

Question 15

ABC Co. Ltd., registered under GST is engaged in the manufacture of heavy machinery. It procured the following items during the month of July.

Sr. No.	Particulars	GST (₹)
1	Electrical transformers to be used in the manufacturing process	5,20,000
2	Trucks used for the transport of raw material	1,00,000
3	Raw material to be received in August	2,00,000
4	Confectionery items. These items were supplied free of cost to the customers in a customer meet organized by the company	25,000
5	Capital Goods (Invoice missing for one out of 5 items & GST paid on the same was ₹ 70,000)	5,00,000
6	GST paid on health insurance policies	80,000
7	Payment made to contractor for construction of staff quarter	1,25,000
8	Purchase of bus (seating capacity 15) for the transportation of employees from their residence to company and back	1,97,000
9	General insurance taken on a car used by executives of the company for official purposes	10,200
10	Inputs purchased, but stolen from the factory	1,40,000
11	Input purchased was directly delivered to Mr. Joe, a job worker and a registered supplier	80,000
12	Goods purchased from Asha Ltd & payment is also made but tax has not been deposited by Asha Ltd. to Government & also not reported in GSTR – 1	86,500
13	Capital goods used for making outward supplies to SEZ unit	52,000
14	Rent-a-cab facility availed for employees to fulfil a statutory obligation	36,000
15	Procurement of certain goods which were distributed as part of the corporate social responsibility expenditure required under the provisions of the Companies Act, 2013.	5,00,000

Determine the amount of ITC available with ABC Co. Ltd., for the month of July by giving necessary explanations for treatment of various items. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Answer: Computation of ITC available with ABC Co. Ltd. for the month of July:-

Sr. No.	particulars	GST (₹)	Explanation
1	Electrical transformers to be used in the manufacturing process	5,20,000	ITC is available on goods used in the course or furtherance of business u/s 16(1) of CGST Act.
2	Trucks used to transport of raw Material	1,00,000	ITC is not blocked u/s 17(5)(a) of CGST Act on motor vehicles used for transportation of goods.

3	Raw material	-	Since raw material is not received in July, 20XX, ITC for the same cannot be availed in July, 20XX u/s 16(2).
4	Confectionery items for consumption of customers at customers meet	-	ITC is blocked u/s 17(5)(b) of CGST Act on food or beverages unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply or provided by an employer to its employees under a statutory obligation.
5	Capital Goods	4,30,000	ITC can be availed only on basis of a valid document u/s 16(2) . Thus, ITC for the item for which invoice is missing cannot be availed.
6	GST paid on health insurance policies	-	ITC is blocked u/s 17(5) of CGST Act on health insurance taken for employees except when there is a statutory obligation on employer to provide the same.
7	Payment made to contractor for construction of staff quarter	-	ITC is blocked on works contract services supplied for construction of an immovable property except where it is an input Service for further supply of works contract service u/s 17(5)(c).
8	Bus for transportation of employees	1,97,000	ITC is not blocked u/s 17(5)(a) of CGST Act on motor vehicles for transportation of persons with seating capacity more than 13 persons (including driver) used for any purpose.
9	General insurance taken on car used by executives of company for official purpose	-	As per section 17(5)(ab) of CGST Act, ITC is blocked on general insurance of those motor vehicles on which ITC is blocked u/s 17(5)(a). In this case, ITC on car is blocked u/s 17(5)(a) as it's seating capacity less than 13 & not used for purpose mentioned in exceptions & thus, ITC is blocked on general insurance of car also.
10	Inputs purchased, but stolen from factory	-	ITC is blocked on goods stolen as per 17(5)(h) of CGST Act.
11	Input purchased was directly delivered to Mr. Joe, a job worker and a registered supplier	80,000	As per explanation to sec 16(2)(b), goods delivered to a third person on direction of registered person are deemed to have been received by such registered person. So, ITC is available to registered person even though he did not receive the goods.
12	Goods purchased from Asha Ltd.	-	All conditions are to be satisfied u/s 16(2) to avail ITC. So, ITC is not available in either of the cases where supplier has not reported invoice in GSTR-1 or has not paid tax to Govt.

13	Capital goods used for making outward supplies to SEZ unit	52,000	ITC is allowed on capital goods used for making taxable including zero-rated supplies. Supply to SEZ units are zero rated supplies u/s 16(1) of IGST Act & hence, ITC is available in this case.
14	Rent-a-cab facility availed for employees to fulfil a statutory obligation	36,000	ITC is not blocked u/s 17(5)(b) of CGST Act on rent-a-cab services where the government notifies services which are obligatory for an employer to provide to its employees.
15	Procurement of goods for CSR	-	ITC is blocked u/s 17(5)(fa) on purchase of goods which are used or intended to be used for activities relating to his obligations under CSR as per section 135 of the Companies Act 2013.
Total ITC Available		14,15,000	

Question 16

Answer the following questions independently :

- 1) Can a person take ITC without payment of consideration for the supply along with tax?
- 2) If part payment of consideration is made by the recipient to the supplier, then whether full amount of tax can be adjusted first. If no, then whether it has to be calculated proportionately?
- 3) A registered person must pay to the supplier, the value of the goods and/or services along with the tax within 180 days from the date of issue of invoice. State the exceptions to said rule.
- 4) What is the time limit for taking ITC and reasons therefor?
- 5) Babla & Bros. is exclusively engaged in making exempt supply of goods & is thus, not registered under GST. On 1st October, the exemption available on its goods gets withdrawn. On that day, the turnover of Babla & Bros. was ₹45 lakhs. Examine the eligibility of Babla & Bros. for availing ITC, if any.
- 6) What is the ITC entitlement of a newly registered person?
- 7) 'AB', a registered person, was paying tax under composition scheme up to 30th July. However, w.e.f. 31st July, 'AB' becomes liable to pay tax under regular scheme. Is 'AB' eligible for any ITC?
- 8) Mamta Sales trades in exempt goods and provides taxable services. It is registered under GST. On 1st October, the exemption available on its goods gets withdrawn. Analyze the scenario and determine the eligibility of Mamta Sales for availing ITC, if any, on inputs and/or capital goods used in the supply of exempt goods.
- 9) A registered person transfers its business to another person. Is such registered person allowed to transfer the unutilized ITC lying in its electronic credit ledger to such transferred business? Discuss.
- 10) What is the tax implication of supply of capital goods by a registered person who had taken ITC on such capital goods?

Answer:

1)	<p>⇒ Yes, the recipient can take full ITC.</p> <p>⇒ However, proviso to section 16(2) read with rule 37 states that recipient is required to pay the full consideration along with tax within 180 days from the date of issue of invoice. This condition is not applicable where tax is payable on reverse charge basis.</p>
2)	<p>⇒ If recipient fails to do so, then corresponding credits availed in respect of such supply, proportionate to the amount not paid to the supplier, by him will be added to his output tax liability or it shall be reversed along with interest.</p> <p>⇒ If part payment is made against an invoice, then proportionate ITC is available for the tax involved & thus, full amount of tax cannot be adjusted first against the part payment made.</p>

3)	<p>The condition of payment of value of supply plus tax within 180 days does not apply in the following situations:</p> <ol style="list-style-type: none"> Supplies on which tax is payable under reverse charge. Deemed supplies without consideration. Additions made to the value of supplies on account of supplier's liability, in relation to such supplies, being incurred by the recipient of the supply.
4)	<p>⇒ As per section 16(4) of CGST Act, time limit for availing ITC by registered person for any invoice or debit note shall be earlier of following dates:-</p> <ul style="list-style-type: none"> - 30th day of November following the end of financial year to which such invoice or debit note pertains or - Furnishing of the relevant annual return. <p>⇒ However, there is no time limit for re-availing the credit that had been reversed earlier.</p> <p>⇒ As per section 18(2), in special circumstances like new registration, voluntary registration, etc., registered person can take ITC within 1 year from date of issue of tax invoice by supplier.</p>
5)	<p>Legal Provision:</p> <p>⇒ As per section 18(1)(a) of CGST Act, if a person applied for registration within 30 days from the date on which he becomes liable to registration, then he shall be entitled to take ITC of:-</p> <ul style="list-style-type: none"> - Inputs held in stock, - Inputs contained in semi-finished goods held in stock & - Inputs contained in finished goods held in stock <p>on the day immediately preceding the date from which he becomes liable to pay tax.</p> <p>Discussion & Conclusion:</p> <p>⇒ In given case, exemption available on goods being supplied by Babla & Bros., an unregistered person, is withdrawn & it becomes liable to registration as its turnover has crossed threshold limit for registration on the day when the exemption is withdrawn.</p> <p>⇒ Assuming that Babla & Bros. applies for registration within 30 days of 1st October, and it obtains such registration, it can take ITC of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on 30th September.</p> <p>⇒ ITC on capital goods will not be available in this case.</p>
6)	<p>⇒ As per section 18(1)(a) of CGST Act, if a person who is liable to take registration has applied for registration within 30 days from the date on which he became liable to registration, he can take</p> <ul style="list-style-type: none"> ➤ ITC of inputs held in stock & inputs contained in semi-finished or in finished goods held in stock on the day immediately preceding the date on which he became liable to pay tax. <p>⇒ As per section 18(1)(b) of CGST Act, a person applying for registration voluntarily can take</p> <ul style="list-style-type: none"> ➤ ITC of inputs held in stock and inputs contained in semi-finished or in finished goods held in stock on the day immediately preceding the date of grant of registration.
7)	<p>⇒ As per section 18(1)(c) of CGST Act, 'AB' is eligible for ITC on inputs held in stock and inputs contained in semi-finished or in finished goods held in stock and capital goods as on 30th July.</p> <p>⇒ ITC on capital goods will be reduced by 5% per quarter or part thereof from the date of invoice.</p>
8)	<p>Legal Provision:-</p> <p>⇒ As per section 18(1)(d) of CGST Act, registered person whose exempt supply becomes taxable supply can take ITC of:-</p> <ul style="list-style-type: none"> ➤ Inputs held in stock, Inputs contained in semi-finished or in finished goods held in stock relating to such exempt supply & ➤ on capital goods exclusively used for such exempt supply <p>on the day immediately preceding the date from which such supply becomes taxable.</p> <p>⇒ ITC on capital goods will be reduced by 5% per quarter or part thereof from the date of invoice.</p> <p>Discussion & Conclusion:-</p> <p>⇒ In given case, Mamta Sales is a registered person whose exempt supply is becoming taxable supply.</p> <p>⇒ Thus, as per section 18(1)(d), it can take ITC of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relating to such exempt supply and on capital goods exclusively used for such exempt supply on 30th September.</p>

9)	<ul style="list-style-type: none"> ➤ As per section 18(3) of CGST Act, in case of sale, merger, demerger, amalgamation, transfer or change in ownership of business etc., the ITC that remains unutilized in electronic credit ledger of registered person can be transferred to new entity, if there is a specific provision for transfer of liabilities in such change of constitution. ➤ The registered person should furnish details of change in constitution on common portal & submit a certificate from practicing Chartered Accountant/Cost Accountant certifying that the change in constitution has been done with a specific provision for transfer of liabilities. ➤ Upon acceptance of details by transferee on common portal, the unutilized ITC gets credited to his electronic credit ledger. ➤ Transferee should record the inputs and capital goods so transferred in his books of account.
10)	<ul style="list-style-type: none"> ➤ As per section 18(6) of CGST Act, if capital goods or plant & machinery on which ITC has been taken are supplied outward by registered person, then he must pay an amount which is higher of: <ul style="list-style-type: none"> ➤ ITC taken on such goods reduced by 5% per quarter or part thereof from the date of issue of invoice OR ➤ Tax on transaction value of such goods determined u/s 15. ➤ However, if refractory bricks, moulds & dies, jigs & fixtures are supplied as scrap, person may pay tax on transaction value of such goods determined u/s 15.

Question 17

M/s. Grey, a registered taxable person under regular scheme provides following information in respect of supplies, during the month of April, 20XX:-

Particulars	Amount (₹)
Inter-state supply of goods	1,00,000
Intra-state supply of 500 packets of detergent @ ₹ 400 each along with a plastic bucket worth ₹ 100 each with each packet, being a mixed supply. (Rate of GST on detergent is 18% and on plastic bucket is 28%)	2,00,000
Supply of online educational journals to M/s. Pinnacle, a private coaching centre providing tuitions to students of Class X-XII, being intra-state supply	50,000
M/s. Grey has also received the following inward supplies:-	
Inter-state supply of goods (out of which, invoice for goods worth ₹ 20,000 is missing and no other tax paying documents are available)	70,000
Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply	50,000

Details of opening balances of ITC as on 1-4-20XX are as follows:-

CGST	₹ 5,000
SGST	₹ 5,000
IGST	₹ 40,000

Following additional information is provided:-

- (a) Rate of GST in respect of all inward and outward supplies except item (ii) above is 18% i.e. CGST and SGST @ 9% and IGST @ 18%.
- (b) All figures mentioned above are exclusive of taxes.
- (c) All the conditions for availing the ITC have been fulfilled except specifically given and M/s. Grey is not eligible for any threshold exemption.

Compute the minimum net GST payable in cash by M/s. Grey for the month of April, 20XX.

Answer:-

(A) Calculation of Total Tax Liability:-

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Inter-State supply of goods	1,00,000	18,000	-	-
Intra-state supply of 500 packets of detergent along with plastic basket (Note-1)	2,00,000 (500*400)	-	28,000 (2,00,000*14%)	28,000 (2,00,000*14%)
Supply of online educational journal to private coaching centre (Note-2)	50,000	-	4,500 (50,000*9%)	4,500 (50,000*9%)
Total Tax Liability (A)		18,000	32,500	32,500

(B) Calculation of Total Input Tax Credit (ITC):-

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Brought forward ITC (Given)		40,000	5,000	5,000
Inter-State purchase of goods (Note-3)	50,000	9,000 (50,000*18%)		
Repairing of bus with seating capacity of 20 passengers (Note-4)	50,000	-	4,500 (50,000*9%)	4,500 (50,000*9%)
Total ITC (B)		49,000	9,500	9,500

(C) Computation of minimum net GST payable in cash by M/s. Grey for the month of April, 20XX:-

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Total Tax Liability (A) above	18,000	32,500	32,500
Less:- Set off of ITC			
IGST = Rs. 49,000	(18,000)	(23,000)	(8,000)
CGST = Rs. 9,500	-	(9,500)	x
SGST = Rs. 9,500	-	x	(9,500)
Minimum net GST payable in cash (Note-5)	Nil	Nil	15,000

Notes:-

- Supply of detergent and bucket together with a single price of ₹ 400 is a mixed supply & it shall be treated as **supply of that particular supply** that attracts **highest rate of tax (28%)**.
- Supply of online educational journal to an educational institution which provides a qualification recognised by law in India is exempt. Since, private coaching centre does not provide any recognised qualification, supply of online educational journals to the same **will be taxable**.
- ITC can be taken only on basis of a valid tax paying document **u/s 16(2)(a)** of CGST Act. Thus, ITC **will not be available** on goods of Rs. 20000 for which the invoice is missing.
- ITC is not blocked** u/s 17(5)(a) of CGST Act on motor vehicles for transportation of persons with seating capacity more than 13 persons (including driver) & thus, ITC is not blocked on its repair also u/s 17(5)(ab).
- IGST credit shall be first used fully to pay IGST & then to pay CGST and SGST in any order and in any proportion. Thus, **there cannot be one answer** for minimum net CGST and SGST payable in cash.

Question 18

Mr. Prithviraj, registered under GST, is engaged in supplying services (as discussed in the table below) in Maharashtra. He has furnished the following information with respect to the services provided/ received by him, during the month of February:

S.No.	Particulars	Amount (₹)
(i)	Carnatic music performance given by Mr. Prithviraj to promote a brand of readymade garments (Intra-State transaction)	1,40,000
(ii)	Outdoor catering services availed for a marketing event organised for his prospective customers (Intra-State transaction)	50,000
(iii)	Services of transportation of students provided to Subhaskar College providing education as part of a curriculum for obtaining a recognised qualification (Intra-State transaction)	1,00,000
(iv)	Legal services availed for official purpose from an advocate located in Gujarat (Inter-State transaction)	1,75,000
(v)	Services provided to Wealth Bank as a business correspondent with respect to accounts in a branch of the bank located in urban area (Intra-State transaction)	2,00,000
(vi)	Recovery agent's services provided to a car dealer (Intra-State transaction)	15,000
(vii)	General insurance taken on a car (seating capacity 5) used for official purposes (Intra-State transaction)	40,000

Note:

- 1) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
 - 2) All inward and outward supplies are exclusive of taxes, wherever applicable.
 - 3) All the conditions necessary for availing the ITC have been fulfilled.
 - 4) The turnover of Mr. Prithviraj was ₹2.5 crore in the previous financial year.
- Compute the net GST payable in cash, by Mr. Prithviraj for the month of February.

Answer: 1) Computation of GST payable:

Particulars	Value (₹)	IGST @ 18% (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)
GST payable under Forward Charge				
Carnatic music performance given to promote a brand of readymade garments (Note 1)	1,40,000	Nil	12,600	12,600
Services of transportation of students provided to Subhaskar College (Note 2)	1,00,000	Nil	9,000	9,000
Services provided to Wealth Bank as a business correspondent (Note 3)	2,00,000	Nil	18,000	18,000
Services provided as a recovery agent (Note 4)	15,000	Nil	1,350	1,350
Total GST payable under forward charge (A)		Nil	40,950	40,950
GST payable under Reverse Charge				
Legal services availed from an advocate (Note 5)	1,75,000	31,500	Nil	Nil
Total GST payable under reverse charge (B)		31,500	Nil	Nil
Total GST Payable [A+B]		31,500	40,950	40,950

2) Computation of total ITC available:

Particulars	Value (₹)	IGST @ 18% (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)
Outdoor catering services availed (Note 6)	50,000	Nil	Nil	
Legal services availed (Note 7)	1,75,000	31,500	Nil	Nil
General insurance taken on a car (seating capacity 5) used for official purposes (Note 8)	40,000	Nil	Nil	Nil
Total ITC available		31,500	Nil	Nil

3) Computation of net GST payable in cash:

Particulars	IGST @ 18% (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)
GST payable under forward charge	Nil	40,950	40,950
Less: ITC of IGST (Note 9)	-	(15,750)	(15,750)
	Nil	25,200	25,200
Add: GST payable under reverse charge in cash (Note 10)	31,500	Nil	Nil
Net GST payable in cash	31,500	25,200	25,200

Notes:

1)	Carnatic music performance by Mr. Prithviraj is not exempt from GST even though consideration charged does not exceed ₹1,50,000 since said performance has been made by him as a brand ambassador.
2)	Services of transportation of students provided to an educational institution other than an institution providing pre-school education or education up to higher secondary school, are not exempt .
3)	Services provided by a business correspondent to a banking company are not exempt when such services are provided with respect to accounts in its urban area branch.
4)	Tax is payable under forward charge since recovery agent's services are being provided to a person other than banking company/ financial institution/ non-banking financial company.
5)	Legal services received by a business entity with aggregate turnover in preceding financial year exceeding threshold limit for registration (₹20 lakh) are not exempt and tax on the same is payable under reverse charge.
6)	As per section 17(5)(b) , ITC on outdoor catering services is blocked except when such services are a) used by the taxpayer who is in the same line of business or b) provided by the employer to its employees under a statutory obligation.
7)	ITC on the services which are used in course or furtherance of business is allowed .
8)	As per section 17(5)(a) , ITC is not available on Motor vehicle for transportation of persons having approved seating capacity of not more than 13 persons (including driver), except when they are used for making following taxable supplies:- a) Further supply of such motor vehicles or b) Transportation of passengers or c) Imparting training on driving such motor vehicles. Further, as per section 17(5)(ab) , ITC is not allowed on services of general insurance relating to such ineligible motor vehicles.
9)	IGST credit is first utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order & in any proportion. Thus, net GST payable in cash under the heads CGST & SGST will vary but the total amount of net GST payable in cash will be ₹81,900 in each case.
10)	Tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash.

Question 19

Rishabh Enterprises- a sole proprietorship firm- started an air-conditioned restaurant in Virar, Maharashtra in the month of February wherein the customers are served cooked food as well as cold drinks/ non-alcoholic beverages. In March, the firm opened a liquor shop in Raipur, Uttarakhand for trading in alcoholic liquor for human consumption.

Particulars	February (₹)*	March (₹)*
Serving of cooked food and cold drinks/ non- alcoholic beverages in restaurant in Maharashtra	5,50,000	6,50,000
Sale of alcoholic liquor for human consumption in Uttarakhand	-	5,00,000
Supply of packed food items from restaurant in MH	1,50,000	2,00,000

* excluding GST,

- 1) Determine whether Rishabh Enterprises is liable to be registered under GST law with the help of the above information.
Would your answer differ, if Rishabh Enterprises is exclusively engaged in intra-state supply of food items only.
- 2) Rishabh Enterprises is engaged in wholesale cum retail trading of goods in the State of Maharashtra. His aggregate turnover during the financial year is ₹9,00,000 which consists of ₹8,00,000 as Intra- State supply and ₹1,00,000 as Inter-State supply.
- 3) Rishabh Enterprises is engaged in trading of taxable goods on his own account and also acting as an agent of Mr. Rishi. His turnover in the financial year 20XX-XY is of ₹12 lakhs on his own account and ₹9 lakhs on behalf of principal. Both turnovers are Intra -State supply.
- 4) Rishabh Enterprises starts exploring the option to sell the goods supplied by him within Uttarakhand on a popular electronic commerce platform – E-vastustore by listing the goods on the said platform.
He approaches you for advice on following issues in this regard:
 - a) Rishabh Enterprises wishes to continue his business without registering under GST since it will enhance the compliance burden under GST law. Can he supply the goods through E-vastustore without obtaining GST registration? You are required to advise him.
 - b) Discuss the GST implications in case Rishabh Enterprises supplies goods through electronic commerce platform – E-vastustore.
- 5) Apart from above, Rishabh Enterprises is also engaged in the business of buying and selling of shares on his own account from the secondary market and its income from this activity is assessed as business income under the Income-tax Act 1961. During the year its total sales from shares was ₹90 lakh. Comment.
- 6) If the aggregate turnover of Rishabh enterprises in the state of Maharashtra exceeded ₹20 lakh on 25th March, 20XX. It applies for registration on 19th April, 20XX and is granted registration certificate on 29th April, 20XX.
 - a) Determine the effective date of registration.
 - b) What will be your answer, if Rishabh enterprises submits the application for registration on 27th April, 20XX and is granted registration on 5th May, 20XX?
 - c) What would be your answer if it applied for registration on GST portal but missed to submit the details of its bank account. Its tax consultant advised that prior submission of bank details is mandatory to obtain registration. Examine whether the advice of Rishabh Enterprise's tax consultant is correct.

- 7) Rishabh enterprises required to file return under section 39(1) for each month or part thereof, but it has not furnished returns for a continuous period of 6 months. Explain whether proper officer can cancel the registration of Rishabh enterprises on his own.
- a) If yes, then discuss all the other situations also, where proper officer can do so.
- b) Also discuss the circumstances where registration is liable to be cancelled by proper officer otherwise than on his own motion also.
- 8) What would be your answer in given case (7) above if Rishabh Enterprises applied for revocation of cancellation of registration and the order for revocation of cancellation of registration was passed. What are the provisions regarding filing returns before making such an application of revocation of cancellation of registration in the given case?

Answer:

<p>1) Legal Provision:</p> <p>➤ As per section 22 of CGST Act, a supplier is liable to be registered in the State/ Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.</p> <p>➤ The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-</p> <p>(i) ₹10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.</p> <p>(ii) ₹20 lakh for the rest of India.</p> <p>➤ Also, the threshold limit for a person making exclusive intra-state supplies of goods is as under:-</p> <ul style="list-style-type: none"> - ₹10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland. - ₹20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand. - ₹40 lakh for rest of India. <p>➤ As per section 2(6), “Aggregate turnover” means the aggregate value of all:-</p> <ul style="list-style-type: none"> - taxable supplies, - exempt supplies (wholly exempt, nil rated & Non-taxable) - exports & - inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis <p>but excludes:-</p> <ul style="list-style-type: none"> - central tax, State tax, Union territory tax, integrated tax and cess & - the value of inward supplies on which tax is payable by a person on reverse charge basis. <p>Discussion & Conclusion:</p> <p>➤ In given case, since Rishabh Enterprises is engaged in making taxable supplies of goods and services from Maharashtra and non-taxable supplies from Uttarakhand, the threshold limit for obtaining registration is ₹ 20 lakh.</p> <p>➤ Computation of aggregate turnover of Rishabh Enterprises is as under:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Turnover of February (₹)</th> <th style="text-align: center;">Cumulative Turnover of February & March (₹) (₹)</th> </tr> </thead> <tbody> <tr> <td>Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra</td> <td style="text-align: center;">5,50,000</td> <td style="text-align: center;">12,00,000 [₹ 5,50,000 + ₹ 6,50,000]</td> </tr> <tr> <td>Add: Sale of alcoholic liquor for human consumption in Uttarakhand [Note]</td> <td style="text-align: center;">-</td> <td style="text-align: center;">5,50,000</td> </tr> <tr> <td>Add: Supply of packed food items from restaurant in Maharashtra</td> <td style="text-align: center;">1,50,000</td> <td style="text-align: center;">3,50,000 [₹ 1,50,000 + ₹ 2,00,000]</td> </tr> <tr> <td>Aggregate Turnover</td> <td style="text-align: center;">7,00,000</td> <td style="text-align: center;">20,50,000</td> </tr> </tbody> </table> <p>➤ Rishabh Enterprises was not liable to be registered in February since its aggregate turnover did not exceed ₹20 lakh in that month.</p> <p>➤ However, since its aggregate turnover exceeds ₹20 lakh in March, it shall apply for registration in Maharashtra</p>	Particulars	Turnover of February (₹)	Cumulative Turnover of February & March (₹) (₹)	Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra	5,50,000	12,00,000 [₹ 5,50,000 + ₹ 6,50,000]	Add: Sale of alcoholic liquor for human consumption in Uttarakhand [Note]	-	5,50,000	Add: Supply of packed food items from restaurant in Maharashtra	1,50,000	3,50,000 [₹ 1,50,000 + ₹ 2,00,000]	Aggregate Turnover	7,00,000	20,50,000
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Aggregate Turnover	7,00,000	20,50,000													

	<p>within 30 days from the date on which it becomes liable to registration.</p> <p>⇒ Further, he is not liable to be registered in Uttarakhand since he is not making any taxable supply from Uttarakhand.</p> <p>⇒ In second case, The applicable threshold limit for registration for Rishabh Enterprises in the given case is ₹ 40 lakh as he is exclusively engaged in intra-State taxable supply of goods.</p> <p>⇒ Thus, he is not liable to get registered under GST as his turnover is less than the threshold limit.</p> <p>Note: As per section 2(47), exempt supply includes non-taxable supply. Thus, supply of alcoholic liquor for human consumption in Uttarakhand, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.</p>
2)	<p>Legal Provision:</p> <p>⇒ As per section 24, person making interstate taxable supply of goods (other than taxable supply of handicraft goods) are compulsorily required to obtain registration irrespective of the quantum of aggregate turnover.</p> <p>Discussion & Conclusion:</p> <p>⇒ Here, Rishabh Enterprises is making inter-state taxable supply of goods.</p> <p>⇒ Thus, he is required to obtain registration compulsorily under GST laws even though his aggregate turnover does not exceed the threshold limit applicable u/s 22.</p>
3)	<p>Legal Provision:</p> <p>⇒ As per section 24, Persons making taxable supply of goods on behalf of other taxable persons whether as an agent or otherwise are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.</p> <p>⇒ As per Explanation to section 22, aggregate turnover includes all supplies made by the taxable person, - whether on his own account or - made on behalf of all his principals.</p> <p>⇒ If agent issues invoice in his own name, then section 24 gets attracted, otherwise he is liable to register u/s 22 if his aggregate turnover crosses the threshold limit for registration.</p> <p>Discussion & Conclusion:</p> <p>⇒ In the given case, since Rishabh Enterprises is also acting as an agent of Mr. Rishi, he is required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.</p> <p>Assumption: it is assumed that agent is issuing invoice for further supply in his own name.</p>
4)	<p>a) ⇒ Yes, Rishabh Enterprises can supply goods through E-vastustore without obtaining GST registration.</p> <p>⇒ As per section 24(ix), persons who supply goods and/or services, other than services notified under section 9(5), through such ECO who is required to collect TCS under section 52 is required to obtain registration mandatorily.</p> <p>⇒ However, the persons making supplies of goods through an ECO who is required to collect TCS and having an aggregate turnover in the preceding financial year and in the current financial year not exceeding the threshold limit as per section 22(1), are exempted from obtaining registration, subject to the following conditions, namely:</p> <p>a) such persons shall not make any inter-State supply of goods.</p> <p>b) such persons shall not make supply of goods through ECO in more than one State/UT.</p> <p>c) such persons shall be required to have a PAN issued under the Income-tax Act, 1961.</p> <p>d) such persons shall, before making any supply of goods through ECO, declare on the common portal: - their PAN - address of their place of business & - State/UT in which such persons seek to make such supply, which shall be subjected to validation on the common portal.</p> <p>e) such persons have been granted an enrolment number on the common portal on successful validation of the PAN declared above.</p> <p>f) such persons shall not be granted more than one enrolment number in a State/UT.</p> <p>g) no supply of goods shall be made by such persons through ECO unless such persons have been granted an enrolment number on the common portal &</p> <p>h) where such persons are subsequently granted registration under section 25, the enrolment number shall cease to be valid from the effective date of registration.</p>

	<p>b) ➤ As Rishabh Enterprises is not required to obtain registration under GST, there shall be no GST implications on the supplies made by him through ECO - E-vastustore.</p> <p>➤ However, the ECO is required to submit the details of supplies made through it by the unregistered suppliers (including Rishabh Enterprises) having enrolment number in Form GSTR 8.</p> <p>➤ Further, no tax at source shall be collected by the E-vastustore for such supplies.</p>
5)	<p>➤ A supplier is liable to obtain registration in a State/Union Territory from where he makes taxable supply of goods and/or services.</p> <p>➤ Shares are excluded from the definition of goods as well as services & hence, buying and selling of shares is not a supply of goods and/or services under GST law.</p> <p>➤ Thus, Rishabh enterprises is not liable to obtain registration since it is not engaged in making a taxable supply of goods and/or services.</p>
6)	<p>Legal Provision:</p> <p>➤ As per section 22 read with section 25, a supplier, whose aggregate turnover in a financial year exceeds ₹ 20 lakh in a State other than Manipur, Mizoram, Nagaland, Tripura, is liable to apply for registration within 30 days from the date of becoming liable to registration.</p> <p>➤ Where the application is submitted within the said period, the effective date of registration is the date on which the person becomes liable to registration</p> <p>➤ otherwise, it is the date of grant of registration.</p> <p>Discussion & Conclusion:</p> <p>➤ In given case, applicable turnover limit for registration is ₹ 20 lakh as Maharashtra is not a Special Category State.</p>
a)	<p>Since Rishabh enterprises applied for registration within 30 days of becoming liable to registration, the effective date of registration is 25th March, 20XX.</p>
b)	<p>In this case, since Rishabh enterprises applies for registration after the expiry of 30 days from the date of becoming liable to registration, the effective date of registration is 5th May, 20XX.</p>
c)	<p>➤ No, the advice of Rishabh Enterprise's consultant that prior submission of bank details is mandatory to obtain registration is no more valid in law.</p> <p>➤ A new rule 10A has been inserted in the CGST Rules, 2017 to allow the registered person to furnish details of bank account as may be required on the common portal in order to comply with any other provision, soon after obtaining certificate of registration and a GSTIN.</p> <p>➤ But the information shall be furnished which is earlier of:-</p> <ul style="list-style-type: none"> - Within 30 days from the date of grant of registration certificate or - Furnishing details of outward supplies in Form GSTR1 or using IFF u/s 37.
7)	<p>➤ Yes, the proper officer can cancel the registration of Rishabh enterprises on his own after opportunity of being heard to it.</p> <p>➤ As per section 29(2) read with rule 21 of CGST Rules 2017, the circumstances under which proper officer can cancel the registration on his own of a registered person after giving the person an opportunity of being heard are as under:-</p> <p>(1) A registered person has contravened any of the following provisions of the GST law:-</p> <ol style="list-style-type: none"> a) he does not conduct any business from the declared place of business. b) he issues invoice/bill without supply of goods or services or both in violation of the provisions of GST law. c) he violates the provisions of anti-profiteering. d) he violates the provisions relating to furnishing of bank details. e) He avails input tax credit in violation of the provisions of section 16 of CGST Act or the rules made thereunder. f) furnishes the details of outward supplies in FORM GSTR-1 under section 37 for one or more tax periods which is in excess of the outward supplies declared by him in his valid return under section 39 for the said tax periods.

	<p>g) violates the provision of rule 86B.</p> <p>h) being a registered person required to file return under section 39(1) for each month or part thereof, has not furnished returns for a continuous 6 months.</p> <p>l) being a registered person required to file return under proviso to section 39(1) for each quarter or part thereof, has not furnished returns for a continuous 2 tax periods.</p> <p>(2) A person paying tax under composition levy has furnished the return for a financial year beyond 3 months from the due date of furnishing the said return.</p> <p>(3) Voluntarily registered person has not commenced the business within 6 months from the date of registration.</p> <p>(4) Registration was obtained by means of fraud, wilful misstatement or suppression of facts.</p> <p>⇒ Further As per section 29(1), following are the circumstances where proper officer may cancel the registration either:-</p> <ul style="list-style-type: none"> - on his own motion or - on an application filed by the registered person or - on an application filed by his legal heirs, in case of death of such person. <p>(a) If the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged, or otherwise disposed of.</p> <p>(b) If there is any change in the constitution of the business.</p> <p>(c) If the taxable person is no longer liable to be registered under section 22 or section 24 or intend to optout of the registration voluntarily made under section 25(3).</p> <p>⇒ Proper officer shall not cancel registration without giving person an opportunity of being heard.</p>
8)	<p>Legal Provision:-</p> <p>⇒ As per section 30 read with Rule 23 of CGST Rules 2017, where the registration is cancelled suo-motu by the appropriate officer, the registrant seeking revocation of the order, has to apply for the revocation of cancellation within 90 days from the date of service of the order of cancellation of registration.</p> <p>⇒ However, such period can be further extended upto 180 days, if sufficient cause has been shown by registrant.</p> <p>⇒ Further, it has to furnish all the returns due till the date of such cancellation before the application for revocation can be filed.</p> <p>⇒ Further, it should also pay any amount due as tax along with any amount payable towards interest, penalty, and late fee in respect of the said returns.</p> <p>Discussion & Conclusion:- Thus, in the given case, before making an application for revocation of cancellation of registration, Rishabh Enterprises should file all returns due for the period.</p>

Question 20

Answer the following questions with respect to casual taxable person (CTP) and Non-resident taxable person (NRTP) under the CGST Act, 2017: -

- a) Who is CTP & NRTP?
- b) Can a casual taxable person opt for the composition scheme?
- c) When is the CTP & NRTP liable to get registered?
- d) Is PAN being mandatory for registration of CTP and NRTP?
- e) What is the validity period of the registration certificate issued to a CTP and NRTP?
- f) Can the validity of registration certificate issued to a CTP and NRTP be extended? If yes, what will be the period of extension?

Answer :-

a)	<p>⇒ As per section 2(20) of CGST Act, 2017, Casual taxable person means a person-</p> <ul style="list-style-type: none"> ➤ who occasionally undertakes transactions involving supply of goods and/or services, ➤ in the course or furtherance of business, ➤ whether as principal, agent or in any other capacity, ➤ in a State/UT where he has no fixed place of business. <p>⇒ As per section 2(77) of CGST Act, 2017, Non-resident taxable person means a person-</p>
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	<ul style="list-style-type: none"> ➤ who occasionally undertakes transactions involving supply of goods and/or services, ➤ whether as principal, agent or in any other capacity, ➤ but who has no fixed place of business or residence in India.
b)	No , as per section 10(2) and 10(2A) , a casual taxable person cannot opt for the composition scheme.
c)	<ul style="list-style-type: none"> ➤ As per section 24, a casual taxable person (CTP) is liable to obtain registration compulsorily under GST law. ➤ CTP has to apply for registration at least 5 days prior to commencement of business as per section 25(1) read with proviso thereto. ➤ However, if CTP is making taxable supplies of specified handicraft goods, then it is eligible for the threshold limit applicable as per section 22. ➤ Whereas non-resident taxable person, should apply for registration at least 5 days prior to the commencement of business irrespective of the threshold limit.
d)	<ul style="list-style-type: none"> ➤ Yes, PAN is being mandatory for registration of casual taxable person. ➤ However, PAN is not mandatory for registration of non-resident taxable person. <ul style="list-style-type: none"> ➤ 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. ➤ 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.
e)	<ul style="list-style-type: none"> ➤ As per section 27(1) read with proviso thereto, Registration Certificate granted to a casual taxable person & non-resident taxable person will be valid for earlier of:- <ul style="list-style-type: none"> ➤ period specified in the application for registration or ➤ period of 90 days from the effective date of registration. ➤ However, at the request of the said taxable person, the proper officer may extend the validity by a further period not exceeding 90 days.
f)	<ul style="list-style-type: none"> ➤ Yes, the validity of registration certificate issued to a casual taxable person and non-resident taxable person can be extended. ➤ It can be extended by a further period not exceeding 90 days by making application before the end of period of validity of registration granted to him.

Question 21

Shakti Ltd., a registered supplier, engaged in goods as well as services in Pune, Maharashtra. Some of the goods sold by it are exempt whereas some are taxable. You are required to answer the following questions:-

- 1) Shakti Ltd entered into a contract with Suraj Enterprises, Surat for supply of goods and the delivery shall be made on or before 31st October. The goods were removed from the factory at Pune on 11th October. As per the agreement, the goods were to be delivered on or before 31st October. Suraj Enterprises has received the goods on 14th October. Determine the time of issue of invoice as per the provisions of CGST Act.
- 2) Shakti Ltd. is supplying taxable goods to Suraj Enterprises. It submits the account of total supplies made during the 2-month period on the 25th of alternate month. Do Shakti Ltd. have to issue an invoice each time by dispatching the goods?
- 3) On 20/05/20XX, Shakti Ltd. has sent 500 units of transmitters for exhibition at Satara on sale or return basis. Out of the said 500 units, 300 units have been sold on 28/07/20XX at the exhibition. Out of remaining 200 units, 150 units have been brought back to Pune on 25/11/20XX and balance 50 units have neither been sold nor brought back.

Explain the provisions under GST law relating to issue of invoices with exact dates on which tax invoices need to be issued by Shakti Ltd.

- 4) Shakti Ltd. has provided services for an event at Kapoor Film Agencies, Mumbai on 5th June, 20XX. Payment for the event was made on 19th June, 20XX. Determine the time of issue of invoice.
- 5) Shakti Ltd. provides Continuous Supply of Services (CSS) to M/s. TNB Limited. It furnishes the following further information:-
 - a) Date of commencement of providing CSS - 01-10-20XX
 - b) Date of completion of providing CSS - 31-01-20XY
 - c) Date of receipt of payment by Mr. Lakhan - 30-03-20XY

Determine the time of issue of invoice as per provisions of CGST Act, 2017 in the following circumstances:-

- (i) If no due date for payment is agreed upon by both under the contract of CSS.
- (ii) If payment is linked to the completion of service.
- (iii) If M/s. TNB Limited has to make payment on 25-03-20XY as per the contract between them.
- 6) Shreya Ltd. had undertaken a contract for supplying manpower for 28 days for ₹28,000, However, after 10 days, the service has stopped. Should Shreya Ltd raise an invoice?
- 7) The aggregate turnover of Shakti Ltd., Delhi, exceeded ₹20 lakh on 12th August. It applied for registration on 3rd September and was granted the registration certificate on 6th September. You are required to advice Shakti Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices.
- 8) Shakti Ltd. has undertaken following sales during the day:

S.No.	Particulars	Amount (₹)
1.	Raghav Traders - a registered retail dealer	190
2.	Dhruv Enterprises - an unregistered trader	358
3.	Gaurav - a Painter [unregistered]	500
4.	Oberoi Orphanage - an unregistered entity	188
5.	Aaradhya - a Student [unregistered]	158

None of the recipients require a tax invoice [Raghav Traders being a composition dealer].

Determine in respect of which of the above supplies, Shakti Ltd. may issue a Consolidated Tax Invoice instead of Tax Invoice at the end of the day?

- 9) If Shakti Ltd. has opted for composition levy scheme in the current financial year. Advice whether it is mandatory to issue a tax invoice. If not, what is the other document to be issued by him.
- 10) Shakti Ltd. has received advance payment with respect to services to be supplied to Surajmal. Its accountant asked to issue the receipt voucher with respect to such services to be supplied. However, Shakti Ltd. is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Shakti Ltd. regarding the same.
- 11) Shakti Ltd. has availed GTA services on which it is liable to pay tax under reverse charge. It wishes to know whether it is required to issue an invoice. Please advise
- 12) Shakti Ltd. wishes to know whether it's necessary to show tax amount separately in the tax invoices issued to the customers.

Answer:

1)	<p>Legal Provision:-</p> <p>⇒ As per section 31(1) of CGST Act, 2017, a registered person supplying taxable goods shall issue invoice before or at the time of removal of goods for supply to the recipient if supply involves movement of goods.</p> <p>Discussion & Conclusion:</p> <p>In the given case, invoice has to be issued on or before 11th October, 20XX which is the time of removal of goods for supply to recipient.</p>
2)	<p>Legal Provision:</p> <p>⇒ As per section 31(4), in continuous supply of goods where successive statement of accounts or successive payments are involved, the invoice shall be issued before or at the time:-</p> <ul style="list-style-type: none"> ➤ each such statement is issued or, as the case may be ➤ each such payment is received. <p>Discussion & Conclusion:</p> <p>⇒ No, invoice is not required to be issued each time the goods are dispatched.</p> <p>⇒ Since the given instance is a case of continuous supply of goods, tax invoice has to be issued latest by the time of submitting the statement every time (i.e. 25th of Alternate Month).</p>
3)	<p>Legal Provision:-</p> <p>⇒ As per section 31(7), Where the goods being sent for sale or return are removed before the supply takes place, the tax invoice shall be issued</p> <ul style="list-style-type: none"> - before or at the time of supply or - 6 months from the date of removal, whichever is earlier <p>Discussion & Conclusion:</p> <p>⇒ In the given case, 500 units of transmitters have been sent for exhibition on sale or return basis out of which 300 units are sold before 6 months from the date of removal</p> <p>⇒ Thus, tax invoice for 300 units needs to be issued before or at the time of supply of such goods, i.e. upto 28/07/20XX.</p> <p>⇒ Remaining 200 (150+ 50) units have neither been sold nor brought back till the expiry of 6 months from the date of removal goods, i.e. 20/11/20XX.</p> <p>⇒ Thus, tax invoice for 200 units needs to be issued upto 20/11/20XX.</p>
4)	<p>Legal Provision:-</p> <p>⇒ As per section 31(2), a registered person [other than an insurer/ banking company/ financial institution, including an NBFC] supplying taxable services shall issue a tax invoice before or after the provision of service, but within a period of 30 days from the date of supply of service.</p> <p>Discussion & Conclusion:-</p> <p>⇒ In the given case, invoice has to be issued within 30 days from 5th June, 20XX (date of supply of service), i.e. on or before, 5th July, 20XX.</p>

<p>5)</p>	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per section 31(5), the time period within which tax invoice shall be issued in case of continuous supply of services is as below:- <ul style="list-style-type: none"> a) If due date of payment is ascertainable from the contract:- Invoice shall be issued on or before due date of payment. b) If due date of payment is not ascertainable from the contract:- Invoice shall be issued before or at the time of receipt of payment by supplier of services. c) If payment is linked to the completion of an event:- Invoice shall be issued on or before the date of completion of that event. <p>Discussion & Conclusion:-</p> <p>In view of the aforesaid provisions, time of issue of invoice will be as follows in the given different circumstances:-</p> <ul style="list-style-type: none"> (i) In the given case, the invoice should be issued on or before 30.03.20XY which is the date of receipt of payment by Mr. Lakhan. (ii) In the given case, Since payment is linked to the completion of service, the invoice should be issued on or before 31.01.20XY which is the date of completion of service. (iii) If M/s. TNB Limited has to make payment on 25.03.20XY as per the contract between them, the invoice should be issued on or before 25.03.20XY.
<p>6)</p>	<ul style="list-style-type: none"> ➤ Yes. ➤ As per section 31(6), where a supply of service ceases under a contract before its completion, the invoice shall be issued at the time the supply ceases, i.e., on the 10th day. ➤ The invoice shall be issued to the extent of the service provided before its cessation. ➤ Value of such invoice shall be determined in proportionate to supply made in 10 days i.e. ₹10,000.
<p>7)</p>	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per section 22(1), a supplier is liable to register under GST Act, if his aggregate turnover in a financial year for other than special category states of Manipur, Mizoram, Tripura & Nagaland exceeds ₹20 lakhs. ➤ Where the application is submitted within 30 days from the date of becoming liable to registration, the effective date of registration is the date on which the person becomes liable to registration, otherwise it is the date of grant of registration. ➤ As per section 31(3)(a), if a registered person is granted registration with effect from a date earlier than the date of issuance of registration certificate, then <ul style="list-style-type: none"> - he may issue revised tax invoices for taxable supplies effected - during the period between effective date of registration and date of issue of registration certificate. - within 1 month from the date of issue of registration certificate. <p>Discussion & Conclusion:</p> <ul style="list-style-type: none"> ➤ In the given case, Shakti Ltd. has to issue the Revised Tax Invoices for the taxable supplies made between effective date of registration (12th August) till the date of issuance of certificate of registration (6th September) within 1 month from 6th September, i.e. on or before 6th October.
<p>8)</p>	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per section 31(3)(b) read with proviso to rule 46 a registered person is not required to issue a tax invoice, if <ul style="list-style-type: none"> - the value of supply of good &/or services is less than Rs. 200, - the recipient is unregistered person & - the recipient does not require tax invoice. ➤ Such person shall issue a consolidated tax invoice at the close of each day for all such supplies. ➤ Further, as per Rule 55 of CGST Rules, 2017, the tax invoice is also not required to be issued under the CGST Act, 2017 in the case of:- <ul style="list-style-type: none"> a) supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,

	<p>b) transportation of goods for job work, c) transportation of goods for reasons other than by way of supply, or d) such other supplies as may be notified by the Board.</p> <p>Discussion:-</p> <ul style="list-style-type: none"> ➤ In the given case, Shakti Ltd. can issue a Consolidated Tax Invoice only with respect to supplies made to Oberoi Orphanage [worth ₹188] and Aaradhya [worth ₹158] as:- <ul style="list-style-type: none"> - the value of goods supplied to these recipients is less than ₹200, - these recipients are unregistered persons and -do not require a tax invoice. ➤ In case of Raghav Traders, although the value of goods supplied to it is less than ₹200, Raghav Traders is registered under GST & so, Consolidated Tax Invoice cannot be issued. ➤ Consolidated Tax Invoice cannot be issued for supply of goods to Dhruv Enterprises and Gaurav although both of them are unregistered because value of goods supplied is not less than ₹200. <p>Conclusion:- Therefore, Shakti Ltd. may issue one Consolidated Tax Invoice instead of Tax Invoice at the end of the day only in respect of supply of goods made to Oberoi Orphanage [worth ₹188] and Aaradhya [worth ₹158] together.</p>
9)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per section 31(3)(c), a registered person paying tax under section 10 (i.e. under composition levy) shall issue a bill of supply instead of a tax invoice, containing such particulars and in such manner as may be prescribed. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In the given case, Shakti Ltd. is paying tax under composition scheme. ➤ Therefore, it cannot issue tax invoice. Instead, it shall issue a Bill of Supply.
10)	<p>Legal Provision:</p> <ul style="list-style-type: none"> ➤ As per section 31(3)(d), on receipt of advance payment for any supply of goods and/or services, a registered person shall issue a receipt voucher or any other document evidencing receipt of such payment & containing prescribed particulars. ➤ As per section 31(3)(e), if a registered person issues a Receipt Voucher for advance payment received for supply of goods &/or services, but subsequently:- <ul style="list-style-type: none"> - No supply is made & - No tax invoice is issued for the same, then he may issue a Refund Voucher against such advance payment to the person who had made the payment. <p>Discussion & Conclusion:</p> <ul style="list-style-type: none"> ➤ Shakti Ltd. is required to issue a receipt voucher at the time of receipt of advance payment with respect to services to be supplied to Surajmal. ➤ In the given case, subsequently no services are supplied by Shakti Ltd., and no tax invoice is issued in pursuance thereof, Shakti Ltd. may issue a refund voucher against such payment to Surajmal.
11)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ The Recipient is liable to pay tax on reverse charge basis if he receives supply of such goods &/or services which are notified under section 9(3) & 9(4) of CGST Act, 2017. ➤ As per section 31(3)(f), when a registered person receives supply of goods &/or services which are liable to tax on reverse charge basis from an unregistered person, then Invoice is to be issued by recipient on the date of receipt of goods &/or services. ➤ As per section 31(3)(g), a registered person who is liable to pay tax under section 9(3)/9(4) of CGST Act shall issue a payment voucher at the time of making payment to the supplier. <p>Clarification:</p> <ul style="list-style-type: none"> ➤ Thus, a recipient who is liable to pay tax as per section 9(3) has to issue invoice only when supplies have been received from an unregistered supplier

	<p>⇒ Shakti Ltd. (a registered person) has availed services of GTA (unregistered person) on which it is liable to pay tax under reverse charge u/s 9(3).</p> <p>⇒ It is required to issue an invoice for GTA services availed & issue a payment voucher at time of making payment to GTA.</p>
12)	<p>⇒ As per section 33, if a supply is made for a consideration, then every person who is liable to pay tax for such supply shall prominently indicate the amount of tax which shall form part of the price at which such supply is made in all documents relating to assessment, tax invoice & other like documents.</p> <p>⇒ As per rule 46 of CGST Rules, a tax invoice shall contain the details of amount of tax charged in respect of taxable goods or services (CGST, SGST, IGST, UTGST or Cess).</p>

Question 22

Answer the following questions:

- 1) What is 'e-invoicing' & what is the threshold limit for mandatory issuance of E-invoice for all registered businesses.
- 2) Enumerate the persons to whom the provisions regarding E-invoicing are applicable.
- 3) A Government Department is registered under GST. It's aggregate turnover in the preceding financial year is ₹ 22 crore. You are required to comment with the help of relevant provisions whether the said Department is required to issue e-invoices in the current financial year.
- 4) Briefly explain the requirement of Dynamic Quick Response (QR) code and list out the non-applicability of requirement of Dynamic QR Code.

Answer:

1)	<p>⇒ E-invoicing is reporting of business to business (B2B) invoices to GST system for certain notified category of taxpayers.</p> <p>⇒ The threshold limit for mandatory issuance of e-invoice for all registered businesses is ₹ 5 Cr.</p>
2)	<p>⇒ Mandatory e-invoicing is applicable to notified registered businesses (except specified class of persons) with an aggregate turnover exceeds ₹ 5 Crore (based on PAN) in any preceding financial year from 2017-18 onwards.</p> <p>⇒ Exception:- Following persons are exempted from the mandatory requirement of e-invoicing:-</p> <ul style="list-style-type: none"> - A Government Department - A local Authority - Special Economic Zone (SEZ) units - Insurer or banking company or financial institution including NBFC - GTA supplying services in relation to transportation of goods by road in a goods carriage - Supplier of passenger transportation service - Person supplying services of admission to exhibition of cinematograph films in multiplex screens <p>⇒ As per CBIC clarification, the said exemption from generation of e-invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity.</p> <p>⇒ Declaration to be given in tax invoice:- A taxpayer whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ₹ 10 Crore but is exempted from e-invoicing shall give a declaration in the tax invoice that invoice is not required to be issued in the manner specified under rule 48(4).</p>
3)	<p>Legal provision:</p> <p>⇒ All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than ₹ 5 crore are required to issue e-invoices for B2B supplies (supply of goods and/or services to a registered person) or for exports or for B2G (Government Departments or establishments/ Government agencies/ local authorities/ PSUs) supplies which are registered solely for the purpose of TDS u/s 51 of the CGST Act.</p>

	<p>➤ Further, notified entities are exempt from the mandatory requirement of e-invoicing i.e. not required to issue e-invoices even if their turnover exceeds ₹5 crore in the preceding financial year from 2017-18 onwards.</p> <p>Discussion & Conclusion:</p> <p>➤ Government Department is specifically exempt from mandatory requirement of e-invoicing even if the turnover exceeds ₹5 crore in the preceding financial year & thus, e-invoicing is not applicable to Government department.</p>
4)	<p>➤ All invoices issued to an unregistered person (B2C invoice) by a registered person whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ₹ 500 crores are required to have a Dynamic QR code.</p> <p>➤ However, Dynamic Quick Response (QR) code is not applicable to following suppliers when they issue an invoice to an unregistered person:-</p> <ol style="list-style-type: none"> 1. Insurer or banking company or financial institution including NBFC. 2. GTA (Goods transport agency) supplying services in relation to transportation of goods by road in a goods carriage. 3. Supplier of passenger transportation service. 4. Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens. 5. Supplier of OIDAR (online information and database access or retrieval) services. 6. In case of exports.

Question 23

Answer the following questions with respect to credit notes & debit notes: -

- 1) What are the circumstances under which "Credit Notes" and "Debit Notes" needs to be issued by a registered person?
- 2) What are the tax implications on issue of a Credit Note and Debit Note?
- 3) What is the time limit to declare the details of a Credit Note and Debit Note issued under GST?
- 4) Mention the requirements for claiming a reduction in output tax liability by issuing Credit Note.
- 5) Is it correct to state that, Debit Note can be issued only for increasing tax liability by supplier?
- 6) Kartik & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March:-
 - (i) Value of supply charged in invoice no. 1 was ₹2,50,000 against the actual taxable value of ₹2,30,000.
 - (ii) Tax charged in invoice no. 4 was ₹ 32,000 against the actual tax liability of ₹ 68,000 due to wrong HSN code being chosen while issuing invoice.
 - (iii) Value charged in invoice no. 8 was ₹ 3,20,000 as against the actual value of ₹ 4,20,000 due to wrong quantity considered while billing.

Kartik & Co. asks you to answer the following:-

 - a) Who shall issue a debit/ credit note under CGST Act?
 - b) Whether debit note or credit note has to be issued in each of the above circumstances?
 - c) What is the maximum time-limit available for declaring the credit note in the GST Return?

Answer:

1)	<p>➤ As per section 34(1), the circumstances under which credit note needs to be issued by a registered person are:-</p> <ol style="list-style-type: none"> a) The taxable value declared in the invoice is more than the actual value of the supply, b) The tax charged in the invoice is more than the actual tax payable for the supply, c) The goods supplied are returned by the recipient, d) The recipient found that the goods or services or both supplied are deficient i.e. the quantity received by the recipient is less than what has been declared in the tax invoice and the customer chooses to retain the same. <p>➤ However, reduction in output tax liability of supplier shall not be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.</p>
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