

Indirect Taxes Revision cum Amendment Notes For CA Final May / Nov 2020 Exam – Part 1

Note

- These Notes are not a substitute for Regular Notes / ICAI Study Material and are useful only for the purpose of revising the subject.
- RTP, Suggested Answers have to be studied thoroughly.
- We have taken all care while drafting these notes. If you find any error in these notes, please send us an email to junnarkarkedar@gmail.com

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Phenomenal Results for November 2019 Exams - Students who have done our DT / IDT Classes

ALL INDIA RANK 1	ALL INDIA RANK 46
Mr. Gurram Naga Sri Krishna Praneeth (Vijaywada)	Mr. Prasad Vangala (Vijaywada)
DT – 69 Marks and IDT – 74 Marks	IDT – 66 Marks

More than 100 Students have scored exemption in DT / IDT.

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 - Economics (91/100 in CA Professional Exam I)
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- Second Highest in State in HSC in:
 - Accountancy (99/100)
 - French (98/100)

Face to Face Class Details

CA Final IDT Fast Track Batch	Tapasya Academy, Hyderabad from 19 th Feb 2020 for 15 days 6 hours daily (Phone no. 8885556611 / 8885556622)
Face to Face Class Coming soon at Chennai in March 2020	

Chapter I : Goods and Service Tax – An Introduction

Goods and Service Tax

- A comprehensive tax structure covering both goods and services viz. Goods and Service Tax (GST)
- There is simultaneous introduction of GST at both Centre and State levels
- It would integrate taxes on goods and services for the purpose of set-off relief and will ensure that both the cascading effects of CENVAT and service tax are removed and a continuous chain of set-off from the original producer's point/ service provider's point upto the retailer's level/consumer's level is established.
- In the GST Regime, the major indirect taxes have been subsumed in the ambit of GST.

Central levies to be subsumed	State levies to subsumed
<ul style="list-style-type: none"> • Central Excise Duty & Additional Excise Duties • Service Tax • Excise Duty under Medicinal & Toilet Preparation Act • CVD & Special CVD • Central Sales Tax • Surcharges and Cesses in so far as they relate to supply of goods & services 	<ul style="list-style-type: none"> • State surcharges and cesses in so far as they relate to supply of goods & services • Entertainment Tax (except those levied by local bodies) • Tax on lottery, betting and gambling • Entry Tax (All Forms) & Purchase Tax • VAT/Sales tax • Luxury Tax • Taxes on advertisements

Dual GST Model

- India has adopted a dual GST which will be imposed concurrently by the Centre and States, i.e. Centre and States will simultaneously tax goods and services.
- Centre will have the power to tax intra-State sales & States will be empowered to tax services.
- GST will extend to whole of India (GST Provisions are applicable to the State of Jammu and Kashmir)
- GST is a destination based tax applicable on all transactions involving supply of goods and services for a consideration subject to exceptions thereof.

<p><u>Central Goods and Services Tax Act, 2017</u> Central Goods and Service Tax (CGST) - levied and collected by Central Government.</p>	<p><u>State Goods and Services Tax Act (passed by each State)</u> State Goods and Service Tax (SGST) - levied and collected by State Governments/Union Territories with State Legislatures.</p>
<p><u>Union Territory Goods and Services Tax Act, 2017</u> Union Territory Goods and Service Tax (UTGST) - levied and collected by Union Territories without State Legislatures, on intra-State supplies of taxable goods and/or services.</p>	<p><u>Integrated Goods and Services Tax Act, 2017</u> Inter-State supplies of taxable goods and/or services will be subject to Integrated Goods and Service Tax (IGST). IGST will approximately be a sum total of CGST and SGST/UTGST and will be levied by Centre on all inter-State supplies.</p>

Special Provisions for Union Territories

- Union Territories without State legislatures (Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu and Chandigarh) will be governed by UTGST Act, 2017 for levying UTGST
- Union territories with their own legislatures (Delhi and Puducherry) have to enact their own GST legislation for levying SGST.

Intra-State Supply	Inter-State Supply
In case of local supply of goods/ services, the supplier would charge dual GST i.e., CGST and SGST at specified rates.	In case of inter-State supply of goods/ services, the supplier would charge IGST at specified rates on the supply.

Alcoholic liquor for human consumption: is outside the realm of GST. Manufacture of alcoholic liquor continues to be subjected to State excise duty and inter-State/intra-State sale of the same is subject to VAT/CST respectively.	Petroleum crude, diesel, petrol, ATF and natural gas: As regards petroleum crude, diesel, petrol, ATF and natural gas are concerned, they are not presently leviable to GST. GST will be levied on these products from a date to be notified on the recommendations of the GST Council. Till such date, central excise duty continues to be levied on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas and inter-State/intra-State sale of the same is subject to VAT/CST respectively.	Tobacco: Tobacco is within the purview of GST, i.e. GST is leviable on tobacco. However, Union Government has also retained the power to levy excise duties on tobacco and tobacco products manufactured in India. Thus, tobacco is subject to GST as well as central excise duty.	Real estate sector has been kept out of ambit of GST, i.e. no GST on sale/purchase of immovable property. Construction service is taxable.
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Input Tax Credit

- Input Tax Credit (ITC) of CGST and SGST/UTGST will be available throughout the supply chain, but cross utilization of credit of CGST and SGST/UTGST will not be possible.
- CGST credit cannot be utilized for payment of SGST/UTGST
- SGST/UTGST credit cannot be utilized for payment of CGST.
- However, cross utilization will be allowed between CGST/SGST/UTGST and IGST, i.e. credit of IGST can be utilized for the payment of CGST/SGST/UTGST and vice versa.

Goods and Services Network (GSTN)

- A Central Agency is needed which can act as a clearing house and verify the claims and inform the respective Governments to transfer the funds.
- This is possible only with the help of a strong IT Infrastructure.
- Resultantly, Goods and Services Network (GSTN) - a Special Purpose Vehicle – has been set to provide a shared IT infrastructure and services to Central and State Governments, taxpayers and other stakeholders for implementation of GST.
- Primarily, GSTN provides three front end services to the taxpayers namely registration, payment and return through GST Common Portal.

The functions of the GSTN include:

- a) facilitating registration
- b) forwarding the returns to Central and State authorities
- c) computation and settlement of IGST
- d) matching of tax payment details with banking network
- e) providing various MIS reports to the Central and the State Governments based on the taxpayer return information
- f) providing analysis of taxpayers' profile
- g) running the matching engine for matching, reversal and reclaim of input tax credit

Common GST Electronic Portal (Section 146)

- Common GST Electronic Portal – www.gst.gov.in – a website managed by Goods and Services Network (GSTN) [a company incorporated under the provisions of section 8 of the Companies Act, 2013] has been set by the Government to establish a uniform interface for the tax payer and a common and shared IT infrastructure between the Centre and States.
- The GST portal is accessible over Internet (by taxpayers and their CAs/Tax Advocates etc.) and Intranet by Tax Officials etc.
- The portal is one single common portal for all GST related services.
- A common GST system provides linkage to all State/ UT Commercial Tax Departments, Central Tax authorities, Taxpayers, Banks and other stakeholders.
- The eco-system consists of all stakeholders starting from taxpayer to tax professional to tax officials to GST portal to Banks to accounting authorities.

GSPs/ASPs

- GSTN has selected certain IT, ITeS and financial technology companies, to be called GST Suvidha Providers (GSPs). GSPs develop applications to be used by taxpayers for interacting with the GSTN.
- They facilitate the tax payers in uploading invoices as well as filing of returns and act as a single stop shop for GST related services.
- They customize products that address the needs of different segment of users. GSPs may take the help of Application Service Providers (ASPs) who act as a link between taxpayers and GSPs.

GST Council

- Article 279A of the Constitution empowers the President to constitute a joint forum of the Centre and States namely, Goods & Services Tax Council (GST Council).
- The provisions relating to GST Council came into force on 12th September, 2016. President constituted the GST Council on 15th September, 2016.
- The Union Finance Minister is the Chairman of this Council and Ministers in charge of Finance/Taxation or any other Minister nominated by each of the States & UTs with Legislatures are its members.
- Besides, the Union Minister of State in charge of Revenue or Finance is also its member.
- The function of the Council is to make recommendations to the Union and the States on important issues like tax rates, exemptions, threshold limits, dispute resolution etc.
- The GST Council has decided the threshold exemption, composition threshold, GST rates, GST legislations including rules and notifications.

Section 149 of CGST Act: Goods and Services Tax Compliance Rating

- Every registered person may be assigned a goods and services tax compliance rating score by the Government based on his record of compliance with the provisions of this Act.
- The goods and services tax compliance rating score may be determined on the basis of such parameters as may be prescribed.
- The goods and services tax compliance rating score may be updated at periodic intervals and intimated to the registered person and also placed in the public domain in such manner as may be prescribed.

Section 171 of CGST Act: Anti-profiteering measure

- Any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices.
- The Central Government may, on recommendations of the Council, by notification, constitute an Authority, or empower an existing Authority constituted under any law for the time being in force, to

examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.

National Anti-Profiteering Authority

Constitution

- The National Anti-Profiteering Authority shall be a five member committee consisting of a Chairman who holds or has held a post equivalent in rank to a Secretary to the Government of India; and four Technical Members who are or have been Commissioners of State tax or central tax for at least one year or have held an equivalent post under earlier laws.
- The Authority shall cease to exist after the expiry of **4 years** from the date on which the Chairman enters upon his office unless the GST Council recommends otherwise. **(changed w.e.f. 18.7.2019)**

Process

All applications from interested parties on issues of local nature shall first be examined by the State Level Screening Committee. On being satisfied that the supplier has not passed on the benefit, the Screening Committee will forward the application with its recommendations to the to the Standing Committee.

Standing Committee on Anti-profiteering

The Standing Committee shall, within **2 months** from the date of the receipt of a written application from an interested party or from a Commissioner or any other person, examine the accuracy and adequacy of the evidence provided in the application **(This period can be extended by 1 month)**

If the Standing Committee is satisfied that there is a prima facie evidence to show that the supplier has not passed on the benefit, it shall refer the matter to the Director General of Anti-Profiteering for a detailed investigation.

Investigation

- The Director General of Anti-Profiteering shall conduct investigation and collect evidence necessary to determine undue profiteering and before initiation of the investigation, issue a notice to the interested parties (and to such other persons as deemed fit for a fair enquiry into the matter).
- He will also have same powers as that of a civil court and every such inquiry will be deemed to be a judicial proceeding.
- The Director General of Anti-Profiteering will complete the investigation within a period of **6 months** or within such extended period not exceeding a further period of **3 months** for reasons to be recorded in writing as allowed by the Standing Committee. Upon completion of the investigation, the Director General of Safeguards will furnish to the Authority, a report of its findings along with the relevant records. **(Time limit changed w.e.f. 28.6.2019)**

Order of the Authority

Where the Authority determines that a registered person has not passed on the benefit, the Authority may order-

- a) reduction in prices
- b) return to the recipient, the benefit amount not passed on along with interest
- c) imposition of penalty as specified under the Act
- d) cancellation of registration under the Act

If the report of the Director General of Anti-profiteering recommends that there is contravention or even non-contravention of the provisions of section 171 or these rules, but the Authority is of the opinion that further investigation or inquiry is called for in the matter, it may, for reasons to be recorded in writing, refer the matter to the Director General of Anti-profiteering to cause further investigation or inquiry in accordance with the provisions of the Act and these rules.

Notwithstanding anything contained in above provision, where upon receipt of the report of the Director General of Anti-profiteering, the Authority has reasons to believe that there has been contravention of the provisions of section 171 in respect of goods or services or both other than those covered in the said report, it may within the time limit specified, direct the Director General of Anti-profiteering to cause investigation or inquiry with regard to such other goods or services or both, in accordance with the provisions of the Act and these rules.

Such investigation or enquiry shall be deemed to be a new investigation or enquiry and all the provisions of rule 129 shall mutatis mutandis apply to such investigation or enquiry (w.e.f. 28.6.2019)

Note

- Any order passed by the Authority shall be immediately complied with by the registered person failing which action shall be initiated to recover the amount.
- The Authority will pass order within **6 months** from the date of the receipt of the report from the Director General of Anti-Profiteering. (**changed w.e.f. 28.6.2019**)

Duties of National Anti-Profiteering Authority

It shall be the duty of the authority-

- i. to determine whether the reduction in tax rate or the benefit of input tax credit has been passed on by the seller to the buyer by reducing the prices
- ii. to identify the taxpayer who has not passed on the benefit
- iii. to order
 - a) reduction in prices
 - b) return to the recipient, an amount equivalent to the amount not passed on by way of commensurate reduction in prices along with interest at the rate of 18% from the date of collection of the higher amount till the date of the return of such amount or recovery of the amount not returned, as the case may be. If the eligible person does not claim return of the amount or is not identifiable, the amount must be deposited in the Consumer Welfare Fund
 - c) the deposit of an amount equivalent to 50% of the amount determined under the above clause in the Fund constituted under section 57 **along with interest at 18% from the date of collection of higher amount to date of deposit of such amount** and the remaining 50% of the amount in the Fund constituted under section 57 of the Goods and Services Tax Act, 2017 of the concerned State, where the eligible person does not claim return of the amount or is not identifiable
 - d) imposition of penalty
 - e) cancellation of registration
- iv. to furnish a performance report to the GST Council by the 10th of the month succeeding each quarter

Chapter 2 : Concept of Supply

Section 7 of CGST Act: Supply includes

Section 7(1)

Part A	Part B	Part C
All forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal <ul style="list-style-type: none"> • made or agreed to be made for a consideration • by a person • in the course or furtherance of business. 	Importation of services for a consideration whether or not in the course or furtherance of business.	Activities specified in Schedule I , made or agreed to be made without a consideration

Section 7(1A)

Where certain activities or transactions constitute a supply, they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

Section 7(2)

Notwithstanding anything contained in sub-section (1)

- a) activities or transactions specified in Schedule III or
- b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

Section 7(3)

Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as

- a) a supply of goods and not as a supply of services or
- b) a supply of services and not as a supply of goods

Schedule I: Activities to be treated as Supply even if made without consideration

Case 1	Case 2	Case 3	Case 4
Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.	Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business. Gifts not exceeding Rs. 50,000 in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.	Supply of goods <ol style="list-style-type: none"> a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal. 	Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

Import of Services

	Service imported from a related person or from establishments located outside India	Service imported from other persons
1. Imported for consideration	Taxable whether or not in course or furtherance or business	Taxable whether or not in course or furtherance or business
2. Imported without consideration	Taxable only if it is in course or furtherance or business	Not taxable

Schedule II: Activities or Transactions to be treated as Supply of Goods or Supply of Services

	Transaction	Supply of
1	Transfer of the title in goods	Goods
2	Transfer of right in goods or of undivided share in goods without the transfer of title thereof	Services
3	Transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed	Goods
4	Lease, tenancy, easement, licence to occupy land	Services
5	Lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly	Services
6	Any treatment or process which is applied to another person's goods (Job Work)	Services
7	where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, such transfer or disposal	Goods
8	where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, the usage or making available of such goods	Services
9	where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless <ul style="list-style-type: none"> ➤ the business is transferred as a going concern to another person or ➤ the business is carried on by a personal representative who is deemed to be a taxable person. 	Goods
10	Renting of immovable property	Services
11	Temporary transfer or permitting the use or enjoyment of any intellectual property right	Services
12	Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software	Services
13	Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act	Services
14	Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration	Services
15	Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.	Services
16	Works Contract	Services

17	Supply of food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption)	Services
18	Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration	Goods

Schedule III: Activities or Transactions which shall be treated neither as a Supply of Goods nor a Supply of Services i.e. No GST Payable (Negative List)

- Services by an employee to the employer in the course of or in relation to his employment (No GST on Salary but gifts exceeding Rs. 50,000 shall be taxable)
- Services by any court or Tribunal established under any law for the time being in force. (Court includes District Court, High Court and Supreme Court)
- the functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;
- the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
- the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.
- Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
- Actionable claims, other than lottery, betting and gambling.
- Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.**
- (a) Supply of warehoused goods to any person before clearance for home consumption**
(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.

Notification No. 14/2017

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

Section 8 of CGST Act: Tax liability on composite and mixed supplies

Composite Supply	Mixed Supply
A composite supply means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. (Section 2(30))	A mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply. (Section 2(74))
A composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply.	A mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax

Section 9 of CGST Act/ Section 5 of IGST Act (Relevant provisions)

The Government may, on the recommendations of the Council, by notification, **specify categories of services** the tax on intra-State / inter-State supplies of which shall be **paid by the electronic commerce operator** if such services are supplied through it.

Notified categories of services supplied through ECO

- a) services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle
- b) services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration under section 22(1) of the CGST Act
- c) services by way of house-keeping, such as plumbing, carpentering etc., except where the person supplying such service through electronic commerce operator is liable for registration

Tax payable by the electronic commerce operator on Notified Services

- If the ECO is located in taxable territory - Person liable to pay tax is the ECO
- If the ECO does not have physical presence in the taxable territory - Person liable to pay tax is the person representing the ECO
- If the ECO has neither the physical presence nor any representative in the taxable territory - Person liable to pay tax is the person appointed by the ECO for the purpose of paying the tax

Composition Scheme

Section 10 of CGST Act: Composition scheme is an option

Tax payment under this scheme is an option available to the taxable person. This scheme would be available only to certain eligible taxable persons. The taxable person should make an application exercising his option to pay tax under this scheme.

Scheme will be applicable for all goods

- Composition scheme may be opted for by taxable persons, in respect of supply of any goods.
- The option of the scheme will be qua-taxable person and not qua-class of goods – once opted it will be applicable for all supplies by the taxable person.
- A taxable person **cannot** opt for payment of taxes under composition scheme, say for supply of one class of goods and opt for regular scheme of payment of taxes for supply of other classes of goods or services.

Aggregate Turnover for Composition Scheme (Calculated on All India Basis)

Special Category States					Other States
Uttarakhand	North Eastern States except Assam	Assam	Jammu and Kashmir	Himachal Pradesh	
Rs. 75 Lakhs		Rs. 1.5 crores			Rs. 1.5 crores

Aggregate turnover means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess. While calculating the limit for Aggregate Turnover to determine eligibility for composition scheme, Interest and discount shall not be considered (Order no. 1/2019)

Supply of Services

- A person who opts to pay Composition tax may supply services (other than supply of food / drinks), of value not exceeding 10% of turnover in a State or Union territory in the preceding financial year or five lakh rupees, whichever is higher.
- While calculating the limit for Aggregate Turnover to determine value of services, interest and discount shall not be considered. (Order no. 1/2019)

Rate of tax

The rate of tax would be as under:

- a) **1%** (CGST+SGST) of the turnover in the State/UT in case of manufacturers
- b) **5%** (CGST+SGST) of the turnover in the State/UT in case of food/restaurant services
- c) **1%** of the **taxable supplies of goods** in the State/UT in case of other suppliers (like traders / agents)

Turnover for (a) and (b) will include exempted supplies. But for (c) only taxable supplies will be included.

Turnover in State or Turnover in Union territory means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis) and exempt supplies made within a State or Union territory by a taxable person, exports of goods or services or both and inter-State supplies of goods or services or both made from the State or Union territory by the said taxable person but excludes central tax, State tax, Union territory tax, integrated tax and cess.

Note: Turnover in State or UT for Composition Scheme purpose will include only Intra State supplies.

Conditions for opting to pay tax under composition scheme

- a) Restricted from making supply of goods which are not liable to GST (eg. Alcohol, petrol etc)
- b) Restricted from effecting inter-State outward supplies (Inter state purchases allowed)
- c) Not engaged in supply of service except that specified above
- d) Restricted from making supplies of goods through an e-commerce operator
- e) Restriction on manufacture of notified goods
 - Ice cream and other edible ice, whether or not containing cocoa.
 - Pan masala
 - Tobacco and manufactured tobacco substitutes
 - **Aerated Water (w.e.f. 1.10.2019)**
- f) Taxable person opting to pay such tax is prohibited from collecting tax on the outward supplies from recipient
- g) Not entitled to Input Tax Credit
- h) Not applicable to persons who are casual taxable persons or non-resident taxable persons

Notification no. 2/2019: Option to pay concessional tax for Supplier of Services (w.e.f. 1.4.2019)

- Tax shall be payable at **6%** on first supplies of goods or services or both upto an aggregate turnover of **Rs. 50 Lakhs** made on or after the 1st day of April in any financial year, by a registered person subject to conditions specified below
- First supplies of goods or services or both shall, for the purposes of determining eligibility of a person to pay tax under this notification, 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 said Act
- For the purpose of determination of tax payable, it 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.

- In computing aggregate turnover in order to determine eligibility of a registered person to pay tax under this notification, value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.
- **Conditions:** Supplies are made by a registered person
 - a. whose aggregate turnover in the preceding financial year was **Rs. 50 Lakhs** or below
 - b. who is not eligible to pay tax under section 10(1) of the said Act
 - c. who is not engaged in making any supply which is not leviable to tax under the said Act
 - d. who is not engaged in making any inter-State outward supply
 - e. who is neither a casual taxable person nor a non-resident taxable person
 - f. who is not engaged in making any supply through an electronic commerce operator who is required to collect tax at source under section 52 and
 - g. who is not engaged in making supplies of the notified goods namely
 - i. Ice cream and other edible ice, whether or not containing cocoa.
 - ii. Pan masala
 - iii. Tobacco and manufactured tobacco substitutes
 - iv. **Aerated Water (w.e.f. 1.10.2019)**
- Where more than one registered persons are having the same Permanent Account Number, issued under the Income Tax Act, 1961, central tax on supplies by all such registered persons is paid at the specified rate under this notification.
- The registered person shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.
- The registered person shall issue, instead of tax invoice, a bill of supply

Chapter 3 : Place of Supply (IGST Act)

Section 7 of IGST Act: Inter-State supply of goods or services

1	2	3	4	5	6
where the location of the supplier and the place of supply are in a) two different States b) 2 different Union territories c) a State and a Union territory	Supply of goods imported into the territory of India, till they cross the customs frontiers of India	Supply of services imported into the territory of India	Supply of goods or services when the supplier is located in India and the place of supply is outside India	Supply of Goods to Foreign Tourist	Supply of goods or services to or by a SEZ developer or unit

Intra-State supply: where the location of the supplier and the place of supply are in the same State or UT.

Section 9 of IGST Act: Supplies in territorial waters

- a) where the location of the supplier is in the territorial waters, the location of such supplier or
b) where the place of supply is in the territorial waters, the place of supply, shall, for purposes of this Act, be deemed to be in the coastal State or Union territory where the **nearest point of the appropriate baseline** is located.

Export of goods: means taking goods out of India to a place outside India.	Import of goods: means bringing goods into India from a place outside India.
Export of services: means the supply of any service when a) the supplier of service is located in India b) the recipient of service is located outside India c) the place of supply of service is outside India d) the payment for such service has been received by the supplier of service in convertible foreign exchange or in Indian rupees wherever permitted by the Reserve Bank of India e) the supplier and the recipient are not merely establishments of a distinct person	Import of services: means the supply of any service where a) supplier of service is located outside India b) recipient of service is located in India and c) the place of supply of service is in India

Section 10 of IGST Act: Place of supply of goods except goods imported into, or exported from India

Case	Place of Supply
Supply involves movement of goods, whether by the supplier or the recipient or by any other person	Location of the goods at the time at which the movement of goods terminates for delivery to the recipient
Goods are delivered by the supplier to a recipient or any other person on the direction of a third person	The principal place of business of such person
Supply does not involve movement of goods	Location of goods at the time of delivery to the recipient
Goods are assembled or installed at site	Place of such installation or assembly
Goods are supplied on board a conveyance, vessel, an aircraft, a train or a motor vehicle	Location at which such goods are taken on board

Section 11 of IGST Act: Place of supply of goods imported into, or exported from India

The place of supply of goods

- a) imported into India shall be the location of the importer
- b) exported from India shall be the location outside India

Section 12 of IGST Act: Place of supply of services where location of supplier and recipient is in India

Category 1: General Provisions

to a registered person (B2B)	to any person other than a registered person (B2C)
Location of recipient	a) the location of the recipient where the address on record exists b) the location of the supplier of services in other cases.

Category 2: Relating to immovable property or boat or vessel

- Location at which the immovable property or boat or vessel is located or intended to be located
- If the location is outside India, then location of the recipient.
- If located in more than one State or Union territory, the supply shall be treated as made in each States or UT in proportion to the value as per terms of the contract or agreement and if there is no contract or agreement, then as per **Rule 4 of IGST Rules**
 - a) lodging accommodation - number of nights stayed in such property in State / UT
 - b) Other services where such property is a single property located in two or more contiguous States / UTs - area of the immovable property lying in each State or Union territory
 - c) lodging accommodation by a house boat or any other vessel and ancillary services - time spent by the boat or vessel in each such State or UT which shall be determined on the basis of a declaration made to the effect by the service provider

Category 3: location where the services are actually performed

Restaurant / catering	personal grooming, beauty treatment, cosmetic / plastic surgery	fitness, service	health
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Category 4: Services relating to training and performance appraisal

to a registered person (B2B)	to any person other than a registered person (B2C)
Location of recipient	location where the services are actually performed

Category 5: Services relating to admission to event or amusement park

Place where the event is actually held or where the park is located

Category 6: Services relating to organisation of events or ancillary services or sponsorship

to a registered person (B2B)	to any person other than a registered person (B2C)
Location of recipient	location of event and if the event is held outside India, then location of recipient
Where the event is held in more than one State or UT and a consolidated amount is charged, the place of supply of such services shall be taken as each of States or UT in proportion to the value as per contract or agreement and if there is no contract or agreement, then as per Rule 5 of IGST Rules i.e. determined by application of the generally accepted accounting principles.	

Category 7: Services by way of transportation of goods, including by mail or courier

to a registered person (B2B)	to any person other than a registered person (B2C)
Location of recipient	Location at which such goods are handed over for their transportation

Where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods.

Category 8: Services by way of transportation of passengers

to a registered person (B2B)	to any person other than a registered person (B2C)
Location of recipient	place where the passenger embarks on the conveyance

If point of embarkation is not known at the time of issue of right to passage, then general provisions will apply.

Category 9: Services on board a conveyance

Location of the first scheduled point of departure of that conveyance for the journey

Category 10: Telecommunication, data transfer, broadcasting, cable and direct to home television services

Services by fixed telecommunication line , leased circuits, internet leased circuit, cable or dish antenna	mobile connection and internet services on post-paid basis	mobile connection for telecommunication, internet service and direct to home television services are provided on pre-payment basis	other cases
location where the telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services; if in more than 1 State / UT, then each State / UT	location of billing address of the recipient of services on the record of the supplier of services	<ul style="list-style-type: none"> ➤ through a selling agent or a re-seller or a distributor - address of the selling agent or re-seller or distributor as per the record of the supplier or ➤ by any person to the final subscriber - location where such pre- payment is received or such vouchers are sold ➤ recharge is made through internet banking or electronic mode of payment - location of the recipient on the record of the supplier 	address of the recipient as per the records of the supplier
If address of the recipient is not known, then location of supplier			

Rule 6 of IGST Rules

If leased circuit is installed in more than one State or Union territory and a consolidated amount is charged for supply of such services, shall be taken as being in each of the respective States or Union territories, and in the absence of any contract shall be treated as made in each of the respective States or Union territories, in proportion to the number of points lying in the State or Union territory.

Starting point or place of the circuit and the end point or place of the circuit will invariably constitute two points. Any intermediate point or place in the circuit will also constitute a point provided that the benefit of the leased circuit is also available at that intermediate point

Category 11: Banking and other financial services / stock broking services

- Location of the recipient of services on the records of the supplier of services
- If the location of recipient is not on the records of the supplier, then the location of the supplier of services

Category 12: Insurance Services

to a registered person (B2B)	to any person other than a registered person (B2C)
Location of recipient	location of the recipient of services on the records of the supplier of services

Category 13: Advertisement services to the Central / State Government, a statutory body or a local authority meant for the States or Union territories identified in the contract or agreement

- Place of Supply shall be taken as being in each of such States or Union territories
- Value specific to each State or UT shall be in proportion to the amount as per contract or agreement and in absence of contract or agreement

Mode of Advertisement	Basis of Allocation
1. Newspapers and publications	Amount payable for publishing an advertisement in all the editions of a newspaper or publication, which are published in a State or Union territory
2. Printed material like pamphlets, leaflets, diaries, calendars, T shirts	Amount payable for the distribution of a specific number of such material in a particular State or Union territory
3. Hoardings other than those on trains	Amount payable for the hoardings located in each State or Union territory
4. Advertisements placed on trains	The breakup, calculated on the basis of the ratio of the length of the railway track in each State for that train, of the amount payable for such advertisements
5. Advertisements on the back of utility bills of oil and gas companies etc	Amount payable for the advertisements on bills pertaining to consumers having billing addresses in such States or Union territory
6. Advertisements on Railway Tickets	Breakup, calculated on the basis of ratio of number of Railway Stations in each State or Union territory, when applied to the amount payable for such advertisements
7. Advertisements over radio stations	Amount payable to such radio station, which by virtue of its name is part of a State or Union territory
8. Advertisements at cinema halls	Amount payable to a cinema hall or screens in a multiplex, in a State or Union territory
9. Advertisement on television channels	On the basis of the viewership of such channel in such State as published by the Broadcast Audience Research Council for the last week of preceding quarter
10. Advertisements over internet	The service shall be deemed to have been provided all over India (w.e.f.1.1.2019) On the basis of the internet subscribers in such State or Union territory published by TRAI for the last quarter
11. Advertisements through short messaging service	On the basis of the telecommunication subscribers in such State or Union territory published by the Telecom Regulatory Authority of India on its website www.tra.gov.in for preceding quarter

For (9) / (10) / (11)

Where such figures relate to a region comprising of more than one State or Union territory, the figures for a State or Union territory of that region, shall be calculated by applying the ratio of the populations of that State or Union territory, as determined in the latest Census.

Section 13 of IGST Act: Place of supply of services where location of supplier / recipient is outside India

Category 1: General Provisions

- The place of supply of services shall be the location of the recipient of services
- If location of recipient of services is not available in the ordinary course of business, then location of the supplier.

Category 2: Services which require physical presence of goods / recipient

Services supplied in respect of goods which are required to be made physically available	Services supplied to an individual, which require the physical presence of the recipient or the person acting on his behalf	When such services are provided from a remote location by way of electronic means
Place of Supply : location where the services are actually performed i.e. where goods / service recipient is physically located		location where goods are situated at the time of supply of services

In the case of services supplied in respect of goods which are temporarily imported into India for repairs or for any other treatment or process and are exported without being put to any other use in India, than that which is required for such repairs or for any other treatment or process, general provisions will apply.

Category 3: Services relating to an Immovable Property

Place where the immovable property is located or intended to be located

Category 4: Services supplied by way of admission to, or organisation of event

Place where the event is actually held.

If Service covered in Category 2, 3 and 4

<u>Supplied at more than one location, including a location in the taxable territory</u>	<u>Supplied in more than one State or Union territory</u>
place of supply shall be the location in the taxable territory	each States or UT and the value shall be in proportion to the value as per contract or agreement and in absence of agreement or contract, Rules will apply

Rule 7 of IGST Rules – for Category 2 Service

in the case of services supplied on the same goods	by equally dividing the value of the service in each of the States and Union territories where the service is performed
in the case of services supplied on different goods on which service is performed	by taking the ratio of the invoice value of goods in each of the States and Union territories as the ratio of the value of the service performed in each State or Union territory
in the case of services supplied to individuals	by applying the generally accepted accounting principles.

Rule 8 of IGST Rules - for Category 3 Service

It shall be determined by applying the provisions of rule 4, mutatis mutandis.

Rule 8 of IGST Rules - for Category 4 Service

It shall be determined by applying the provisions of rule 5, mutatis mutandis.

Category 5: Place of supply shall be the location of the supplier of services

The place of supply of the following services shall be the location of the supplier of services:

Services supplied by a banking company or a financial institution, or a non-banking financial company, to account holders	intermediary services	Services consisting of hiring of means of transport, including yachts but excluding aircrafts and vessels, up to a period of one month
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Category 6: Services of transportation of goods, other than by way of mail or courier

The place of destination of such goods

Category 7: Passenger Transportation Services

Place where the passenger embarks on the conveyance for a continuous journey

Category 8: Services provided on board a conveyance during the course of a passenger transport operation: First scheduled point of departure of that conveyance for the journey

Category 9: Online Information and Database Access or Retrieval Services

- The place of supply of shall be the location of the recipient of services.
- Person receiving such services shall be deemed to be located in the taxable territory, if any two of the following non-contradictory conditions are satisfied:

1. location of address presented by the recipient of services through internet is in the taxable territory	4. Credit / debit card / store value card or charge card or smart card by which the recipient of services settles payment has been issued in the taxable territory	6. country code of the subscriber identity module card used by the recipient of services is of taxable territory
2. billing address of the recipient of services is in the taxable territory	5. bank of the recipient of services in which the account used for payment is maintained is in the taxable territory	7. the location of the fixed land line through which the service is received by the recipient is in the taxable territory
3. internet protocol address of the device used by the recipient is in the taxable territory		

Liability to pay tax on OIDAR Services where supplier is located outside India

received by any person in the taxable territory other than non-taxable online recipient (B2B)	received by non-taxable online recipient (B2C)
Recipient of such service would be the person liable to pay tax (Reverse Charge)	Provider of service located in a non-taxable territory shall be person liable for paying IGST. Supplier shall take a single registration. If such supplier does not have a physical presence or does not have a representative, he may appoint a person in the taxable territory for paying integrated tax.

Non-taxable online recipient

Government, local authority, governmental authority, an individual or any other person not registered and receiving OIDAR services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory

Notification No. 04/2019- Integrated Tax: Place of Supply (w.e.f. 1.10.2019)

Services	Place of Supply
Supply of research and development services related to pharmaceutical sector by a person located in taxable territory to a person located in the non-taxable territory.	The place of supply of services shall be the location of the recipient of services subject to fulfillment of the following conditions: a) Supply of services from the taxable territory are provided as per a contract between the service provider located in taxable territory and service recipient located in non-taxable territory. b) Such supply of services fulfills all other conditions in the definition of export of services, except provided at section 2(6)(iii) of IGST Act (the place of supply of service is outside India)

Section 16 of IGST Act: Zero rated supply

- Zero rated supply means any of the following supplies of goods or services or both:
 - a) export of goods or services or both; or
 - b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.
- 2 Options to the supplier of Zero rate supply -
 - a) Pay Integrated tax using ITC and claim refund of tax paid
 - b) Supply under bond or Letter of Undertaking without payment of integrated tax and claim refund of unutilised ITC (As per recent notification, Letter of Undertaking can be given instead of bond in certain cases)

Notification No. 48/2017-CT: Supplies of goods notified as Deemed Exports

- a) Supply of goods by a registered person against Advance Authorisation
- b) Supply of capital goods by a registered person against Export Promotion Capital Goods Authorisation
- c) Supply of goods by a registered person to Export Oriented Unit
- d) Supply of gold by a bank or Public Sector Undertaking specified in the notification No. 50/2017- Customs, dated the 30th June, 2017 (as amended) against Advance Authorisation.

Rule 95A of CGST Rules: Refund of taxes to the retail outlets

- Outgoing international tourist shall mean a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes.
- Any supply of goods by a retail outlet established in the departure area of an international airport, beyond the immigration counters, to an outgoing international tourist, shall be exempt from IGST / Cess.
- Such Retail outlet shall be eligible to claim refund of tax paid by it on inward supply of such goods and shall furnish the application for refund claim in FORM **GST RFD- 10B** on a monthly or quarterly basis.
- The refund of tax paid by the said retail outlet shall be available if
 - a) inward supplies of goods were received from a registered person against a tax invoice
 - b) the said goods were supplied by the said retail outlet to an outgoing international tourist against foreign exchange without charging any tax
 - c) name and GSTIN of the retail outlet is mentioned in the tax invoice for the inward supply and
 - d) such other restrictions or conditions, as may be specified, are satisfied.

Chapter 4 : Registration under GST

Section 22 of CGST Act: Persons liable for registration

Every supplier shall be liable to be registered in the State or Union territory from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds Rs. 20 Lakhs subject to few exceptions	Aggregate Turnover = Taxable Supplies + Exempt Supplies + Exports + Inter State Supplies of persons having the same PAN computed on All India basis Excluding: GST / Value of Inward Supplies on which tax is payable on Reverse Charge
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States with threshold limit of Rs. 10 lakhs (both)	States with threshold limit of Rs. 20 lakhs for both goods and services	States with threshold limit of Rs. 20 lakhs for services	States with Rs. 40 lakh for goods only (intra state) **
Manipur, Mizoram, Nagaland, Tripura (MMT-N)	Arunachal Pradesh, Meghalaya, Sikkim, Uttarakhand, Puducherry, Telangana (SUMe-TAP)	Jammu and Kashmir, Assam, Himachal Pradesh, All other States (HAJ-Others)	

**In case of supply of Ice cream and other edible ice, Pan masala, Tobacco and manufactured tobacco substitutes, limit would be Rs. 20 Lakhs.

Section 24 of CGST Act: Compulsory registration in certain cases

Following categories of persons shall be required to be registered under this Act:

- a) persons making any inter-State taxable supply
- b) casual taxable persons making taxable supply
- c) Non-Resident Taxable Persons making taxable supply
- d) persons who are required to pay tax under reverse charge
- e) Electronic commerce operator who are required to collect tax under section 52
- f) persons who are required to deduct tax under section 51, whether or not separately registered under this Act
- g) persons who make taxable supply of goods or services on behalf of other taxable persons eg. agent
- h) Input Service Distributor, whether or not separately registered under this Act
- i) Supplier of online information and data base access or retrieval services from a place outside India to a person in India, other than a registered person

Section 23 of CGST Act: Persons not liable for registration

a) any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax	b) any person engaged exclusively in the business of supplying goods or services or both that are wholly exempt from tax
c) an agriculturist, to the extent of supply of produce out of cultivation of land	d) Specified category of persons who may be exempted (Persons who are only engaged in making supplies and tax is to be paid on reverse charge basis by the recipient)

Value of Goods manufactured by Job worker will be included in Aggregate Turnover of Principal Manufacturer. Only Job work charges will be included in the Aggregate Turnover of Job worker.

Summary of Notifications

	Persons	Requirement of Registration
1	Casual Taxable Persons making taxable supplies of handicraft goods	Registration will be required only if aggregate turnover exceeds the specified limit
2	Other Casual Taxable Persons	Compulsory Registration
3	Person making inter-State supplies of handicraft goods	Registration will be required only if aggregate turnover exceeds the specified limit
4	Person making inter-State supplies of other goods	Compulsory Registration
5	Inter-State supplies of taxable services / Job worker	Registration will be required only if aggregate turnover exceeds the specified limit
6	Electronic Commerce Operator (ECO)	Compulsory Registration
7	Supplier supplying goods through ECO	Compulsory Registration
8	Supplier supplying services through ECO	Registration will be required only if aggregate turnover exceeds the specified limit

Registration Procedure

Every person who is liable to be registered under section 22 or 24 shall apply for registration in **every such State or Union territory** in which he is so liable within 30 days from the date on which he becomes liable to registration.

If the person makes a supply from the territorial waters of India, registration shall be obtained in the **coastal State or Union territory** where the nearest point of the appropriate base line is located.

A person having a unit(s) in a **Special Economic Zone** or being a SEZ developer shall make a separate application for registration as a business vertical distinct from his other units located outside the Special Economic Zone even if the units are in the same State/UT.

Voluntary Registration

A person, though not liable to be registered under section 22 or section 24 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered person, shall apply to such person.

Suo moto Registration

Where, pursuant to any survey, enquiry, inspection, search or any other proceedings under the Act, the proper officer finds that a person liable to registration under the Act has failed to apply for such registration, such officer may register the said person **on a temporary basis**. The registration shall be effective from date of order granting registration.

Every person to whom a temporary registration has been granted shall,

Option 1: within 90 days from the date of the grant of such registration, submit an application for registration	Option 2: File Appeal against such temporary registration. If the Appellate Authority upholds the registration, then the application for registration shall be submitted within 30 days from the date of the issuance of the order upholding the liability to registration.
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GSTIN assigned, pursuant to the verification, shall be effective from the **date of the order granting registration**.

Registration in case of Transfer of Business

- Where a business carried on by a taxable person registered is transferred to another person as a going concern, the transferee shall be liable to be registered with effect from the **date of such transfer or succession**.
- In a case of transfer pursuant to sanction of a scheme or an arrangement for amalgamation or demerger of two or more companies pursuant to an order of a High Court, Tribunal or otherwise, the transferee shall be liable to be registered, with effect from the **date on which the Registrar of Companies issues a certificate of incorporation** giving effect to such order of the High Court or Tribunal.

Effective date of Registration

Where an application for registration has been submitted by the applicant	Effective date of Registration
a) within 30 days from such date he becomes liable to registration	Date on which the person becomes liable to registration
b) after expiry of 30 days from the date of his becoming liable to registration	Date of the grant of registration.

Unique Identity Number (UIN)

- Following persons shall be granted a Unique Identity Number in such manner and for such purposes, including refund of taxes on the notified supplies of goods or services or both received by them:
 - a) any specialised agency of the United Nations Organisation or
 - b) any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947,
 - c) Consulate or Embassy of foreign countries
 - d) any other person or class of persons, as may be notified by the Commissioner
- This UIN is needed for claiming refund of taxes paid on notified supplies of goods and/or services received by them, and for such other purpose as may be notified.
- Unique Identity Number granted shall be applicable to the territory of India. Such centralized UIN will lessen the compliance burden on Foreign Diplomatic Missions / UN Organizations

Section 27 of CGST Act: Special Registration Procedures for CTP and NRTP

- A. A Casual Taxable Person or a Non-Resident Taxable Person shall apply for registration at least **5 days prior to the commencement of business**. The turnover limit will not apply.
- B. **CTP is required to have PAN. Documents to be submitted by NRTP:**
- a) He has to submit a self-attested copy of his **valid passport** along with the application signed by his authorized signatory who is an Indian Resident having valid PAN.
 - b) However, in case of a business entity incorporated or established outside India, the application for registration shall be submitted along with its **Tax Identification Number** or **Unique Number** on the basis of which the entity is identified by the Government of that country or its PAN, if available.

C. Validity of Registration Certificate

Certificate of registration issued to a casual taxable person or a non- resident taxable person shall be valid for the period specified in the application for registration or 90 days from the effective date of registration, whichever is earlier. (Officer can extend the period of 90 days by a further period not exceeding 90 days)

D. Payment of Tax

- CTP / NRTP shall, at the time of submission of application for registration, make an **advance deposit of tax** in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought. The amount deposited shall be credited to the electronic cash ledger of such person.
- Where any extension of time is sought, such taxable person shall deposit an additional amount of tax equivalent to the estimated tax liability of such person for the period for which the extension is sought.

Procedure for Registration

Step 1: Every person who is liable to be registered / seeking voluntary registration shall declare his Permanent Account Number, mobile number, e-mail address, State or Union territory

Step 2: Validation of PAN, Mobile Number and Email Address

PAN shall be validated online by the common portal from the database maintained by the Central Board of Direct Taxes	Mobile Number shall be verified through a one-time password sent to the said mobile number	Email address shall be verified through a separate one-time password sent to the said e-mail address.
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Step 3: On successful verification of PAN, mobile number and e-mail address, a **Temporary Reference Number** shall be generated and communicated to the applicant on the said mobile number and e-mail address.

Step 4: Using the reference number generated, the applicant shall electronically submit an application

Step 5: On receipt of an application, an acknowledgement shall be issued electronically to the applicant.

Step 6:

The application shall be forwarded to the proper officer who shall examine the application

If officer finds that application / documents are in order	If officer finds that application / documents are deficient or requires some clarification (Clarification means modification or correction of particulars declared in the application for registration, other than Permanent Account Number, State, mobile number and e-mail address)		
He shall approve the grant of registration to the applicant within a period of 3 working days from the date of submission of the application	He may issue a notice to the applicant within 3 working days from the date of submission of the application and the applicant shall furnish such clarification, information or documents electronically, within a period of 7 working days from the date of the receipt of such notice.		
	1) Officer is satisfied with the clarification, information or documents furnished	2) No reply is furnished by the applicant	3) Officer is not satisfied with the clarification, information etc.
	He may approve the grant of registration to the applicant within 7 working days from the date of the receipt of such clarification or information or documents	He shall, for reasons to be recorded in writing, reject such application and inform the applicant electronically.	

Deemed Approval of Application

Registration shall be deemed to be granted if the proper officer fails to take any action within

within 3 working days from the date of submission of the application	within 7 working days from the date of the receipt of the clarification, information or documents furnished by the applicant
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Step 7: Physical verification of business premises

Where the proper officer is satisfied that the physical verification of the place of business of a registered person is required after the grant of registration, he may get such verification done and the verification report along with the other documents, including photographs, shall be uploaded on the common portal within **15 working days** following the date of such verification.

Step 8: GSTIN

- Certificate of registration shall be made available to the applicant on the common portal
- Goods and Services Tax Identification Number (GSTIN) shall be assigned:
 - a) two characters for the State code
 - b) ten characters for the Permanent Account Number
 - c) two characters for the entity code
 - d) one checksum character.
- Where the registration has been granted, the applicant shall be communicated the registration number, and the certificate of registration shall be made available to him within 3 days after grant of registration.

Step 9: Display of registration certificate and GSTIN on the name board

Every registered person shall display his registration certificate in a prominent location at his Principal Place of business and at every Additional Place of Business. Further, his GSTIN also has to be displayed on the name board exhibited at the entry of his Principal Place of business and at every Additional Place of Business.

Rule 10A: Furnishing of Bank Account Details (w.e.f. 28.6.2019)

After a certificate of registration in FORM GST REG-06 has been made available on the common portal and a Goods and Services Tax Identification Number has been assigned, the registered person, except those who have been granted registration under rule 12 (Registration in case of Deductor or Collector) or rule 16 (suo moto registration), shall as soon as may be, but not later than **45 days** from the date of grant of registration or the date on which the return required under section 39 is due to be furnished, whichever is earlier, furnish information with respect to details of bank account, or any other information, as may be required on the common portal in order to comply with any other provision.

Section 28 of CGST Act: Amendment of registration

Every registered person and a person to whom a Unique Identity Number has been assigned shall inform the proper officer of any changes in the information furnished at the time of registration or subsequent thereto and within a period of 15 days of such change, submit an application electronically.

Amendments in Core Fields	Amendments in Non-Core Fields	Change in Constitution of Business
Proper officer may approve or reject amendments in the registration particulars. Such amendment shall take	Registration certificate shall stand amended upon submission of the application for amendment on the	The person shall apply for fresh registration as PAN would change.

effect from the date of occurrence of event warranting such amendment.	Common Portal. No permission by Officer.	GSTIN is PAN based.
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Core Fields

a) legal name of business	b) address of the principal place of business or any additional place(s) of business	c) addition, deletion or retirement of partners or directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer or equivalent, responsible for the day to day affairs of the business
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Permission of proper officer required if change relates to core fields of information

If the change does not warrant cancellation of registration, the proper officer shall approve the amendment within a period of 15 working days from the date of the receipt.	Officer is of the opinion that the amendment sought is either not warranted or the documents furnished therewith are incomplete or incorrect, he will serve a notice to the applicant. Reply has to be filed within 7 working days .	
	Registered person replies in 7 working days and reply is satisfactory	Registered person does not reply or the reply is not satisfactory
	Officer shall accept the application submitted	Officer shall reject the application submitted

Any change in the mobile number or e-mail address of the authorised signatory shall be carried out only after online verification through the common portal.

Deemed Acceptance of Amendment

Certificate of registration shall stand amended if the proper officer fails to take any action

within 15 working days from the date of submission of the application or	within 7 working days from the date of the receipt of the reply to the notice to show cause
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Retrospective Amendments

Any particular of the application for registration shall not stand amended with effect from a date earlier than the date of submission of the application for amendment on the common portal except with the order of the Commissioner for reasons to be recorded in writing and subject to such conditions as the Commissioner may, in the said order, specify.

Section 29 of CGST Act: Cancellation of registration

A. Cancellation suo moto by the Officer or on application made by the registered person / legal heirs in case of death

Business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of	There is any change in the constitution of the business	Taxable person, other than the person voluntarily registered, is no longer liable to be registered
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During pendency of the proceedings relating to cancellation of registration filed by the registered person, the registration may be suspended.

B. Cancellation by the Officer (including from retrospective date)

a) Person does not conduct any business from declared place of business	Person paying tax has not furnished returns for a continuous period of 6 months	Person who has taken voluntary registration has not commenced business within 6 months from the date of registration	Registration has been obtained by means of fraud, wilful misstatement or suppression of facts
b) issues invoice or bill without supply of goods or services in violation of the provisions	(In case of Composition Scheme for 3 consecutive tax periods / quarters)		
c) violates section 171 (Anti-profiteering measure)			

During pendency of the proceedings relating to cancellation of registration, the proper officer may suspend the registration.

Procedure for Cancellation

A. Application made for cancellation

A registered person seeking cancellation of registration shall electronically submit the application for cancellation of registration within 30 days of occurrence of the event warranting cancellation. Proper officer shall issue the order of cancellation of registration within 30 days from the date of submission of application for cancellation.

B. Cancellation by Officer suo-moto

He shall not cancel the same without giving a show cause notice and without giving a reasonable opportunity of being heard, to the registered person. The reply to such show cause notice (SCN) has to be submitted within **7 days** of service of notice. If reply to SCN is satisfactory, proper officer shall drop the proceedings and pass an order in prescribed form. Where registration of a person is liable to be cancelled, proper officer shall issue the order of cancellation of registration within **30 days** from the date of reply to SCN. The cancellation of registration shall be effective from a date to be determined by the proper officer. He will direct the taxable person to pay arrears of any tax, interest or penalty

If Person instead of replying to the notice served for contravention of the provisions relating to filing of Returns, furnishes all the pending returns and makes full payment of the tax dues along with applicable interest and late fee, the proper officer shall drop the proceedings and pass an order in FORM GST-REG 20 (w.e.f. 4.9.2018)

Rule 21A of CGST Rules: Suspension of registration (w.e.f. 1.2.2019)

Registered person has applied for cancellation of registration	Proper Officer has reasons to believe that the registration of a person is liable to be cancelled
Registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration.	He may, after affording the said person a reasonable opportunity of being heard, suspend the registration of such person with effect from a date to be determined by him, pending the completion of the proceedings for cancellation of registration.

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

The suspension of registration shall be deemed to be revoked upon completion of the proceedings by the proper officer under rule 22 and such revocation shall be effective from the date on which the suspension had come into effect.

Note: A person to whom a UIN has been granted cannot apply for cancellation of registration.

Section 30 of CGST Act: Revocation of cancellation of registration

- Where the registration of a person is cancelled suo-motu by the proper officer, such registered person may apply for revocation of the cancellation to such proper officer, within **30 days** from the date of service of the order of cancellation of registration, at the GST Common Portal.
- However, in case registration was cancelled for failure of registered person to furnish returns, before applying for revocation the person has to make good the defaults (by filing all pending returns, making payment of all dues etc.) for which the registration was cancelled by the officer.
- **All returns due for the period from the date of the order of cancellation of registration till the date of the order of revocation of cancellation of registration shall be furnished by the said person within 30 days from the date of order of revocation of cancellation of registration. (w.e.f. 23.4.2019)**
- **Where the registration has been cancelled with retrospective effect, the registered person shall furnish all returns relating to period from the effective date of cancellation of registration till the date of order of revocation of cancellation of registration within 30 days from the date of order of revocation of cancellation of registration. (w.e.f. 23.4.2019)**
- If the proper officer is satisfied that there are sufficient grounds for revocation of cancellation, he may revoke the cancellation of registration, by an order within **30 days** of receipt of application.
- Otherwise, he may reject the revocation application. However, before rejecting the application, he has to first issue SCN to the applicant who shall furnish the clarification within **7 working days** of service of SCN. The proper officer shall dispose the application (accept/reject the same) within **30 days** of receipt of clarification.

Chapter 5 : Tax Invoice, Credit and Debit Notes

Section 31 of CGST Act: Time Limit to issue Tax Invoice

A. In case of Supply of Goods

a) supply involves movement of goods	before or at the time of removal of goods for supply to the recipient
b) where the supply does not involve movement of goods	before or at the time of delivery of goods or making available thereof to the recipient
c) Goods sold on Approval or Return Basis	Before or at the time of supply or six months from the date of removal whichever is earlier
d) Continuous Supply of Goods	Where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or each such payment is received.

Section 2(32) of CGST Act: Continuous supply of goods

Continuous supply of goods means a supply of goods which is provided, or agreed to be provided, **continuously or on recurrent basis**, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis and includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify.

B. In case of Supply of Services

a) Taxable supply of services	Before or within 30 days from the date of the supply of service
b) Insurer or a banking company or a financial institution, including a non-banking financial company	Before or within 45 days from the date of the supply of service
c) Insurer or a banking company or a financial institution, including a non-banking financial company or any other notified class of supplier of services making taxable supplies between distinct persons as specified in section 25	before or at the time such supplier records the same in his books of account or before the expiry of the quarter during which the supply was made
d) Continuous Supply of Services	
• where the due date of payment is ascertainable from the contract	Invoice shall be issued on or before the due date of payment
• where the due date of payment is not ascertainable from the contract	Invoice shall be issued before or at the time when the supplier of service receives the payment
• where the payment is linked to the completion of an event	Invoice shall be issued on or before the date of completion of that event.
e) Supply of services ceases under a contract before the completion of the supply	Invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation

Section 2(33) of CGST Act: Continuous supply of Services

Continuous supply of services means a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period **exceeding three months** with periodic payment obligations and includes supply of such services as the Government may specify.

Format of Tax Invoice

There is no format prescribed for an invoice, but rules make it mandatory for an invoice to have certain fields.

Manner of issuing invoice

For Supply of Goods	For Supply of Services
The invoice shall be prepared in triplicate , in the case of supply of goods, in the following manner: a) the original copy being marked as Original for Recipient b) the duplicate copy being marked as Duplicate for Transporter and c) the triplicate copy being marked as Triplicate for Supplier .	The invoice shall be prepared in duplicate , in the case of the supply of services, in the following manner: a) the original copy being marked as Original for Recipient and b) the duplicate copy being marked as Duplicate for Supplier
The serial number of invoices issued during a tax period shall be furnished electronically in Form GSTR-1.	

HSN Code (Harmonised System of Nomenclature)

No	Annual Turnover in the preceding Financial Year	Number of Digits of HSN Code
1	Upto rupees one crore fifty lakhs	Nil
2	more than rupees one crore fifty lakhs and upto rupees five crores	2
3	more than rupees five crores	4

Revised Tax Invoice

A registered person may, within 1 month from the date of issuance of certificate of registration, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him.

Supplies to Registered Person	Supplies to Unregistered Person	
	Intra State Supply	Inter State Supply
Separate Revised Tax Invoices should be issued.	Consolidated Revised Tax Invoice in respect of all taxable supplies made to an unregistered recipient during such period.	Consolidated Revised Tax Invoice can be issued only if the value of supply is upto Rs. 2,50,000 . If it exceeds Rs. 2,50,000, then separate Revised Tax Invoice required.

Consolidated Tax Invoice

A registered person may not issue a Tax Invoice if:

- Value of the goods/services/both supplied is upto Rs. 200 and
- the recipient is unregistered and
- the recipient does not require such invoice.

Instead such registered person shall issue a Consolidated Tax Invoice for such supplies **at the close of each day** in respect of all such supplies.

This provision will not apply to supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens. (w.e.f. 1.9.2019)

Electronic Ticket for Multiplex (w.e.f. 1.9.2019)

A registered person supplying services by way of admission to exhibition of cinematograph films in multiplex screens shall be required to issue an electronic ticket and the said electronic ticket shall be deemed to be a tax invoice for all purposes of the Act, even if such ticket does not contain the details of the recipient of service but contains the other information as mentioned under rule 46. The supplier of such service in a screen other than multiplex screens may, at his option, follow the above procedure.

Bill of Supply

Instead of Tax Invoice, Bill of Supply shall be issued in following cases:

- A registered person supplying exempted goods or services or both or
- A registered person paying tax under the provisions of Composition Scheme

Invoice-cum-Bill of Supply

Where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single "invoice-cum-bill of supply" may be issued for all such supplies.

Receipt Voucher

A registered person shall, on **receipt of advance payment** with respect to any supply of goods or services or both, issue a receipt voucher or any other document, containing such particulars as may be prescribed, evidencing receipt of such payment.

Refund Voucher

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

Invoice / Payment Voucher to be issued by recipient of supply liable to pay tax on reverse charge

- A registered person who is liable to pay tax on Reverse Charge shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both.
- Such registered person shall issue a payment voucher at the time of making payment to the supplier.
- The registered person may issue **a Consolidated Invoice at the end of the month**. This provision also applies to a Bill of Supply.

Documents deemed to be Invoice (Address of customer / serial no not required in the Invoices)

Supplier of Taxable Service	Document in lieu of the Tax Invoice
Insurer or a Banking Company or a Financial Institution or NBFC	Supplier may issue a consolidated tax invoice or any other document in lieu thereof for the supply of services made during a month at the end of the month, whether issued or made available, physically or electronically whether or not serially numbered, and whether or not containing the address of the recipient of taxable service but containing other information as mentioned
Goods Transport Agency	Tax invoice or any other document in lieu thereof containing (Consignment Note)
Passenger Transportation Service	Tax invoice shall include ticket in any form

Delivery Challan (Transportation of Goods without issue of Invoice)

<p>When is it issued?</p> <p>a) In case of supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known</p> <p>b) transportation of goods for job work</p> <p>c) transportation of goods for reasons other than by way of supply</p> <p>d) such other supplies as may be notified</p>	<p>The delivery challan shall be prepared in triplicate, in case of supply of goods, in the following manner:</p> <p>a) the original copy being marked as Original For Consignee</p> <p>b) the duplicate copy being marked as Duplicate For Transporter</p> <p>c) the triplicate copy being marked as Triplicate For Consigner</p>
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Semi knocked down or completely knocked down condition

Where the goods are being transported in a semi knocked down or completely knocked down condition **or in batches or lots (w.e.f. 4.9.2018)**

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

Credit Note / Debit Note (Section 34 of CGST Act) – Highlighted points changed by CGST Amendment Act, 2018 w.e.f. 1.2.2019

Credit Note	Debit Note
<p>The registered person, who has supplied such goods or services or both, may issue to the recipient a one or more credit notes for supplies made in a financial year if</p> <ul style="list-style-type: none"> a) Where one or more tax invoices has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply b) where the goods supplied are returned by the recipient c) goods or services or both supplied are found to be deficient 	<p>Where one or more tax invoices has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient one or more debit notes for supplies made in a financial year.</p>
<p>Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted.</p> <p>No reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.</p>	<p>Any registered person who issues a debit note in relation to a supply of goods or services or both shall declare the details of such debit note in the return for the month during which such debit note has been issued and the tax liability shall be adjusted in such manner as may be prescribed.</p> <p>Note: Debit note shall include a supplementary invoice.</p>

Signature or Digital Signature not required (w.e.f. 31.12.2018)

The signature or digital signature of the supplier or his authorised representative shall not be required in the case of issuance of following documents as per the Information Technology Act, 2000

- a) Electronic tax invoice
- b) Electronic bill of supply
- c) Electronic consolidated tax invoice in case of Insurance/Banking companies, financial institutions including NBFCs
- d) Electronic ticket issued for passenger transportation service

Chapter 6 : Time of Supply

Section 12 of CGST Act: Time of Supply of Goods

Particulars	Time of Supply
Forward Charge	Earlier of the following dates: a) the date of issue of invoice by the supplier or b) the last date on which he is required, to issue the invoice i.e. due date of Invoice
Reverse Charge	Earliest of the following dates: a) the date of the receipt of goods or b) the date of payment as entered in the books of account of the recipient or c) the date on which the payment is debited in his bank account, whichever is earlier or d) 31 st day from the date of issue of invoice or any other document Where it is not possible to determine the time of supply in respect of supplies under Reverse Charge, the time of supply shall be the date of entry in the books of account of the recipient of supply.

Notification No. 66/2017 CT

No GST on advance received against supply of goods for assessee (excluding composition suppliers) including in the situations attracting the provisions of section 14

Note: A composition dealer will not have to pay any tax on advances received, if such advances pertain to his outward supplies.

Section 13 of CGST Act: Time of Supply of Services

Particulars	Time of Supply
Forward Charge – Invoice issued within prescribed period	Earliest of the following dates: a) the date of issue of invoice by the supplier b) date on which the payment is entered in the books of account of the supplier c) date on which the payment is credited to his bank account
Forward Charge – Invoice not issued within prescribed period	Earliest of the following dates: a) the date of provision of service, b) date on which the payment is entered in the books of account of the supplier c) date on which the payment is credited to his bank account
If above events are not ascertainable	The date on which the recipient shows the receipt of services in his books of account
Reverse Charge	Earlier of the following dates: a) the date of payment as entered in the books of account of the recipient or b) the date on which the payment is debited in his bank account or c) 61 st day from the date of issue of invoice Where it is not possible to determine the time of supply, the time of supply shall be the date of entry in the books of account of the recipient of supply.
Import of Service from AEs	the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier. (AEs – Associated Enterprises)
Petty Payments	Where the supplier receives an amount upto Rs. 1,000 in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.

Common for Goods as well as Services

Unable to determine Time of Supply	a) where a periodical return has to be filed, be the date on which such return is to be filed or b) in any other case, be the date on which the tax is paid
Vouchers	a) the date of issue of voucher, if the supply is identifiable at that point or b) the date of redemption of voucher, in all other cases.
Interest, late fee or penalty	Date on which the supplier receives such addition in value

Section 14: Change in Rate of Tax in respect of Supply of Goods or Services

A. Goods or services or both have been supplied **before the change** in rate of tax

Invoice	Payment	Time of Supply
After change	After change	Date of receipt of payment or date of issue of invoice whichever earlier
Before change	After change	Date of issue of invoice
After change	Before change	Date of receipt of payment

B. Goods or services or both have been supplied **after the change** in rate of tax

Invoice	Payment	Time of Supply
Before change	Before change	date of receipt of payment or date of issue of invoice, whichever earlier
Before change	After change	date of receipt of payment
After change	Before change	date of issue of invoice

The date of receipt of payment shall be the date of credit in the bank account if such credit in the bank account is after four working days from the date of change in the rate of tax.

Chapter 7 : Value of Supply

Section 15 of CGST Act: Value of Taxable Supply

The value of a supply of goods or services or both shall be the **transaction value**, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

Amounts includible in Valuation	Amounts excludible in Valuation
a) any taxes, duties, cesses, fees and charges levied under any law for the time being in force except GST b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both c) incidental expenses, including commission and packing d) interest or late fee or penalty for delayed payment e) Subsidies directly linked to the price (Subsidies provided by Central / State Governments excludible)	Discount shall be excluded if given a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply and b) after the supply has been effected, if i. such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices and ii. input tax credit has been reversed by the recipient of the supply.

Persons shall be deemed to be "**related persons**" if

- a) such persons are officers or directors of one another's businesses
- b) such persons are legally recognised partners in business
- c) such persons are employer and employee
- d) any person directly or indirectly owns, controls or holds twenty-five per cent or more of the outstanding voting stock or shares of both of them
- e) one of them directly or indirectly controls the other
- f) both of them are directly or indirectly controlled by a third person
- g) together they directly or indirectly control a third person
- h) they are members of the same family

Persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

Rule 27 of CGST Rules - Value of supply of goods or services where the consideration is not wholly in money

(The methods are to be used in order of sequence)

- a) The open market value of such supply
- b) Consideration in money plus the money equivalent of the non-money consideration, if such amount is known at the time of supply
- c) value of supply of goods and/or services of like kind and quality
- d) Cost of the supply plus 10% mark-up [Rule 30 regarding cost-based valuation] or by other reasonable means [Best Judgement Method], in that sequence [Rule 31]

Rule 28 - Value of supply of goods or services or both between distinct or related persons, other than through an agent

The value of the supply of goods or services or both between distinct persons as specified in of section 25 or where the supplier and recipient are related, other than where the supply is made through an agent, shall-

- a) be the open market value of such supply
- b) if the open market value is not available, be the value of supply of goods or services of like kind and quality;
- c) if the value is not determinable under clause (a) or (b), it shall be determined as per rule 30 or rule 31

Where the goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to 90% of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person.

Where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services.

Rule 29 – Value of supply of goods or received through an agent

The value of supply of goods between the principal and his agent shall

- a) the open market value of the goods being supplied, or at the option of the supplier, be ninety per cent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person, where the goods are intended for further supply by the said recipient.
- b) where the value of a supply is not determinable under clause (a), the same shall be determined by the application of rule 30 or rule 31 in that order.

Rule 30 – Value of supply of goods or services or both based on cost

If the value of a supply of goods and/or services cannot be worked out by the foregoing methods, its value will be 110% of the cost of production/ manufacture/acquisition of such goods or cost of provision of such services.

Rule 31 – Residual method for determination of value of supply of goods or services or both [Best Judgement Method]

The residual method consists of determination of value by using reasonable means consistent with the principles and general provisions of section 15 and these Rules.

Rule 31A: Value of supply in case of lottery, betting, gambling and horse racing

Lottery run by State Governments (lottery not allowed to be sold in any State other than the organizing State)	100/112 of the face value of ticket or of the price as notified in the Official Gazette by the organising State, whichever is higher
Lottery authorised by State Governments (lottery which is authorised to be sold in State(s) other than the organising State also)	100/128 of the face value of ticket or of the price as notified in the Official Gazette by the organising State, whichever is higher
Betting, gambling or horse racing in a race club	100% of the face value of the bet or the amount paid into the totalisator

Rule 32 - Optional Provision for following Supplies

Special provision relating to determination of value of service of purchase or sale of foreign currency including money changing

Option 1

Transaction where one of the currencies exchanged is Indian Rupees	RBI reference rate for a currency is not available	Transaction where neither of the currencies exchanged is Indian Rupees
The value of supply is difference between buying rate or selling rate of currency and RBI reference rate for that currency at the time of exchange multiplied by total units of foreign currency	Value of supply is 1% of the gross amount of Indian Rupees provided/ received by the person changing the money.	Value of supply is 1% of the lesser of the two amounts the person changing the money would have received by converting (at RBI reference rate) any of the two currencies in Indian Rupees.

Option 2

At the option of the supplier of services, the value in relation to the supply of foreign currency, including money changing, shall be deemed to be

Amount in INR	Valuation
Upto Rs. 1,00,000	1% of the gross amount of currency exchanged OR Rs. 250 whichever is higher
Exceeding Rs. 1,00,000 and upto Rs. 10,00,000	Rs. 1,000 + 0.50% of the (gross amount of currency exchanged - Rs. 1,00,000)
Exceeding Rs. 10,00,000	Rs. 5,500 + 0.1% of the (gross amount of currency exchanged - Rs. 10,00,000) OR Rs. 60,000 whichever is lower

Special provision relating to determination of value of service of booking of tickets for air travel by an air travel agent

Value of service of booking of tickets for air travel by an air travel agent is 5% of basic fare in case of domestic travel and 10% of basic fare in case of international travel.

Basic fare means that part of the air fare on which commission is normally paid to the air travel agent by the airlines.

Special provision relating to determination of value of service in relation to life insurance business

Particulars	Taxable Value
Policy with dual benefits of risk coverage and investment	Gross premium charged less amount allocated for investments/savings if such allocation is intimated to the policy holder at the time of collection of premium
Single premium annuity policy	10% of the single premium charged from the policy holder where allocation for investments/savings is not intimated to the policy holder
Other cases	25% of premium charged from the policy holder in the 1st year and 12.5% of premium charged for subsequent years
Policy with ONLY risk cover	Entire premium charged from the policy holder

Special provision relating to determination of value of second hand goods – Margin Scheme

- Where a taxable supply is provided by a person dealing in buying and selling of second hand goods i.e., used goods as such or after such minor processing which does not change the nature of the goods and where no input tax credit has been availed on the purchase of such goods, the value of supply shall be the difference between the selling price and the purchase price and where the value of such supply is negative, it shall be ignored.
- The purchase value of goods repossessed from a defaulting borrower, who is not registered, for the purpose of recovery of a loan or debt shall be deemed to be the purchase price of such goods by the defaulting borrower reduced by five percentage points for every quarter or part thereof, between the date of purchase and the date of disposal by the person making such repossession.

Note

CGST leviable on intra-State supplies of second hand goods received by a registered second hand goods dealer [who pays CGST on the value of outward supply of such second hand goods under margin scheme] from any unregistered supplier, has been exempted vide Notification No. 10/2017.

Special provisions relating to determination of value of redeemable vouchers/stamps/coupons/tokens

The value of a token, voucher or coupon, or a stamp (other than postage stamp) which is redeemable against a supply of goods and/or services is equal to the money value of the goods and/or services redeemable against such token, voucher, coupon or stamp.

Special provisions relating to determination of value of services provided by notified service providers between distinct persons

Value of taxable services provided by notified class of service providers, without consideration, between distinct persons [as referred to in Para 2 of Schedule 1 of CGST Act], is deemed to be NIL if ITC is available

Rule 33 – Value of supply of services in case of pure agent

Notwithstanding anything contained in the provisions of this Chapter, the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply, if all the following conditions are satisfied, namely

- a) the supplier acts as a pure agent of the recipient of the supply, when he makes the payment to the third party on authorisation by such recipient
- b) the payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service and
- c) the supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account

Pure agent means a person who

- a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both
- b) neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply
- c) does not use for his own interest such goods or services so procured
- d) receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account

Rule 34 – Rate of exchange of currency, other than Indian rupees for determination of value

- a) **Goods:** The relevant rate of exchange for determining the value of taxable goods is the rate notified by CBEC under section 14 of the Customs Act, 1962, prevalent on the date of time of supply of said goods.
- b) **Services:** The relevant rate of exchange for determining the value of taxable service is the rate determined as per GAAP, prevalent on the date of time of supply of said service.

Chapter 8 : Payment of GST

Electronic Cash Ledger	Electronic Input Tax Credit Leger or Electronic Credit Ledger	Electronic Tax Liability Register
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Electronic Cash Ledger

- Deposit of Tax, interest, penalty, fee or any other amount by a taxable person can be made by the following modes: -
 - a) Internet Banking
 - b) Credit /Debit cards
 - c) National Electronic Fund Transfer (NEFT)
 - d) Real Time Gross Settlement (RTGS)
 - e) Over the Counter payment (OTC) through authorized banks for deposits up to Rs. 10,000 per challan per tax period, by cash, cheque or demand draft. This amount restriction is not applicable to remittances by
 - Government Departments
 - Proper Officer or any other Officer recovering outstanding dues or
 - during any investigation or enforcement activity or ad hoc deposit

- A person supplying OIDAR services from a place outside India to a non-taxable online recipient may also make the deposit through international money transfer through Society for Worldwide Interbank Financial Telecommunication payment network, from the date to be notified by the Board.

Note

- **CPIN** stands for Common portal Identification Number. It is created for every Challan successfully generated by the taxpayer. It is a 14-digit unique number to identify the challan. CPIN remains valid for a period of 15 days.
- **CIN** or Challan Identification Number is generated by the banks, once payment in lieu of a generated Challan is successful. It is a 17-digit number that is 14-digit CPIN plus 4-digit Bank Code.
- **BRN** or Bank Reference Number is the transaction number given by the bank for a payment against a Challan
- **E-FPB** stands for Electronic Focal Point Branch. These are branches of authorized banks which are authorized to collect payment of GST. Each authorized bank will nominate only one branch as its E-FPB for pan India transaction. The E-FPB will have to open accounts under each major head for all governments. Any amount received by such E-FPB towards GST will be credited to the appropriate account held by such E-FPB. For NEFT/RTGS Transactions, RBI will act as E-FPB.
- Date of credit into the treasury of the State Government/Central Government is deemed to be the date of deposit and not the actual date of debit to the amount of the taxable person.

Manner of utilization of amount reflected in Electronic Cash Ledger

- The ledger is displayed major head-wise i.e., IGST, CGST, SGST/UTGST, and CESS. Each major head is divided into five minor heads: Tax, Interest, Penalty, Fee, and Others.
- The amount available in the Electronic Cash Ledger can be utilised for payment of any liability for the respective major and minor heads.
- Amount available under one major head (SGST/UTGST, CGST, IGST or CESS) cannot be utilised for discharging the liability under any other major head.

Electronic Credit Ledger

- Input Tax Credit as self-assessed in monthly returns will be reflected in the ITC Ledger.
- The credit in this ledger can be used to make payment of TAX ONLY and not other amounts such as interest, penalty, fees etc.

Taxable person files the return but does not make payment of tax

In such cases, the return is not considered as a valid return. Unless the supplier has paid the entire self-assessed tax and filed his return and the recipient has filed his return, the ITC of the recipient would not be confirmed.

Utilization of Input Tax Credit Under GST

ITC on account of	IGST payable	CGST payable	SGST / UTGST payable
IGST	(I)	(II) - In any order and in any proportion	
(III) Input tax Credit on account of Integrated tax to be completely exhausted mandatorily			
CGST	(V)	(IV)	Not permitted
SGST / UTGST	(VII)	Not permitted	(VI)

Electronic Liability Register

- Electronic Liability Register will reflect the total tax liability of a taxpayer (after netting) for the particular month.
- **Order of discharge of tax and other dues:**
 - a) self -assessed tax and other dues for the **previous tax periods** have to be discharged first.
 - b) the self -assessed tax and other dues for the **current period** have to be discharged next.
 - c) any other amount payable including **demand determined under section 73 or section 74** to be discharged. In other words, the liability if any, arising out of demand notice and adjudication proceedings comes last. This sequence has to be mandatorily followed.
 - d) The expression "other dues" referred above mean interest, penalty, fee or any other amount payable under the Act or the rules made thereunder.

Section 50 of CGST Act: Interest on Delayed Payment of Tax

The rate of interest shall be notified by the Government on the basis of recommendation of the Council.

Belated payment of tax i.e. on failure to pay tax (or part of tax)	Undue or excess claim of ITC or on such undue or excess reduction in output tax liability (Redundant provision)
18% p.a.	24% p.a.

Section 51 of CGST Act: Tax Deduction at Source

- Following persons (the deductor) to deduct tax at source from payments made to the suppliers of taxable goods and/or services.
 - a) Central/State Government department or establishment
 - b) Local Authority
 - c) Governmental Agencies
 - d) Notified Persons/category of persons – Notification no. 50/2018
 - i. an authority or a board or any other body
 - a. set up by an Act of Parliament or a State Legislature or
 - b. established by any Government, with 51% or more participation by way of equity or control, to carry out any function
 - ii. Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860
 - iii. Public Sector Undertakings
- **Deductees:** The deductees are the suppliers whose total value of supply of taxable goods and/or services under a contract exceeds Rs. 2,50,000 exclusive of tax and cess as per the invoice.
- **Standard Rate of deduction:** The tax would be deducted @ 1% (CGST) and 1% (SGST / UTGST) or 2% IGST of the payment made to the supplier (the deductee) of taxable goods and/or services, where the **total value of such supply under a contract, exceeds Rs. 2,50,000** (excluding the amount of Central tax, State tax, Union Territory tax, Integrated tax and cess indicated in the invoice). Individual supplies may be less than Rs. 2,50,000/-, but if total value of supply under a contract is more than Rs. 2,50,000/-, TDS will have to be deducted.
- **Provisions of TDS will not apply in following cases**
 1. These provisions shall not apply to the authorities under the Ministry of Defence, other than the authorities specified in the Annexure-A (Post Audit Authorities under Ministry of Defence) and their offices

2. Supply of goods or services or both from a public sector undertaking to another public sector undertaking, whether or not a distinct person.
 3. Supply of goods or services or both which takes place between one person to another person specified under (a), (b), (c) and (d) of section 51(1) of the said Act.
 4. When the location of the supplier and the place of supply is in a State / Union territory which is different from the State / Union territory of registration of the recipient, there will be no TDS
- **Deposit of TDS with the Government:** The amount of TDS should be deposited to the Government account by deductor by 10th of the succeeding month.
 - **TDS Certificate:** A TDS certificate is required to be issued by deductor (the person who is deducting tax) in prescribed form to the deductee (the supplier from whose payment TDS is deducted). **TDS certificate** to be furnished within 5 days of remittance to Government.
 - **Certificate not furnished by the deductor:** Late fee of Rs. 100/day from the expiry of the 5th day until the day he furnishes the certificate. This late fee would not be more than Rs. 5000/-. He is liable to pay interest under Section 50.
 - **Reflection of amount of TDS in Electronic Cash Ledger**

Section 52 of CGST Act: Collection of Tax at Source (for Supply of Goods as well as Services)

- TCS refers to the tax which is collected by the electronic commerce operator when a supplier supplies some goods or services through its portal and the payment for that supply is collected by the electronic commerce operator.
- **Notified Rates**
CGST – 0.5% and SGST / UTGST 0.5% (It can be increased to 1% each later)
IGST – 1% (It can be increased to 2% later)
- **Value of Supply:** Aggregate value of taxable supplies of goods and / or services other than notified services under section 9(5) by all registered persons through operator less taxable supplies returned to suppliers during the said month. It excludes the amount of Central tax, State tax, Union Territory tax, Integrated tax and cess indicated in the invoice.
- **Deposit of TCS by ECO to Government:** The TCS amount collected by the ECO has to be remitted to the Government Treasury within 10 days after the end of the month in which the collection was made.
- **Filing of Monthly and Annual Statements by ECO:** An electronic statement has to be filed by the ECO within 10 days after the end of the each month in which supplies are made. Additionally, the ECO is also mandated to file an Annual Statement on or before 31st day of December following the end of the financial year.
- **Rectification in Monthly Statement by ECO by earlier of:**
 - a) due date for filing statement for the month of September following the end of the financial year OR
 - b) Actual date of furnishing of relevant annual statement.
- **Reflection of amount of TCS in Electronic Cash Ledger**
The details furnished by the operator in GSTR-8 shall be made available electronically to each of the suppliers on the common portal after the due date of filing of FORM GSTR-8.

Chapter 9 : Returns under GST

Person	Form	Due Date for filing of return	Due Date of Payment of Tax
Registered person / CTP - Statement of Outward Supplies (Monthly)	GSTR-1	Specified due dates	N.A.
Registered person / CTP – Monthly Return	GSTR 3B	20th of the next month	20th of the next month
Composition taxpayer or Registered Person who has opted for Notification No. 02/2019	GSTR-4	30th day of April following the end of such financial year (Annual) (30th and not 13th)	18th day of the month succeeding such quarter (Quarterly Statement in Form GST CMP-08)
Registered non-resident taxable person	GSTR-5	20th of the next month or 7th day after the last day of the validity of registration, whichever is earlier	
Input Service Distributor	GSTR-6	13th of the next month	No tax payable by ISD
OIDAR Supplier (supplying service from place outside India to unregistered persons)	GSTR-5A	20th of the next month	20th of the next month
Registered person deducting tax at Source	GSTR-7	10th of the next month	10th of the next month
E-Commerce operator (not being an agent)	GSTR-8	10th of the next month	10th of the next month

Details of inward supplies of persons having UIN

- **UIN issued for claiming refund of taxes paid on his inward supplies of a person:** Such person shall furnish the details of those inward supplies of taxable goods and/or services on which refund of taxes has been claimed in Form GSTR-11, along with application for such refund claim.
- **UIN issued for purposes other than refund of taxes paid:** Such person shall furnish the details of inward supplies of taxable goods and/or services as may be required by the proper officer in Form GSTR-11.

Rectification of errors

Maximum time limit within which such amendments are permissible is earlier of the following dates:

- a) Date of filing of monthly return u/s 39 for the month of September following the end of the financial year i.e. 20th October of next year
- b) Date of filing of the relevant annual return

Section 44 of CGST Act: Annual Return

Persons required to furnish	Due date	Prescribed Form
All taxpayers filing return in GSTR-1 to GSTR-3, are required to file an annual return. However, following persons are not required to file annual return: a) Casual Taxable Persons. b) Non- resident taxable person c) Input Service Distributors	This return needs to be filed by 31st December of the next Financial Year.	Annual Return is to be filed electronically in Form GSTR-9 through the common portal. A person paying tax under composition scheme is required to file the Annual Return in Form GSTR-9A .

A Reconciliation Statement

- Every registered person must get his accounts audited by a Chartered Accountant or a Cost Accountant if his aggregate turnover during a FY exceeds **Rs. 2 crores**.
- Such registered person is required to furnish electronically A Reconciliation Statement through the common portal alongwith Annual Return a copy of Audited annual accounts
- Reconciliation Statement will reconcile the value of supplies declared in the return furnished for the financial year with the audited annual financial statement and such other particulars, as may be prescribed
- Above provision shall not apply to any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force.

Notification No. 30/2019: Exemption from furnishing Annual Return and reconciliation statement

The persons registered under section 24 supplying online information and data base access or retrieval services from a place outside India to a person in India shall not be required to furnish an annual return in FORM GSTR-9 and furnish reconciliation statement in FORM GSTR-9C.

Notification No. 47/2019 dated 9/10/2019

Furnishing of Annual Return shall be optional for registered persons whose aggregate turnover in a financial year does not exceed **Rs. 2 crores** and who have not furnished the annual return under section 44 before the due date in respect of financial years 2017-18 and 2018-19. The said return shall be deemed to be furnished on the due date if it has not been furnished before the due date.

First Return

Registered person shall declare his outward supplies made during period from date on which he became liable to register to the date of grant of registration in the first return furnished by him after grant of registration.

Final Return

Who is required to furnish it?	What is the time-limit for furnishing it?
Every registered person who is required to furnish return u/s 39(1) and whose registration has been surrendered or cancelled shall file a Final Return electronically in Form GSTR-10	Final Return has to be filed within 3 months of date of cancellation or date of order of cancellation, whichever is later .

Default In Furnishing Return

A notice shall be issued, electronically, to a registered person who fails to furnish Normal return, Annual Return or Final Return or TCS Statement. Such notice shall require such registered person him to furnish such return within 15 days.	<u>Late fees levied for delay in filing Statement of Outward Supplies, Statement of Inward Supplies, Returns, Final Return</u> Lower of (a) Rs. 100 for every day during which such failure continues or (b) Rs. 5,000	<u>Late fees levied for delay in filing Annual Return</u> Lower of (a) Rs. 100 for every day during which such failure continues or (b) 0.25% of the turnover of registered person in the State/UT
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Reduced Late Fee w.e.f. October 2017

Form GSTR-1 / GSTR-3B / GSTR-4 / GSTR-5	For ISD (Form GSTR-6)
Rs. 25 per day (for CGST / SGST each) For Nil Return - Rs. 25 per day (for CGST / SGST each)	Rs. 25 per day (for CGST / SGST each)

Chapter 10 : Accounts, Records and E-way Bill**Section 35 of CGST Act: Accounts and other Records**

Every registered person shall keep and maintain his books of accounts at his principal place of business and books of account relating to additional place of business [as mentioned in the certificate of registration]. Where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business. Unless proved otherwise, if any documents, registers, or any books of account belonging to a registered person are found at any premises other than those mentioned in the certificate of registration, they shall be presumed to be maintained by the said registered person.

Section 36 of CGST Act: Period of Retention of Accounts

- Every registered person required to keep and maintain books of account or other records in accordance with the provisions of section 35(1) shall retain them until the expiry of **72 months** from the due date of furnishing of annual return for the year pertaining to such accounts and records.
- However, a registered person, who is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or Court, whether filed by him or by the Commissioner, or is under investigation for an offence under Chapter XIX, shall retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of one year after final disposal of such appeal or revision or proceedings or investigation, or for the period specified above, whichever is later.

Rule 138: Information to be furnished prior to commencement of movement of goods and generation of e-way bill

- Every **registered person who causes movement of goods** of consignment value exceeding **Rs. 50,000**
 - a) in relation to a supply or
 - b) for reasons other than supply or
 - c) due to inward supply from an unregistered person,

shall, before commencement of such movement, furnish information relating to the said goods as specified in **Part A of FORM GST EWB-01**, electronically, on the common portal and a unique number will be generated on the said portal.

- The consignment value of goods shall be the value as per section 15, declared in an invoice, a bill of supply or a delivery challan issued in respect of the said consignment and also includes the central tax, State or Union Territory tax, integrated tax and cess charged, if any, in the document and shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

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

- a) Where goods are sent by a principal located in one State or Union Territory to a job worker located in any other State or Union Territory, the e-way bill shall be generated either by the principal or the job worker, if registered
- b) Where handicraft goods are transported from one State or Union Territory to another State or Union Territory by a person who has been exempted from the requirement of obtaining registration

Who else can file Part A

- The **transporter**, on an authorization received from the registered person
- Where the goods to be transported are supplied **through an e-commerce operator or a courier agency**, on an authorization received from the consignor
- Where the e-way bill is not generated and the goods are handed over to a transporter for transportation by road, the e-way bill shall be **generated by the transporter.**

Part B of FORM GST EWB-01

- Where the goods are transported by the registered person as a consignor or the recipient of supply as the consignee, whether in his own conveyance or a hired one or a public conveyance, by road, the said person shall generate the e-way bill in FORM GST EWB-01 electronically on the common portal after furnishing information in Part B of FORM GST EWB-01.
- Where the goods are transported **by railways or by air or vessel**, the e-way bill shall be generated by the registered person, being the supplier or the recipient, who shall, either before or after the commencement of movement, furnish, on the common portal, the information in **Part B of FORM GST EWB-01.**

Voluntary Eway Bill

The registered person or, the transporter **may, at his option, generate** and carry the e-way bill even if the value of the consignment is less than Rs. 50,000.

Unregistered Person

- Where the movement is caused by an unregistered person either in his own conveyance or a hired one or through a transporter, he or the transporter may, at their option, generate the e-way bill in FORM GST EWB-01 on the common portal.
- Where the goods are supplied by an unregistered supplier to a recipient who is registered, the movement shall be said to be caused by such recipient if the recipient is known at the time of commencement of the movement of goods.
- When the information has been furnished by an unregistered supplier or an unregistered recipient in FORM GST EWB-01, he shall be informed electronically, if the mobile number or the e-mail is available.

E-way Bill not required

Where the goods are transported for a distance of upto 50 kilometers within the State or Union Territory from the place of business of the consignor to the place of business of the transporter for further transportation, the supplier or the recipient, the transporter may not furnish the details of conveyance in **Part B of FORM GST EWB-01**.

Unique E-way Bill Number

Upon generation of the e-way bill on the common portal, a **unique e-way bill number (EBN)** shall be made available to the supplier, the recipient and the transporter on the common portal.

Transfer of goods from one conveyance to another

- Where the goods are transferred from one conveyance to another, the consignor or the recipient, who has provided information in Part A of the FORM GST EWB-01, or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in Part B of FORM GST EWB-01.
- Where the goods are transported for a distance of **upto 50 kms** within the State or Union Territory from the place of business of the transporter finally to the place of business of the consignee, the details of the conveyance may not be updated in the e-way bill.

Assignment of E-way Bill Number

- The consignor or the recipient, who has furnished the information in Part A of FORM GST EWB-01, or the transporter, may assign the e-way bill number to another registered or enrolled transporter for updating the information in Part B of FORM GST EWB-01 for further movement of the consignment.
- After the details of the conveyance have been updated by the transporter in Part B of FORM GST EWB-01, the consignor or recipient who has furnished the information in Part A of FORM GST EWB-01 shall not be allowed to assign the e-way bill number to another transporter.

GSTR-1

The information furnished in Part A of FORM GST EWB-01 shall be made available to the registered supplier on the common portal who may utilize the same for furnishing the details in FORM GSTR-1.

Cancellation of E-way Bill

- Where an e-way bill has been generated under this rule, but goods are either not transported or are not transported as per the details furnished in the e-way bill, the e-way bill **may be cancelled electronically** on the common portal within **24 hours** of generation of the e-way bill.
- An e-way bill cannot be cancelled if it has been verified in transit.

Validity

- The unique number generated shall be valid for a period of **fifteen days** for updation of Part B of FORM GST EWB-01.
- An e-way bill or a consolidated e-way bill generated shall be valid for the period as mentioned in Table **In cases other than Over Dimensional Cargo / or multimodal shipment in which at least one leg involves transport by ship**

Distance	Validity Period (from relevant date)
Upto 100 km	One day
For every 100 km or part thereof thereafter	One additional day

In cases of Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship (added w.e.f. 28.6.2019)

Distance	Validity Period (from relevant date)
Upto 20 km	One day
For every 20 km or part thereof thereafter	One additional day

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

Extension of Period of E-way Bill

- The Commissioner may, on the recommendations of the Council, by notification, extend the validity period of an e-way bill for certain categories of goods.
- Where, under circumstances of an exceptional nature, including trans-shipment, the goods cannot be transported within the validity period of the e-way bill, the transporter may extend the validity period after updating the details in Part B of FORM GST EWB-01, if required.

Acceptance / Rejection

The details of the e-way bill generated under this rule shall be made available to the

- supplier, if registered, where the information in Part A of FORM GST EWB-01 has been furnished by the recipient or the transporter or
- recipient, if registered, where the information in Part A of FORM GST EWB-01 has been furnished by the supplier or the transporter

on the common portal, and the supplier or the recipient, as the case may be, shall communicate his acceptance or rejection of the consignment covered by the e-way bill.

Where the person to whom the information specified has been made available does not communicate his acceptance or rejection within **72 hours** of the details being made available to him on the common portal, or the time of delivery of goods whichever is earlier, it shall be deemed that he has accepted the said details.

The e-way bill generated in any State / Union Territory shall be valid in every State / UT.

No e-way bill is required to be generated

- where the goods being transported are specified in Annexure
- where the goods are being transported by a non-motorised conveyance
- where the goods are being transported from the customs port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs;
- in respect of movement of goods within notified areas in that particular State or Union Territory
- where the goods, other than de-oiled cake, being transported, are specified in the Schedule appended to notification No. 2/2017
- where the goods being transported are alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas or aviation turbine fuel
- where the supply of goods being transported is treated as no supply under Schedule III of the Act where the goods are being transported
 - under customs bond from an inland container depot or a container freight station to a customs port, airport, air cargo complex and land customs station, or from one customs station or customs port to another customs station or customs port, or
 - under customs supervision or under customs seal;

- h) where the goods being transported are transit cargo from or to Nepal or Bhutan;
- i) where the goods being transported are exempt from tax
- j) any movement of goods caused by defence formation under Ministry of defence as a consignor or consignee
- k) where the consignor of goods is the Central Government, Government of any State or a local authority for transport of goods by rail
- l) where empty cargo containers are being transported
- m) where the goods are being transported upto a distance of twenty kilometers from the place of the business of the consignor to a weighbridge for weighment or from the weighbridge back to the place of the business of the said consignor subject to the condition that the movement of goods is accompanied by a delivery challan issued in accordance with rule 55
- n) where empty cylinders for packing of liquefied petroleum gas are being moved for reasons other than supply.

ANNEXURE (No e-way bill is required to be generated)

- a) Liquefied petroleum gas for supply to household and non-domestic exempted category (NDEC) customers
- b) Kerosene oil sold under PDS
- c) Postal baggage transported by Department of Posts
- d) Natural or cultured pearls and precious or semi-precious stones precious metal and metals clad with precious metals (Chapter 71)
- e) Jewellery, goldsmiths' and silversmiths' wares and other articles (Chapter 71)
- f) Currency
- g) Used personal and household effects
- h) Coral, unworked (0508) and worked coral (9601)

Rule 138(7) of CGST Rules – Not yet applicable

Where the consignor or the consignee has not generated the e-way bill in FORM GST EWB-01 and the aggregate of the consignment value of goods carried in the conveyance is more than Rs. 50,000, the transporter, except in case of transportation of goods by railways, air and vessel, shall, in respect of inter-State supply, generate the e-way bill in FORM GST EWB-01 on the basis of invoice or bill of supply or delivery challan and may also generate a **consolidated e-way bill in FORM GST EWB-02**.

Rule 138A: Documents and devices to be carried by a person-in-charge of a conveyance

- The person in charge of a conveyance shall carry
 - a) the invoice or bill of supply or delivery challan and
 - b) a copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a Radio Frequency Identification Device embedded on to the conveyance
- Clause (b) shall not apply in case of movement of goods by rail or by air or vessel.
- A registered person may obtain an Invoice Reference Number from the common portal by a tax invoice issued by him in **FORM GST INV-1** and produce the same for verification by the proper officer in lieu of the tax invoice and such number shall be valid for a period of **30 days** from the date of uploading.
- Where the registered person uploads the invoice, the information in **Part A of FORM GST EWB-01** shall be **auto-populated** by the common portal on the basis of information furnished in FORM GST INV-1.
- Where circumstances so warrant, the Commissioner may, by notification, require the person-in-charge of the conveyance to carry the following documents instead of the e-way bill
 - a) tax invoice or bill of supply or bill of entry; or

b) a delivery challan, where the goods are transported for reasons other than by way of supply.

Rule 138B: Verification of documents and conveyances

- The Commissioner or an officer empowered by him in this behalf may authorize the proper officer to intercept any conveyance to verify the e-way bill in physical or electronic form for all inter-State and intra-State movement of goods.
- The Commissioner shall get Radio Frequency Identification Device readers installed at places where the verification of movement of goods is required to be carried out and verification of movement of vehicles shall be done through such device readers where the e-way bill has been mapped with the said device.
- The physical verification of conveyances shall be carried out by the proper officer as authorised by the Commissioner or an officer empowered by him in this behalf.
- On receipt of specific information on evasion of tax, physical verification of a specific conveyance can also be carried out by any other officer after obtaining necessary approval of the Commissioner or an officer authorised by him in this behalf.

Rule 138C: Inspection and verification of goods

- A summary report of every inspection of goods in transit shall be recorded online by the proper officer in **Part A of FORM GST EWB-03** within **24 hours** of inspection and the final report in **Part B of FORM GST EWB-03** shall be recorded within **3 days** of such inspection:
- Commissioner, or any other officer authorised by him, may, on sufficient cause being shown, extend the time for recording of the final report for a further period not exceeding three days.
- 24 hours or 3 days shall be counted from the midnight of the date on which the vehicle was intercepted.
- Where the physical verification of goods being transported on any conveyance has been done during transit at one place within the State or Union Territory or in any other State or Union Territory, no further physical verification of the said conveyance shall be carried out again in the State or Union Territory, unless a specific information relating to evasion of tax is made available subsequently.

Rule 138D: Facility for uploading information regarding detention of vehicle

Where a vehicle has been intercepted and detained for a period exceeding thirty minutes, the transporter may upload the said information in FORM GST EWB-04 on the common portal.

Rule 138E: Restriction on furnishing of information in PART A of FORM GST EWB-01 (w.e.f. 21.8.2019)

- No person shall be allowed to furnish the information in PART A of FORM GST EWB-01 in respect of a registered person, whether as a supplier or a recipient, who
 - a) being a person paying tax under section 10 **or availing the benefit of notification No. 02/2019**, has not furnished the **statement in FORM GST CMP-08** for two consecutive **quarters**
 - b) being a person other than a person specified in clause (a), has not furnished the returns for a consecutive period of two months
- Commissioner may **on receipt of an application from a registered person in FORM GST EWB-05**, on sufficient cause being shown and for reasons to be recorded in writing, by order **in FORM GST EWB-06**, allow furnishing of the said information in PART A of FORM GST EWB 01, subject to such conditions and restrictions as may be specified by him. **(w.e.f. 18.7.2019)**
- No order rejecting the request of such person to furnish the information in PART A of FORM GST EWB 01 shall be passed without affording the said person a reasonable opportunity of being heard
- The permission granted or rejected by the Commissioner of State tax or Commissioner of Union territory tax shall be deemed to be granted or, as the case may be, rejected by the Commissioner.

Chapter II : Input Tax Credit

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

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

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

Section 16: Eligibility and condition for taking Input Tax Credit

Eligibility for taking ITC

Registration under GST	Goods/services to be used for business purposes
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Conditions for taking ITC

Possession of tax paying document	Receipt of the goods and / or services	Tax leviable on supply actually paid to Government	Filing of return
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Goods received in lots: ITC available only on receipt of last lot

“Bill to Ship to Model” (Services added by CGST Amendment Act, 2018 w.e.f. 1.2.2019)

It shall be deemed that the registered person has received the goods or services

- a) where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise
- b) **where the services are provided by the supplier to any person on the direction of and on account of such registered person**

If the said document does not contain all the specified particulars but contains the following details, then input tax credit may be availed by such registered person

- a) amount of tax charged,
- b) description of goods or services,
- c) total value of supply of goods or services or both,
- d) GSTIN of the supplier and recipient and
- e) place of supply in case of inter-State supply

Payment for the invoice to be made within 180 days

The registered person must pay the supplier, the value of the goods and/or services along with the tax within 180 days from the date of issue of invoice.

Exceptions

This condition of payment of value of supply plus tax within 180 days does not apply in the following situations:

- a) Supplies on which tax is payable under reverse charge
- b) Deemed supplies without consideration

- c) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both

Rule 37 of CGST Rules (Relevant Provisions)

- A registered person, who has availed of input tax credit but fails to pay to the supplier thereof, the value of such supply along with the tax payable thereon, within 180 days from date of issue of invoice, shall furnish the details of such supply, the amount of value not paid and the amount of input tax credit availed of proportionate to such amount not paid to the supplier in FORM GSTR-2 for the month immediately following the period of 180 days from the date of the issue of the invoice
- The amount of input tax credit shall be added to the output tax liability of the registered person for the month in which the details are furnished.
- The registered person shall be liable to pay interest at 18% p.a. for the period starting from the date of availing credit on such supplies till the date when the amount added to the output tax liability.

If depreciation claimed on tax component, ITC not allowed

Time limit for availing ITC

So, the upper time limit for taking ITC is **20th October of the next financial year or the date of filing of annual return, whichever is earlier**

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

Amendment in Rule 36 – Input Tax Credit (w.e.f. 9.10.2019)

Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been uploaded by the suppliers under section 37(1) i.e. in Form GSTR-1 shall not exceed **20%** of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the suppliers under section 37(1). **(This is reduced to 10% later)**

Section 17: Apportionment of credit and blocked credits

Part 1: Blocked Credits

Input tax credit shall not be available in respect of the following namely:

- | |
|---|
| <ol style="list-style-type: none">1. Motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), except when they are used for making the following taxable supplies:<ol style="list-style-type: none">A. further supply of such motor vehicles orB. transportation of passengers orC. imparting training on driving such motor vehicles |
| <ol style="list-style-type: none">2. Vessels and aircraft except when they are used<ol style="list-style-type: none">i. for making the following taxable supplies:<ol style="list-style-type: none">A. further supply of such vessels or aircraft orB. transportation of passengers orC. imparting training on navigating such vessels orD. imparting training on flying such aircraftii. for transportation of goods |

<p>3. Services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred above</p> <p>The input tax credit in respect of such services shall be available</p> <ol style="list-style-type: none"> i. where the motor vehicles, vessels or aircraft referred above are used for the purposes specified therein ii. where received by a taxable person engaged <ol style="list-style-type: none"> I. in the manufacture of such motor vehicles, vessels or aircraft or II. in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him
<p>4. Following supply of goods or services or both</p> <ol style="list-style-type: none"> i. food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft referred above except when used for the purposes specified therein, life insurance and health insurance <p>Input tax credit in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply</p> <ol style="list-style-type: none"> ii. membership of a club, health and fitness centre iii. travel benefits extended to employees on vacation such as leave or home travel concession <p>The input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force.</p>
<p>5. Works contract services for construction of an immovable property Except When</p> <ol style="list-style-type: none"> a) It is input service for further supply of works contract service b) Immovable property is plant and machinery
<p>6. Goods or services or both received by a taxable person for construction of an immovable property (other than plant and machinery) on his own account even when such supplies are used in the course or furtherance of business</p>
<p>7. Goods or services or both on which tax has been paid under the composition scheme</p>
<p>8. Tax paid under sections 74, 129 and 130. (These sections prescribe the provisions relating to tax paid as a result of evasion of taxes, or upon detention of goods or conveyances in transit, or towards redemption of confiscated goods/conveyances.)</p>
<p>9. Goods or services or both received by a non-resident taxable person except goods imported by him</p>
<p>10. Goods that are lost, stolen, destroyed, written off or disposed of by way of gift or free samples</p>
<p>11. Goods and / or services used for personal consumption</p>

Note

- **Construction** includes reconstruction, renovation, additions or alterations or repairs, to the extent of capitalization, to the said immovable property.
- Plant and machinery means apparatus, equipment, and machinery fixed to earth by foundation or structural supports but **excludes**
 - a) land, building or other civil structures
 - b) telecommunication towers
 - c) pipelines laid outside the factory premises

Part 2: Apportionment of Credit

when the goods and / or services are used partly for business purpose and partly for other purposes	when the goods and / or services are used by the registered person partly for making taxable supplies including zero-rated supplies and partly for making exempt supplies
Only proportionate ITC is allowed	ITC attributable to taxable supplies and zero rated supplies can be taken

Methodology of apportionment of credit on Inputs and Input Services and reversal thereof

Compute Common Credit

Total input tax involved on inputs & input services in a tax period
Less: Input tax on inputs & input services that are intended to be used exclusively for non-business purposes
Less: Input tax on inputs & input services that are intended to be used exclusively for exempt supplies
Less: <u>Input tax on inputs & input services which are ineligible for credit [blocked credits]</u>
ITC credited to Electronic Credit Ledger (which can be claimed)
Less: <u>ITC on inputs & input services that are intended to be used exclusively for taxable supplies including zero rated supplies</u>
Common ITC available for apportionment

Compute credit attributable to exempt supplies (ineligible credit) by apportionment of common credit

Apportion Common Credit into credit attributable to exempt supplies D1 = (E/F) x Common Credit	Compute credit attributable to non-business purposes D2 = 5% of common credit
D1 and D2 has to be added to Output Tax Liability	

E = Aggregate value of exempt supplies during the tax period

F = Total turnover in the State during the tax period

Compute eligible credits: $C3 = C2 - (D1 + D2)$

Restrict Ineligible Credits: D1 + D2 shall be **reversed by the registered person**

Methodology of apportionment of credit of capital goods and reversal thereof

i. Input tax on capital goods used/ intended to be used exclusively for non-business purposes – No ITC	ii. Input tax on capital goods used for making taxable supplies including zero rated supplies – ITC allowed fully	iii. Common Credit on Capital Goods (Other than (a) and (b)) shall be taken to ECrL 1. Credit allowed over 60 months = Input Tax Credit on Capital Goods/60 2. Amount to be added to output tax liability = Common Credit * E/F (as above) This calculation has to be done for all Capital Goods whose 60 months period is not yet expired in that month.
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For apportionment in case of Inputs, Input Services and Capital Goods, aggregate value of exempt supplies shall exclude:

- a) Interest or discount on loans, except in case of a banking company or a financial institution.

- b) Transportation of goods by a vessel from the customs station of clearance in India to a place outside India
 c) Activities or transactions specified in Schedule III other than sale of land or building

Exempt Supplies

- transactions in securities - value of security shall be taken as 1% of the sale value of such security
- sale of land and sale of building when entire consideration is received after completion certificate issued by the competent authority - value of land and building shall be taken as Stamp Duty Value

Optional method for Banking Company or Financial Institution including a NBFC

Option to limit its availment of ITC to 50% of the eligible ITC on inputs, capital goods and input services each month and the remaining ITC shall lapse. The restriction of availing 50% ITC shall not apply to the tax paid on supplies procured from another registration within the same entity i.e., 100% credit of such tax can be availed. The option once exercised cannot be changed during the remaining part of the financial year.

Change from exclusive use for non-business purpose/exempt supplies to common use	Change from exclusive use for taxable including zero rated supplies to common use
Where capital goods which were initially covered under (i) above get subsequently covered under clause (iii), compute 'A' by reducing ITC @ 5% per quarter or part thereof. Such reduced amount will be credited to ECrL.	Where capital goods which were initially covered under (ii) above get subsequently covered under clause (iii), compute 'A' by reducing ITC @ 5% per quarter or part thereof and add such value to Tc.

Section 18: ITC in Special Cases

Section 18(1) Persons eligible to take credit	Goods entitled to ITC		Restriction / Conditions
	Inputs held in Stock / Capital Goods	As on	
Person who has applied for registration within 30 days from the date on which he becomes liable to registration and has been granted such registration	Inputs held in stock and inputs contained in semi-finished or finished goods held in stock	The day immediately preceding the date from which he becomes liable to pay tax	ITC to be availed within 1 year from the date of the issue of the tax invoice by the supplier.
Person who is not required to register, but obtains voluntary registration	Inputs held in stock and inputs contained in semi-finished or finished goods held in stock	The day immediately preceding the date of grant of registration	
Registered person who ceases to pay composition tax and switches to regular scheme	Inputs held in stock and inputs contained in semi-finished or finished goods held in stock and capital goods	The day immediately preceding the date from which he becomes liable to pay tax under regular scheme	ITC on capital goods will be reduced by 5% per quarter of a year or part of the year from the date of invoice. ITC claimed shall be verified with the corresponding

Registered person whose exempt supplies become taxable supplies	Inputs held in stock and inputs contained in semi-finished or finished goods held in stock relating to such exempt supply and capital goods exclusively used for such exempt supply	The day immediately preceding the date from which such supply becomes taxable	details furnished by the corresponding supplier. ITC to be availed within 1 year from the date of the issue of the tax invoice by the supplier.
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The declaration has to be filed within 30 days from the date when the registered person becomes eligible to avail ITC. If the claim of ITC pertaining to CGST, SGST/UTGST, IGST put together exceeds Rs. 2,00,000, the declaration needs to be certified by a practicing Chartered Accountant/Cost Accountant.

Section 18(3): Transfer of ITC on account of change in constitution of registered person

In case of change in constitution of a registered person like sale, demerger, transfer of business, amalgamation, merger etc., the ITC that remains unutilized in the electronic credit ledger of the registered person can be transferred to the new entity, provided there is a specific provision for transfer of liabilities in such change of constitution. In the case of demerger, ITC will be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme. **Value of assets means the value of the entire assets of the business, whether or not input tax credit has been availed thereon. (w.e.f. 29.3.2019)**

Section 18(4): Reversal of ITC on switching to Composition Levy or exit from Tax-Paying Status i.e. exempt supplies

- ITC on inputs will be reversed proportionately on the basis of corresponding invoices on which credit had been availed on such inputs.
- If invoices are not available, the ITC to be reversed will be based on the prevailing market price of such goods on the date of switch over/exemption. The details furnished on the basis of prevailing market value will be duly certified by a practicing Chartered Accountant/ Cost Accountant.
- ITC involved in the remaining useful life (in months) of the capital goods will be reversed on pro-rata basis, taking the useful life as 5 years.
 Example - Capital goods have been in use for 4 years, 6 month and 15 days. The useful remaining life in months = 5 months ignoring a part of the month. ITC taken on such capital goods = C
 ITC attributable to remaining useful life = C x 5/60

Section 18(6): Amount payable on supply of capital goods or plant machinery on which ITC has been taken

- If capital goods or plant and machinery on which ITC has been taken are supplied outward by the registered person, he must pay an amount that is the **higher of the following:**
 - a) ITC taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods (i.e., ITC pertaining to remaining useful life of the capital goods), or
 - b) tax on transaction value
- If refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the transaction value.

Rule 41A of CGST Rules: Transfer of credit on obtaining separate registration for multiple places of business within a State or Union territory (w.e.f. 1.2.2019)

- A registered person who has obtained separate registration for multiple places of business and who intends to transfer, either wholly or partly, the unutilised input tax credit lying in his electronic credit ledger to any or all of the newly registered place of business, shall furnish within a period of **30 days** from obtaining such separate registrations, the details in **Form GST ITC-02A** electronically.
- The input tax credit shall be transferred to the newly registered entities in the ratio of the value of assets held by them at the time of registration.
- The 'value of assets' means the value of the entire assets of the business whether or not input tax credit has been availed thereon.
- The newly registered person (transferee) shall, on the common portal, accept the details so furnished by the registered person (transferor) and, upon such acceptance, the unutilised input tax credit specified in in **Form GST ITC-02A** shall be credited to his electronic credit ledger.

Job Work

It means any treatment or process undertaken by a person by on goods belonging to another registered person and the expression "job worker" shall be construed accordingly.

It means any treatment or process on goods which are owned by another person, i.e. some work or process undertaken on material/goods as provided by another person. The ownership of the goods does not transfer to the job-worker but it rests with the principal. The job- worker is required to carry out the process specified by the principal on the goods.

Person carrying a job work activity is termed as a Job worker. Eg. Painting, packing, fitting, etc

Job Work Procedure (Section 143 / 19 of CGST Act)

- A registered person (Principal) may send any inputs or capital goods, **without payment of tax**, to a job worker for job work and from there subsequently send to another job worker and likewise, and shall bring back or supply for export - inputs, after completion of job work or otherwise, or capital goods, other than moulds and dies, jigs and fixtures, or tools, within one year and three years, respectively, of their being sent out, to any of his place of business, without payment of tax
- **The period of one year and three years may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding one year and two years respectively. (added by CGST Amendment Act, 2018 w.e.f. 1.2.2019)**
- The principal is not required to reverse the ITC availed on inputs or capital goods dispatched to job-worker.
- The responsibility for keeping proper accounts for the inputs or capital goods shall lie with the principal.
- Principal can send inputs or capital goods directly to the job-worker without bringing them to his premises and can still avail the credit of tax paid on such inputs or capital goods.
- However, inputs and/or capital goods sent to a job- worker are required to be returned to the principal within 1 year and 3 years, respectively or extended period, from the date of sending such goods to the job-worker.
- If they are not received back by the principal after completion of job work or otherwise or are not supplied from the place of business of the job worker within such, it shall be deemed that they had been supplied by the principal to the job worker on the day when they were sent out. Accordingly, the Principal would be liable to tax along with interest.
- Any waste and scrap generated during the job work may be supplied by the job worker directly from his place of business on payment of tax, if such job worker is registered, or by the principal, if the job worker is not registered.

- After processing of goods, the job-worker may clear the goods to-
 - a) another job-worker for further processing
 - b) dispatch the goods to any of the place of business of the principal without payment of tax
 - c) remove the goods on payment of tax within India or without payment of tax for export outside India on fulfilment of conditions.
- The facility of supply of goods by the principal to the third party directly from the premises of the job-worker on payment of tax in India and likewise with or without payment of tax for export may be availed by the principal on declaring premise of the job-worker as his additional place of business in registration. However, such declaration is not required by principal where:
 - a) Job worker is registered under section 25 or
 - b) Principal is engaged in supply of notified goods
- Before supply of goods to the job-worker, the principal would be required to intimate the Jurisdictional Officer containing the details of the description of inputs intended to be sent by the principal and the nature of processing to be carried out by the job-worker. The said intimation shall also contain the details of the other job-workers, if any.

Section 2(61) of CGST Act

Input Service Distributor means an office of the supplier of goods or services or both which receives tax invoices issued under section 31 towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax, State tax, integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services or both having the same Permanent Account Number as that of the said office.

ISD and Recipient in Different States			ISD and Recipient in Same State (Business Verticals)		
CGST	SGST	IGST	CGST	SGST	IGST
Distributed as IGST	Distributed as IGST	Distributed as IGST	Distributed as CGST	Distributed as SGST	Distributed as IGST

Section 20 of CGST Act: Manner of distribution of credit by Input Service Distributor

- ISD shall distribute the credit of tax by way of issue of a document containing the amount of input tax credit being distributed i.e. ISD Invoice or Credit Note.
- Recipient of credit means the supplier of goods or services or both having the same Permanent Account Number as that of the Input Service Distributor
- ISD may distribute the credit subject to the following conditions:
 - a) credit can be distributed to the recipients of credit against a document containing specified details.
 - b) credit distributed shall not exceed the amount of credit available for distribution
 - c) credit of tax paid on input services attributable to a recipient shall be distributed to that recipient
 - d) credit of tax paid on input services attributable to more than one recipient of credit shall be distributed amongst such recipients to whom the input service is attributable and such distribution shall be pro rata on the basis of the turnover in a State / UT for relevant period
 - e) the credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients and such distribution shall be pro rata on the basis of the turnover in a State or UT
- Both ineligible and eligible ITC are distributed separately.

- **Relevant period** shall be
 - a) if the recipients of credit have turnover in their States or Union territories in the financial year preceding the year during which credit is to be distributed, the said financial year or
 - b) if some or all recipients of the credit do not have any turnover in their States or Union territories in the financial year preceding the year during which the credit is to be distributed, the last quarter for which details of such turnover of all the recipients are available, previous to the month during which credit is to be distributed.

Section 21 of CGST Act: Manner of recovery of credit distributed in excess

Where the Input Service Distributor distributes the credit in contravention of the provisions contained in section 20 resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with interest, and the provisions of section 73 or section 74, shall, mutatis mutandis, apply for determination of amount to be recovered.