

*Commercial's*

# IDT Saar

Handwritten Notes

**Indirect Tax Laws**

for CA FINAL (New Syllabus 2023)

*Applicable for May 2024 and onwards Examinations*

## Highlights

- Comes with all Relevant Amendments
- Reference to RTPs and MTPs Questions
- Author's views for Conceptual Clarity
- Charts for Cross References

**8th  
Edition  
2024**



**CA (Dr.) Mahesh Gour**

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## ABOUT THE AUTHORS

### CA (DR.) MAHESH P GOUR

CA Mahesh P Gour is a member of the Institute of Chartered Accountants of India. He has over 10 degrees, some of them are PhD (Management of Taxation), LLB, MBA (Finance). He is an eminent and nation famous faculty of Indirect Taxation. He has been teaching tax laws to students at various levels for over *15 years*. More than 60,000 students have benefited from his extraordinary teaching skills. He is a professor who uses 3D animation while teaching for conceptual clarity. The students have appreciated his insights and teaching methods and have regarded him as a great motivator. He has over *15 years* of experience in advisory.

He is a published author in various newspapers and has also authored various books on Indirect tax and GST for professionals and students. Currently, he is a visiting faculty at various institutes in Mumbai. He is also a visiting faculty WIRC of The Institute of Chartered Accountants of India.

CA Dr. Mahesh P Gour was honoured with title of Master Mind and Memory Guru for his outstanding skills of memorising.

He is the first and the only professor who uses his unique method of Mnemonics and Memory Technique while teaching and this is exemplary when he made a 10th Standard student memorise CA Final book with page numbers in mere 4 days. He is a founder and director of Aaditya Foundation and SDMA Consultants Pvt. Ltd.

You can visit his website [www.camaheshgour.com](http://www.camaheshgour.com) to read more about the subject and latest case studies.

#### Achievements

- Member of Expert Group of ICAI for formulation of Syllabus of Indirect Tax (2016-17)
- Sub Group Member of Indirect Tax Committee – WIRC of ICAI (2018-19)
- Member of the Students Committee of WIRC of ICAI (2020-21)

**This Book Is Dedicated To My Beloved Mother**

**"Late Jasoda Devi"**

**With Whose Blessing, Love And Support I Am Able To Write  
Content**

# -----PREFACE-----

Welcome to this edition of Exploring **Indirect Tax Laws!**

It gives us an immense pleasure to present for you this book on Indirect Tax Laws (This Edition). *It is a summary book explaining concepts*, of Indirect Tax Laws in a Lucid and informative manner. It has been developed exclusively for the students of *CAVCS Final*.

This book has been written with all possible *Memory Techniques* so that the contents presented within can be well *absorbed and retained* by the students. Besides this, the book aims for arriving at quick and thorough learning through clear and simple language. This book contains the *interpretations of sections*, rule and provisions in *diagrammatic forms*.

Key features of the textbook are:

- Amendments up to 31.10.2023
- Authors' Notes for *conceptual clarity*
- *Diagrammatic* and *tabular* presentation of concepts
- *Memory keys* for *quick recall*

*Valuable suggestions and constructive feedback from learners is welcome* and would be gratefully acknowledged. You can send them across at + 91 8459256756 or [drmaheshgour@gmail.com](mailto:drmaheshgour@gmail.com). *In case, after printing of this book*, ICAI comes up with any amendments, you can download the same from [www.cacselectures.com](http://www.cacselectures.com)

## Chapter wise Marks Distributions

| CH No. | CHAPTERS NAME                          | 2017 |   | 2018 |    | 2019 |    | 2020 | 2021 |      |     | 2022 |    | 2023 |    |
|--------|--|------|---|------|----|------|----|------|------|------|-----|------|----|------|----|
|        |  | M    | N | M    | N  | M    | N  |      | Jan  | July | Dec | M    | N  | M    | N  |
| 1.     | GST IN INDIA – AN INTRODUCTION         |      | 2 |      |    |      |    | 5    | 6    |      |     |      |    | 5    |    |
| 2.     | SUPPLY UNDER GST                       |      | 2 |      |    |      |    |      |      |      |     | 4    |    |      |    |
| 3.     | CHARGES OF GST                         |      | 3 | 3    | 8  |      |    | 5    |      | 9    |     |      |    | 4    |    |
| 4.     | EXEMPTIONS OF GST                      |      |   |      |    |      |    |      |      |      | 5   | 11   |    | 5    | 9  |
| 5.     | PLACE OF SUPPLY                        |      |   | 10   |    | 4    | 4  | 9    |      | 4    | 1   | 5    |    |      |    |
| 6.     | TIME OF SUPPLY                         |      |   |      | 10 |      |    | 5    |      | 5    |     |      |    |      |    |
| 7.     | VALUE OF SUPPLY                        |      |   | 22   | 10 | 9    | 13 | 4    | 5    |      | 9   | 2    | 4  | 9    |    |
| 8.     | INPUT TAX CREDIT                       |      | 3 | 10   | 22 | 28   | 24 | 19   | 5    | 4    |     | 18   | 9  |      |    |
| 9.     | REGISTRATION                           |      |   | 10   |    |      |    | 4    |      | 5    | 4   | 2    | 4  |      |    |
| 10.    | TAX INVOICE, CREDIT AND DEBIT NOTE     |      |   |      |    |      |    |      |      |      |     | 4    |    |      |    |
| 11A    | E-WAY BILL                             |      |   |      |    | 10   | 4  |      | 7    | 4    | 4   | 2    |    | 4    | 4  |
| 11B    | ACCOUNTS AND RECORDS                   |      |   |      |    |      |    |      |      |      |     |      |    |      |    |
| 12     | PAYMENT OF TAX                         |      |   |      | 10 |      | 5  | 4    | 18   | 14   | 14  | 5    | 23 | 14   | 19 |
| 13.    | RETURNS                                |      |   | 5    |    |      |    |      |      |      |     |      |    |      |    |
| 14.    | REFUNDS                                |      |   | 5    |    | 5    | 3  |      |      |      | 9   |      |    | 5    | 5  |
| 15.    | ASSESSMENT AND AUDIT                   |      |   | 5    | 5  |      | 10 |      |      | 5    |     |      | 5  | 5    | 5  |
| 16.    | INSPECTION, SEARCH, SEIZURE AND ARREST |      |   |      |    |      |    |      |      |      |     | 5    |    |      |    |
| 17.    | DEMAND AND RECOVERY                    |      |   |      |    | 4    | 4  |      |      | 5    | 4   |      |    | 5    | 4  |
| 18.    | LIABILITY TO PAY IN CERTAIN CASES      |      |   | 5    |    |      |    |      |      | 4    |     | 4    |    |      | 4  |
| 19.    | OFFENCES AND PENALTIES                 |      |   | 10   | 5  | 4    | 5  | 5    | 4    |      | 5   |      | 9  |      |    |
| 20.    | APPEALS AND REVISION                   |      |   | 5    | 5  | 4    |    | 5    | 4    | 4    |     | 5    |    |      |    |
| 21.    | ADVANCE RULING                         |      |   |      | 5  |      |    |      |      |      |     |      | 4  | 8    |    |
| 22.    | MISCELLANEOUS PROVISIONS               |      |   |      | 5  |      | 5  |      |      |      | 5   |      |    |      |    |

|     | CUSTOMS & FTP                                 | 2017 |   | 2018 |   | 2019 |   | 2020 | 2021 |      |     | 2022 |    | 2023 |   |
|-----|---|------|---|------|---|------|---|------|------|------|-----|------|----|------|---|
|     |   | M    | N | M    | N | M    | N | N    | Jan  | July | Dec | M    | N  | M    | N |
| 23. | BASIC CONCEPT OF CUSTOMS                      |      |   |      |   |      |   |      |      |      |     |      |    |      |   |
| 24A | TYPES OF DUTIES                               | 4    |   | 5    |   | 5    | 5 | 5    | 10   | 5    | 5   |      | 5  | 5    |   |
| 24B | CLASSIFICATION OF IMPORTED AND EXPORTED GOODS |      |   |      |   |      | 5 |      |      |      |     | 5    |    |      |   |
| 25. | IMPORT PROCEDURE                              | 4    | 4 | 5    | 5 |      |   |      | 5    |      | 5   |      |    |      |   |
| 26. | VALUATION                                     | 5    | 4 | 5    | 5 | 10   | 5 | 5    |      | 5    | 5   | 7    | 10 | 10   | 5 |
| 27A | DUTY DRAWBACK                                 | 4    |   |      |   | 5    |   | 5    |      | 15   | 5   |      |    |      | 5 |
| 27B | WAREHOUSING UNDER CUSTOMS                     |      |   |      |   |      |   |      |      |      |     |      |    |      | 5 |
| 28. | BAGGAGE, STORES AND IMPORT BY POST            | 2    |   | 5    |   |      | 5 | 5    | 5    |      | 5   | 8    | 5  | 4    |   |
| 29. | TRANSIT AND TRANSSHIPMENT                     |      |   |      |   |      |   |      |      |      |     |      |    |      |   |
| 30. | REFUNDS UNDER CUSTOMS                         |      |   |      |   |      |   |      | 5    | 4    |     |      |    |      |   |
| 31. | FOREIGN TRADE POLICY                          | 4    | 6 | 13   | 9 | 14   |   | 5    |      |      |     | 5    | 5  |      |   |



## INDEX

| Chapter<br>NO. | CHAPTERS NAME  | PAGE NO.       |
|----------------|--|----------------|
|                | <b>GOODS &amp; SERVICES TAX</b>                                |                |
| 1.             | SUPPLY UNDER GST   | 13 - 126       |
| 2.             | CHARGES OF GST   | 21 - 221       |
| 3.             | PLACE OF SUPPLY  | 31 - 319       |
| 4.             | EXEMPTIONS OF GST  | 41 - 446       |
| 5.             | TIME OF SUPPLY   | 51 - 54        |
| 6.             | VALUE OF SUPPLY  | 61 - 612       |
| 7.             | INPUT TAX CREDIT   | 71 - 727       |
| 8.             | REGISTRATION   | 81 - 817       |
| 9.             | TAX INVOICE, CREDIT AND DEBIT NOTE                             | 91 - 911       |
| 10A.           | ACCOUNTS AND RECORDS   | 10A.1 - 10A.4  |
| 10B.           | E-WAY BILL   | 10B.1 - 10B.11 |
| 11.            | PAYMENT OF TAX<br>(Payment of Tax, Interest and other Amounts) | 11.1 - 11.11   |
| 12.            | TDS & TCS  | 121 - 127      |
| 13.            | RETURNS  | 131 - 1319     |
| 14.            | IMPORT AND EXPORT UNDER GST                                    | 14.1 - 14.1    |
| 15.            | REFUNDS  | 15.1 - 15.25   |
| 16.            | JOB WORK   | 16.1 - 16.1    |
| 17.            | ASSESSMENT AND AUDIT   | 17.1 - 17.6    |
| 18.            | INSPECTION, SEARCH, SEIZURE AND ARREST                         | 18.1 - 18.5    |
| 19.            | DEMAND AND RECOVERY  | 19.1 - 19.16   |
| 20.            | LIABILITY TO PAY IN CERTAIN CASES                              | 20.1 - 20.4    |
| 21.            | OFFENCES AND PENALTIES   | 21.1 - 21.11   |
| 22.            | APPEALS AND REVISION   | 22.1 - 22.15   |
| 23.            | ADVANCE RULING   | 23.1 - 23.8    |
| 24.            | MISCELLANEOUS PROVISIONS                                       | 24.1 - 24.9    |

## CUSTOMS & FTP

|      |   |                |
|------|---|----------------|
| 25.  | BASIC CONCEPT OF CUSTOMS                      | 25.1 - 25.8    |
| 26A. | TYPES OF DUTIES                               | 26A.1 - 26A.7  |
| 26B. | CLASSIFICATION OF IMPORTED AND EXPORTED GOODS | 27B.1 - 27B.4  |
| 27.  | IMPORT PROCEDURE                              | 27.1 - 27.24   |
| 28.  | VALUATION                                     | 28.1 - 28.18   |
| 29A. | DUTY DRAWBACK                                 | 29.1 - 29A.4   |
| 29B. | WAREHOUSING UNDER CUSTOMS                     | 29B.1 - 29B.12 |
| 30.  | BAGGAGE, STORES AND IMPORT BY POST            | 30.1 - 30.6    |
| 31.  | TRANSIT AND TRANSSHIPMENT                     | 31.1 - 31.2    |
| 32.  | REFUNDS UNDER CUSTOMS                         | 32.1 - 32.4    |
| 33.  | FOREIGN TRADE POLICY                          | 33.1 - 33.22   |


### → COLOUR USED

→ Black - Heading, Sub-heading & important words

→ Blue - Matter or Content

→ Red - Section, Rules & Schedule

→ Green - Key code, Date, Month

 - Amendments for May 2024

Note: Every effort has been made to ensure the **accuracy and completeness** of the content, including all **relevant amendments up to October 31, 2023** but learners must refer only those amendments made applicable by ICAI for **upcoming examination through supplementary** issued by them.

## ABBREVIATIONS

AA → Appellate Authority/ Advance Authorization (For FTP)

AOP → Association Of Person

MIDC → Maharashtra Industrial

ATO → Aggregate Turnover

Development Corporation

BOE → Bill Of Exchange

NSDC → National Skill Development

BOI → Body of Individuals

Corporation

CG → Central Government

NPS → National Pension Scheme

CFO → Chief Financial Officer

PDS → Public Distribution System

CP → Consular Post

PAN → Permanent Account Number

CST → Central Sales Tax

RFID → Radio Frequency Identification Device

CBDT → Central Board of Direct Taxation

RCM → Reverse Charge Mechanism

CKD → Completely Knocked Down

RBI → Reserve Bank of India

FDM → Foreign Diplomatic Mission

SKD → Semi Knocked Down

FAQs → Frequently Asked Questions

SCN → Show Cause Notice

FCM → Foreign Charge Mechanism

SG → State Government

FSI → Floor Space Index

SEZ → Special Economic Zone

FEMA → Foreign Exchange Management Act

TCS → Tax Collect at Source

GSPs → GST Suvidha Providers

TDR → Transfer of Development Rights

HUF → Hindu Undivided Family

TOS → Time Of Supply

IFSC → International Financial Services Centre

TRN → Temporary Reference Number

INR → Indian Rupees

TDS → Tax Deduction At Source

ISD → Input service distributor

UTs → Union Territory

IRFC → Indian Railway Finance Corporation

UIN → Unique Identification Number

IRDA → Insurance Regulatory and

VAT → Value Added Tax

Development Authority

ZRS → Zero Rates Supply

GOODS  
&  
SERVICES TAX

# CHAPTER 1 SUPPLY UNDER GST

## → GLIMPSES

- Analysis of the taxable event under GST – Supply – its meaning and scope.
- Section 7(1)(c): Identify the transactions that will amount to supply even without any consideration. [Schedule I]
- Section 7(1A): Classify the transactions either as supply of goods or as a supply of services. [Schedule II]
- Section 7(2): Transactions which will be neither the supply of goods nor the supply of services. [Schedule III]
- Section 8: Composite and mixed supplies and their taxability under GST.

## → INTRODUCTION

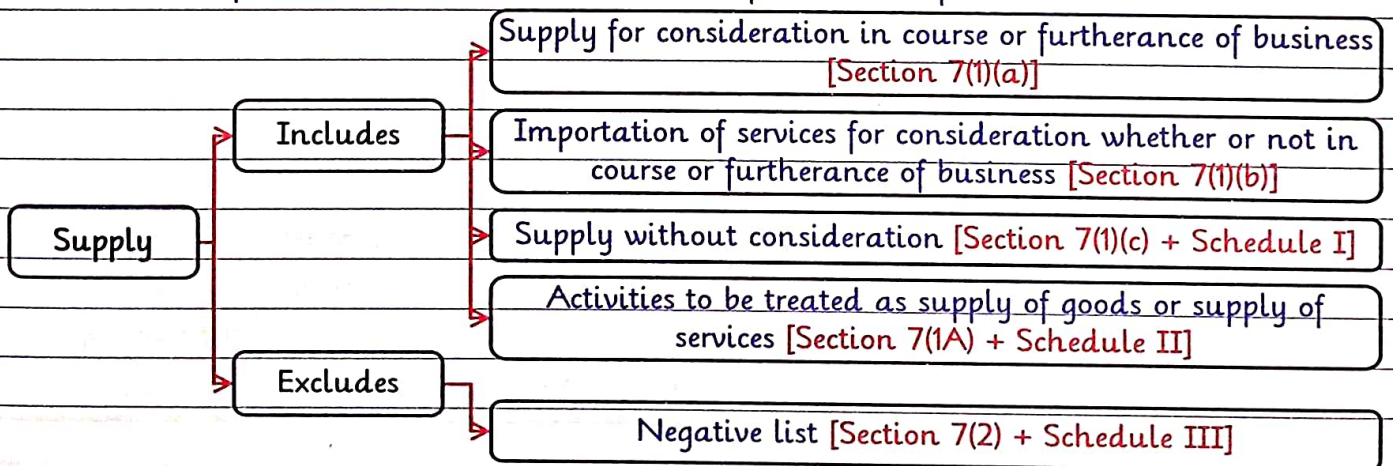
Earlier under indirect tax laws, there were two separate activities, manufacture or sale of goods and the provision of services. In the GST regime, the entire value of these two is taxed in an integrated manner by laying down one comprehensive taxable event i.e. "Supply" Supply of goods or services or both. It means, the term "supply" refers to a broad term which merges all taxable activities of the earlier laws into a single activity.

## → SUPPLY: THE TAXABLE EVENT IN GST

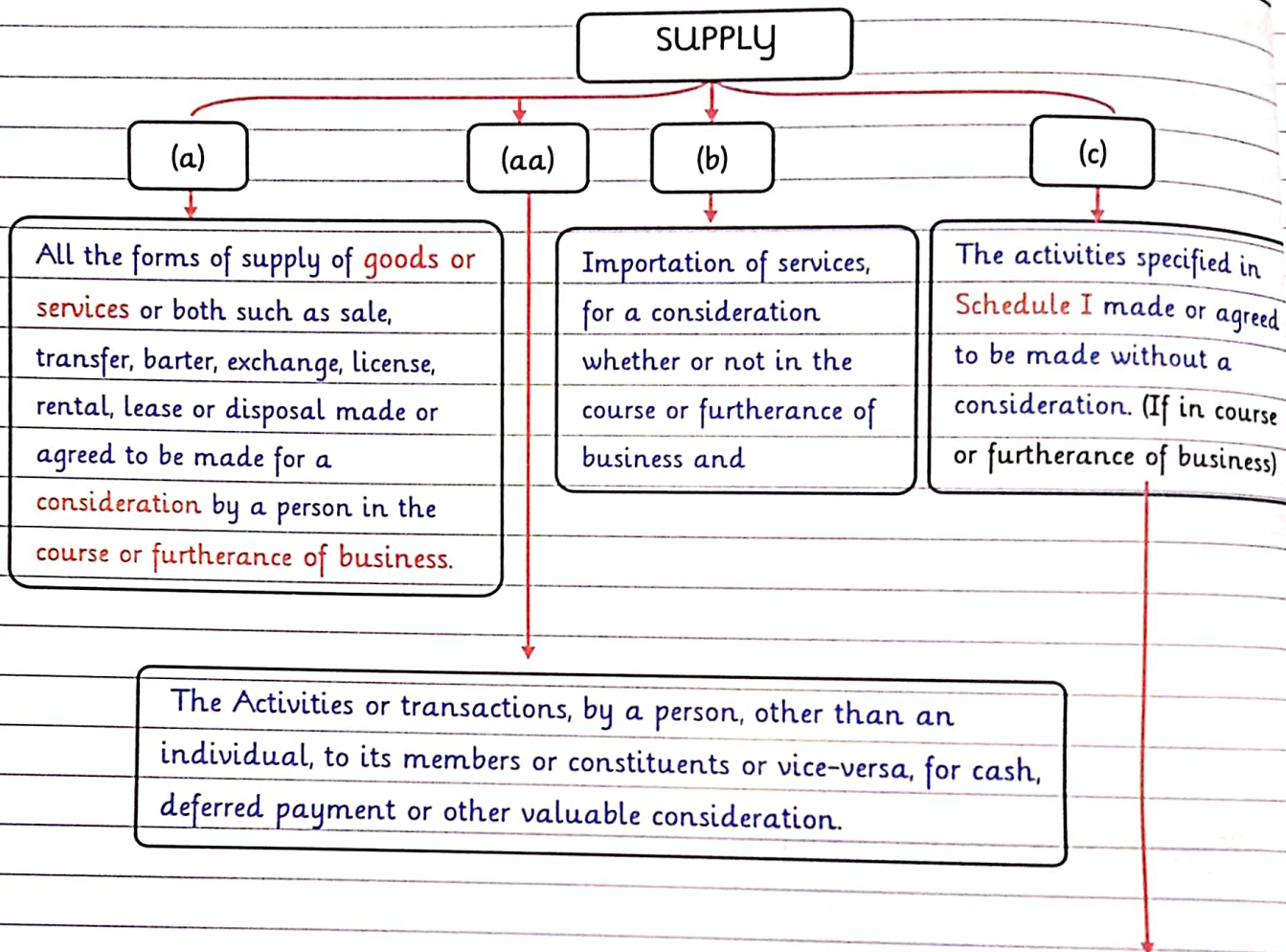
Taxable event in a law is an event, the occurrence or happening of which triggers the imposition of tax. It means the incidence of tax arises only after the occurrence of the taxable event.

### → Meaning And Definitions of Supply:

GST is a tax charged on the supply of goods or services or both made or agreed to be made for a consideration in the course or furtherance of business.



## → 'SUPPLY' AS PER GST LAW [SECTION 7(1) OF CGST ACT]



Activities to be treated as supply even if made without consideration [Section 7(1)(c)]

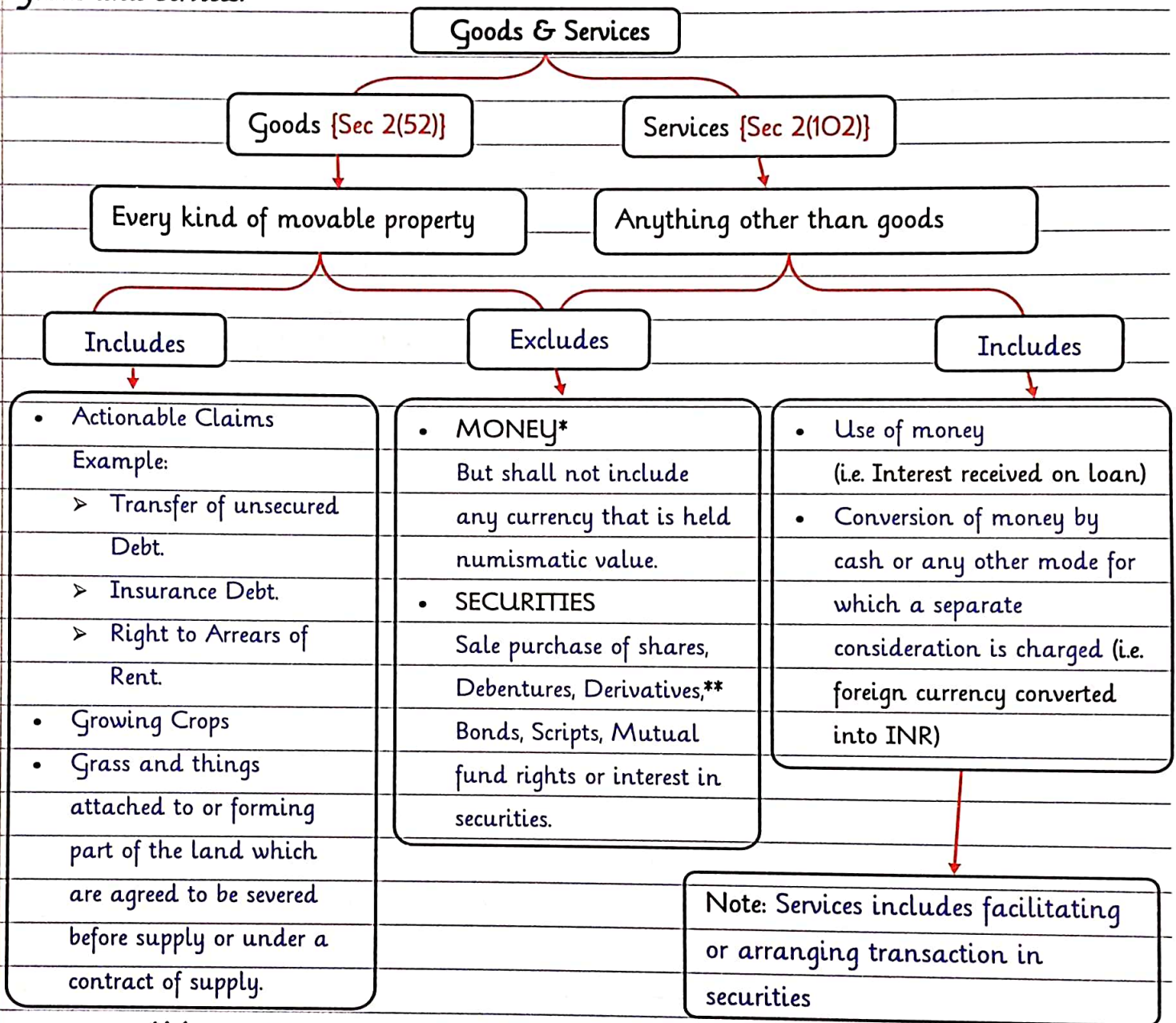
(Key - DRP)

1. Permanent transfer/**Disposal** of business assets where input tax credit has been availed on such assets.
2. Supply of goods or services or both between **related persons** or between **distinct persons** as specified in **section 25**.
3. Supply of goods (not service) between **Principal and Agent** without consideration is also supply.

It may be noted that in case where the invoice is issued by the agent to the customer in his name (vice versa), then such agent shall fall in the above case. It means if the invoice is issued by the agent to the customer in the name of the principal, such agent shall not fall in above case.

No supply of service by the insured to the insurance company in lieu of 'No Claim Bonus' offered by said insurance company to him

### 1) Goods and Services:



**\*Money:** Money includes: -

- a) Transactions in Commercial Paper ('CP')
- b) Certificate of Deposit ('CD') (as they are in the nature of promissory notes)
- c) Drafts or letters of credit

**\*\*Derivatives:**

'Derivatives' are included in the definition of 'securities' under SCRA. As 'derivatives' fall in the definition of securities, they are neither goods nor services and hence, are not liable to GST.

Future Contract

Forward Contract

With Delivery

Without Delivery

No GST

In the form of goods

Not in the form of goods

GST

No GST

2) Consideration:

CONSIDERATION

Payment in money or otherwise  
for supply

Monetary value of any act or forbearance for the supply

By Recipient or any other person

Excluding subsidy given by Central  
State Government

Note: - Deposit to be considered as payment ONLY WHEN the supplier applies such deposit as consideration for the said supply.  
[i.e. non-Refundable deposit or deposit adjusted against rent]

3) Business [Section 2(17)]:

- a. → Any trade, commerce, manufacturing
- Profession, vocation
- Adventure
- Wager (a place of bet) or
- Any other similar activity

Whether or not it is a pecuniary benefit (it means intention to earn the profit is not criterion in determining the state of business)

- b. Any activity or transaction in connection with or incidental or ancillary to sub-clause (a)
- E.g. Sale of old assets or scrap or capital goods by a trader
- c. Any activity or transaction whether or not there is volume, frequency, continuity of such transaction
- E.g. Trader of mobile providing consultancy for how to set up mobile shop to any person for consideration
- d. Any activity or transaction undertaken by CG, SG, LA for public interest.
- E.g. Speed post, Express Parcel by Post Office
- e. Any activity or transaction supply or acquisition of goods including Capital Goods
- E.g. Sale and purchase of Goods/Machineries
- f. Any activity or transaction related to admission for consideration to any premises.
- E.g. Entry tickets for amusement park, cinema theatres, etc.
- g. Any activity or transaction provided by club/association to its members.



E.g. Sports facilities like swimming pool, table tennis, cricket etc.

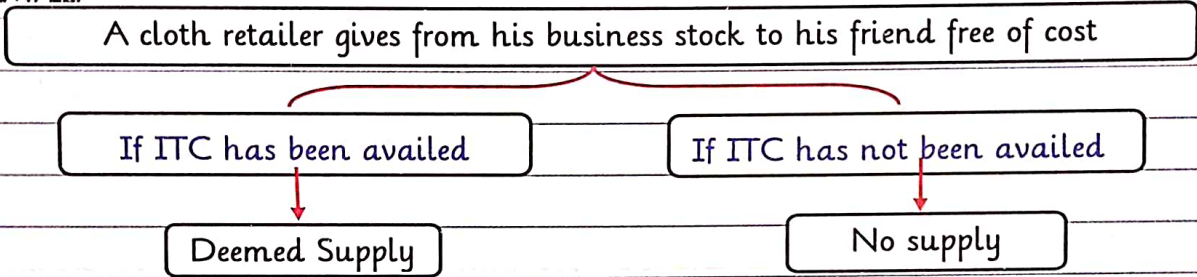
- h. Any activity or transaction provided by race club by way of totalisator or license to book maker in such club.
- i. Any activity or transaction services supplied by a person as the holder of an office which has been accepted by him in the course of furtherance of his trade, profession or vocation.  
E.g. CA in practice provides CFO or independent director service, he would be covered

→ **SCHEDULE I - SUPPLY WITHOUT CONSIDERATION {SEC. 7(1)(c)}**

**KEY CODE - DRP**

1. **Permanent Transfer/Disposal of Business Assets, if ITC has Been Availed**

EXAMPLE:



| <i>Treatment of Transfer of Asset</i> |                      |                  |
|---------------------------------------|----------------------|------------------|
| <i>ITC Availed</i>                    | <i>Consideration</i> | <i>Supply</i>    |
| X                                     | X                    | X                |
| X                                     | ✓                    | ✓ 7(1)(a)        |
| ✓                                     | X                    | ✓ 7(1)(c) + SH I |
| ✓                                     | ✓                    | ✓ 7(1)(a)        |

2. **Supply Between Related Person or Distinct Persons [MTP May 19]**

Supply of goods or services or both between related person\* or between distinct person\*\* as specified in Sec. 25 will Qualify as supply if it made in the course or furtherance of business.

**\*Related Person**

**Persons including legal person are deemed as related persons if**

- Such persons are officers/directors of one another's business
- Such persons are legally recognised partners
- Such persons are employer & employee
- A third person controls/ owns/ holds (directly/ indirectly)  $\geq 25\%$  voting stock/shares of both of them

- One of them controls (directly/indirectly) the other
- A third person controls (directly/indirectly) both of them
- Such persons together control (directly/indirectly) a third person
- Such persons are members of the same family
  - a) Spouse, Son, Daughter (Dependent or Independent)
  - b) Parents, Grand-Parent, Brother, Sister (If wholly dependent)
- One of them is the sole agent/sole distributor/sole concessionaire of the other

**EXAMPLE:**

Ms. Rakhi holds 35% shares of POR Ltd. and 30% shares of STU Ltd. POR Ltd. and STU Ltd. are related.

M Ltd. has a deciding role in corporate policy, operations management and quality control of K Ltd. It can be said that M Ltd. controls K Ltd. Thus, M Ltd. and K Ltd. are related.

**\*\*Distinct Person**

**DISTINCT PERSONS SPECIFIED UNDER SECTION 25**

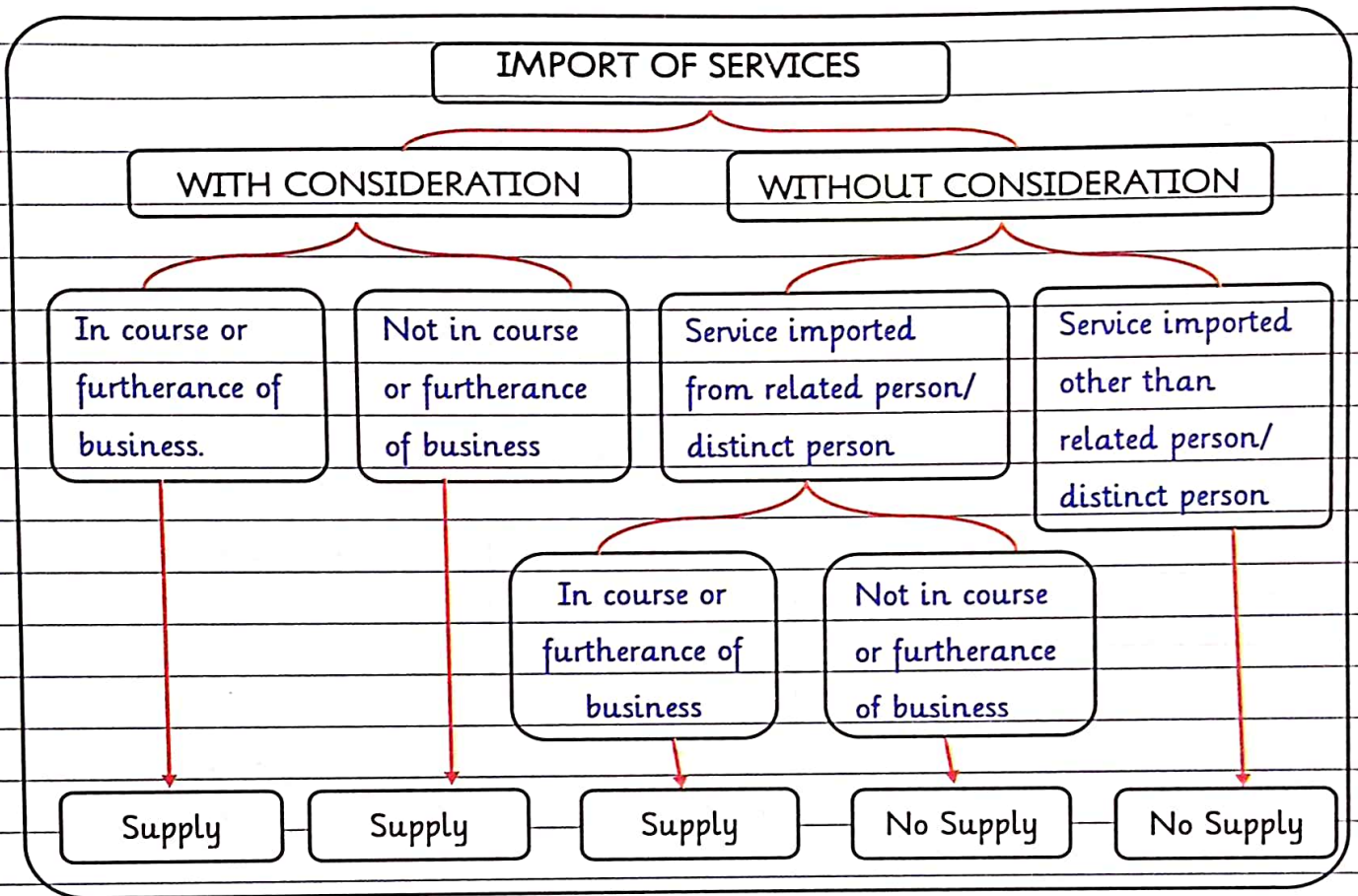
| Separate registration make distinct Person U/S 25(4)  | Separate establishment in another State U/S 25(5)  |
|---|--|
| A person who has obtained/is Required to obtain more than one registration, whether in one State/Union territory or more than one State/Union territory shall in respect of each such registration, be treated as distinct person | Separate establishment in another State/UT whether registered or unregistered. Such establishment shall be treated as distinct person. |

**EXAMPLE:**

Narayan, a Chartered Accountant, has a registered head office in Delhi. He has also obtained registration in the State of Maharashtra in respect of his branch. Narayan shall be treated as distinct person in respect of registration in Maharashtra and Delhi.

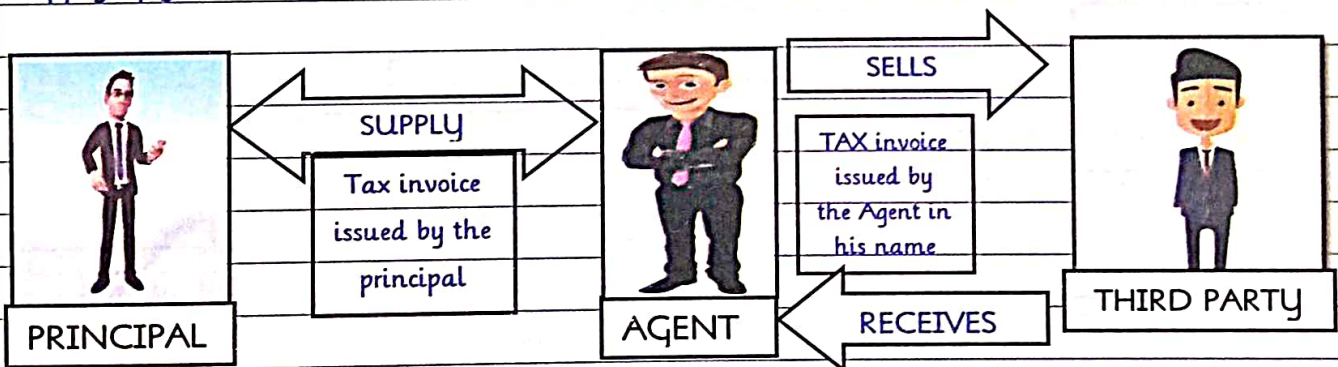
**Note:** Employee & employer are considered as related party as per explanation to Section 15. Schedule 1 provides that gifts not exceeding Rs. 50,000 in value in a financial year by an Employer to Employee shall not be treated as supply of goods or services or both.

→ Sec. 7(1)(b) Analysis of Importation of Service: Import of services with consideration not in course or furtherance of business supply.



3. *Principal Agent Relationship*

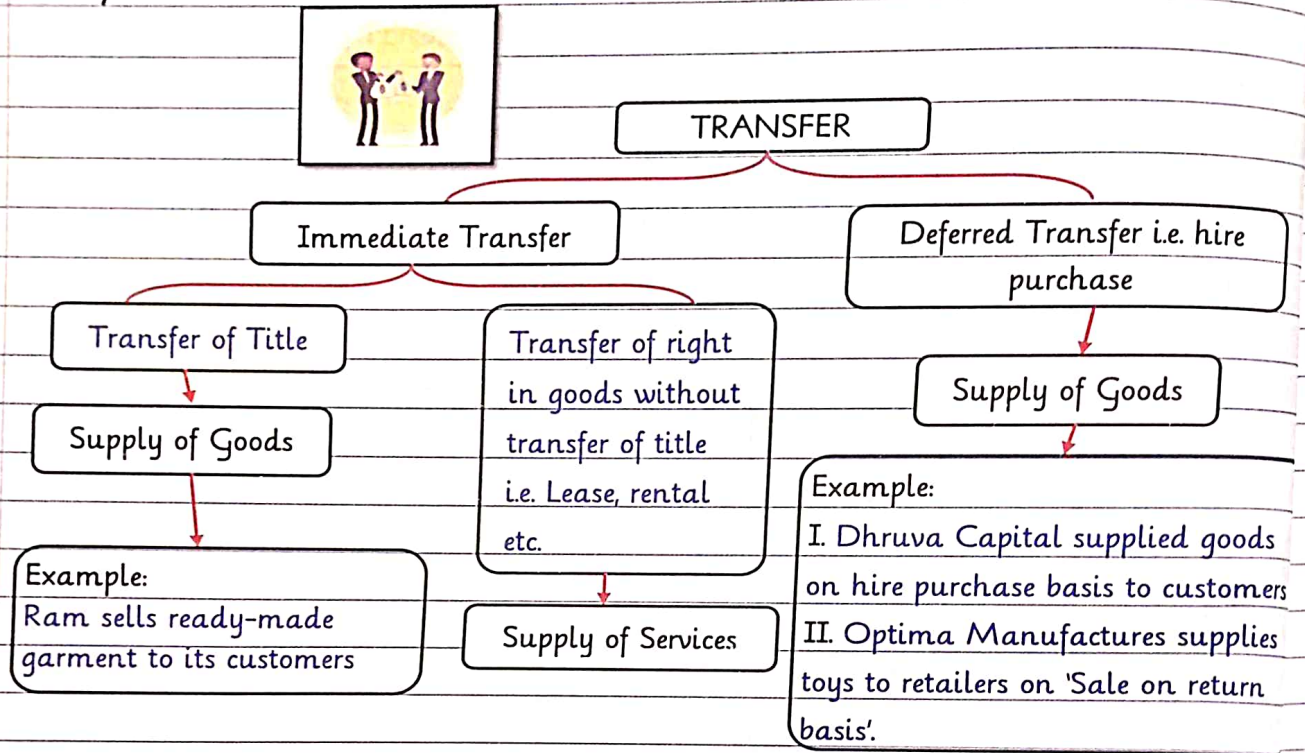
Supply of goods (not service) between principal and agent without consideration is also supply.



→ SCHEDULE II - ACTIVITIES TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES [SEC 7(IA)]

→ Section 7(IA) of the Act refers to Schedule II for determining whether a particular transaction is a supply of goods or services.

1. Transfer



2. Land and Building

