7 DEF Confectionery at customer meet → blocked** **Ch.15 Q.13 A Ltd Confectionery for factory employees → blocked**
22	**Composite Supply Food: [Sec 17(5)(b)(i)]**	Food as ELEMENT of taxable COMPOSITE SUPPLY (naturally bundled) → ITC available on ENTIRE composite. The standalone food block doesn't apply to embedded food in a composite.	**Q.13.1** VTPL — event + food ₹40K as composite → ITC on full ₹2.5L allowed [Sep 25 Exam]
23	**Rent-a-Cab: [Sec 17(5)(b)]**	ITC on rent-a-cab → BLOCKED. **Exception:** service provided under STATUTORY OBLIGATION.	**Q.21 Dina Ltd — rent-a-cab UNDER statutory obligation → ITC ₹36,000 ALLOWED**
24	**Construction: [Sec 17(5)(d)]**	Construction of immovable property: goods/works contract → BLOCKED to extent CAPITALIZED. Repairs/maintenance charged to P&L → ALLOWED. Additions/alterations = 'construction' to extent of capitalization.	**Q.13, Q.21, Q.23** **A Ltd — additional floor capitalized → blocked; cement for P&M → allowed [MTP2 Sep 24, Jan 26]** **Dina — construction staff quarters → blocked** **KNK — pipelines outside factory → blocked** **Ch.15 Q.9 Mr. Karan construction Staff quarters capitalized → blocked** **ICAI MCQ Cute & Co Repair P&L → allowed; construction capitalized → blocked**
25	**Pipelines vs P&M: [Sec 17(5)(d)]**	Pipelines laid OUTSIDE factory premises = excluded from plant & machinery definition → ITC BLOCKED. Cement for foundation & structural support of plant & machinery = included in P&M → ITC ALLOWED.	**Q.23 KNK — pipelines outside factory → blocked; insurance on trucks → allowed [Nov 20]** **Q.13 A Ltd — cement for P&M structural support → allowed**
26	**CSR: [Sec 17(5)(fa)]**	ITC on goods/services for CSR activities u/s 135 Companies Act, 2013 → completely BLOCKED.	**Q.12 Poorvi — goods for CSR u/s 135 → NIL [May 25 Exam]** **ICAI MCQ RLPL Sec 2 CSR goods → NIL**

Sr. No.	CRITICAL RULE & KEY POINT	Exam Rule + Critical Distinction	Ref case from questionnaire & ICAI MCQ
27	**Composition Dealer: [Sec 17(5)(e)]**	ITC NOT available on purchases from composition dealers. Composition levy ≠ input tax. Composition dealers issue Bill of Supply — no GST charged.	**Ch.15 Q.8 Galaxy Cube Goods from composition dealer DK & Co → NIL [Jan 25]**
28	**Destroyed/ Stolen; Transit: [Sec 17(5)(h)]**	ITC BLOCKED on goods lost, stolen, destroyed, written off. CRITICAL: Transit damage with NO NEGLIGENCE by recipient → still blocked on destroyed portion. Fault/negligence is irrelevant.	**Q.5.1 MMPL — 2 vans destroyed by fire → ₹8L reversed [RTP Sep 25]** **Q.21 Dina — inputs stolen → blocked** **Q.23 KNK — 10% Raw Mat B damaged, no negligence → 10% blocked [Nov 20]**
29	**Samples vs BOGO: [Circular. No. 92/11/2019]**	Free SAMPLES given to customers → ITC BLOCKED. 'Buy One Get One Free' inputs → ITC ALLOWED. BOGO = supply of two goods for price of one; the 'free' item is part of the taxable outward supply.	**Q.12 Poorvi — free samples → blocked;** **BOGO inputs → allowed [May 25 Exam]**
Sec 18 : Switching			
30	**New/ Compulsory Reg [Sec 18(1)(a)]**	New/compulsory registration (applied within 30 days): ITC on INPUTS held in stock on day immediately preceding liability date, within 1 YEAR of invoice. CAPITAL GOODS: NOT available under Sec 18(1)(a).	**Q.14a Babla & Bros(URP)-Exempt to taxable-switch on 1st oct- inputs in stock 30th Sep-ITC allowed; capital goods-ITC NOT ALLOWED** **Note: covered in 18(1)(a) & not 18(1)(d)**
31	**Voluntary Reg: [Sec 18(1)(b)]**	Voluntary registration: ITC on inputs IN semi-finished/finished goods on day preceding grant of RC, within 1 YEAR of invoice. CAPITAL GOODS: NOT available.	**Q.15 Vishnu Ltd — voluntary reg; capital goods NIL; >1 year inputs NIL; valid inputs → allowed [May 24 Exam] (MUST REFER FROM QUESTIONNAIRE)**
32	**Composition to Regular: [Sec 18(1)(c)]**	Composition switching to regular: ITC on INPUTS in stock AND CAPITAL GOODS on day preceding switch date, within 1 YEAR of invoice. Capital goods ITC reduced by 5% per quarter from invoice date.	**Q.19(iii) 'AB' switches to regular 31st July → inputs + capital goods 30th July; 5% reduction on CG** **ICAI MCQ Neelkanth Composition exit → ITC on stock; ITC-01 within 30 days**
33	**Exempt to Taxable [Sec 18(1)(d)]**	**Already registered person:** exempt supply becomes taxable → ITC on INPUTS in stock AND CAPITAL GOODS used exclusively for exempt supply, within 1 YEAR of invoice. Capital goods ITC reduced by 5% per quarter.	**Q.14b Mamta Trade Links — registered, exempt → taxable; inputs + CG 30th Sep; 5% reduction [RTP Nov 20]** **Note: covered in 18(1)(d)**
34	**Business Transfer ITC: [Sec 18(3)]**	Sale/merger/demerger/amalgamation → unutilized ITC can be TRANSFERRED to new entity IF transfer document has specific provision for transfer of liabilities. CA/CMA certificate + portal filing required.	**Q.19(ii) Business sold to another person → unused ITC transferable with CA certificate**

Sr. No.	CRITICAL RULE & KEY POINT	Exam Rule + Critical Distinction	Ref case from questionnaire & ICAI MCQ
35	**Capital Goods Sold (ITC taken): [Sec 18(6)]**	Capital goods sold after availing ITC → pay HIGHER of: (a) ITC availed less 5% per quarter from invoice date, OR (b) Tax on transaction value. Exception: Moulds/dies/refractory bricks/jigs/fixtures as scrap → only (b).	**Q.16 Capital goods ITC taken → pay higher of reduced ITC or transaction value tax [MTP Apr 22]**
Rule 86A/86B: Restriction on utilization of ITC			
37	**Officer Blocks ITC: [Rule 86A]**	Commissioner can RESTRICT ITC use on REASONABLE BELIEF based on 5 specific grounds: (i) invoices from non-existent supplier, (ii) no actual receipt, (iii) tax not paid to govt, (iv) recipient non-existent, (v) no valid document u/r 36.	**Q.17 Rule 86A — 5 grounds for Commissioner's belief [May 23 Exam]**
38	**99% Cash Restriction: [Rule 86B]**	Taxable supply value (excl. exempt + zero-rated) in a month > ₹50 lakh → ITC cannot discharge >99% of output tax. At least 1% must be paid in cash. 4 exceptions unlock 100% ITC use.	**Q.18 Rule 86B exceptions — income tax, ITC refund, cash tax, govt entities [RTP May 22 · Nov 22 · Sep 25]**

VSMART ACA

CHAP 11:REGISTRATION

Compiled from Ch.11 Registration + ICAI MCQ Case Scenarios | | All Traps

Sr. No.	Section / Area	The Tricky Twist/answers	Question Ref
Aggregate T/o- Include/exclude			
1	**Sec 2(6) RCM — In vs Out**	**OUTWARD supply** on which recipient pays RCM → INCLUDED in supplier's Agg. T/O. **INWARD supply** taxable under RCM → EXCLUDED from supplier's Agg. T/O	**Q.3 (Nesamani): outward ₹6L under RCM → included; inward ₹2L RCM → excluded.** **Q.13 (Venkatesh): inward RCM ₹1L (Tripura) → excluded from Agg. T/O**
2	**Sec 2(6) r/w 2(47) Non-taxable = Exempt = Included**	**Non-taxable supply** (alcohol, petroleum products) = EXEMPT supply → INCLUDIBLE in aggregate turnover for threshold purposes Even though GST doesn't apply on these goods, they still count towards registration threshold.	**Q.2: Alcoholic liquor ₹2L → included in Happy Trader's Agg. T/O** **Q.8: Liquor shop in Uttarakhand — included in agg. T/O of Rishabh Enterprises**
3	**Sec 2(6) Expl. + Sec 24 Agent invoicing in own name**	**Agent issues invoice in HIS OWN NAME** → principal's supply is INCLUDED in agent's agg. T/O AND compulsory registration u/s 24 triggered. **If agent does not issue invoice in own name**, Sch I Para 3 doesn't apply — threshold-based reg applies instead.	**Q.10(ii): S.N Gupta (agent, own invoice) ₹12L → compulsory reg despite sub-threshold T/O** **Q.14(2): Pure Oils (agent) supplying non-taxable diesel → Sec 24 NOT triggered**
Sec 22-Threshold			
4	**Sec 22(1) 3-tier threshold — GOODS only**	THREE thresholds for EXCLUSIVE intra-state supply of GOODS: **₹10L** → Mizoram, Tripura, Manipur, Nagaland | **₹20L** → AP, Meghalaya, Puducherry, Sikkim, Telangana, Uttarakhand | **₹40L** → Rest of India For SERVICES or MIXED (goods+services): ₹10L for TMMN states; ₹20L everywhere else. The ₹40L benefit is strictly for exclusive goods suppliers.	**Q.4: Mizoram → ₹10L; Meghalaya → ₹20L (not ₹40L and not ₹10L)** **Q.5(ii): Pulkit, Goa → ₹40L (goods only, Goa = rest of India) → ₹22L < ₹40L → NOT liable** **CS50: Bright Star, Shimla (HP) supplies goods → ₹40L threshold → exceeded 16 Aug → eff. date = 16 Aug**
5	**Sec 22(1) Proviso Notified goods → ₹40L denied**	₹40L threshold NOT available if supply includes NOTIFIED GOODS: tobacco, pan masala, ice-cream, aerated water, fly ash bricks, building bricks → threshold falls to ₹20L/10L	**Q.7(i): Rudra Builders, Delhi — building bricks (notified) → ₹40L denied → ₹20L → ₹23L > ₹20L → LIABLE** **Q.2: Happy Trader, Assam — tobacco → ₹20L threshold (not ₹40L) → liable**
6	**Sec 22(1) Special state = per-state threshold**	Supplying from even ONE ₹10L state reduces threshold to ₹10L for THAT STATE'S registration. Must obtain SEPARATE registration in EACH state where taxable supplies are made — no national aggregation escape Aggregate T/O is computed on PAN-India basis but registration threshold is per-state.	**Q.5(i): Raghav — Assam ₹33L + Tripura ₹11L → Tripura threshold = ₹10L → ₹11L > ₹10L → register in BOTH states** **Q.7(ii): Heera — HP + Nagaland ₹11L → ₹10L threshold → register in BOTH HP & Nagaland**

V'SMART ACADEMY

Sr. No.	Section / Area	The Tricky Twist/answers	Question Ref
7	**Sec 22(1) Non-taxable goods from special state**	Supplying NON-TAXABLE goods (petrol, diesel) from a special category state does NOT reduce threshold to ₹10L. The ₹40L threshold applies (or ₹20L for Uttarakhand). Special state reduction applies ONLY for TAXABLE supply The special category state threshold reduction is conditional on making taxable supply. Non-taxable supply from a special state = no reduction.	**Q.6(ii): Q Ltd. → petrol/diesel from Tripura → NOT reduced to ₹10L → ₹40L applies → ₹31L < ₹40L → NOT liable**
8	**Sec 22(1) Goods + Services = ₹20L, not ₹40L**	₹40L threshold = EXCLUSIVE supply of GOODS only. Single rupee of SERVICES in the mix → drops to ₹20L (₹10L for TMMN states). Services alone → ₹20L	**Q.7(iv): Ankit, Assam — services only → ₹20L** **Q.7(v): Aaru Ltd., Assam — goods+services → ₹20L** **Q.15(iii): Anubhav, Gujarat — goods ₹16L + services ₹22L → ₹20L applies**
Sec 23- Not required for Registration			
9	**Sec 23 Exclusively exempt = no reg**	Persons EXCLUSIVELY supplying wholly exempt / non-taxable goods or services are NOT liable for registration — even if their turnover exceeds threshold. **Sec 23 overrides the threshold of Sec 22** Also NOT liable: (a) Agriculturist — produce from land cultivation (b) Persons exclusively making RCM supplies (recipient pays) — except metal scrap dealers.	**Q.9(a): Agriculturist with high T/O → NOT liable (Sec 23 shield)** **Q.9(b): Dharun — business facilitator to bank rural branch (EXEMPT service) → NOT liable** **Q.9(c): Mr. G, Delhi — securities trader ₹75L (Apr–Sep) → NOT liable (securities ≠ goods/services)** **Q.9(d): KLJ Foundation, 12AB trust ₹30L → exclusively exempt charitable activities → NOT liable**
10	**Sec 23 vs Sec 24 Sec 23 PREVAILS over Sec 24**	When Sec 23 (not liable) conflicts with Sec 24 (compulsory reg) → SEC 23 PREVAILS. An agriculturist making INTER-STATE supply of agricultural produce = STILL NOT LIABLE. This is one of the sharpest conflict questions in registration — looks like compulsory reg but Sec 23 trumps it completely.	**Q.15(1): Meenu, MH — potatoes inter-state → Sec 23 wins over Sec 24 → NOT liable** **Q.15(2): Manu, APMC agent — exempt services to non-taxable agriculturist → NOT liable**
Sec 24- Compulsory Registration			
11	**Sec 24(i) Inter-state GOODS ≠ SERVICES**	Inter-state taxable supply of GOODS → COMPULSORY reg u/s 24. But inter-state supply of SERVICES → threshold STILL APPLIES (₹20L/₹10L).	**Q.10(i): Raghav, Assam ₹9L (₹8L intra + ₹1L inter) → compulsory reg (inter-state taxable goods)** **Q.3: Nesamani also liable for compulsory reg (inter-state stock transfer of exempt goods + RCM)** **Q.15(iii): Anubhav — inter-state services ₹22L → threshold ₹20L applies → NOT compulsory per Sec 24**
12	**Sec 24 RCM recipient — compulsory reg**	Person required to pay tax under REVERSE CHARGE MECHANISM as RECIPIENT → compulsory registration u/s 24. **Exception:** persons receiving goods/services that are WHOLLY EXEMPT are outside RCM obligation.	**Q.3: Nesamani — receives services taxable under RCM → compulsory reg (even though T/O = ₹17L)** **Q.12: Sec 23/24 list — "persons exclusively under RCM" are NOT liable (Sec 23) EXCEPT metal scrap**

V'SMART ACADEMY

Sr. No.	Section / Area	The Tricky Twist/answers	Question Ref
13	**Sec 24 + Sec 23 CTP — handicraft vs machine-made**	CTP making inter-state supply of notified HANDICRAFT goods → NOT compulsorily required if agg. T/O ≤ ₹20L (₹10L for TMMN states), subject to: (1) PAN obtained (2) e-way bill compliance. But if supply is of MACHINE-MADE notified products (predominantly machine) → compulsory reg,	**Q.11(i): Mr. Q, Gujarat CTP — handicraft goods ₹18L → NOT liable (₹18L < ₹20L, conditions met)** **Q.11(ii): Mr. Q — 75% machine-made products → NOT eligible for exemption → compulsory mandatory reg**
Sec 25- Registration procedure			
14	**Sec 5(8) r/w Rule 16(3) Suo-motu reg → 90 days**	Voluntary/normal registration = 30-day from the date whrn liable for registration When proper officer registers a person TEMPORARILY (suo-motu) because they failed to register → that person must apply for REGULAR registration within 90 DAYS from grant of temporary registration.	**CS5: Raghu Impex — temp reg 21.01 → apply by 21.04 (90 days)** **CS25: Vidhula Impex — temp reg 15.06 → apply within 90 days (not 30)**
15	**Rule 10 Within 30 days vs after 30 days**	**Applied WITHIN 30 days of becoming liable** → Effective date = DATE OF LIABILITY (back-dated). **Applied AFTER 30 days** → Effective date = DATE OF GRANT OF REGISTRATION (R.C.)(no back-dating).	**Q.19(a): liability 1 Sep → applied 20 Sep (within 30 days) → effective = 1 Sep (liability date)** **Q.19(b): liability 25 Oct → applied 27 Nov (33 days = AFTER 30 days) → effective = 5 Dec (grant)**
16	**Rule 10A Bank details — AFTER registration**	Bank account details are NOT mandatory BEFORE or AT THE TIME of obtaining GST registration. Rule 10A requires furnishing within 30 days from the EARLIER of: (i) date of grant of registration OR (ii) date of first outward supply (GSTR-1/IFF).	**Q.20 (Siya Ram): consultant says "prior bank details mandatory for registration" → Advice is WRONG**
Sec 27 CTP & NRTP			
17	**Sec 27 r/w Sec 2(20) CTP — 5 rules**	CTP five critical rules: (1) Compulsory reg u/s 24 (2) CANNOT opt for composition scheme (3) Apply AT LEAST 5 DAYS PRIOR to commencement of business with payment of advance tax on estimated liability (4) Certificate valid = EARLIER of: period specified in application OR 90 days (5) Extendable by FURTHER 90 days (not up to 90 total — further 90 = 180 total max)	**Q.22(ii): CTP + composition? → NO — prohibited by Sec 10(2) and 10(2A)** **Q.22(iii): CTP liability → compulsory + apply 5 days prior** **Q.22(iv)(v): validity = earlier of application period or 90 days; extendable by FURTHER 90 days**

VSMART ACADEMY

Sr. No.	Section / Area	The Tricky Twist/answers	Question Ref
18	**Sec 27 r/w Sec 25(6)(7) NRTP — PAN not mandatory**	NRTP (Non-Resident Taxable Person): (1) Apply AT LEAST 5 DAYS PRIOR to commencement with payment of advance tax on estimated liability (2) PAN is NOT mandatory — submits passport; (3) Validity = EARLIER of: application period OR 90 days (4) Extendable by FURTHER 90 days Foreign business entities use tax identification number of their home country (or PAN if available). 5) The validity rules are same as CTP but PAN rule is the distinguishing twist.	**Q.23: Mr. Allan (non-resident) — no PAN, apply 5 days before, 90 days cert + further 90 days extension**
SEC 29/30: CANCELLATION/SUSPENSION/REVOCATION			
19	**Sec 29(1) r/w Rule 21A Suspension — LATER of two dates**	When registered person APPLIES for cancellation → registration is SUSPENDED from the LATER of: (a) date of submission of application OR (b) date from which cancellation is sought. **During suspension:** NO taxable supply, NO tax invoice, NOT REQUIRED to furnish returns	**CS1 (Sambhav): application filed 5 Jan → suspended from 5 Jan; order 2 Feb; cancelled w.e.f. 31 Jan** **Q.27: suspended from LATER of application date vs effective date of cancellation sought**
20	**Sec 45 Final Return — LATER of two dates**	Final return (GSTR-10) due within 3 months of the LATER of: (i) date of cancellation OR (ii) date of cancellation ORDER. Three separate dates can exist: application date, effective cancellation date, order date — ALWAYS compare (i) and (ii) and use the LATER one	**CS1: cancellation 31 Jan, order 2 Feb → later = 2 Feb → final return by 2 May** **CS25 (Vidhula): effective cancellation 15 Mar, order 30 Mar → later = 30 Mar → final return by 30 Jun**
21	**Sec 29(5) Tax payable on cancellation**	Every registered person whose registration is CANCELLED shall pay an amount equal to the HIGHER of: (A) Input tax credit on inputs in stock + semi-finished goods + finished goods + capital goods/plant & machinery on the day IMMEDIATELY PRECEDING the date of cancellation OR (B) Output tax payable on such goods	**Q.26: cancellation imposes tax obligation — higher of ITC or output tax on stock [Sec 29(5)]**
22	**Sec 30 r/w Rule 23 Revocation — 90 + 180 days**	Revocation of suo-motu cancellation: Apply within 90 DAYS of SERVICE of cancellation ORDER. Extendable up to 180 DAYS on sufficient cause (reasons recorded in writing). MANDATORY PRE-CONDITION: ALL PENDING RETURNS must be filed + ALL tax, interest, penalty, late fee PAID before filing revocation application	**Q.28 (S Corporation): file all returns Jun–Jan first → THEN apply revocation by 1 Apr (90 days from order)** **Q.29 (Mr. X): Department = "only 90 days, no extension" → WRONG IN LAW. Mr. X = "extension on sufficient cause" → VALID**

VSMART ACADEMY

CHAP 12: TAX INVOICE

Compiled from Ch.12 Tax Invoice + ICAI MCQ Case Scenarios | | All Traps

	Section / Area	The Tricky Twist with reference of IMP questions & MCQ
1	**Sec 31(4) Continuous supply of goods**	Invoice issued **at/before each statement of account or each payment** — NOT every time goods are dispatched. **Q2. Paper bundle example: dispatches happen every few days, but invoice is only required at the statement date (25th alternate month). Date of Invoice=25th alternate month**
2	**Sec 31(7) Approval / Sale-or-return**	**Earlier of**: (a) time of supply (when buyer accepts/approves) OR (b) **6 months from date of removal.** **Q3. Xing Trans: transmitted sale on approval 500 on 20/05. sold 300 on28/07. Remaining 200 (150 returned on 25/11 + 50 not sold not back). 6th month ended=20/11** **Sold 300-Invoice upto 27/07, remaining 200-invoice upto 20/11.credit note for- 150**
3	**Sec 31(1) Post-delivery invoice**	Invoice CAN come after delivery for: (i) **liquid gas** — quantity not determinable at removal; (ii) goods transported for reasons **other than supply**; (iii) Board-notified goods. (iv) Job work supply.
4	**Rule 55 SKD / CKD batch deliveries**	For goods sent in semi-knocked-down (SKD) or completely-knocked-down (CKD) condition in batches: (a) ONE complete invoice BEFORE the first batch; (b) delivery challan for EACH subsequent batch (reference invoice); (c) original invoice accompanies the **LAST consignment.**
5	**Continuous services — ascertainable**	If due date of payment by recipient is **ascertainable from contract** → invoice issued **on or before that due date.** The actual receipt of payment is irrelevant.
6	**Continuous services — NOT ascertainable**	If due date is **NOT ascertainable** from contract but event are fixed → invoice at time of **receipt of payment** or **completion of each event,** whichever applies.
7	**Sec 31(6) Service ceases before completion**	When supply of services stops before contract completion → invoice issued **on the date of cessation** for the **proportionate value actually supplied.** Remaining contracted portion is NOT invoiced. **Q.6: 28-day contract, service stopped on day 10. Invoice = ₹10,000 (10/28 × ₹28,000), not full ₹28,000.**
8	**Sec 31(3)(a) Rule 53 — Revised invoice**	Revised invoice covers period from **effective date of registration** (not application date) **to date of registration certificate.** Must be issued within **1 month** from certificate date. Must prominently display "Revised Invoice". **Q8. Rameshwar Industries: effective date = 28-Apr (turnover crossed ₹40L). Certificate = 29-May. Revised invoice = 28 -Apr to 29-May. Deadline = 29-Jun (1 month from certificate).**
9	**Sec 31(3)(b) Rule 46 — Consolidated invoice (no need issue separate Invoice)**	No individual invoice only when ALL THREE conditions are met simultaneously: (i) value of supply **< ₹200** (ii) recipient is **unregistered** (iii) recipient does **NOT require** invoice. Consolidated Tax Invoice at the end of the day Fail even one condition → mandatory individual invoice. **Q9: Jain & Sons: Raghav Traders ₹190 = RP (composition dealer) → invoice mandatory. Dhruv ₹358 = unregistered BUT >₹200 → invoice mandatory. Only Oberoi Orphanage ₹188 and Aaradhya ₹158 (both unregistered + no need) → consolidated.**

V'SMART ACADEMY

	Section / Area	The Tricky Twist with reference of IMP questions & MCQ
10	**Sec 31(3)(b) Multiplex cinema**	Multiplex cinema supplying admission services CANNOT issue consolidated tax invoice. It must issue an **electronic ticket,** which is **deemed to be a tax invoice** even if it does not contain recipient's details. (eventhough value less than 200)
11	**Rule 46 HSN Code on invoice (T/o in P.F.Y)**	Turnover > ₹5 crore: **6-digit HSN mandatory** on ALL invoices (B2B and B2C). Turnover ₹1.5–5 crore: **4-digit HSN.** ≤₹1.5 crore: optional. Nature of buyer (PSU, Govt, etc.) does NOT change this obligation. MCQ: Rishabh Enterprises (₹7 crore turnover) → 6-digit mandatory. accountant says "optional up to ₹10 crore" or "PSU buyer so flexible". Both are wrong.
12	**Sec 31(3)(c) Rule 49 Bill of Supply**	Bill of supply (NOT tax invoice) is mandatory when: (a) supplier is a **composition dealer,** OR (b) supply is **wholly exempt.** Can be dispensed if value < ₹200, unregistered recipient, does not require it.
13	**Sec 31(3)(c) Invoice-cum-Bill of Supply**	When a registered person supplies **BOTH taxable and exempt** goods/services to an **unregistered person,** a single **"invoice-cum-bill of supply"** suffices for the entire transaction. No need for two separate documents.
14	**Sec 33 Tax amount in invoice — mandatory**	Every person liable to pay tax for a supply made for consideration **must prominently indicate the tax amount** forming part of the price. Showing a lump-sum inclusive-of-tax price without separately disclosing tax **is not compliant.** **Q.24: Aura Beauty showed ₹5,90,000 inclusive of GST without breaking up tax = not allowed**
15	**Sec 31(3)(d)/(e) Receipt Voucher → Refund Voucher**	On receiving advance → issue **Receipt Voucher.** Subsequently if NO supply takes place AND no tax invoice issued → issue **Refund Voucher** (not a credit note).
16	**Notif 66/2017 Goods advance — NO GST**	For **goods,** GST is NOT payable at time of advance receipt. Tax is payable only when invoice is issued or ought to have been issued. Advance for **services,** however, attracts GST via the receipt voucher.
17	**Sec 31(3)(f) Self-invoice (RCM)**	Recipient must issue self-invoice within **30 days from receipt of supply** ONLY IF BOTH conditions are met: (i) liable under RCM u/s 9(3)/9(4), AND (ii) supplier is **unregistered.** **If supplier is registered** → supplier issues invoice; recipient issues NO self-invoice. **Q 16: Mohan Enterprise: Advocate Sameer (registered) → RCM applies BUT supplier registered → NO self-invoice by Mohan.** **Shekhar (unregistered labour) → NOT covered u/s 9(3)/9(4) → NO self-invoice. BOTH conditions must co-exist.**
18	**Sec 31(3)(g) Payment Voucher — RCM**	Under RCM, the **recipient** (not supplier) issues a **Payment Voucher** at the time of making payment to the supplier.
19	**Rule 48(4) E-Invoice — applicability**	Mandatory for taxpayers with **aggregate turnover (PAN-based) > ₹5 crore** in any preceding FY from 2017-18. Applies to **B2B supplies and exports.** applicable in all future years.
20	**Rule 48(4) PAN aggregation —**	E-invoice threshold is computed by **combining ALL GSTINs under the same PAN.** **Q11. Bali Limited: Mumbai ₹30 Cr + Delhi ₹25 Cr = ₹55 Cr (PAN level) → e-invoice mandatory, even though neither GSTIN individually crossed ₹5 Cr.**

V'SMART ACADEMY

	Section / Area	The Tricky Twist with reference of IMP questions & MCQ
21	**Rule 48(4) E-Invoice exemptions (7 entities)**	Even if turnover > ₹5 Cr, **these entities are EXEMPT from e-invoicing:** 1. Government Department 2. Local Authority 3. SEZ units 4. Insurer / Bank / NBFC 5. GTA (goods transport) 6. Passenger transport supplier 7. Multiplex cinema Exemption covers the **entity as a whole** — not supply-type specific.
22	**Rule 48(4) E-Invoice amendment**	Once an IRN is generated on IRP, the e-invoice **CANNOT be amended on the IRP.** Amendment is done **only on the GST portal while filing GSTR-1.** Cancellation (within 24 hours of generation) is possible on IRP. **MCQ: ABC Footwear case: e-invoice had an error. Correct: amend through GSTR-1 filing on GST portal.**
23	**Rule 48B Dynamic QR Code — B2C**	Dynamic QR Code on B2C invoices mandatory where **aggregate turnover > ₹500 crore** (NOT ₹5 Cr). Applies only to B2C supplies. Exempt suppliers: Insurer, Bank/NBFC, GTA, Passenger transport, Multiplex cinema, OIDAR.
24	**Sec 34(1) Credit note — when to issue**	Supplier issues credit note when: (a) taxable value or tax charged **exceeds** actual INVOICE; (b) goods are **returned** by recipient; (c) goods/services found **deficient.** Reduces supplier's output tax liability. Recipient must correspondingly reduce ITC. **Kartik & Co Q.21: Invoice 1 overstated → Credit Note.. Quality defects, billing errors, wrong rate — all qualify.**
25	**Sec 34(2) Credit note — time limit**	Details of credit note must be declared in GST return **not later than EARLIER of:** (a) **30th November** following end of FY in which supply was made, OR (b) date of furnishing the **annual return.** Whichever comes first is the hard deadline. CS5: Annual return filed 15-Jun-2025 (after 30th Nov 24). CN issued 01-Oct-2024 for March 2024 supply. Max deadline = 30-Nov-2024 (earlier than annual return).
26	**Sec 34(1) Consolidated credit note**	A single credit note **CAN be issued against multiple invoices** in a financial year. There is NO mandatory requirement to link credit notes to individual invoices. **MCQ: Rana Sanga: 3 invoices returned – single consolidated credit note allowed**
27	**Sec 34 B2C vs B2B credit note**	When goods are returned by an **unregistered buyer,** the supplier issues a **B2C credit note.** Type of credit note depends on the registration status of the RECIPIENT — not the nature of goods or original invoice type.
28	**Sec 34 GST credit note vs commercial credit note**	Only a Sec 34 GST Credit Note (filed in GSTR-1) allows reduction in **output tax liability.** A commercial/financial credit note given to a customer does NOT reduce GST. Both can co-exist but serve different purposes.
29	**Sec 34(3) Debit note — when to issue**	Supplier issues debit note when: (a) taxable value or tax charged is **less than actual INVOICE** (understatement); (b) quantity received by recipient **exceeds** what's declared in invoice. Debit note = supplementary invoice; **INCREASES** supplier's tax liability. Kartik Q.21: Invoice 4 — tax charged ₹32,000 vs actual ₹68,000 (wrong HSN) → Debit Note. Invoice 8 — value ₹3.2L vs actual ₹4.2L (wrong quantity) → Debit Note.
30	**Sec 34(3) Debit note — no time limit**	**No time limit** is prescribed for issuing a debit note. Supplier may issue it at any time — unlike credit notes which have a hard 30-Nov/Annual Return deadline.

V'SMART ACADEMY

CH 11 E-WAY BILL

1. Who will generate E-way Bill – R.P. (Supplier or recipient) who causes the movement of goods.
2. When E-way Bill required – movement of goods 1) in relation to supply. 2) reason other than supply 3) inward supply from URP.
3. Value limit of E-way bill - Consigment value exceeds ₹ 50,000.
4. Voluntary E-way bill – allowed even if value ≤ 50,000.
5. Authorisation of E-way bill - Can be authorised to E Co/ Courier Agency/ transporter to furnished E-way bill
6. Form of E-way bill - By R.P = EWB-01 Consolidated E-way bill. by transporter = EWB-02.
7. Compulsor E-way bill irrespective of value.
   a) Job worker. - Inter-State movement to job worker by R.P.
   b) Supplier of Handicraft goods. (URP) → having PAN.
8. Two Parts of E-way Bill [EWB-01]
   → PART A - Goods details, dispatch & delivery details.
   → PART B - Conveyance details.
9. How to determine Consigment Value.
   1. Value U/s 15 = T.V. + 15(2) payments - discounts.
   *Add : GST in value (only for E-way bill)
   Less : Value of Exempt Supply (if included in total value)
10. E-way Bill in case of "Transshipment" [only one E-way Bill required]
    i) Meaning - Tr of goods from original conveyance to another during the course of transport.
    ii) Procedure – Step 1: transport in orignal conveyance - furnish info. PART A = by R.P. PART B = assign to 1st transpoter.
    Step 2: while shifting goods in another conveyance.
    → 1st transporter assign ref. to 2nd transpoter. to change info. in part B of EWB-01.

GST- E-Way Bill LDR NOTES

11. Validity of E-way Bill

1. Other than overdimensional Cargo — Up 200 k.m or part there-of = 1 day for. Every 200 km / part.

2. overdimensional Cargo — Up 20 k.m or part there-of = 1 day for. Every 20 km / part.

First day starting from 14th April 10 am — First day — 15-16th April Midnight 12 am — 1-day. — 16-17 April Midnight. 12 am.

Extension is allowed in exceptional cases within 8 hrs of expiry.

12. Exemption from E-way Bill [EWB-01 not required]

1) Exempt supply 2) Non Taxable supply 3) Sch-III Supply
4) Supply in non-motorised conveyance 4) Currency, Jwellary etc.

13. E-way bill Invoice-wise - for each Invoice one E-way bill. [EWB-01]

14. Consolidated E-way bill. - If multiple consignments with multiple Invoices is transported by in a Single conveyances then transporter prepare consolidated E-way Bill [EWB-02] in addition to EWB-01.

15. Documents or devices to be carried on by person-in-charge (driver)

1) Invoice / Bill of Supply / challan &
2) EWB in physical form / EWB No. in E-form or RFID installed

[Note: (2) not applicable for movement of goods by rail / Air / vessels.

16. Cancellation of E-way Bill - may be cancelled within 24 hrs of generation if goods are not transported at all or not transported as per details.
Note: EWB cannot be cancelled once its verified.

17. Rejection of E-way Bill - Earliar of a) 72 hrs of generation or b) before delivery

18. When E way generation is disabled. (Restriction on filing E-way bill)

1) Non filing of return for 2-tax period
2) Non filing of GSTR-1 for 2 tax Period
3) if reg. has been suspended.

Imp.: Restriction is applicable for generation of EWB on outward supply & not on Inward Supply. i.e. Supplier can generate EWB on such defaulter.

CH 12 RETURNS

Statement of outword supply = GSTR-1.

1. When to file GSTR-1 → 11th of next month.

2. Who need not to file GSTR-1 → 1) NRTP 2) composition dealer.
   3) TDS|TCS deductor or collector

3. Can GSTR-1 can be filed before end of current tax period → NO.
   Note: In 2 cases it can be filed early 1) CTP on closure of business
   2) cancellation of GSTIN by Normal tax payer.

4. Details of GSTR-1.
   1) Invoice wise details of supplies (Intra/Inter) to RP. (B2B)
   2) Consolidated details of supplies to URP (Intra/Inter) to URP (B2C)
   3) Invoice-wise details in case of inter-state supplies if value is more than ₹ 2,50,000.
   4) details of Credit note & Debit note.

5. Nil GSTR-1 - 1) Need to be filed, even if no business activities.
   2) It can be filed with sms verified with OTP. on mobile.

6. Restriction on filing GSTR-1.
   1) if no GSTR-1 of previous tax Period is filed.
   2) if no GSTR-3B of previous tax period is filed
   3) No reply on intimation of mismatch of outward supply or ITC.
   4) Bank details is not furnished after Reg.

7. Amendments in details of GSTR-1 after filing. (in case of error)
   1) Amendments of earlier period can be made in Subsequent Period - in Amendment table of GSTR-1
   2) Time limit of rectification = 30th Nov of Subsequent F.Y. ↑ OR actual date of filing A.R.

8. **GSTR-1A** → Amendments in GSTR-1 or to add details of outward supply.
   → to be filed after GSTR-1 but before filing GSTR-3B.
   → It is optional (only if there is correction if any)
   → Changes made in GSTR-1A will reflect in GSTR-3B of same period but recipient can take ITC in next period.

GST- Returns Bill LDR NOTES

Return in GSTR-3B = Normal Tax Payer

1. When to file GSTR-3B → 20th of next month.
2. Who need not to file GSTR-3B → 1) NRTP 2) composition dealer.
   3) TDS/TCS deductor or collector.
3. Nil GSTR-3B - 1) Need to be filed, even if no business activities (no Entry in table)
   2) It can be filed with sms verified with OTP. on mobile.
4. Restriction on filing GSTR-3B.
   1) if no GSTR-1 of previous tax Period is filed.
   2) if no GSTR-3B of previous tax period is filed
5. Amendments in details of GSTR-1 after filing. (in case of error)
   1) Return once filed, it cannot be revised.
   2) Amendments of earlier period can be made in Subsequent Period - in Amendment table of GSTR-1
   3) Time limit of rectification = 30th Nov of Subsequent F.Y. ↑ OR actual date of filing A.R.
6. Due date of payment of Tax = Due date of filing return
   [Return cannot be uploaded without payment]

Statement or Return for composition dealer.

1. Return - GSTR-4 to be filed yearly by 30th June after end of F.Y.
2. Payment of tax & its details - Statement CMP-08 - Quaterly - to be filed by 18th of next month after end of Quater.

Note: Return is yearly but statement & payment is Quaterly.

3. Nil CMP08 - 1) Need to be filed, even if no business activities (no Entry in table)
   2) It can be filed with sms verified with OTP. on mobile.
4. Conversion from composition to normal scheme.

C.L.	10th	Normal.
Annual GSTR-4.	Dec	GSTR-1 &
Quaterly CMP-08		GSTR-3B.

QRMP Scheme for Normal Tax payer. - Scheme is optional

1. Who is eligible for QRMP Scheme - R.P the Agg T/o is upto 5cr in P.F.Y.
2. Filing of GSTR-1 & GSTR-3B - Quaterly basis.
3. Payment of tax - Monthly basis.

4. QRMP Scheme is GSTIN wise.
5. Time limit of opting QRMP.
   => from 1st day of 2nd month of preceding Quater
   => till last day of 1st month of the Quater for which option exercised.
   Note: Scheme can be opted in any Quater.
6. Conditions & restriction
   1. Agg. T/o does not exceeds 5cr in P.F.Y.
   2. R.P furnished return of preceding month on due date.
   3. R.P. is not required to exercise option every quarter.
7. When QRMP Lapse - When Agg. T/o of C.F.Y. exceeds 5cr.
   - Opt for normal return.
8. Opting out of QRMP voluntarily - allowed
   => from 1st day of 2nd month of preceding quater
   => to the last day of the month of the quater.
9. Invoice Furnishing facility (IFF) - optional.
   1. Details of outward supplies for 1st & 2nd month. (for 3rd month = GSTR-1)
   2. It is upto cumulative value of ₹ 50 lakh for each month.
   3. It is only for B2B Invoices
   4. details of IFF will be reflected in GSTR-2B of recipient & recipient can take ITC.

First Return

1. It is to be filed for outward supplies made from a date when person Liable for Reg. till date of grant of reg.
2. Revise Invoice is to be issued during this period.
3. It is to be filed after granting R.C.

Final Return - GSTR-10

1. It is required to be filed in case whose reg. is cancelled or suspended
2. Time limit: within 3month of 1) Date of cancellation or 2) Date of order of cancellation } which ever is Later.

Annual Return

1. Every R.P. shall furnished A.R. Except 1) CTP 2) NRTP 3) TDS/TCS deductor.

2. Form - 1) Normal Tax payer - GSTR-9 2) Composition dealer -GSTR-9A.

3. Due date - 31st Dec of next F.Y.

Consequences of Non filing of Return

1. Notice : E-notice to R.P to furnish return within 15 days
2. Interest : if payment is not made within due date.
3. Subject to Best judgement Assessment.
4. Late Fee:-

Late fee u/s 47 for delayed filing of GSTR-1 and/or GSTR-3B		
1) RP - GSTR -1 = Nil or GSTR 3B =Nil	₹20 per day(i.e. ₹10 per day each under CGST & SGST) but max.=₹500 (i.e. 250 under CGST & SGST each)	
2) RP other than those covered in (1) above (i.e. there is outward supply in GSTR - 1 or tax payable as per GSTR-3B)	Agg. T/o of ≤ ₹1.5 cr. in PFY	➢ ₹50 per day(i.e. ₹25 per day each under CGST & SGST) ➢ max.= ₹2000 (i.e. 1000 under CGST & SGST each)
	Agg. T/o more than 1.5 Cr but ≤ 5 Cr. in PFY	➢ ₹ 50 per day(i.e. ₹25 per day each under CGST & SGST) ➢ max.=₹5000 (i.e. 2500 under CGST & SGST each)
3) RP having Agg. T/o > 5 Cr. in PFY	₹50 per day (i.e. ₹25 per day each under CGST & SGST) but max.=₹10,000 (i.e. 5000 under CGST & SGST each)	

Late fee u/s 47 for failure to furnish annual return by due date [N/No. 07/2023- CT]		
1)	RP having an aggregate turnover <= ₹5 Cr. in relevant F.Y.	➢ ₹ 50 per day(i.e.₹ 25 per day each under CGST & SGST/UTGST) but ➢ maximum = 0.04% (i.e. 0.02 % under CGST & SGST/UTGST each) of T/o in State or UT
2)	RP having an Agg. T/O of > ₹ 5 Cr & and <= ₹20 Cr in relevant F.Y.	➢ ₹100 per day (i.e. ₹50 per day each under CGST & SGST/UTGST) but ➢ maximum = 0.04% (i.e. 0.02 % under CGST & SGST/UTGST each) of T/o in State or UT
3)	RP having an Agg T/O of > ₹20 Crores in relevant F.Y.	➢ ₹200 per day (i.e. ₹100 per day each under CGST & SGST/UTGST) but ➢ 0.50% of the turnover in State/UT (0.25 % under CGST & SGST/UTGST each)

GSTP: Ref. from notes | chart | Question Bank.

VSMART ACADEMY