

GST: THE TOTAL RECALL

INTRODUCTION

1. SOME RELVANT SECTION OF THE CGST ACT, 2017

| Section No. | Heading | Section No. | Heading |
|-------------|--|-------------|--|
| 1 | Short title, extent and commencement | 25 | Procedure for registration |
| 2 | Definitions | 27 | Special provisions for casual taxable person and non-resident taxable person |
| 7 | Scope of supply | 28 | Amendment of registration |
| 8 | Tax liability on composite and mixed supplies | 29 | Cancellation of registration |
| 9 | Levy and collection of tax [Sec. 9(1) Forward Charge, 9(3)- notified cases of RCM, 9(4) RCM on notified purchases from unregistered person, 9(5)- special levy on e-commerce operator] | 30 | Revocation of cancellation of registration. |
| 10 | Composition levy | 31 | Tax Invoice |
| 11 | Power to grant exemption from tax | 34 | Credit and debit notes |
| 12 | Time of supply of goods | 37 | Furnishing details of outward supplies |
| 13 | Time of supply of services | 38 | Furnishing details of inward supplies |
| 15 | Value of taxable supply | 39 | Furnishing of returns |
| 16 | Eligibility and conditions for taking input tax credit | 40 | First return |
| 17 | Apportionment of credit and blocked credits | 44 | Annual return |
| 18 | Availability of credit in special circumstances | 45 | Final return |
| 22 | Persons liable for registration | 47 | Levy of late fee |
| 23 | Persons not liable for registration | 48 | GST practitioners |
| 24 | Compulsory registration in certain cases | 49 | Payment of tax, interest, penalty and other amounts |
| | | 50 | Interest on delayed payment of tax |

2. Some relevant definitions

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| 1. | Business [Section 2(17)] | <ul style="list-style-type: none"> ☞ Any trade, commerce, manufacture, professions, vocation, adventure, wager or any other similar activity, whether or not for a pecuniary benefit, volume, frequency, continuity or regularity and includes any incidental or ancillary activity thereto. ☞ Supply or acquisition of goods (including capital goods) and services in connection with commencement or closure of business. ☞ Admission of persons to any premises for a consideration ☞ Facilities or benefits to members by a club, association, society etc. for a subscription/any other consideration. ☞ Activities of race club (by way of totalisator or a license to book maker, activities of license book maker in such club) ☞ Activities of Central Govt./State Govt./Local authority as public authorities. |
| 2 | India (Sec. 2(56)) | ☞ (i) The territory of India as per article 1 of the constitution, (ii) Its territorial waters (upto 12 NM from the end of landmass), (iii) seabed and sub-soil underlying such waters , (iv) continental shelf, (iv) exclusive economic zone or other maritime zone, (v) air space above the territory and territorial waters of India. |

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| 3 | Person [Sec. 2(84)] | ☞ Individual, HUF, company, firm, LLP, AOP/ BOI (incorporated or not), local authority, co-operative society, Central Govt., State Govt., Society, trust, body corporate incorporated outside India, statutory corporation, Govt. company, and any other artificial juridical person. |
| 4 | Money (Sec. 2(75)) | ☞ Indian legal tender/foreign currency, negotiable instrument, money order, postal or e-remittance or other instrument recognised by RBI used as consideration for settlement of obligation, but excludes currency held for numismatic value. |
| 5 | Works contract [sec. 2(119)] | ☞ Building-construction-fabrication-completion-erection-installation-fitting out-improvement- modification-repair- maintenance-renovation-alternation-commissioning → of any immovable property → contract involves transfer of property in goods. |
| 6 | Capital goods [Sec. 2(19)] | ☞ Goods- the value of which is capitalised in books of account of the person claiming the ITC + used or intended to be used in the course or furtherance of business. |
| 7. | Exempted supply [Sec.2(47)] | ☞ Supply→Goods or services→attracts nil rate of tax or wholly exempt u/s. 11 of CGST Act/Sec. 6 of the IGST Act. + non-taxable supply. |

3. Some relevant points

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| 1. | Components of GST Laws. | ☞ (i) The CGST Act, 2017, (ii) The IGST Act, 2017, (iii) The State GST Act, 2017, (iv) The UT GST Act, 2017, (v) The GST (Compensation to States) Act, 2017, (vi) The CGST Rules, 2017. |
| 2. | Nature of Supply and levy of GST | ☞ Intra -state supply (within the same state) – liable for CGST +SGST ☞ Inter-state supply (from one state to another) – liable for IGST |
| 3. | Import of Goods | ☞ No GST under GST laws. Liable for customs duty + IGST as per Customs Act. |
| 4. | Import of services | ☞ Liable for IGST as per IGST Act |
| 5. | Export of goods/services | ☞ Treated as inter-state supply but considered as zero-rated supply [effectively no tax is payable] |
| 6. | Supply to SEZ unit/developer | ☞ Same as above |
| 7. | Stock/branch transfer | ☞ Between branch in one state to another – liable for IGST ☞ Between branch in same state- CGST+SGST if both the branches are registered. |
| 8. | Goods which are not liable for GST [non-taxable goods] | ☞ (i) Alcoholic liquor for human consumption, (ii) petroleum crude, (iii) motor spirit (petrol), (iv) High speed diesel, (v) natural gas, (vi) Aviation turbine fuel. |
| 9. | GST on electricity | ☞ Nil (Exempted) Goods (hence no GST) |
| 10. | GST on tobacco products | ☞ GST laws applicable + Central Excise laws also applicable. |
| 11. | Exempted (nil rated) vs. non-taxable supply vs. not a supply vs. zero rated supply | ☞ Exempted/Nil rated supplies – output tax not payable and Input tax credit not allowed. ☞ Zero rated supply – output tax not payable but input tax credit allowed. ☞ Non-taxable supply – are supply but not subjected to GST by virtue of chargeability provisions like Alcoholic liquor for human consumption etc. ☞ Not a supply- not amounted to supply therefore not subjected to GST like items of Schedule III. |
| 12. | Works contract vs. Composite supply/mixed supply. | ☞ Works contract is related to immovable property and it is a supply of service ☞ Composite supply/mixed supply is related to movable property and it may be supply of goods or service depending upon the principal supply or highest rate, as the case may be. |

RECAP 1: THE CHARGEABILITY

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| 1 | Levy: | ➤ GST is a tax on supply of goods or services or both |
| 2 | Goods: | ➤ Movable property (includes actionable claim; crop sold separately) |
| 3 | Services: | ➤ Anything other than goods (includes use of money/conversion of currency (if separate fee charged); facilitating/arranging transaction in securities). |
| 4 | Money & securities | ➤ Neither goods nor services |
| 5 | What is Supply? | ➤ Consideration + Business + Supply (sale, transfer, barter, exchange etc.) |
| 6 | Can GST be charged without consideration? [Schedule I] | <ul style="list-style-type: none"> ➤ Yes, only in cases covered under Schedule I: ➤ Agent-Principal; ➤ Branch transfer outside the State/within the state if separately registered; ➤ Closure of Business - Disposal of business assets (if ITC availed); ➤ Employer-Employee [Gift > 50,000], Related Party transaction. |
| 7 | What is not a supply? [Schedule III] | <ul style="list-style-type: none"> ➤ Actional Claim (except lottery, betting & gambling) ➤ Building & Land (Sale) ➤ Court Fee – constitutional post (salary), Constitutional function services by Govt. ➤ Deceased – Funeral, burial services etc. ➤ Employee- Employer services ➤ High Sea Sale; sale in custom warehouse; supply of goods from outside India to a place outside India (before entering to India) |
| 8 | Composite Supply | ➤ 2 or more taxable supplies + naturally bundled + 1 is principal supply: Rate of principal supply applied. |
| 9 | Mixed Supply | ➤ 2 or more supplies +single price + principal supply not identified = Highest rate applicable. |
| 10 | Person liable to pay GST | <ul style="list-style-type: none"> ➤ Forward charge [sec. 9(1)] – Means supplier to pay GST ➤ Reverse Charge [Sec. 9(3)/(4)] – means recipient to pay GST ➤ Special charge [Sec. 9(5)] – means e-commerce operator to pay GST in case of hotel, housekeeping, radio taxi etc. |
| 11 | Goods vs. Services [Schedule II] | <ul style="list-style-type: none"> ➤ Goods- sale of goods, hire purchase, permanent transfer of IPR, sale of branded software, supply of goods by un-incorporated association to member, disposal of business assets, closure of business, ➤ Services – leasing, processing, under -construction building (if advanced received), development of IT software, refrainment from an act, tolerate an act, works contract service, restaurant, temporary transfer of IPR, usage of business asset for personal purpose. |
| 12 | GST on Import | <ul style="list-style-type: none"> ➤ Goods- Covered under Customs Act ➤ Services – ➤ import for personal purpose for consideration is supply but exempted. ➤ Import for business liable to GST even without consideration under RCM if from a related person. |

RECAP 2: THE COMPOSITION SCHEME

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| 1 | Who is eligible? | <ul style="list-style-type: none"> ➤ Registered person whose turnover (excluding interest on FD) of preceding F.Y. does not exceed ₹ 1.5 crore/75 lacs (special category states). |
| 2 | What are rates of taxes? | <ul style="list-style-type: none"> ➤ Manufacturer (other than Pan Masala, Tobacco, ice Cream)- 1% of turnover ➤ Trader – 1% of taxable turnover ➤ Restaurant service – 5% of turnover |
| 3 | Conditions | <ul style="list-style-type: none"> ➤ Not engaged in - interstate outward supply, sale through e-commerce operator, non-taxable supply (petrol, diesel, alcohol etc.); ➤ not a casual taxable person, not a non-resident taxable person. |
| 4 | Special points | <ul style="list-style-type: none"> ➤ Either all branches under composition or all under regular scheme, ➤ Cannot collect tax from recipient, ITC not allowed, ➤ Supply of Service (other than restaurant) max 10% of turnover (excluding interest on FD) of preceding year or ₹ 5 lakh, higher ➤ Must pay tax under RCM on normal scheme. ➤ Issue Bill of Supply (mention “Composite taxable person, not eligible to collect tax on supplies”) ➤ Normal Scheme applicable from the day on which turnover exceeds ₹ 75 lakh/1.5 crores during the year. Must intimate within 7 days |
| 5 | How to opt the Scheme? | <ul style="list-style-type: none"> ➤ New registration: - Intimation in Part B of Form GST REG-01 ➤ Regular Scheme to Composition scheme: Intimate electronically before commencement of next F.Y ➤ Composition Scheme to Composition Scheme: No intimation required. |

RECAP 3: ALTERNATIVE COMPOSITION SCHEME [GST @6%]

[for person not eligible to opt Composition Scheme u/s. 10(1)]

[Notification No. 2/2019]^{w.ef1.4.2019}

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| 1 | Who is eligible to avail this Scheme? | A registered person who is –(i) exclusively engaged in supplying of services (other than restaurant services); or (ii) engaged in mixed supply (goods +services), where the value of services (except restaurant supply) exceeds 5 lakh in the current financial year. |
| 2 | What are the conditions to opt this scheme? | Aggregate turnover (excluding interest on FD) in the preceding F.Y does not exceed ₹ 50 lakh + not eligible to opt composition scheme u/s. 10(1) + Not engaged in - interstate outward supply, sale through e-commerce operator, non-taxable supply (petrol, diesel, alcohol etc.) + not a casual taxable person/ not a non-resident taxable person + not engaged in making supply of Ice cream/Pan masala/Tobacco product. |
| 3 | What is the rate of tax under this Scheme? | GST = @ 6% on first supplies of goods or services or both upto an aggregate turnover of ₹ 50 lakh made on or after 1st April in any F.Y [3% CGST and 3% SGST] Value of supply for tax purpose includes – all outward supply [taxable/exempted] |
| 4 | How to calculate first supplies of goods or services or both? | the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the Act, shall not include to determine the tax payable under this scheme. However, it shall be included for the purpose of determining eligibility to opt the scheme. |
| 5 | Special Points | <ol style="list-style-type: none"> 1. Either all branches under this scheme or all are out of the scheme. 2. Cannot collect tax from recipient, ITC not allowed, 3. Must pay tax under RCM on normal scheme. 4. Issue Bill of Supply (mention 'taxable person paying tax in terms of notification No.2/2019, Central Tax (Rate) dated 07.03.2019, not eligible to collect tax on supplies') 5. Normal Scheme applicable from the day on which turnover exceeds ₹50 lakh. must intimate within 7 days. 6. For reversal and lapse of ITC section 18(4) applies. 7. All other procedures are same as that of Composition Scheme u/s. 10(1). |
| 6 | Mr. X, has started consultancy in the field of interior designing on 1.4.2019, his turnover till 30.6.2019 is ₹ 20,00,000. On 1.7.2019 he applied for registration and opted to pay tax in terms of Notification No. 2/2019-CT(R). His turnover from 1.7.2019 to 30.9.2019 is ₹ 40,00,000. Compute his tax liability for the 2 nd Quarter of the F.Y 2019-20. | <p>Answer – Person eligible for Notification NO. 2/2019, is liable to pay tax @ 6% (CGST and SGST) on first supplies of goods or services or both upto an aggregate turnover of ₹ 50 lakh made on or after the 1st day of April in any financial year. For the purpose of determination of tax payable under this notification, first supplies of goods or services or both shall not include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the Act. Accordingly, in the given case, the presumptive tax liability shall be 6% of ₹ 40,00,000 i.e 2,40,000. Turnover from 1st April 2019 to 30.6.2019 shall not be taken into account in computing the tax liability.</p> |

RECAP 4: THE TIME OF SUPPLY

| | SUPPLY OF SERVICE | SUPPLY OF GOODS |
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| 1. General Rule | <ul style="list-style-type: none"> ➤ If Invoice is issued within 30 days of completion of service: Date of Invoice or Date of Payment whichever is earlier ➤ If Invoice is not issued within 30 days of completion of service: Date of completion or Date of Payment whichever is earlier | <ul style="list-style-type: none"> ➤ If Invoice is issued at the time of removal: Date of Invoice or Date of Payment whichever is earlier ➤ If Invoice is not issued at the time of removal: Date of Removal or Date of Payment whichever is earlier |
| 2. Advance Receipt | ➤ Date of payment | ➤ Date of actual delivery of goods |
| 3. Continuous supply | <ul style="list-style-type: none"> ➤ If invoice issued within due date: Invoice or payment whichever is earlier ➤ If invoice is not issued within due date: Due Date or payment whichever is earlier | ➤ Same |
| 4. For Advance payment up to ₹ 1,000 in excess of Invoice Value | ➤ Time of supply at the option of the supplier shall be the date of next invoice (i.e. to be adjusted in next invoice) | ➤ Same |
| 5. Supply of Voucher | <ul style="list-style-type: none"> ➤ If the supply is identifiable: Date of issue of voucher ➤ For all other cases: Date of redemption of voucher | ➤ Same |
| 6. Interest and penalty | ➤ Cash basis | ➤ Cash basis |
| 7. Joint development agreement | <ul style="list-style-type: none"> ➤ Prior to 1.4.2019: When possession is transferred by builder in the constructed complex ➤ W.e.f. 1.4.2019: Date of issuance of completion certificate by competent authority or First occupation whichever is earlier | ➤ N.A |
| 8. Reverse Charge | <ul style="list-style-type: none"> ➤ General rule: Earlier of Date of Payment or 61st day from the date of invoice/other document issued by the supplier ➤ If above rule cannot apply: Date of Entry in the books of account of the recipient of supply ➤ Associated enterprise (supplier of service located outside India: Date of entry in the books of account of the recipient or the date of payment | <ul style="list-style-type: none"> ➤ General rule: Earlier of Date of receipt of goods or Date of Payment or 31st day from the date of invoice/other document issued by the supplier ➤ If above rule cannot apply: Date of Entry in the books of account of the recipient of supply |
| 9. Residuary provisions | ➤ Due date of filing return or date on which tax is paid as the case may be | ➤ Same |

RECAP 5: VALUE OF SUPPLY

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| 1. Value | <p>GST is levied on transaction value i.e. the price paid or payable for the supply of goods or services or both.</p> <p>Transaction value is accepted if supplier and receiver are not related and price is the sole consideration.</p> |
| 2. How value is determined? | <p>Transaction price + Non-Govt. subsidy directly linked to price+ Incidental expenses (on or before delivery of goods/supply of services) + Interest/late fee/penalty for delayed payment + Taxes (other than levy under GST Law) (-) Discount (given at the time of supply and recorded in Invoice or if terms and conditions exist before or at the time of supply) (-) Taxes under GST Laws</p> |
| 3. Whether Secondary discount excluded from the value? | NO. since not known at the time of supply. |
| 4. Whether Discounts including 'Buy more, save more' offer /Volume Discount are excluded? | Yes, if terms of an agreement exist before or at the time of supply and discount linked to relevant invoice and ITC attributable to such discount is reversed by the recipient. |
| 5. Whether TCS collected under Income Tax included in Value? | NO, since it is not a tax but an interim levy. |
| 6. Whether Subsidy received from CSR Fund is included? | Yes. Since not received from Government. |
| 7. What is the value of service in a business facilitator/ correspondent banking model? | The banking company is liable to pay GST on the entire value of service charge or fee charged to customers whether or not received via business facilitator or the business correspondent. |
| 8. Who are related persons under GST? | <p>Agent -Principal (sole)</p> <p>Business partner</p> <p>Control or 25% or more voting right</p> <p>Director</p> <p>Employer- Employee</p> <p>Family Member</p> |

RECAP 6: THE REGISTRATION

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| 1 | Turnover Based [Section 22] | <ul style="list-style-type: none"> ➤ Aggregate turnover in a financial year pan India basis exceeds – • In case of Exclusive supply of goods: ₹ 40 Lakh* (₹ 20 lakh if business is in the States of Arunachal Pradesh, Meghalaya, Sikkim, Uttarakhand, Puducherry, and Telangana; and ₹10 lakh for Manipur, Mizoram, Nagaland and Tripura). • In case of Supply of Services/ mixed supply: ₹ 20 lakhs (₹ 10 lakh if business is in States of Manipur, Mizoram, Nagaland and Tripura). • Aggregate turnover = All outward supplies (taxable +non-taxable +exempted+ zero-rated) (-) GST/Cess. * ₹ 20 lakhs for supply of ice cream, pan masala & tobacco; |
| 2 | Mandatory Registration [Sec.24] | <ul style="list-style-type: none"> ➤ M to V [Refer class Notes] |
| 3 | No Registration Required [Sec.23] | <ul style="list-style-type: none"> ➤ agriculturist (cultivation of land) ➤ Person exclusively engaged in non-taxable supplies, wholly exempted supplies, supplies covered under RCM u/s. 9(3) |
| 4 | Procedures | <ul style="list-style-type: none"> ➤ Application in GST REG-1 within 30 days. [casual taxable person (CTP)/non-resident taxable person (NRTP) apply 5 days before starting of business] <ul style="list-style-type: none"> • PART A REG-01 - PAN/TAN, Mobile No, e-mail ID, State • validation and generation of TRN • Acknowledgement in Form GST REG-02 (CTP/ NRTP must pay tax in advance) ➤ State specific and PAN based registration. FOR NRTP – passport/tax payer ID. ➤ Separate registration for SEZ unit/developer in same state and branches in different state. ➤ May opt for separate registration for different place of business in same state. ➤ Notice for deficiencies in application within 3 working days – reply within 7 days of notice– approved within 7 days of reply – if no action taken within 3/7 days- deemed to be approved and within 3 days Certificate in GST REG-06 granted and GSTIN allotted. ➤ Physical verification of premises may be carried out after grant of registration. |
| 5 | Effective date of Registration | <ul style="list-style-type: none"> ➤ From the date become liable for registration – if application filed within 30 days from such date. ➤ From the date of grant of registration – for other cases. |
| 6 | Validity of Registration | <ul style="list-style-type: none"> ➤ For CTP/NRTP – max 90 days + extended 90 days ➤ For others- Valid till cancellation. |
| 7 | Casual taxable person (CTP)/ Non-resident taxable person (NRTP) | <ul style="list-style-type: none"> ➤ CTP→ Person (having PAN No.) occasionally undertakes transaction + no fixed place of business in a State ➤ NRTP→Person (no PAN No.) occasionally undertakes transaction + no fixed place of business/residence in India. <p>Procedures: Applied for registration 5 days prior; pay advance tax; only then certificate reg. granted/only then business can be commenced.</p> |
| 8 | Amendment of Registration | <ul style="list-style-type: none"> ➤ Changes in information must be informed within 15 days ➤ For core filed (like change name, address of Business etc) approval required. May grant/reject within 15 days. Notice given before rejection to |

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| | | <p>be replied within 7 days. Deemed amended if no action taken within 15days/7days.</p> <ul style="list-style-type: none"> ➤ For non-core filed – no approval -auto amended upon submission. ➤ For change in PAN- New registration required. |
| 9 | Cancellation of registration | <ul style="list-style-type: none"> ➤ voluntary cancellation: no liable/business closed/change in constitution of business. Apply within 30 days. Detail of stock and reversal of ITC to be given. ➤ Suo-moto cancellation by proper officer- if not doing business from the registered place of business; issues tax invoice without supply; violates provisions of anti-profiteering, ¹not furnished return for a continuous period of 6 months (for regular dealer)/3 consecutive tax period (for composite dealer); voluntarily registered but not started business within 6 months, obtain registration fraudulently. <p>Notice for cancellation issued to be replied within 7 days. ¹In case return filed and tax paid with fee and interest proceeding dropped.</p> <ul style="list-style-type: none"> ➤ Registration shall be cancelled within 30 days from date of application/reply of notice ➤ Pending the completion of cancellation proceedings- the registration shall be suspended and the person shall not make any taxable supply and not require to file return. |
| 10 | Revocation of Cancellation of Registration | <ul style="list-style-type: none"> ➤ Application to be filed within 30 days of suo-moto cancellation of registration by proper officer. ➤ if the registration cancelled due non-filing of return - application for revocation can be filed after furnishing of return along with tax, interest, other dues. ➤ In case of retrospective cancellation – return to be filed after revocation. ➤ Proper officer on satisfaction revoke the cancellation of reg. within 30 days; may reject the application after giving 7 days SCN. |

| Aggregate Turnover Vs. Turnover in a State | |
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| Aggregate Turnover | Turnover in a State |
| It is used for determining the threshold limit for registration as well as eligibility for Composition Scheme | The composition levy is calculated on the basis of turnover in a state. |

RECAP 7: INVOICING

| Nature of Document | Purpose | Due Date of issue |
|---------------------------|---|---|
| 1. Receipt Voucher | For Advance Receipt | At the time of receipt of advance Sp. point- If rate not known: 18% If nature of supply not known: Interstate supply |
| 1. Refund Voucher | Where no supply is made and no tax invoice issued against advance received. | At the time of refund |
| 2. Tax Invoice | For supply of taxable goods or services or both | <p>(1) Normal Supply -</p> <ul style="list-style-type: none"> • Goods: before or at the time of removal / delivery/making available of goods. • Services: within 30/45days (banking sector) of supply. <p>(2) Continuous supply-</p> <ul style="list-style-type: none"> • Goods: before or at the time of issue of statement of accounts/receipt of payment. • Services: <p>If payment date from the contract:</p> <ul style="list-style-type: none"> - ascertainable: on or before due date of payment. - not ascertainable: on or before receipt of payment. <p>If payment is linked to completion of event: on or before the date of completion of such event.</p> <p>(3) Goods sent on approval: before or at the time supply or 6 months from the date of removal [earlier]</p> <p>(4) Supply of services ceases before completion: at the time when supply is ceases to the extent supply made before cessation.</p> <p>(5) Supply of services between distinct person in banking/insurance/telecom/FI – may issue before or at the time of recording in the books of the supplier or before the expiry of the quarter during which the supply was made.</p> <p>Special Points-</p> <ul style="list-style-type: none"> • Importance- evidence of supply by the supplier and necessary to avail ITC by the recipient. • Prepared in triplicate (for goods) and duplicate (for services). • Amount of tax shall be indicated prominently in tax invoice/other like document. • Tax Invoice includes revised tax invoice. |

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| 3. Revised Tax Invoice | For taxable supply made between the effective date of registration and date of grant of certificate. | Within 1 months from the date of issuance of certificate of registration. <ul style="list-style-type: none"> • Based on this recipient can claim ITC. • Consolidated revised invoice for all supplies made to a single unregistered person may be issued. For interstate supply- the limit is value upto 2.5 lakh. |
| 4. Self-Invoice & payment voucher | In case of RCM, the recipient shall issue self-invoice to himself, if the supplier is unregistered. | Due date of invoice is same as Tax Invoice. Payment voucher at the time of making payment to supplier. |
| 5. Bill of Supply | For supply of exempted goods/services For supplying under composition scheme | Due date is same as Tax Invoice <ul style="list-style-type: none"> • For Non-taxable supplies, any similar document may be issued and shall be treated as supply. |
| 6. Invoice cum bill of supply | For taxable cum exempted supply to un-registered persons invoice cum bill of supply may be issued | Due date is same as Tax Invoice |
| 7. Credit note | Where Tax invoice is Issued but there is return of goods, overbilling, deficient of supply, made in a F.Y | Issued within 30 th Sept. of Next F.Y or filling of relevant annual return, whichever is earlier. <ul style="list-style-type: none"> • Reduction in tax liability of supplier for credit note issued allowed only if recipient reverse the excess ITC. |
| 8. Debit note (Supplementary Invoice) | Where Tax Invoice is Issued but there is underbilling of value/rate | No time limits <ul style="list-style-type: none"> • Tax liability increased in the return of relevant period. Recipient can claim ITC. |
| 9. Consolidated Tax Invoice (General) | Where value of goods or services is less than ₹ 200 and supply made to Unregistered person, who does not require invoice. | At the close of each day for all supplies |
| 10. Consolidated Tax Invoice (Special) | For banking, Insurance, FI, NBFC | At the end of each month irrespective of value and nature of customer. |
| 11. Delivery challan | Instead of invoice a delivery challan can be issued for purpose of: transportation of goods for job work/ other notified supplies/for reasons other than supply and supply of liquid gas where quantity is unknown. | At the time of removal for transportation of goods. <ul style="list-style-type: none"> • Prepared in triplicate. Must be declared in e-way bill. |

RECAP 8: THE REVERSE CHARGE

| | Service | Person liable to pay GST |
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| R | R ecovery Agent Services | In case services supplied by recovery agent, GST shall be paid under RCM by Banks, Financial Institution or NBFC which are located in taxable territory. |
| | Services by member of overseeing committee to RBI | In case supply of services by member of overseeing committee to RBI, GST shall be paid by RBI under RCM. |
| | R eal estate Project services (JDA) | In case of services of supply of TDR, FSI or Long-Term Lease of Land to promoter, the promoter shall be liable to pay GST. [Sec. 9(3)] |
| | | In case a promoter purchased less than 80% of input and input services (other than TDR,FSI etc.) from registered person, GST @ 18% shall be payable by promoter on shortfall. If cement purchased from unregistered person @ 28%. If capital goods purchased from unregistered person @ applicable rate. [Section 9(4)] |
| A | A dvocate Services (legal services) | Legal Services provided by an Advocate / Arbitral Tribunal to Business entity having turnover in the preceding year more than ₹ 20lakhs/ 10 lakhs. |
| | A gent services to Business correspondent | Services by an agent of Business correspondent to a Business correspondent is chargeable to GST under RCM. |
| G | Services by G overnment | Postal, Airport, Renting, Transport (PART): These services are under forward charge that is Govt. to Pay GST. Any other Services: If provided to business entity, whose turnover in the previous year exceeds ₹ 20 lakhs/10 lakhs, then GST shall be paid by such entities under RCM, otherwise exempted. Renting of Immovable property: If provided to any registered person under CGST Act, 2017 then GST shall be paid by such person under RCM. |
| | Services by G TA for Transportation of Goods by road | In case transportation of Goods by a GTA who has not opted to pay tax @ 12% and services are provided to: Factory, Society, Co-operative society, any person registered under GST Law., Partnership Firm, Body Corporate, CTP, then GST shall be payable by recipient under RCM. [GTA to FCA/FCS] |
| S | S ponsorship Services | In case of sponsorship services provided to any body corporate or partnership firm, then GST shall be paid under RCM by such firm or body corporate. |
| | S ecurity Services | In case supply of security personnel by any person other than body corporate to any registered person, then GST shall be paid by such registered recipient under RCM. |
| I | I nsurance Agent Services | In case Service provided by insurance agent to any Insurance business, then GST shall be provided by such insurance business under RCM. |
| | I mport of services | Service provided by a person located in non-taxable territory to a person located in taxable territory and if this service is taxable then GST shall be paid under RCM by the recipient. |
| | Vessel services to I mporter | In case service provided to an importer by way of transportation of goods by a vessel from a place outside India to customs station in India, then such Importer shall be liable to pay GST under RCM. |
| | I PR Services | In case services provided by an author, music composer etc. to any publisher or music company etc. in relation to enjoyment of copy right of original works, then GST shall be payable by such publisher or music company under RCM. |
| D | Services by D irectors | In case any service provided by a director to company or a body corporate, then GST shall be payable under RCM by such Company or body corporate. |
| | D SA Services | RCM applicable for any services supplied by Direct sales Agents (other than a body corporate, firm or LLP) to a banking company or NBFC. |
| | Business facilitator services | Services provided by a business facilitator to a banking company is chargeable to GST under RCM. |

RECAP 9: INPUT TAX CREDIT

| | | |
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| 1 | What is Input Tax Credit (ITC)? | It means CGST/SGST/UTGST/IGST paid on inward supply is eligible for set off for payment of output tax liability. |
| 2 | Who can avail the ITC? | Any registered person can avail credit of tax paid on the inward supply of goods or services or both, which is used or intended to be used in the course or furtherance of business. |
| 3 | What are the pre-requisite conditions for availing ITC by a registered person? | a. He is in possession of tax invoice/tax paying document. b. He has received the goods or services. c. Tax is actually paid by the supplier. d. He has furnished the return |
| 4 | What are the documents on the basis of which credit can be availed? | a. Invoice issued by a supplier of goods or services or both b. Invoice issued by recipient (self-invoicing) along-with proof of payment of tax c. A debit note issued by supplier d. Bill of entry or similar document prescribed under Customs Act e. Revised invoice f. Document issued by Input Service Distributor In order to claim ITC it must contain the details of (i) the amount of tax charged, (ii) description of goods or services, (iii) total value, (iv) GSTIN of the supplier and recipient, (v) Place of supply (if Interstate supply) |
| 5 | Can credit be allowed if inputs are received in lots? | The credit is allowed only when the last lot of the inputs is received. |
| 6 | Whether the registered person is eligible to claim ITC in case goods or services are directly supplied to third person on his direction? | This transaction is known as Bill to Ship to transaction. In such a case, it is deemed that the registered person has received the goods or services and therefore eligible to claim ITC. |
| 7 | Whether ITC is allowed on credit purchases? Or Is it necessary to pay the Invoice value to claim ITC? | ITC is allowed on credit purchases. <u>In case of Forward charge –</u> Invoice value (including tax) to be paid within 180 days from the date of issue of invoice, otherwise credit taken earlier shall be added to his output tax liability with interest. In case part payment, proportionate credit would be allowed. Can reclaim ITC once amount is paid <u>In case of reverse charge –</u> only tax amount must be paid to Govt. A.c Deemed paid - For transaction refer to in Sch-I & value increased due to exp. incurred by recipient on behalf of supplier. |
| 8 | Whether credit is allowed on capital expenditure i.e capital goods? | Yes, if depreciation is not claimed in tax component. |
| 9 | Is there any time limit to claim the ITC? | Yes, ITC cannot be claimed after the due date of return for September of the following FY to which invoice pertains or date of filing of annual return, whichever is earlier. NO time limit for reclaim of ITC as stated in point (6) above. |
| 10 | Is there any time limit to utilise the ITC? | ITC once claimed in the return is credited to e-credit ledger and there is no time limit to use such credit. |
| 11 | Whether ITC is allowed on all inward supplies (inputs, input services, capital goods) if used in the course or furtherance of business? | |
| | Generally, Yes. However, ITC is not allowed for the following inward supplies known as blocked credit – | |
| | (1) Motor vehicle (approved seating (passenger + driver) capacity ≤ 13). Credit allowed if used for resale, passenger transportation service, driving training services. | |
| | (2) Vessels and aircraft [credit allowed if used for resale, passenger/goods transportation service, navigating/flying training services] | |

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| | <p>(3) General insurance/servicing/repair & maintenance of above vehicle/vessels/aircraft for which credit is not allowed. [credit allowed if used by manufacturer of such vehicle/vessels/aircraft or re-insurance service]</p> <p>(4) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, life insurance, health insurance and leasing, renting or hiring of motor vehicles/vessels/aircraft for which credit is not allowed. However, credit is allowed if used for resale or composite/mixed supply or provided by employer to employee as statutory obligation.</p> <p>(5) membership of a club, health and fitness centre and leave travel concession/benefit. However, credit allowed if provided by employer to employee as statutory obligation.</p> <p>(6) works contract service in relation to immovable property. However, credit allowed if such service is used for plant and machinery¹ or further supply of works contract service.</p> <p>(7) inward supply used for construction of immovable property on own a.c. However, if used for plant and machinery¹ credit allowed.</p> <p>¹Plant and machinery must be used for making outward supply. It includes foundation and structural support of P&M but excludes land, building or any other civil structures, Telcom tower and pipeline laid outside the factory premises.</p> <p>(8) no credit allowed for goods or services on which tax is paid u/s. 10 (composition levy)</p> <p>(9) no credit allowed to NRTP except goods imported by him.</p> <p>(10) goods or services used for personal consumption.</p> <p>(11) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples</p> <p>(12) taxes paid u/s 74, 129 and 130 i.e fraud, seizure & confiscation.</p> | |
| 12 | Can ITC be allowed to set off against tax payable under RCM? | NO. since it is not output tax liability. RCM liability shall be paid through e-cash ledger. |
| 13 | Can ITC be allowed if the output supply is exempted or non-taxable or used for personal purpose? | NO. ITC is allowed only if inward supply is used to provide taxable output supply or zero-rated supply. |
| 14 | Where inputs and input services are partly used for non-business or for effecting exempted supply and partly for taxable/zero rated supply, how ITC is allowed? | <p>Credit attributable to exempted supply/non-business purpose shall not be allowed as under: –</p> <p>(i) ITC attributable to exempted supply = $\text{Common Credit} \times \frac{\text{Exempted Turnover}}{\text{Total Turnover}}$ [D₁]</p> <p>(ii) ITC attributable to non-business purposes = 5% of common credit. [D₂]</p> <p>Note -Common Credit [C₂] = Total ITC – ITC involves in effecting exclusive non-business/exempted supply - ITC (blocked) – ITC involves in exclusive taxable and zero-rated supply]</p> <p>Note- banking company has the option to claim 50% of total ITC without doing any calculation.</p> |
| 15 | How ITC is allowed where capital goods partly used for non-business or for effecting exempted supply and partly for taxable/zero rated supply? | <p>Credit attributable to exempted supply/non-business purpose shall not be allowed as under: –</p> <p>ITC attributable to non-business/exempted supply = $\frac{\text{Exempted Turnover}}{\text{Total Turnover}} \times (\text{Common Credit}/60)$</p> <p>Note- Common Credit = Total ITC – ITC involves in effecting exclusive non-business/exempted supply - ITC involves in exclusive taxable and zero-rated supply]</p> <p>Note- banking company has the option to claim 50% of total ITC without doing any calculation.</p> |
| 16 | Exempted supply | Includes- Nil rated/exempted supply + non-taxable supply (petrol, diesel, wine etc.) + supplies on which tax is payable by recipient under RCM + 1% value of securities + stamp value of land & Building (sale after completion) + services liable to normal GST rate @5% without ITC. |

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| | | Excludes- (i) Interest on FD (for other than bank/FI/NBFC) (ii) Freight charges on supply of goods to outside India through vessels, (iii) items of Schedule III (other than land and building), (iv) Excise Duty/CST/VAT. |
| 17 | Special Circumstances [Section 18] | |
| | (i) Person applying for registration first time - | Entitled to claim ITC of input tax in respect of goods held in stock (as such/ semi-finished/finished goods) on the day immediately preceding the date - (i) from which he becomes liable to pay tax (if applied within 30 days) (ii) of registration [for voluntary registration] |
| | (ii) person switching from composition scheme to normal scheme | entitled to ITC in respect of goods held in stock (as such/ contained in semi-finished/finished goods) and capital goods (after reducing 5% per quarter or part from invoice date) on the day immediately preceding the date from which he becomes liable to pay tax as normal taxpayer |
| | (iii) Where an exempt supply of goods or services or both become taxable | entitled to take ITC in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) relating to exempt supplies. He shall also be entitled to take credit on capital goods (after reducing 5% per quarter or part) used exclusively for such exempt supply |
| | Note- ITC, in all the above cases, is to be availed | within 1 year from the date of issue of invoice by the supplier |
| | (iv) In case of change of constitution of a registered person on account of sale, merger, demerger, transfer of business (including death of sole-prop) etc, | the unutilised ITC shall be allowed to be transferred to the transferee. |
| | (v) person switching from normal scheme to composition scheme or where a taxable supply become exempt | the ITC availed shall be reversed/paid – (i) in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) - as per corresponding invoice. (ii) in respect of capital goods = ITC on CG x remaining life in month/60 Note- ITC in e-credit ledger shall lapse. |
| | (vi) person whose registration is cancelled | Amount payable = Higher of A or B A = [(i) + (ii) as given above] B = output tax payable on transaction value |
| | (vii) In case of supply (sale/disposal) of capital goods or plant and machinery, on which ITC is taken | Amount payable = higher of A or B A = ITC availed - 5% for every quarter or part thereof from invoice date. B = output tax payable on transaction value |
| 18 | When reversal of ITC on capital goods is based on reduced point of 5% per qtr. and when it is proportionate to 60 months? | |
| | ITC on capital goods shall be available/reversed equal to ITC on CG (-) 5% per qtr./part thereof from the date of invoice | ITC on Cap. Goods shall be reversed equal to ITC on CG x (remaining life in months/60) |
| | <ul style="list-style-type: none"> ❖ switching from composition to normal scheme [available] ❖ exempted supply becomes taxable [available] ❖ transfer/disposal of capital goods on which ITC availed [reversed] | <ul style="list-style-type: none"> ❖ switching from normal to composition ❖ taxable supply becomes exempted ❖ registration is cancelled. |
| 19 | In case of demerger; or transfer of ITC by Regd. Person to newly reg. business unit in the same state (multiple place of business) | Unutilised ITC in e-credit ledger can be transferred to such registered unit based on value of assets. |

RECAP 10: PAYMENT OF TAX

| ORDER OF SET OFF OF ITC | NATURE OF ITC | ORDER OF SET OFF WITH OUTPUT TAX |
|--|---|---|
| | IGST | (1) IGST (2) CGST OR (3) SGST/UTGST |
| | CGST | (1) CGST (2) IGST |
| | SGST/UTGST | (1) SGST/UTGST (2) IGST |
| Note: SGST Credit can be set off against IGST only if CGST Credit is not available. Credit of IGST must be utilized first and then CGST and then SGST. Other credit cannot be used till IGST credit is available. | | |
| E-CASH LEDGER VS. E-CREDIT LEDGER | <p>Electronic Cash Ledger</p> <ol style="list-style-type: none"> every deposit towards tax, interest, penalty, fee shall be credited to E-cash ledger. maintain in GST payment form PMT 05. E-cash ledger can be utilized for payment of tax, interest, penalty, fees. balance in E-cash ledger can be claimed as refund. | <p>Electronic Credit Ledger</p> <ol style="list-style-type: none"> the ITC self-assessed in the return is credited to E-credit ledger. maintained in GST payment form PMT-02. E-credit ledger can be utilized only for payment of taxes. balance in E-credit ledger can be claimed as refund only if conditions of Sec-54 are fulfilled. in case of undue/excess claim of ITC interest @24% p.a. is chargeable. |
| Rate of Interest | Nature | Rate of interest |
| | (i) failure to pay tax, in full or in part within the prescribed period, (ii) undue or excess claim of input tax credit u/s. 42(10), (iii) undue or excess reduction in output tax liability u/s. 43(10). | 18% p.a. 24% p.a |
| E-Liability Ledger | <ul style="list-style-type: none"> All liabilities are recorded and maintained. Deemed that supplier pass the burden of tax liability to the recipient unless contrary proved. Payment shall be adjusted in following order: self-assessed tax and other dues of previous periods, then of current period and then any other amount payable under the act. | |
| Procedure for payment | <ul style="list-style-type: none"> Generate challan → Make payment within 15 days → CIN is generated → Amount credited to E-Cash ledger Mode of payment: Net Banking, Debit Card, Credit Card, NEFT, RTGS. Cash up to ₹ 10000 per challan per tax period | |

RECAP 11: SOME RECENT CIRCULARS

| 1 | Whether the following activities are considered as Principal and Agent in the context of Schedule I and therefore liable for compulsory registration u/s. 24? | |
|-------|--|--|
| | Situations | Answer |
| (i) | Procurement agent who identify a supplier and ask the supplier to supply goods and issue invoice directly to the Principal. | In both the cases, the agent is not engaged in supply or receipt of goods, they will not fall within the ambit of Schedule I. They are merely service provider and liable for registration only if threshold limit u/s. 22 exceeds. They are not required for compulsory registration u/s.24. |
| (ii) | Auctioneer merely arranges for the auction and identifies the potential bidder. The Invoice is issued by the principal supplier to the successful bidder. | |
| (iii) | Auctioneer receives goods from Principal and supplied goods and issues invoice to successful bidder | |
| (iv) | Commission agent who buys and sales agricultural produce on behalf of agriculturist as per the Agricultural Produce Marketing Committee Act. | Will fall within the scope of schedule I. However, no registration required u/s. 24, as the principal (agriculturist) is not a taxable person and also supply of services under APMC is an exempted service and therefore will fall under section 23. |
| 2 | Whether moulds and dies supplied by Original Equipment manufacturer (OEM) to a Job-worker/component manufacturer free of cost is liable to tax? | No, since there is no consideration. |
| 3 | Treatment of the following sales promotions scheme in the hands of supplier under GST: | |
| (i) | Free sample and Gift | Not a supply (except if given to relative/distinct entities falling under SCH-I). Hence, not liable for GST and also no ITC as per section 17(5)(h). |
| (ii) | Buy one get one free offer* | Treated as composite supply/mixed supply as per section 8. ITC allowed. |
| | *[Though it appears that one item is being supplied free of cost but it is not an individual supply of free goods but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one] | |
| (iii) | Discounts including 'Buy more, save more' offer /Volume Discount/periodic discount. | Such discounts are post sale discount and shall be excluded from value by issue of credit note, only if relevant conditions satisfied [refer Page 54 point (3)]. ITC attributable to such discount is reversed by the recipient. |
| (iv) | Secondary Discount (post sale discount which are not known at the time of supply) | Not to be excluded from value since conditions of section 15(3) [refer page 54 point (3)] not satisfied. ITC allowed. |
| 4 | In case of long running exhibition for a period of more than 180 days, the person cannot be treated as Casual Taxable Person (CTP) and he shall require to obtain registration as a normal taxable person. | |
| 5 | A CTP shall be required to pay advance tax based on estimated net liability [Gross liability – eligible ITC] | |
| 6 | Treatment of time expired medicine/other goods when returned to manufacturer – | |
| | (i) Option A (credit note route) - adjustment in liability to be made only if it is returned within 30 th sept. of the next F.Y in which supply was made or date of filling relevant annual return; whichever is earlier, provided recipient must reverse the ITC. Further, if the manufacturer destroyed such expired goods, then ITC involved in relation to manufacture of such goods shall be reversed as per sec. 17(5)(h). | |
| | (ii) Option B (fresh supply route) – If the person returning the goods is a – | |
| | - normal registered person , then he may treat such return as a fresh supply and charge GST (issue tax invoice) on it and the original supplier (now recipient for returned goods) is eligible to claim ITC. However, if such time expired goods are destroyed by him, then no ITC available as per section 17(5)(h). | |
| | - composite dealer , he may return the goods by issuing Bill of supply and pay tax under composite rate. | |
| | - unregistered person , he may return the goods by issuing a commercial doc. without charging GST. | |

RECAP 12: REFERENCER/ORIGIN

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| 1 | Constitutional Power to levy taxes | <p>Article 265 no tax can be charged or collected unless the constitution permits.</p> <p>Article 246 gives separate power to Centre and State for levying taxes.</p> <p>Article 246A(1) empowers Centre and State to make laws on intra state supply of goods or services or both. [Concurrent power].</p> <p>Article 246A(2) provides Central Govt. has exclusive power to make laws in case of inter-state supply.</p> <p>Schedule VII of the Constitution of India provides 3 list – List 1 (Union list) consist of items on which Central Govt can levy taxes- List 2(State List) items on which state can levy taxes- List 3(concurrent list)- both Centre and State can make laws.</p> |
| 2 | GST Council | <p>Article 279A provides for constitution of GST council for delegation of legislative power to design and make decisions on GST. The Council consist of Union Finance Minister as Chairman + Ministry of State (Dept. of Revenue) as member + State Finance/Taxation ministers as members. ½ of total members required for quorum in a meeting. Decisions shall be taken by a majority of at least 3/4th of vote cast. Centre alone would have 1/3rd weightage and all States would have 2/3rd of weightage of the total vote cast.</p> |
| 3 | Role of GST Council | <p>The role of GST Council is to make recommendations to the Union and states on (1) taxes subsumed under GST, (2) model of GST laws, (3) goods and services subjected to tax/ exempted, (4) rates of GST (including floor rates with bands], (5) threshold limit of turnover below which GST is exempt, (6) any special rates to raise fund during natural calamity/disaster, (7) special provisions w.r.t special category states, (8) the date from which GST on petrol, diesel, motor spirit, natural gas and aviation turbine fuel to be levied, and (9) any other mater as the council may decide. (10) It shall establish a mechanism to adjudicate any dispute between Centre and State(s), State(s) and State(s).</p> |
| 4 | Taxes Subsumed Under GST | <p>Central levies – (1) Central Excise on manufacture of goods, (2) Excise duty under Medicinal and Toilet Preparation Act, (3) Additional Excise Duty, (4) Additional Duties of Customs to countervail Excise Duty & VAT, (5) Service Tax, (6) Surcharges/Cess levied on goods/services, and (7) Central Sales Tax(CST).</p> <p>State Levies – (1) State VAT, (2) Taxes on lotteries/betting/gambling, (3) Entry Tax, (4) Luxury tax, (5) taxes on advertisement, (6) Entertainment tax except tax levied by local authorities.</p> |
| 5 | The Merits/ benefits of GST | <p>(1) Mitigate the ill effects of cascading and improving competitiveness, (2) eliminate “tax on tax”, (2) provide seamless flow of ITC, (3) provide neutrality, (4) provide common national market, (5) provide boosts to the exports, (6) bring buoyancy to the Govt. revenue, (7) give major boost to the ‘ make in India’, (8) bring transparency, and (9) simple and reduce tax compliance.</p> |
| 6 | The Common portal [GSTN) | <p>The common portal a website www.gst.gov.in is managed by GSTN. GSTN is a Section 8 (not for profit) private Company. The Goods and services Tax Network (GSTN) provide IT platform for registration, payment of GST and filling of return by taxpayers, it also provides services to both Centre and State Govt and other Stake Holders (Bank, IT Companies (GSPs/ASPs) etc.).</p> <p>Other backend services of GSTN are- computation and settlement of IGST, generation of MIS reports, matching of tax payment details with banking network, analysis of tax payers profile etc.</p> <p>GSPs(GST Suvidha Providers) – They are IT/software/finance companies selected by GSTN to develop software application for tax payer for interacting with the GSTN. Selected by GSTN. ASPs (Application Service Providers) – they are selected by GSPs to act as link between taxpayers and GSPs</p> |
| 7 | Classification of Goods and Services | <p>Although GST is levied on both Goods and Services but a distinction is required due to the differential provisions in relation to rates of GST, determination of nature of supply, location the time and value of supply. Goods under GST is classified based on HSN (Harmonised System of Nomenclature) which is an internationally accepted product coding System, developed by the Customs Co-operations Council, Brussels.</p> |

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| | | HSN is an 8-digit coding system consist of -chapter (2 digit), Heading (2 digit), sub-heading (2 digit) and sub-sub-heading (2 digit). For services Service Code (Tariff) is used and it is notified separately under chapter 99. |
| 8 | Is it mandatory to provide HSN/Service Code? | Taxpayer whose turnover is more than 1.5 crores shall require to provide HSN/SC in their Invoices. [Turnover upto 1.5 cr – NO HSN, above 1.5cr to ₹ 5 cr- upto 2-digit HSN, above ₹ 5 cr- upto 4digit HSN/SC, required] |

SYNOPSIS OF RELEVANT PROVISIONS OF IGST ACT, 2017

| | | |
|----|-----------------------------------|--|
| 1. | The Chargeability: | |
| | Forward Charge [Sec. 5(1)] | <ul style="list-style-type: none"> ☞ Levied on Interstate supply of goods or services or both → value shall be determined u/s. 15 of the CGST Act → maximum rate can be notified 40% → not leviable on alcoholic liquor for human consumption ☞ In case of import of goods: IGST shall be levied as per section 3 of the Customs Tariff Act, 1975 → value shall be determined as per section 12 of the Customs Act, 1962 |
| | Non-taxable supply [Sec. 5(2)] | <ul style="list-style-type: none"> ☞ No IGST for the time being on supply of → petroleum crude → motor spirit (petrol) → High speed diesel → natural gas → Aviation turbine fuel. ☞ Note- CBIC clarification → Interstate movement of vehicle, rigs, tools and spares, and all goods on wheel (like cranes) are not supply, if movement is not because of further supply of such vehicles etc. |
| | Reverse charge [Sec. 5(3) & 5(4)] | Same as discussed u/s. 9(3) & (4) of the CGST Act |
| | Special charge u/s. 5(5) | Same as discussed u/s. 9(5) of the CGST Act. |
| 2. | Exemption [Sec. 6] | Same as discussed u/s. 11 of the CGST Act |

EXEMPTED SERVICES

| Sl. No | Sector/Nature of Services | Exempted cases |
|----------|------------------------------|---|
| 1 | Banking and Financial | <ul style="list-style-type: none"> ☐ Services provided by RBI ☐ Forex reserve management services received by RBI from outside India ☐ Interest or discount charges (except interest involved in credit card services) ☐ Purchase or sale of foreign currency between banks/authorised dealers. ☐ Card charges for payment upto ₹2000 ☐ Services of business facilitator/correspondent in rural area branch of banking/insurance co., intermediary to such business facilitator/correspondent. ☐ Services to Basic Saving Bank Deposit (BSBD) a/c holder under Pm Jan Dhan Yojana. |
| 2 | Health Care | <ul style="list-style-type: none"> ☐ Treatment, care, testing, diagnosis by clinical establishment/ authorised medical practitioner/para-medics in recognized system of medicines (such as yoga, homeopathy, naturopathy, unnai, siddha, Ayurvedic, allopathy) but not beauty treatment. ☐ Ambulance services; Blood bank services ☐ Veterinary services (health care of animal or birds) ☐ Bio -medical waste treatment to clinical establishment. |
| 3 | Educational Services | <ul style="list-style-type: none"> ☐ By educational institute to its student/staff/faculty and fee for entrance examination. |

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| | | <ul style="list-style-type: none"> ❑ Services received by preschool and upto class 12th level educational institution w.r.t transport of students, faculty, staff, catering, security, cleaning, housekeeping, admission, examination. ❑ Services received by educational institution (otherthan preschool/ upto class 12th/vocational course) w.r.t admission or conduct of examination and online educational journals or periodicals. ❑ Long term course (1 year or more) offered by IIM's are exempted. Short-term course (less than 1 year) -taxable. ❑ Examination services provided by Central and State Educational Board. ❑ Public libraries services. <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> <p>Educational Institution includes-</p> <p>(i) pre-school education</p> <p>(ii) education upto higher secondary (class 12th)</p> <p>(iii) education as a part of curriculum for obtaining a recognised qualification</p> <p>(iv) Courses in designated trades offered by ITI (industrial training institute) or ITC (industrial training centre), affiliated to National/ State Council for Vocational Training.</p> <p>(v) approved Modular Employable Skill Courses</p> </div> |
| 4. | Skill Development, recreational training, assessing Services | <ul style="list-style-type: none"> ❑ Services provided by NSDC (National Skill development Corporation) or approved Sector Skill Council/assessment agency/training partner w.r.t → National Skill development programme/vocational skill development course/course/another scheme implemented by NSDC. ❑ Assessment services under the Skill Development Initiative Scheme by empanelled assessing bodies. ❑ Vocational training or skill courses under Deen Dayal Upadhyya Grameen Kaushalya Yojana (DDUGKY) provided by training providers/Project implementation agencies. ❑ Services provided under any training programme for which entire expenditure is borne by Central/State Govt./ UT administration. ❑ Training or coaching in recreational activities w.r.t arts or culture ❑ Training or coaching w.r.t sports by a charitable trust registered under Income tax Act. |
| 5 | Agricultural Services | <ul style="list-style-type: none"> ❑ Agriculture operation/extension services, ❑ rearing of all life form of animals (except horses), ❑ supply of farm labour, ❑ basic processing, packing of agri-produce etc. without altering the essential characteristics. ❑ renting of agro-machinery, ❑ loading/unloading/ packing/storing, warehousing of agri-produce, ❑ Job work processing of agri-produce, pre-conditioning, cooling etc. ❑ cold chain knowledge dissemination services by NCCD. ❑ Fumigation services of agri-produce in a warehouse ❑ Artificial insemination of livestock (except horses) |
| 6. | Transport of goods | <ul style="list-style-type: none"> ❑ Transport of goods - <ul style="list-style-type: none"> - by road (except GTA/courier agency) - by inland waterways, - by an aircraft in the course of import of goods into India - by an aircraft/vessel in the course of export of goods from India (upto 30.9.2019) - by rail/vessel/GTA of: (a) agri-produce, (b) relief materials, (c) defence/military equipment, (d) registered newspaper/magazines, (e) milk, salt, food grains (rice, pulses, flours), (f) organic manure, (g) railway equipment/materials [point (g) is not applicable for GTA] - by GTA to – (a) unregistered person, (b) Govt. departments/agencies/ local authority registered only for collecting TCS under GST, (c) where |

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| | | consolidated freight does not exceed ₹1500 in a single carriage, (d) where freight for a single consignee does not exceed ₹750 |
| 7. | Transport of passengers | <ul style="list-style-type: none"> ❑ Transport of passenger - <ul style="list-style-type: none"> - by air where embarking/terminating point of airport- in the state of Arunachal/Assam/Manipur/Meghalaya/Mizoram/Nagaland/Sikkim/Tripura/ Bagdogra (West Bengal), or at a Regional Connectivity scheme airport - by non-Ac contract carriage (except (i) Radio taxi, (ii) tourism/conducted tour/charter/hire)] - by non-ac stage carriage, - by metered cab, auto/e- rickshaws - by railway (except 1st class and AC coach), - by metro, monorail, tramway - by Inland waterways - by Vessel for public transport in India and not for tourist |
| 8. | Hotel services | <ul style="list-style-type: none"> ❑ If actual value of supply is below ₹1000 per day. Hotel services includes inn, guest house, club, campsite etc. for residential or lodging purpose. |
| 9. | Renting/hiring services | <ul style="list-style-type: none"> ❑ Renting of residential dwelling(house) for residence use ❑ Hiring of – (i) passenger vehicle (seating capacity > 12) to State transport undertaking, (ii) goods vehicle to GTA, (iii) motor vehicle for transport of student, faculty and staff to a person providing same services to a pre-school or upto class 12th educational institution. ❑ Long-term leasing (30 years or more) of Industrial plot by State Govt. Industrial Corporation/undertakings/any entity having 50% or more ownership of Central/State Govt./UT [only upfront amount such as premium, salami, development chg. etc.) is exempt] ❑ Leasing of assets by IRFS to Indian railways |
| 10. | Artistic Performance | <ul style="list-style-type: none"> ❑ Performance in folk/classical art in music/dance/theatre (other than as brand ambassador), if price charged per performance does not exceed ₹1.5 lakhs. |
| 11. | Legal Services | <ul style="list-style-type: none"> ❑ Services of Arbitral Tribunal, advocates (including snr. advocates) to any person other than business entity, or business entity turnover below 20/10 lakhs in last year, or to Central/State Govt./UT/local authority/Govt. authority/entity. ❑ Services by one advocate (excluding snr. advocates)/firm of advocates to another firm/advocates. |
| 12. | Construction/repair services | <ul style="list-style-type: none"> ❑ Pure labour contract (original + repair works) under PM Awas Yojana/ Housing for All (urban) Mission. ❑ Pure labour contract (original) related to construction of single residential unit (not a part of a residential complex). |
| 13. | Incubator/Incubatee Services | <ul style="list-style-type: none"> ❑ Services provided by - Technology business incubator, Bio- Incubator, STEP (Science and Technology Entrepreneurship park) ❑ Services provided by an incubatee upto a total turnover of 50 lakhs in a F.Y for maximum period of 3 years (last year total turnover does not exceed 50 lakhs). |
| 14. | Sports/Entertainment Services | <ul style="list-style-type: none"> ❑ Sponsorship of Sporting event of – national sports federation/its affiliated federation, association of Indian University, Inter-university Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic committee of India, Special Olympics Bharat, Indian Olympic Association (part of national games), Central Civil service cultural & sports board, Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme. ❑ Right to admission to dance, music, award, recognized sports event, planetarium →if the ticket charges is upto ₹500/per person. |

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| | | <ul style="list-style-type: none"> ❑ Admission to museum, national park, zoo, tiger reserve/sanctuary, protected monuments. ❑ Services of player, referee, coach, team manger or umpire to recognized sports body ❑ Services provided to one recognized sports body to another. ❑ Services related to FIFA U-17 |
| 15. | Charitable/Religious trust | <ul style="list-style-type: none"> ❑ Public health- Care and counselling of – terminally/mentally/HIV/AIDS afflicted/alcohol or narcotics drugs addicted person; ❑ Public awareness -preventive health, family planning, prevention of HIV infection ❑ Advancement of religion, spirituality, yoga, education, skill development, ❑ Educational/skill development related to -abandoned, orphaned/homeless children, prisoners, person aged 65+ in rural area, physically/mentally abused/traumatized person, ❑ Preservation of environment, watershed, forests and wild life. ❑ Conduct of religious ceremony, renting of religious premises/shops charges less than 10,000/per day, renting of rooms charges less than ₹1000. ❑ Kailash Mansarovar/ Haj Pilgrimage services by Kumanon Mandal Vikash Nigam Ltd/ Haj Committee. |
| 16. | Services Provided by/to Government or Governmental authority | <p>Provided by Govt.</p> <ul style="list-style-type: none"> ❑ Provided to non-business entity/ business entity having turnover less than 20/10 lakhs (last year) ❑ One Government/UT/Local authority to another ❑ Services for which consideration does not exceed ₹5000 per transaction/per F.Y in case of continuous supply. ❑ Registration under any law, testing, passport, VISA, license, certificate - birth/death, worker/consumer safety etc., related services ❑ Right to use natural resources to individual farmer ❑ Fines/liquidated damages received for non-performance of contract ❑ Merchant overtime charges w.r.t import/export of cargo. ❑ Services by Govt. authority w.r.t activity entrusted to a municipality/Panchayat ❑ Central Govt's Share of profit from license to explore petroleum. ❑ Old-age home facility for resident aged 60 year or more, if consideration upto ₹25,000 p.m, provided by CG/SG/Ch. Trust u/s. 12AA of IT Act. ❑ Services of guaranteeing loans from banks by CG/SG/UT to their undertakings/PSU <ul style="list-style-type: none"> ❑ Intermediary services of collecting royalty by ERCC on behalf of State Govt. is exempt to the extent GST deposited by mining lease holders on royalty [excess if any, is taxable in the hands of ERCC under RCM]. <p>Always taxable: services of Postal Department (other than basic mail services, one Dept. to other postal service), Port/Airport services, renting of immovable property to business entity, transportation of goods/passenger.</p> <p>Provided to Govt.</p> <ul style="list-style-type: none"> ❑ Pure service/composite services (value of goods does not exceed 25%) in relation to function entrusted to local authority/ panchayat. ❑ Services of Fair price shop under PDS. ❑ Services of Govt. entity against Govt. Grant ❑ Services of insurance where entire premium paid by Govt. |
| 17. | Insurance/re-insurance Services | <ul style="list-style-type: none"> ❑ All Govt. Sponsored Insurance, pension, health Scheme for General Public. [such as PM Jan Dhan Yojana, PM Jeevan Jyoti Bima Yojana, Jan Arogya Bima Policy, PM Fasal Bina yojana, Niramaya Health Insurance Scheme, Aam Aadmi Bima Yojana, Naval Group Insurance etc.] ❑ Micro insurance having maximum sum assured ₹2,00,000 |

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| 18. | Services of Various authority/ unions/ associations/agency | <ul style="list-style-type: none"> ❑ IRDA, SEBI, ESI corporation, EPFO, GSTN, Foreign diplomatic mission, National Pension System (NPS) Trust, Food Safety and Standards Authority of India (FSSAI), Coal Mines Provident Fund Organisation, Collection of Atal pension Yojana, or other pension scheme of Govt., ❑ trade union, housing society membership fee upto ₹7500 p.m. ❑ import of services by UNO/specified international organisation for their official use/ by foreign diplomatic mission/consular post in India for their official/personal use. |
| 19. | Other Exempted services | <ul style="list-style-type: none"> ❑ Independent Journalist, Press trust of India, United news of India ❑ Public convenience services like toilets, washroom etc. ❑ Slaughtering of animals ❑ Services of transfer of a going concern ❑ Transit cargo services to Nepal and Bhutan ❑ Toll charges to access to road/bridge ❑ Loading, unloading, packing, storage, warehousing of rice ❑ Warehousing of minor forest produce ❑ Organisation of business exhibition held outside India ❑ Tour operator services - foreign tourist + entire tour outside India. ❑ Import of services by Govt./individual for non-business purpose, for charitable trust u/s. 12AA for charity purpose [except OIDAR service, transportation of goods services by a vessel] ❑ Information services under RTI Act, ❑ intermediary of financial services in a SEZ with IFSC. ❑ Royalty or license w.r.t import of temporary transfer of IPR, which is included in customs valuation of imported goods. ❑ Services supplied by an establishment of a person in India to any establishment of that person outside India, (treated as distinct persons as per IGST Act) ❑ Services of rehabilitation professionals at medical establishment, educational institution, rehabilitation centres established by CG,SG,UT, Ch.trust u/s. 12AA. ❑ Transfer of TDR/FSI/long-term lease of land by land owner w.r.t constructed flats which are sold before completion certificate and GST on un-booked flats is paid by builders. ❑ Electricity transmission/distribution by Govt. approved electricity transmission/ distribution utility (DISCOMS) ❑ Construction/installation of infrastructure services by electricity distribution utilities for extending electricity network upto tube well of farmer for agri-use. ❑ Services of unincorporated/registered non-profit entity → engaged in welfare of labour/farmer, promotion of trade, business, agriculture, art, culture, sports, etc., protection of environment → if fee from own member upto 1000 p.a/per member |