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GST Amendments

**Coloured Notes +
Handwritten Charts**

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CHAPTER 2

SUPPLY UNDER GST

1) Definition of term 'Service' amended [Section 2(102) of the CGST Act]

Services: Means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged. [Section 2(102) of CGST Act].

For the removal of doubts, it is hereby clarified that the expression ***“services” includes facilitating or arranging transactions in securities;***

Example: If some service charges or service fees or documentation fees or broking charges or such like fees or charges are charged in relation to transactions in securities, the same would be a consideration for provision of service and chargeable to GST.

2) Import of service without consideration from a related party/establishment outside India in course of furtherance of business to be deemed to be supply even if such service is received by a person other than a taxable person [Schedule I of the CGST Act]

As per schedule I, Import of services by a ~~taxable~~ person

- from a **related person or from his establishments located outside India,**
- **without consideration,**
- **in the course or furtherance of business** shall be treated as “supply”.

Note: This amendment is to ensure that import of services by entities which are not registered under GST (for instance, who are only making exempted supplies), but are otherwise engaged in business activities is taxed when received from a related person or from any of their establishments outside India.

3) Clarification and Analysis: Scope and ambit of principal agent relationship in the context of a del-credere agent (DCA).

DCA is a selling agent who is engaged by a principal

- to assist in supply of goods or services by contacting potential buyers on behalf of the principal
- and **guarantees the payment** to the supplier
- in return for higher commission than that paid to a normal agent.

In case the buyer fails to make payment to the principal by the due date, DCA makes the payment to the principal on behalf of the buyer (effectively providing an insurance against default by the buyer).

The DCA can resort to various methods including **extending short-term transaction-based loans to the buyer or paying the supplier himself and recovering the amount from the buyer with some interest at a later date.**

A. **Issue:** Whether a DCA falls under the ambit of agent under Para 3 of Schedule I of the CGST Act?

Clarification: Whether or not the DCA will fall under the ambit of agent under Para 3 of Schedule I of the CGST Act depends on the following possible scenarios:

- In case where the invoice for supply of goods is issued by the supplier to the customer, either himself or through DCA, the DCA does not fall under the ambit of agent.
- In case where the invoice for supply of goods is issued by the DCA in his own name, the DCA would fall under the ambit of agent.

B. Issue: Whether the temporary short-term transaction-based loan extended by the DCA to the recipient (buyer), for which interest is charged by the DCA, is to be included in the value of goods being supplied by the supplier (principal) where DCA is not an agent under Para 3 of Schedule I of the CGST Act?

Clarification: In such a scenario, following activities are taking place:

- a) Supply of goods from supplier (principal) to recipient;
- b) Supply of agency services from DCA to the supplier or both;
- c) Supply of extension of loan services by the DCA to the recipient.

It is clarified that in cases where the DCA is not an agent under Para 3 of Schedule I of the CGST Act, the temporary short-term transaction-based loan being provided by DCA to the buyer is a supply of service by the DCA to the recipient on principal to principal basis and is an independent supply.

Therefore, interest being charged by the DCA would not form part of the value of supply of goods supplied (to the buyer) by the supplier. Such interest will also be exempted vide Notification No 12/2017 CT (R) dated 28.06.2017.

C. Issue: Whether the temporary short-term transaction-based loan extended by the DCA to the recipient (buyer), for which interest is charged by the DCA, is to be included in the value of goods being supplied by the supplier (principal) where DCA is an agent under Para 3 of Schedule I of the CGST Act?

Clarification: In such a scenario following activities are taking place:

- a) Supply of goods by the supplier (principal) to the DCA;
- b) Further supply of goods by the DCA to the recipient;
- c) Extension of credit by the DCA to the recipient;
- d) Supply of agency services by the DCA to the supplier or the recipient or both.

It is clarified that in cases where the DCA is an agent under Para 3 of Schedule I of the CGST Act, the temporary short-term transaction based credit being provided by DCA to the buyer no longer retains its character of an independent supply and is subsumed in the supply of the goods by the DCA to the recipient.

It is emphasised that the activity of extension of credit by the DCA to the recipient would not be considered as a separate supply as it is in the context of the supply of goods made by the DCA to the recipient.

It is further clarified that the value of the interest charged for such credit would be required to be included in the value of supply of goods by DCA to the recipient as per section 15(2)(d) of the CGST Act.

4) Clarification on various doubts related to treatment of sales promotion schemes under GST.**A. Free samples and gifts:**

- It is a common practice among certain sections of trade and industry, such as, pharmaceutical companies which often provide drug samples to their stockists, dealers, medical practitioners, etc. without charging any consideration.
- It is clarified that **samples which are supplied free of cost, without any consideration, do not qualify as “supply” under GST, except where the activity falls within the ambit of Schedule I of the CGST Act.**

B. Buy one get one free offer:

- Sometimes, companies announce offers like ‘Buy One, Get One free’. For example, “buy one soap and get one soap free” or “Get one tooth brush free along with the purchase of tooth paste”.
- It may appear at first glance that in case of offers like “Buy One, Get One Free”, one item is being “supplied free of cost” without any consideration. In fact, **it is not an individual supply of free goods, but a case of two or more individual supplies where a single price is being charged for the entire supply.** It can at best be treated as supplying two goods for the price of one.
- Taxability of such supply will be dependent upon as to whether the supply is a **composite supply or a mixed supply** and the rate of tax shall be determined as per the provisions of section 8 of the CGST Act.

CHAPTER 3

CHARGE UNDER GST

**1) Reverse Charge in case of Receipt of Goods/Services from Unregistered Supplier
[Sec 9(4) of CGST Act]**

The Government may, on the recommendations of the Council, by notification,

- specify a **class of registered persons** who shall,
- in respect of **supply of specified categories of goods or services or both**
- received from an unregistered supplier,
- pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and
- all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both.”.

Section 9(4) is applicable in following cases:

Where **cement** is received from an unregistered person, the **promoter** shall pay tax on supply of such cement on reverse charge basis, u/s 9(4) of CGST Act, at the applicable rate which is 28% (CGST 14% + SGST 14%) at present.

Moreover, GST on capital goods shall be paid by the promoter on reverse charge basis, under section 9(4) of the CGST Act at the applicable rates.

“Promoter” means, —

- i) a person who constructs or causes to be constructed an independent building or a building consisting of apartments, or converts an existing building or a part thereof into apartments, for the purpose of selling all or some of the apartments to other persons and includes his assignees; or
- ii) a person who develops land into a project, whether or not the person also constructs structures on any of the plots, for the purpose of selling to other persons all or some of the plots in the said project, whether with or without structures thereon; or
- iii) any development authority constructing buildings on lands owned by them or placed at their disposal by the Government;
- iv) an apex State level co-operative housing finance society and a primary co-operative housing society which constructs apartments or buildings for its Members or in respect of the allottees of such apartments or buildings; or
- v) any other person who acts himself as a builder, colonizer, contractor, developer, estate developer or by any other name or claims to be acting as the holder of a power of attorney from the owner of the land on which the building or apartment is constructed or plot is developed for sale; or
- vi) such other person who constructs any building or apartment for sale to the general public.

2) COMPOSITION LEVY

[SEC 10 OF CGST ACT]

A. As per section 10 of CGST Act, Small suppliers with an

- aggregate turnover in a preceding financial year
- **up to INR 1.5 crores [75 lakhs in case of eight specified states]**
- have an **option** to
- opt for Composition scheme
- in lieu of the tax payable by him under section 9(1),

The eight special category states are:

Arunachal Pradesh	Meghalaya	Sikkim
Mizoram	Tripura	Manipur
Nagaland	Uttarakhand	

B. The compliance under composition scheme shall be simplified as now the registered person opting for composition levy would need to

- a) file **one annual return** and
- b) pay a certain specified percentage of his turnover of the quarter as tax **at the end of a quarter**, without availing the benefit of input tax credit *(along with a simple declaration)*.

C. The composition rates, to be paid on turnover are given below:

Category of Registered Persons	Rate
Manufacturers, other than manufacturers of such goods as may be notified by the Government i.e. ice cream and other edible ice, pan masala and tobacco.	0.5 % of the turnover in the State/Union territory (Effective Rate 1%)
Other eligible suppliers (Traders)	0.5% of the turnover of taxable supplies of goods and service in the State/Union territory (Effective Rate 1%)
Supply of any service or goods, being food or any other article for human consumption or any drink (Restaurant Service Providers)	2.5 % of the turnover in the State/Union territory (Effective Rate 5%)

D. With a view to enable a manufacturer/ trader or a restaurant service provider to avail of the benefit of composition scheme, it has been permitted to a registered person opting for composition scheme to **supply services [other than restaurant services] of specified value** not exceeding:

- 10% of the turnover in a State/Union territory in the preceding financial year
or
- INR 5 lakhs,
whichever is **higher**.

Example: Ram has opted for composition scheme in FY 2019-20. His aggregate turnover in FY 2018-19 is INR 60 lakhs. In FY 2019-20, he can supply services [other than restaurant services] upto a value of not exceeding:

10% of INR 60 lakhs, i.e. INR 6 lakhs or INR 5 lakhs, whichever is higher.

Thus, he can supply services upto a value of INR 6 lakhs in FY 2019-20.

E. Suppliers Not Eligible to opt Composition Levy Scheme (New Addition)

- Supplier supplying services other than restaurant services and value of such services exceeds 10% of the turnover in a State/Union Territory in the preceding financial year or INR 5 lakh, whichever is higher.

F. Interest income to be excluded while computing aggregate turnover for determining eligibility for composition scheme. Interest income not to render a person ineligible for composition scheme

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 –

- for determining the eligibility for composition scheme;
- in computing aggregate turnover in order to determine eligibility for composition scheme.

G. Effective date in case of denial of composition option by tax authorities

In case of denial of option to pay tax under composition levy by the tax authorities, it has been clarified that the **effective date of such denial shall be from a date, including any retrospective date**, as may be determined by tax authorities.

However, such effective date shall not be prior to the date of contravention of the provisions of the CGST Act/ CGST Rules [Circular No. 77/51/2018 GST dated 31.12.2018].

3) Option to pay concessional tax @ 3% for suppliers exclusively supplying “services” or “majorly services” with relatively small portion of goods [Notification No. 02/2019 CT (R)]

Eligible Supplier: A registered person whose aggregate turnover in the preceding financial year does not exceed INR 50 lakhs and:

- a) who is exclusively engaged in supplying services other than restaurant services, or
- b) who is engaged in supply of services [other than restaurant services] along with supply of goods and/or restaurant services of value exceeding INR 5 lakhs in current financial year.

Rate of Tax: 6% (i.e. 3% CGST + 3% SGST/UTGST) on all goods or services or both supplied by him during the financial year.

However, such rate shall be applicable for “**First** supplies of goods or services or both” upto an **aggregate turnover of Rs 50 Lakh**.

In case, the turnover exceeds the limit during the year, such supplier shall pay tax as regular dealer at normal rate of tax on next supplies beyond Rs 50 Lakhs.

Note: 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 1st April of a FY to the date when he becomes liable for registration under this Act
- but for the purpose of determination of tax payable under this notification,
- 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.

Conditions:

1. Supplies are made by a registered person who is:
 - i) not engaged in making any supply which is not leviable to tax under the said Act.
 - ii) not engaged in making any inter-State outward supply – neither of goods nor of services.
 - iii) neither a casual taxable person nor a non-resident taxable person.
 - iv) not engaged in making any supply through an electronic commerce operator who is required to collect tax at source under section 52.
 - v) not engaged in making supplies of notified goods, namely, ice cream and other edible ice, whether or not containing cocoa, Pan masala and all goods of Chapter 24, i.e. Tobacco and manufactured tobacco substitutes.
2. 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.

3. The registered person shall issue a bill of supply instead of tax invoice. Such bill of supply will have the following words at its top - 'Taxable person paying tax in terms of Notification No. 2/2019 CT (R) dated 07.03.2019, not eligible to collect tax on supplies'.

Other significant points:

1. Where more than one registered persons are having the same PAN, CGST on supplies by all such registered persons is paid @ 3% under this notification.
2. The registered person opting to pay CGST@ 3% under this notification shall be liable to pay CGST on inward supplies on which he is liable to pay tax under section 9(3)/9(4) (reverse charge) at the applicable rates.
3. In computing aggregate turnover in order to determine eligibility of a registered person to pay central tax @ 3% 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.
4. Where any registered person who has availed of ITC opts to pay tax under this notification, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the ITC in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods as if the supply made under this notification attracts the provisions of section 18(4) of the CGST Act and the rules made thereunder and after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.
5. The CGST Rules, 2017, as applicable to a person paying tax under composition scheme shall, mutatis mutandis, apply to a person paying tax under this notification. In view of this provision, Circular No. 97/16/2019 GST dated 05.04.2019 has clarified that provisions contained in Chapter II [Composition Levy] of the CGST Rules shall mutatis mutandis apply to persons paying tax by availing the benefit of this notification, except to the extent specified below:
 - i) the option of payment of tax by availing the benefit of this notification in respect of any place of business in any State/UT shall be deemed to be applicable in respect of all other places of business registered on the same PAN.
 - ii) the option to pay tax by availing the benefit of this notification would be effective from the beginning of the FY or from the date of registration in cases where new registration has been obtained during the FY.

4) Differences between composition taxpayer u/s 10 of CGST Act, 2017 & as per N/N 2/2019 – CT(R)

Composition scheme for all	Composition scheme for supplier of service
Applicable as per sec 10 of the CGST Act	Applicable as per N/N 02/2019 - CT (R)
Threshold limit - 1.5 crores: A registered person, whose aggregate turnover in the preceding FY did not exceed 1.5 crores /75 lakhs for 8 special category states.	Threshold limit – 50 lakhs: A registered person, whose aggregate turnover in the preceding FY was 50 lakh or below.
Specified category of registered persons only i.e., Manufacturers, traders & restaurant / catering service providers.	Introduced for exclusive supplier of services or major supplier services

Composition scheme for all	Composition scheme for supplier of service
Rate of tax payable is different for each category of specified registered persons	Rate of tax payable on suppliers of goods or services is 6% i.e. CGST 3% & SGST 3%.
He shall mention the words “composition taxable person, not eligible to collect tax on supplies” at the top of the bill of supply issued by him	He shall mention the following words at the top of the bill of supply, namely – “Taxable Person paying tax in terms of N/n 2/2019 –CT (rate), not eligible to collect tax on supplies”.
He shall mention the words “composition taxable persons” on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business	No such condition notified yet.

5) Amendments in the reverse charge notification

A. Goods transport agency services

Reverse charge mechanism (RCM) shall not apply to services provided by a GTA, by way of transport of goods in a goods carriage by road to-

- a Department/establishment of the Central Government/ State Government/ Union territory; or
- local authority; or
- Governmental agencies,

which has taken registration under the CGST Act, 2017 only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.

It may be noted that the said services have been simultaneously exempted from payment of tax vide Notification No. 28/2018 CT (R) dated 31.12.2018. Thus, there will be no tax liability in such cases.

B. Services provided by Business Facilitator (BF) to a Bank located in taxable territory shall be taxable under RCM.

C. Services provided by an agent of Business correspondent to a Business correspondent located in taxable territory shall be taxable under RCM.

D. Security services

Services of supply of security personnel by

- any person other than a body corporate
- to a registered person:

is chargeable to tax under reverse charge mechanism.

Following persons are excluded from paying GST under RCM i.e. in these cases, security Agencies shall pay GST under forward charge.

- When the following authorities only taken registration for the purpose of deducting TDS and not for making a taxable supply of goods or services:
 - Department/establishment of CG, SG or UT
 - Local authority

iii) Government agencies

b. Persons registered under composition scheme under section 10 of the said Act.

Note: The tax has to be paid under reverse charge mechanism on the gross amount charged (security personnel cost + PF + ESI + service charges+ other charges) by the security service providers and not merely on the service charges.

E. Long term lease of land (30 years or more)

- to Promoter
- by any person against consideration
- in the form of upfront amount (called as premium, salami, cost, price, development charges or by any other name) and/or periodic rent
- for construction of a project by a promoter.

F. With effect from 01.01.2019, a new clause has been inserted in the Explanation to reverse charge notifications stipulating that the provisions of this notification, in so far as they apply to the Central Government, State Government, shall also apply to the Parliament and State Legislature.

CHAPTER 4

EXEMPTIONS UNDER GST

- 1)** Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).
- 2)** Services supplied by Central/State Government/Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.
- 3)** Services provided by rehabilitation professionals recognised under the Rehabilitation Council of India Act, 1992 by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centres established by Central/State Government/Union territory or an entity registered under section 12AA of the Income Tax Act, 1961.
- 4)** Earlier, services provided by Indian Institutes of Managements (IIMs) as covered under entry No. 67 of said notification were exempt. However, under the amended position, with effect from 01.01.2019, entry No. 67 has been omitted as IIMs are now covered under the definition of 'educational institution' whose services are exempt under entry No. 66 of the said notification.
- 5)** Upfront amount (called as premium, salami, cost, price, development charges or by any other name)
 - payable in respect of service by way of
 - granting of long-term lease of 30 years, or more) of
 - industrial plots or plots for development of infrastructure for financial business,

- provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 50% or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area.

Note: GST exemption on the upfront amount is admissible irrespective of whether such upfront amount is payable or paid in one or more instalments, provided the amount is determined upfront.

CHAPTER 5

TIME OF SUPPLY

1) Drafting errors in sections 12 and 13 of the CGST Act, 2017 rectified.

Effectively, provisions as explained earlier remains unchanged.

CHAPTER 6

VALUE OF SUPPLY

1) Clarification on valuation methodology for ascertainment of GST on TCS under Income Tax Act, 1961

For the purpose of determination of value of supply under GST, tax collected at source (TCS) under the provisions of the Income Tax Act, 1961 would not be includible as it is an interim levy not having the character of tax. [Circular No. 76/50/2018 GST dated 31.12.2018 amended vide corrigendum dated 7.03.2019].

2) Clarification on discounts

A. Discounts including 'Buy more, Save more' offers

- Sometimes, the supplier offers staggered discount to his customers (increase in discount rate with increase in purchase volume). For example - Get 10 % discount for purchases above Rs. 5,000/-, 20% discount for purchases above Rs. 10,000/- and 30% discount for purchases above Rs. 20,000/-. Such discounts are shown on the invoice itself.
- Some suppliers also offer periodic / year ending discounts to their stockists, etc. For example- Get additional discount of 1% if you purchase 10,000 pieces in a year, get additional discount of 2% if you purchase 15,000 pieces in a year. Such discounts are established in terms of an agreement entered into at or before the time of supply though not shown on the invoice as the actual quantum of such discounts gets determined after the supply has been effected and generally at the year end. In commercial parlance, such discounts are colloquially referred to as "volume discounts". Such discounts are passed on by the supplier through credit notes.
- It is clarified that discounts offered by the suppliers to customers (including staggered discount under "Buy more, save more" scheme and post supply / volume discounts established before or at the time of supply) shall

be excluded to determine the value of supply provided they satisfy the parameters laid down in section 15(3)(b) of the CGST Act, including the reversal of ITC by the recipient of the supply as is attributable to the discount on the basis of document (s) issued by the supplier.

B. Secondary Discounts

- These are the discounts which are not known at the time of supply or are offered after the supply is already over. For example, M/s A supplies 10,000 packets of biscuits to M/s B at Rs. 10/- per packet. Afterwards M/s A re-values it at Rs. 9/- per packet. Subsequently, M/s A issues credit note to M/s B for Rs. 1/- per packet.
- The issue for consideration is that whether credit notes(s) under section 34(1) of the CGST Act can be issued in such cases even if the conditions laid down in section 15(3)(b) of the CGST Act are not satisfied.
- It is hereby clarified that **financial / commercial credit note(s) can be issued by the supplier even if the conditions mentioned in section 15(3)(b) of the CGST Act are not satisfied.** In other words, credit note(s) can be issued as a commercial transaction between the two contracting parties.
- It is further clarified that **such secondary discounts shall not be excluded while determining the value of supply as such discounts are not known at the time of supply and the conditions laid down in section 15(3)(b) of the CGST Act are not satisfied.**
- In other words, value of supply shall not include any discount by way of issuance of credit note(s) as explained above or by any other means, except in cases where the provisions contained in section 15(3)(b) of the CGST Act are satisfied.
- There is no impact on availability or otherwise of ITC in the hands of supplier in this case.

3) **Clarification on value to be adopted for computing GST on services of Business Facilitator (BF) or a Business Correspondent (BC) to Banking Company**

Issue: What is the value to be adopted for the purpose of computing GST on services provided by BF/BC to a banking company?

Clarification: As per RBI's Circular and subsequent instructions on the issue (referred to as 'guidelines' hereinafter), banks may pay reasonable commission/fee to the BC, the rate and quantum of which may be reviewed periodically. The agreement of banks with the BC specifically prohibits them from directly charging any fee to the customers for services rendered by them on behalf of the bank.

On the other hand, banks (and not BCs) are permitted to collect reasonable service charges from the customers for such service in a transparent manner. The arrangements of banks with the BCs specify the requirement that the transactions are accounted for and reflected in the bank's books by end of the day or the next working day, and all agreements/contracts with the customer shall clearly specify that the bank is responsible to the customer for acts of omission and commission of the BF/BC.

Hence, **banking company is the service provider in the BF model or the BC model** operated by a banking company as per RBI guidelines. The **banking company is liable to pay GST on the entire value of service charge or fee charged to customers** whether or not received via BF or BC.

CHAPTER 7

INPUT TAX CREDIT

1) Provisions introduced for availing ITC in case of bill to ship to situations in case of services [Explanation to section 16(2)(b) of the CGST Act]

Section 16(2) of CGST Act deals with the conditions for availing input tax credit. One such condition is that the goods or services or both shall be received by the registered person. In the case of “bill-to-ship-to” situations, for the purposes of availing of ITC on goods by the registered person, a deeming provision is present under which the registered person is deemed to have received the goods where the goods are delivered by the supplier to a recipient or any other person on the direction of the said registered person.

The CGST (Amendment) Act, 2018 has amended the said explanation to introduce such deeming fiction in case of services as well. As per the amended explanation, it shall be deemed that the **registered person has received the goods or, as the case may be, services**

- (i) 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;
- (ii) where the services are provided by the supplier to any person on the direction of and on account of such registered person.

2) For the purpose of reversal of ITC, value of exempt supplies not to include Schedule III items except sale of land and sale of building [Section 17(3) of the CGST Act]

As per section 17(2) of the CGST Act, 2017, where goods and/or services are partly used for making exempt supplies including zero rated supplies and partly for taxable supplies, ITC attributable to only taxable supplies and zero-rated supplies can be taken by the registered person. In other words, in such a case, ITC attributable to exempt supplies need to be reversed.

The CGST (Amendment) Act, 2018 has inserted an explanation to clarify that ‘value of exempt supply’ for the purpose of this sub-section shall not include the value of activities or transactions specified in Schedule III, except those specified in paragraph 5 of the said Schedule, i.e. sale of land and sale of building.

Therefore, while in all other items of Schedule III, ITC will not be required to be reversed; in case of sale of land and sale of building, ITC will need to be reversed.

3) Scope of Blocked Credits Reduced [Clause (a) and (b) of Section 17(5) of the CGST Act, 2017]

ITC of tax paid on almost every inputs and input services used for supply of taxable goods or services or both is allowed under GST except a small list of items as given below:

A. Motor vehicles for transportation of persons having approved SEATING CAPACITY OF NOT MORE THAN THIRTEEN PERSONS (including the driver), except when they are used for making the following taxable supplies, namely:

- i) further supply of such motor vehicles; or
- ii) transportation of passengers; or
- iii) imparting training on driving such motor vehicles;

Implications:

- ❖ ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) used for any purpose other than ones mentioned above is not allowed.
- ❖ ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed.
- ❖ ITC on any other motor vehicle (e.g. motor vehicle used for transportation of goods, dumpers, tippers etc.) used for any purpose is allowed.

Examples

- a) ITC on cars purchased by a manufacturing company for official use of its employees is blocked.
- b) ITC on cars purchased by a car dealer for sale to customers is allowed.
- c) ITC on cars purchased by a company engaged in renting out cars for transportation of passengers, is allowed.
- d) ITC on cars purchased by a car driving school is allowed.
- e) ITC on buses purchased by a company for transportation of its employees from their residence to office and back, is allowed.
- f) ITC on trucks purchased by a company for transportation of its finished goods is allowed.

B. Vessels and aircraft except when they are used for making the following taxable supplies, namely:

- i) further supply of such vessels or aircraft; or
- ii) transportation of passengers; or
- iii) imparting training on navigating such vessels; or
- iv) imparting training on flying such aircraft;
- v) for transportation of goods;"

Implication: ITC on vessels and aircrafts used for any purpose other than the ones mentioned above is not allowed.

Examples

- a) ITC on aircraft purchased by a manufacturing company for official use of its CEO is blocked.
- b) ITC on aircraft purchased by an Aviation School providing training on flying aircrafts, is allowed.

C. Services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred to above:

Provided that the input tax credit in respect of such services shall be available—

- 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—
 - a) in the manufacture of such motor vehicles, vessels or aircraft; or
 - b) in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him;”

Implication:

- ❖ ITC is not allowed on services of general insurance, servicing, repair and maintenance relating to motor vehicles, vessels or aircraft, ITC on which is not allowed.
- ❖ ITC is allowed on services of general insurance, servicing, repair and maintenance relating to motor vehicles, vessels or aircraft, ITC on which is allowed.

Examples

- a) ITC on general insurance taken on a car used by employees of a manufacturing company for official purposes, is blocked.
- b) ITC on maintenance & repair services availed by a company for a truck used for transporting its finished goods, is allowed.

D. Foods and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft on which ITC is not allowed, Life Insurance and Health Insurance EXCEPT WHEN

- i) An inward supply of these is used for making an outward taxable supply of the same category or as an element of a taxable composite or mixed supply.
- ii) The Government has made it obligatory for an employer to provide any of these services to its employees;

Implication:

- ❖ ITC on such goods and/or services when used for any purpose other than the ones mentioned above, is not allowed.
- ❖ When such goods and/or services are provided by the employer to its employees without any statutory obligation, ITC thereon is blocked.

Example

- a) AB & Co., a caterer of Amritsar, has been awarded a contract for catering in a marriage to be held at Ludhiana. The firm has given the contract for supply of snacks, to be served in the marriage, to CD & Sons, a local caterer of Ludhiana. ITC on such outdoor catering services availed by AB & Co., is allowed.

- b) ITC on outdoor catering services availed by a company, for a team development event organised for its employees, is blocked.
- c) ITC on outdoor catering service availed by a company to run a canteen in its factory. The Factories Act, 1948 requires the company to set up a canteen in its factory. ITC on such outdoor catering is allowed.
- d) ABC Limited is engaged in providing outdoor catering services and his company has purchased inputs and input services for the purpose of providing output services. In this case, tax credit is allowed.
- e) Ram is engaged in the business of beauty treatment; he will be allowed tax credit of tax paid on input goods/services.

E. Membership of a club, health and fitness centre except where the Government has made it obligatory for an employer to provide any of these services to its employees;

F. Travel benefits to employees on vacation such as LTC or home travel concession; except where the Government has made it obligatory for an employer to provide any of these services to its employees;

4) Procedure for Utilization of Credit [Sec 49A r/w Rule 88A of CGST Rules]

ITC is credited to registered person's electronic credit ledger. He may use this to pay his output tax liability.

New Set-Off Order is as follows:

- i) ITC of IGST shall be used to pay outward tax liability of IGST first and thereafter, balance will be used to pay outward tax liability CGST and SGST in any order and in any proportion. **[Rule 88A]**
- ii) ITC of CGST and SGST/UTGST shall be used only after ITC of IGST is fully utilised. **[Section 49A]**

Particulars	IGST Liability	CGST Liability	SGST Liability	Remarks
IGST credit	1st	2nd or 3rd	2nd or 3rd	ITC of IGST to be exhausted first , then only ITC of CGST or SGST/UGST can be utilized.
CGST credit	2nd	1st	NA	
SGST credit	2nd	NA	1st	

Manner of utilization of ITC

Payment for	First set off from ITC of	Then set off from ITC of	Then set off from ITC of
IGST Liability	IGST	CGST	SGST
CGST Liability	IGST	CGST	NA
SGST Liability	IGST	SGST	NA

Important Points

- iii) While paying outward tax liability of IGST, first ITC of IGST shall be used; then ITC of CGST shall be used and if ITC of CGST is fully utilized, then ITC of SGST/UTGST shall be used; in that order.

Thus, SGST/ UTGST to be used for payment of IGST only when credit of CGST is not available.

- iv) While paying outward tax liability of CGST, first ITC of IGST shall be used and then ITC of CGST shall be used; in that order.
- v) While paying outward tax liability of SGST/UTGST, first ITC of IGST shall be used and then ITC of SGST/UTGST shall be used; in that order.
- vi) Cross-utilization of credit is available only between
 - IGST and CGST and
 - IGST and SGST/UTGST.
- vii) CGST credit cannot be utilized for payment of SGST/UTGST and SGST/UTGST credit cannot be utilized for payment of CGST.

5) Transfer of Credit on obtaining Separate Registrations for Multiple Places of Business within a State/Union territory [Rule 41A of CGST Rules, 2017]

A registered person (transferor) who has obtained separate registration for multiple places of business within a State/UT and who intends to transfer, either wholly or partly, the unutilised ITC lying in his electronic credit ledger to any or all of the newly registered place of business,

- should furnish the prescribed details on the common portal
- within a period of 30 days from obtaining such separate registrations.

Upon acceptance of such details by the newly registered person (transferee) on the common portal, the unutilised ITC would get credited to his electronic credit ledger.

The ITC is transferred to the newly registered entities in the ratio of the value of assets held by them at the time of registration. Here, the 'value of assets' means the value of the entire assets of the business whether or not ITC has been availed thereon.

6) Value of assets for the purpose of apportionment of ITC in case of demerger to include value of entire assets of the business, whether or not ITC has been availed thereon [Explanation inserted after proviso to rule 41(1) of the CGST Rules, 2017]

In case of change in constitution of a registered person like

- sale, demerger, transfer of business, amalgamation, merger, death of sole proprietor 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.

The registered person will have to furnish the details of change in constitution on the common portal and submit a certificate from practicing Chartered Account/Cost Accountant certifying that the change in constitution has been done with a specific provision for transfer of liabilities.

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.

Note: “Value of assets” means the value of the entire assets of the business, whether or not ITC has been availed thereon.

7) Clarification on ITC in the hands of Supplier in respect of Sales Promotional Schemes

I. Free samples and gifts

Section 17(5) of the CGST Act provides that ITC shall not be available in respect of goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples.

It has been clarified that ITC shall not be available to the supplier on the inputs, input services and capital goods to the extent they are used in relation to the gifts or free samples distributed without any consideration.

However, where the activity of distribution of gifts or free samples falls within the scope of “supply” on account of the provisions contained in Schedule I of the said Act, the supplier would be eligible to avail the ITC.

II. Buy one get one free offer:

It is clarified that ITC shall be available to the supplier for the inputs, input services and capital goods used in relation to supply of goods or services or both as part of such offers.

III. Discounts including ‘Buy more, save more’ offers

It is clarified that the supplier shall be entitled to avail the ITC for such inputs, input services and capital goods used in relation to the supply of goods or services or both on such discounts.

CHAPTER 8 REGISTRATION

1. PERSONS LIABLE FOR REGISTRATION

[SEC 22]

1.1. Threshold limit for registration

Every supplier of goods or services or both is required to obtain registration

- in the State or the Union territory from where he makes the taxable supply
- if his **aggregate turnover exceeds the prescribed limit in a FY.**

S No.	States	Turnover Limit for Registration
<i>For Supplier Engaged Exclusively in “SUPPLY OF GOODS”</i>		

1	Manipur, Mizoram, Nagaland, Tripura (special category states)	Rs 10 Lakh
2	Uttarakhand, Meghalaya, Sikkim, Arunachal Pradesh, Puducherry, Telangana	Rs 20 Lakh
3	Rest States of India	Rs 40 Lakh
For Supplier Engaged in "SUPPLY OF SERVICES" OR Both "GOODS AND SERVICES"		
1	Manipur, Mizoram, Nagaland, Tripura (special category states)	Rs 10 Lakh
2	Rest States of India	Rs 20 Lakh

However, the above limit of INR 40 lakhs in case of exclusive supplier of goods does not apply to following:

- persons required to take compulsory registration under section 24 of the said Act;
- persons engaged in making supplies of the goods, namely – Ice cream and other edible ice, whether or not containing cocoa, Pan Masala and Tobacco and manufactured tobacco substitutes
- persons engaged in making intra-State supplies in the States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura, Uttarakhand
- persons exercising option under the provisions of 25(3), i.e. who have voluntarily obtained GST registration or such registered persons who intend to continue with their registration under the said Act.

Examples

Supplier	engaged	Aggregate Turnover	Applicable threshold limit for registration	Whether liable to obtain registration?
Prithviraj of Assam	exclusively in supply of shoes	INR 22 lakh		
	exclusively in supply of pan masala	INR 22 lakh		
	exclusively in supply of taxable services	INR 22 lakh		
	in supply of both taxable goods and services	INR 22 lakh		
Shivaji of Telangana	exclusively in supply of toys	INR 22 lakh		
	exclusively in supply of ice cream	INR 22 lakh		
	exclusively in supply of taxable services	INR 22 lakh		
	in supply of both taxable goods and services	INR 22 lakh		

Supplier	engaged	Aggregate Turnover	Applicable threshold limit for registration	Whether liable to obtain registration?
Ashoka of Manipur	exclusively in supply of paper	INR 12 lakh		
	exclusively in supply of tobacco	INR 12 lakh		
	exclusively in supply of taxable services	INR 12 lakh		
	in supply of both taxable goods and services	INR 12 lakh		

2) Compulsory registration for e-commerce operator who is required to collect tax at source [Section 24(x) of CGST Act]

3) State-wise registration [Section 25(2) read with rule 11]

A. One registration per State

Registration needs to be taken State-wise, i.e. there is no centralized registration under GST. A business entity having its branches in multiple States will have to take separate State-wise registration for the branches in different States.

Further, within a State, an entity with different branches may have single registration wherein it can declare one place as principal place of business (PPoB) and other branches as additional place of business (APoB).

B. Separate registration for different ~~business-verticals~~ place of business within a State/UT may be granted

A business entity having

- multiple ~~business-verticals~~ places of business in a State or Union territory in a State or UT
- may be granted a separate registration for each such ~~business-verticals~~ place of business, subject to conditions prescribed in Rule 11.

The provisions of substituted Rule 11 are featured hereunder –

- The registered person having multiple places of business within a State or a Union territory shall be granted a separate registration only if below mentioned conditions are satisfied –
 - i) The registered person should have more than one place of business as defined in section 2 (85).
 - ii) The registered person who is willing to obtain separate registration should not be availing the benefit of composition scheme.
 - iii) In case of inter-unit supply (i.e. supply by one registered unit to another registered unit) of the goods or services or both, the same shall be treated as regular supply. The registered person is required to issue tax invoice and pay applicable tax on the same.

- The registered person who is willing to obtain the separate registration for a place of business is required to submit an application in FORM GST REG-01 in respect of such place of business.

Crux: Although a taxpayer having multiple PoBs in one State is not mandatorily required to obtain separate registration for each such PoB in the State, he has an option to obtain independent registration with respect to each such separate PoB subject to provisions of Rule 11.

Example:

Meethalal & Sons - a supplier in Delhi has three branches – two engaged in supply of garments and one engaged in supply of shoes. While as per the erstwhile provisions, Meethalal & Sons could obtain only registrations – one for business vertical of garments and another for business vertical of shoes, now it can obtain separate GST registration for each three branches.

4) Suspension of registration [proviso to section 29(1)]

Once a registered person has applied for cancellation of registration or the proper officer seeks to cancel his registration,

- the proper officer may suspend his registration during pendency of the proceedings
- for such period and in such manner as may be prescribed**.

The intent of the said amendment is to ensure that a taxpayer is freed from the routine compliances, including filing returns, under GST law during the pendency of the proceedings related to cancellation of registration.

****Period and manner of suspension of registration [Rule 21A of the CGST Rules, 2017]**

A. Where a registered person has applied for cancellation of registration, the registration shall be deemed to be suspended from:

- i) the date of submission of the application
- or
- ii) the date from which the cancellation is sought,

whichever is later, pending the completion of proceedings for cancellation of registration.

B. Where cancellation of the registration has been initiated by the Department on their own motion: Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled, 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.

Common Points

A registered person, whose registration has been suspended as above:

- a) shall not make any taxable supply during the period of suspension and
- b) 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 cancellation proceedings by the proper officer. Such revocation shall be effective from the date on which the suspension had come into effect.

5) Pending returns to be filed before revocation of cancellation of registration [Rule 23 of the CGST Rules, 2017]

Where the registration has been cancelled with effect from the date of order of cancellation of registration,

- i) all returns due till the date of such cancellation are required to be furnished before the application for revocation can be filed and
- ii) all returns required to be furnished in respect of the period from the date of order of cancellation till the date of order of revocation of cancellation of registration have to be furnished within a period of 30 days from the date of the order of revocation.

However, where the registration has been cancelled with retrospective effect,

- the application for revocation of cancellation of registration can be filed, subject to the condition that
- all returns relating to the period from the effective date of cancellation of registration
- till the date of order of revocation of cancellation of registration
- shall be filed within a period of 30 days from the date of order of such revocation of cancellation of registration.

CHAPTER 9

TAX INVOICE, CREDIT AND DEBIT

NOTE

1) One or more credit/ debit notes can be issued for multiple invoices [Sub- sections (1) and (3) of section 34 of the CGST Act]

Earlier, a credit/debit note, which is issued by the registered person under section 34, was required to be issued invoice-wise. This used to cause avoidable compliance burden for tax payers.

The CGST (Amendment) Act, 2018 has amended sub-section (1) of section 34 to allow the registered person to issue one (consolidated) or more credit notes in respect of multiple invoices issued in a financial year without linking the same to individual invoices.

Similarly, sub-section (3) of section 34 has been amended to allow the registered person to issue one (consolidated) or more debit notes in respect of multiple invoices issued in a financial year without linking the same to individual invoices.

2) Signature/ digital signature of the supplier/ his authorised representative not required on

- i) electronic tax invoice,
- ii) electronic bill of supply,

- iii) electronic consolidated tax invoice in case of banking companies etc. and
- iv) electronic ticket for passenger transportation service [Rules 46, 49 and 54 of the CGST Rules, 2017]

3) **New Contents Prescribed for Credit Note and Debit Note [Rule 53(1A)]**

Prior to amendment, Rule 53(1) of the CGST Rules, 2017 prescribed the contents of revised tax invoice as well as credit or debit notes.

A new sub-rule (1A) has been inserted in rule 53 to provide the contents of debit and credit notes separately. Consequently, sub-rule (1) now provides the contents of only the revised tax invoice.

Further, information relating to -

- a) nature of document,
- b) value of taxable supply of goods or services, rate of tax and the amount of the tax credited or debited to the recipient

is no longer required to be mentioned on the revised tax invoice.

The new sub-rule (1A) sets out the contents of credit and debit note as under:

a)	Name, address and GSTIN of the supplier;
b)	nature of the document;
c)	A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets/numerals/special characters, hyphen or dash and slash and any combination thereof, unique for a FY;
d)	Date of its issue;
e)	If recipient is registered - Name, address and GSTIN or UIN of recipient
f)	If recipient is unregistered - Name and address of the recipient and the address of delivery, along with the name of State and its code.
g)	Serial number and date of the corresponding tax invoice(s) or, as the case may be, bill(s) of supply;
h)	value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient; and
i)	Signature or digital signature of the supplier or his authorized representative.

CHAPTER 10

PAYMENT OF TAX

Already covered under ITC Chapter.

CHAPTER 11

RETURNS

1) Composition taxpayers and tax payers paying tax under Notification No. 2/2019 CT dated 01.03.2019 to file return annually and make payment quarterly.

Every registered person paying tax under section 10 or paying tax by availing the benefit of Notification No. 02/2019 CT (R) dated 07.03.2019 shall electronically furnish -

- i) a statement in the prescribed form containing details of payment of self-assessed tax, for every quarter (or part of the quarter), by 18th day of the month succeeding such quarter; and
- ii) furnish a return (GSTR 4) for every financial year (or part of the financial year), on or before 30th day of April following the end of such financial year.

Notes:

- a) Every registered person furnishing the statement above shall discharge his liability towards tax or interest payable by **debiting the electronic cash ledger**.
- b) The return (GSTR 4) furnished shall include the-
 - i) invoice wise inter- State and intra-State inward supplies received from registered and un- registered persons; and
 - ii) consolidated details of outward supplies made.
- c) A registered person who has opted to pay tax under section 10 or by availing the benefit of Notification No. 02/2019 CT (R) dated 07.03.2019 from the beginning of a financial year shall,
 - where required, furnish the details of outward and inward supplies and return under Rules 59, 60 and 61
 - relating to the period during which the person was liable to furnish such details and returns
 - till the due date of furnishing the return for the month of September of the succeeding financial year or furnishing of annual return of the preceding financial year,
 - whichever is earlier.

Here, the person shall not be eligible to avail ITC on receipt of invoices or debit notes from the supplier for the period prior to his opting for the composition scheme or paying tax by availing the benefit of Notification No. 02/2019 CT (R) dated 07.03.2019.

- d) A registered person opting to withdraw from the composition scheme at his own motion or
 - where option is withdrawn at the instance of the proper officer shall,
 - where required, furnish a statement in the prescribed form for the period for which he has paid tax under the composition scheme
 - till the 18th day of the month succeeding the quarter in which the date of withdrawal falls and

- furnish GSTR 4 for the said period till the 30th day of April following the end of the financial year during which such withdrawal falls.

- e) A registered person who ceases to avail the benefit of Notification No. 02/2019 CT (R) dated 7.03.2019, shall,
- where required, furnish a statement in the prescribed form for the period for which he has paid tax by availing the benefit under the said notification
 - till the 18th day of the month succeeding the quarter in which the date of cessation takes place and
 - furnish GSTR 4 for the said period till the 30th day of April following the end of the financial year during which such cessation happens.

2) GST Practitioner enabled to perform other prescribed functions as well/ Scope of activities that can be undertaken by a GSTP enhanced [Section 48(2) of the CGST Act]

A GSTP can undertake any/all of the following activities on behalf of a registered person, if so, authorized by him:

- i) Furnish monthly, quarterly, annual or final return;
- ii) Make deposit for credit into the electronic cash ledger;
- iii) File a claim for refund;
- iv) File an application for registration amendment/ cancellation;
- v) Appear as authorized representative before any officer of Department, Appellate Authority or Appellate Tribunal, on behalf of such a registered person;
- vi) furnish information for generation of e-way bill;
- vii) furnish details of challan in the prescribed form;
- viii) file an application for amendment or cancellation of enrolment under Rule 58;
- ix) file an intimation to pay tax under the composition scheme or withdraw from the said scheme; and
- x) To perform such other functions in such manner as may be prescribed.

3) Books of accounts of Central/State Government or local authority

- which are subject to audit by CAG or an auditor appointed for auditing the accounts of local authorities
- are not subject to audit by a Chartered Accountant/Cost Accountant [Rule 80(3) of the CGST Rules, 2017]

4) Time period available to a Sales Tax Practitioner/ Tax Return Preparer enrolled as a GSTP to pass the examination conducted by NACIN increased from 18 months to 30 months

Any person who has been enrolled as GSTP by virtue of him being enrolled as a

- Sales Tax Practitioner or Tax Return Preparer under the earlier Indirect Tax law
 - shall remain enrolled only for a period of 30 months from the appointed date
- unless he passes the said examination within the said period of 30 months.

①

Service

↓
Anything other than Goods

+
Includes

a) Activities relating to use of Money ✓

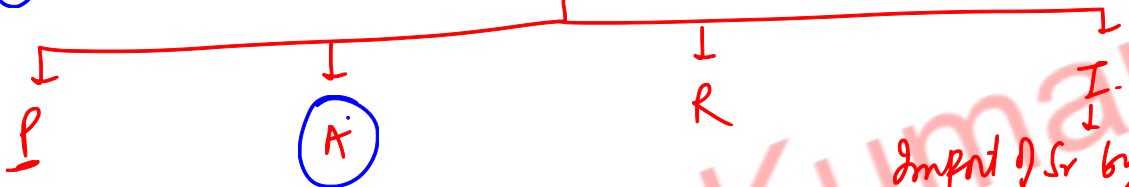
b) Tr. in money involving consideration ✓

c) facilitating or arranging Tr. in securities ✓

Excludes Money & Security ✓

②

Schedule I.



Import of Sr by taxable person from related person or est. of India in the course or furtherance of business -

Non taxable person

Grower of Bananas (India)

Sr.

Related person (US)

Earlier Law → No deemed supply → No GST.

Now → Deemed supply → GST ✓

③ Del Credere Agent

Assists supplier in making supply

+
Guarantees payment to supplier

op1: pays supplier if recipient defaults.

op2: Grants short term loan to R so that he can pay to S.

↓
In return for higher commission -

Issue 1 Whether DCA is covered under Sch I of CGST Act -

If DCA has auth. to receive or the title in Goods.

① If P issues invoice to R.

→ DCA is not covered under Sch I.

No. of supply of 4 → 1

② If P issues invoice to DCA & DCA further issues invoice to R on behalf of P in the name of P.

→ DCA is not covered under Sch I.

No. of supply of 4 → 1

③ If P issues invoice to DCA & DCA further issues invoice to R on behalf of P in his own name.

→ DCA is covered under Sch I

No. of supply of 4 → 2

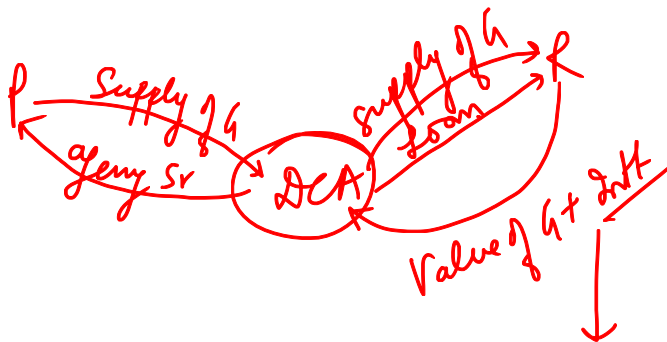
Issue 2

P

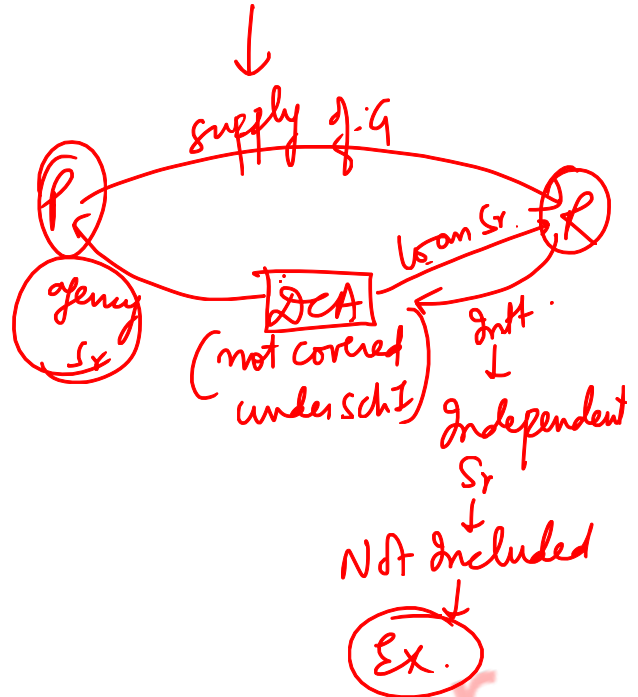


Whether this Intt paid by R to DCA is included in value of supply

Where DCA is covered under Sch I



Where DCA is not covered under Sch I



④ Free sample & Gifts

General Law
No consideration = No supply

ITC not allowed
ITC to be reversed.

Exception

Schedule I.

If conditions of Sch I is satisfied; it is treated as supply.

ITC allowed

B. Buy 1 Get 1
 4 Lux + 1 Lux
 Oral B Brush + 1 Paste
 Laptop + charger

25

1+1 free → 2 or more supplies for a single price
 → Taxability will depend upon whether it is
 mixed supply or composite supply [8(a)]
 8(b)

↓
 ITC fully allowed.

Chapter 3.

① 9(4)

Unreg'd
 Supplies

supply of specified class of

g/sr

Cement
 &
 Cap. Goods

specified class of

Reg'd

Recipient

Promoters

RCM

Govt

② Composition Scheme [Sec 10].

① Who can opt for Compo Scheme?

→ A person having aggregate T/O - upto 1.5 cr in preceding FY
for 8 special category states → 75L-

T → Turnover

M →
┌ Manipur
├ Mizoram
└ Meghalay

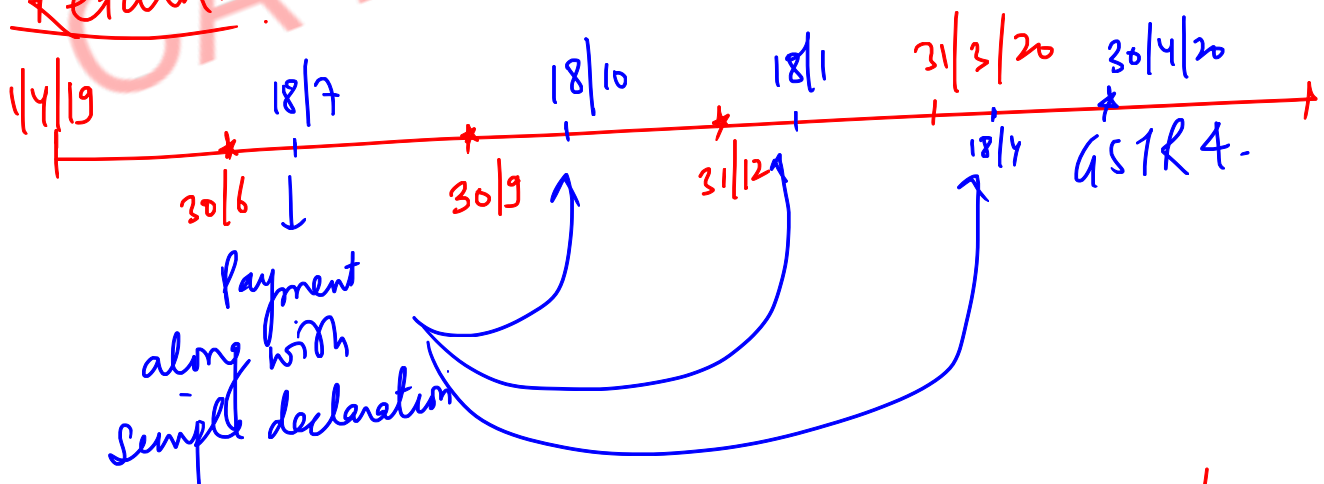
A → Arunachal Pradesh

N → Nagaland

U → Uttarakhand

S → Sikkim.

③ Return.



Return [GST R4] shall be filed annually upto 30/4 of subsequent FY

However, Payment of Compo tax shall remain quarterly i.e upto 18th of M following end of relevant Qtr along with simple declaration

(C) Rates

② Eligible supplier u/s 10 allowed to supply Sr [other than Restaurant Sr] of value not exceeding

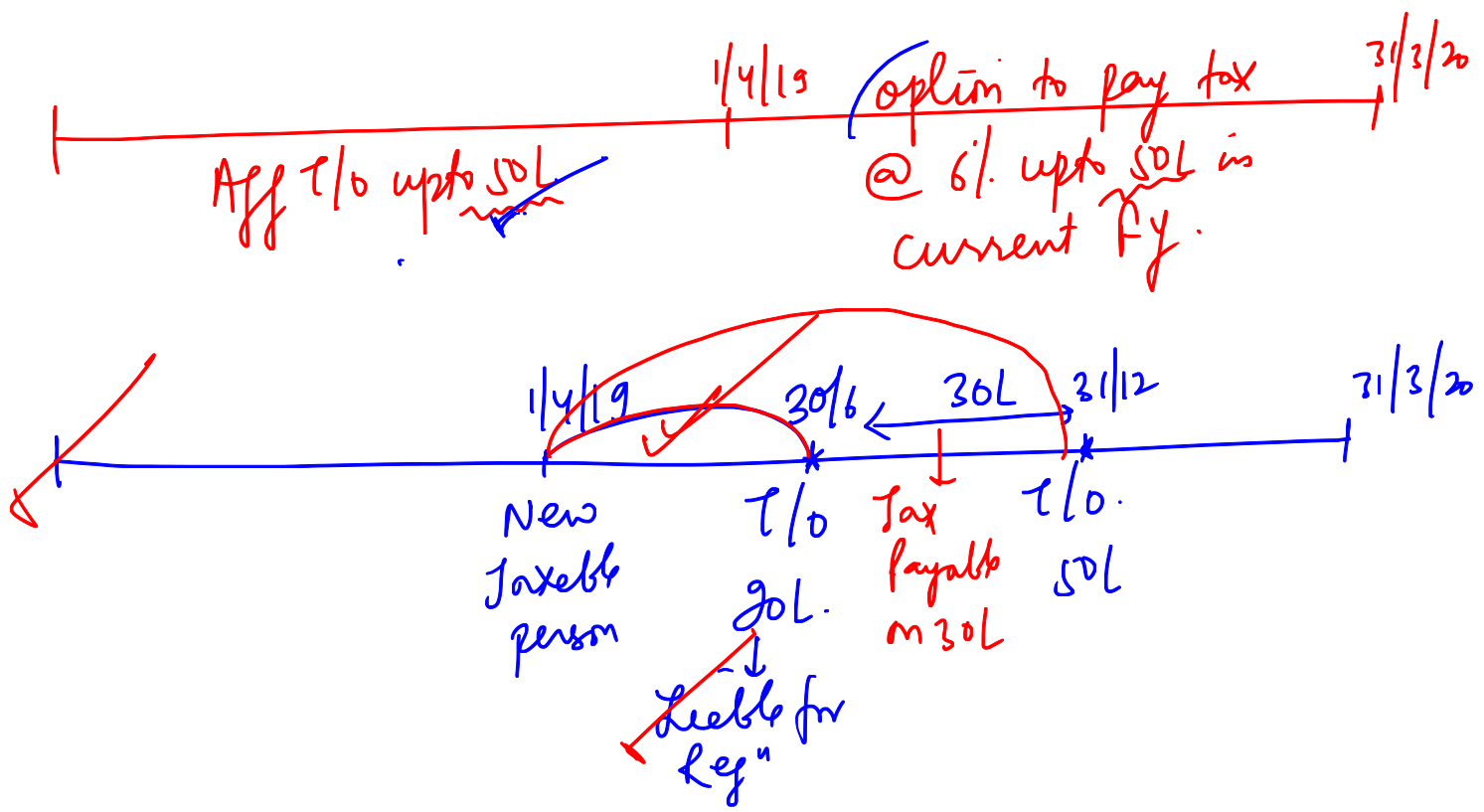
a) 500 m

b) 10% T/o in State/UT in preceding fy higher -

<u>Seller</u>	<u>T/o in preceding fy</u>	<u>Max Value of Sr allowed u/s 10</u>
	1 crore	10L
	46L	5L
	2a.	Not eligible

N/N 2/2019

③ Person engaged in exclusive supply of Sr or majority Sr (G as well as Sr) > higher than 500 m

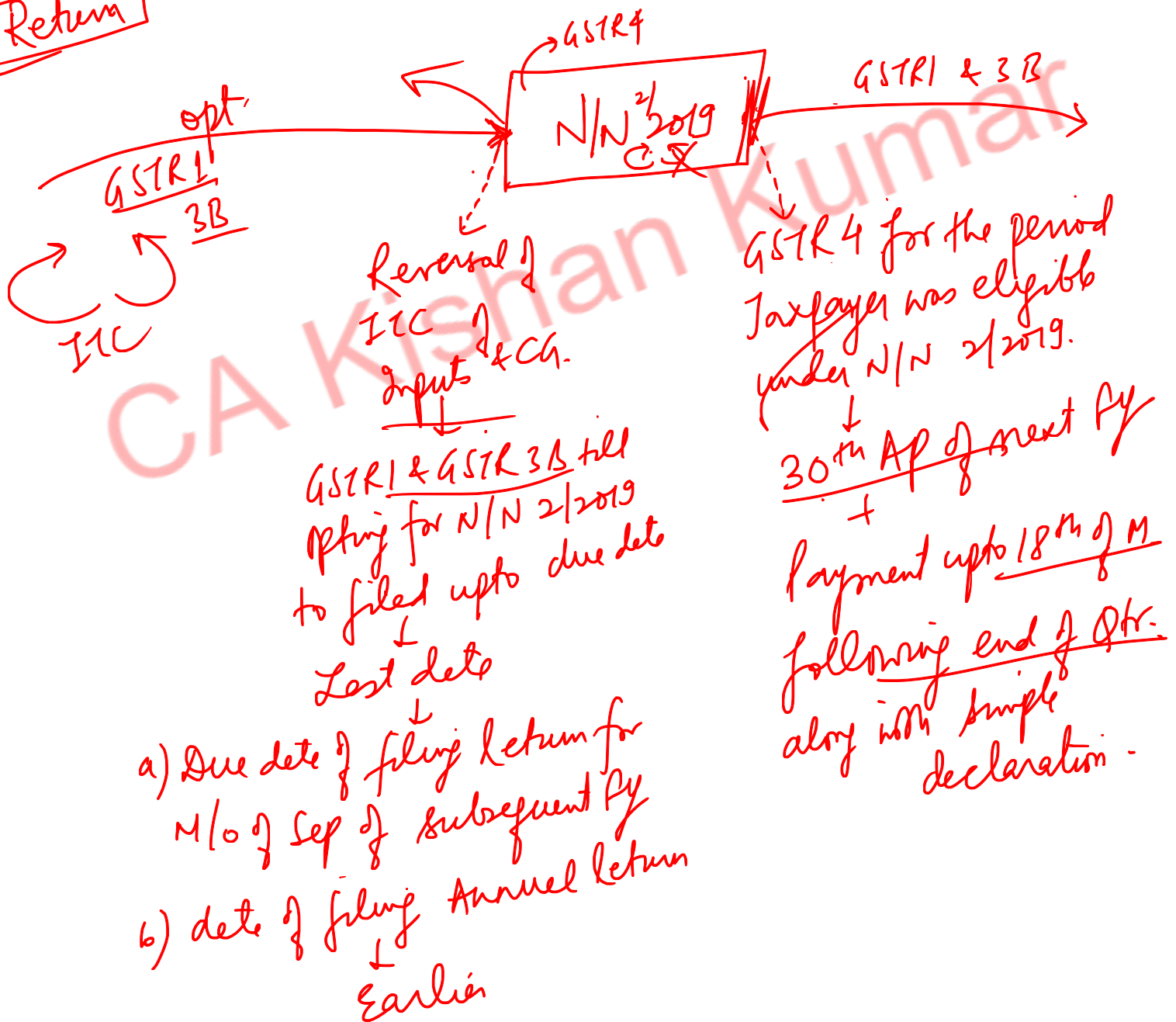


For the purpose of determining eligibility criteria of SGL.

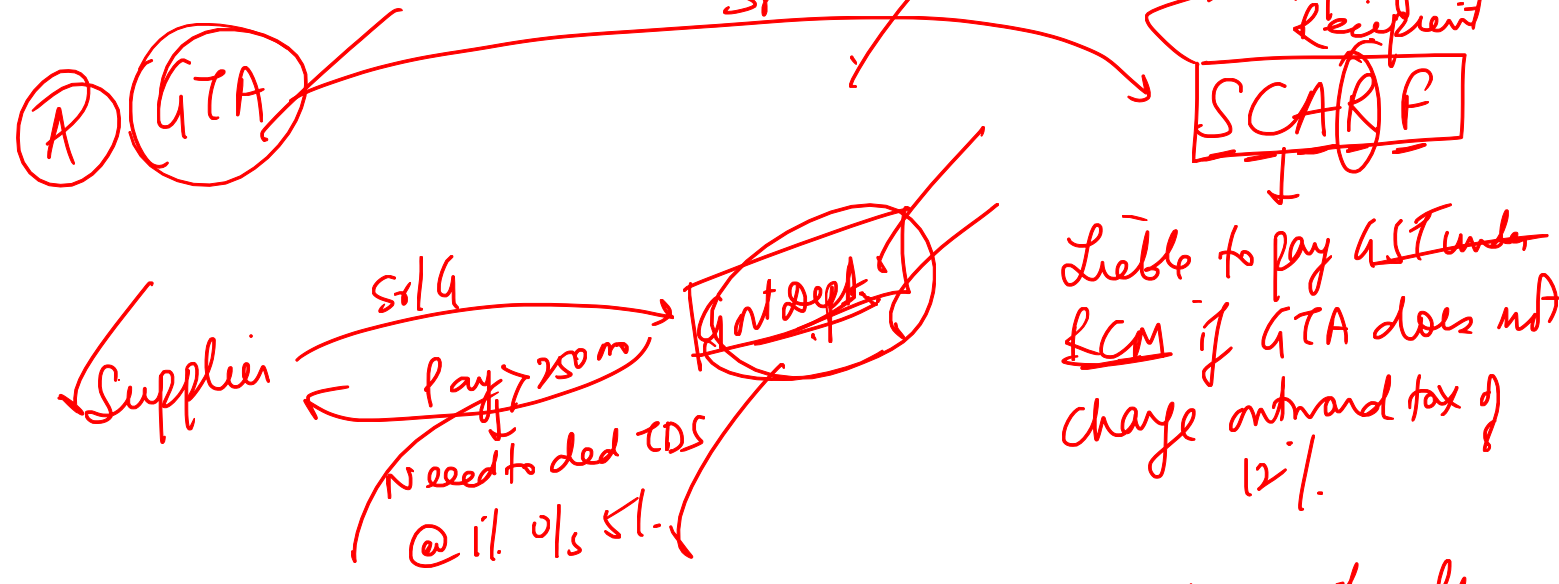
→ supply from 1/4/19 till the date of becoming liable for Regn included.

for determining tax liab → supply from 1/4/19 till the date of becoming liable for Regn not included - Tax payable on $(50-20) = 30L$.

Return

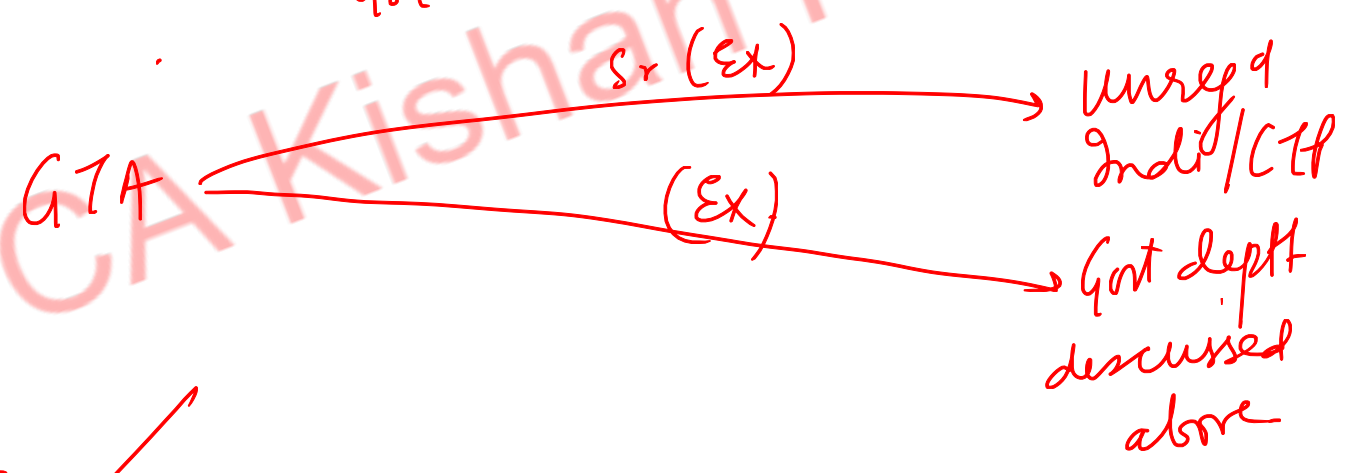


⑤ RCM



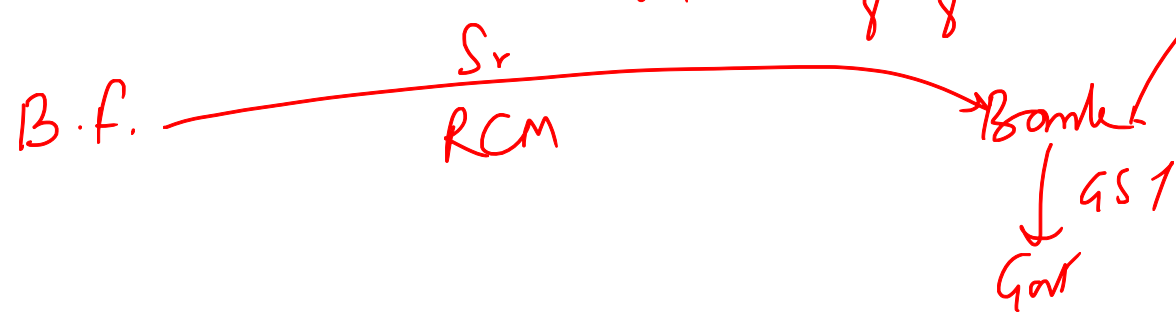
Liab^e to pay GST under RCM if GTA does not charge outward tax of 12%.

If Dept^t of CG/SG/UT/LA/Govt agency, is regd only for the purpose of dedⁿ CDS of ST & not for making any taxable supply; such Regd person need not pay GST under RCM.



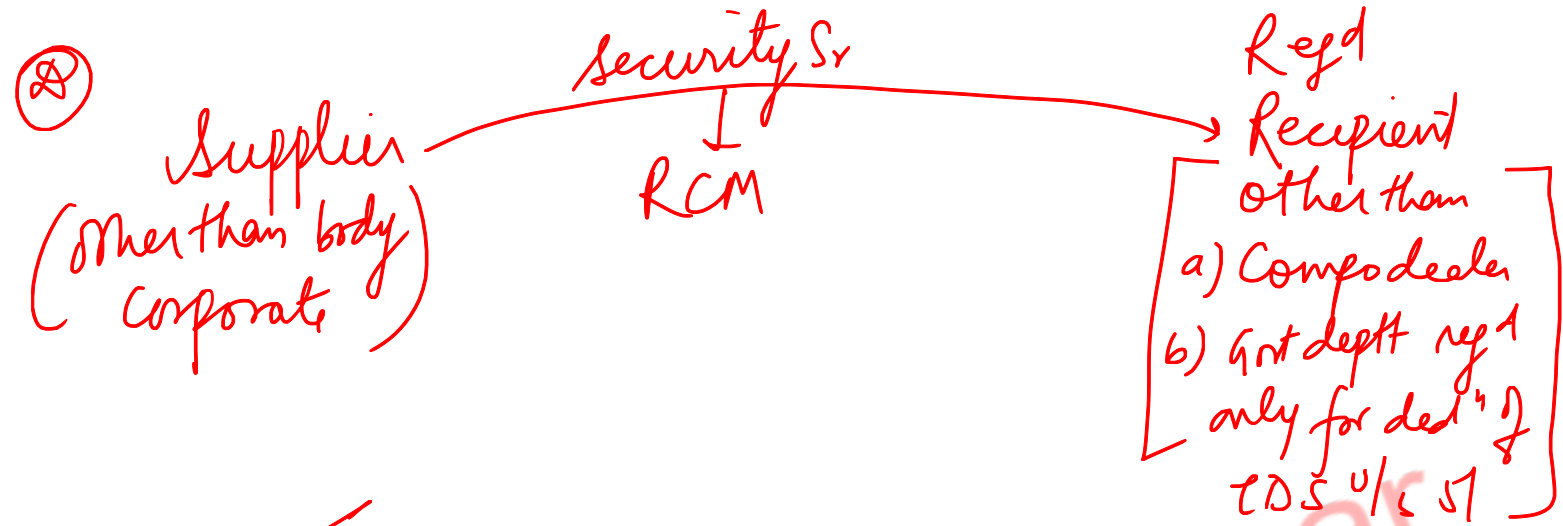
B&C Business facilitator → Can refer clients & facilitate Bank but can't act on behalf of Bank.

Business Correspondent → Entitled to carry out functions on behalf of Bank.



B.C. $\xrightarrow[\text{fwd charge-}]{\text{Sr}}$ Bank

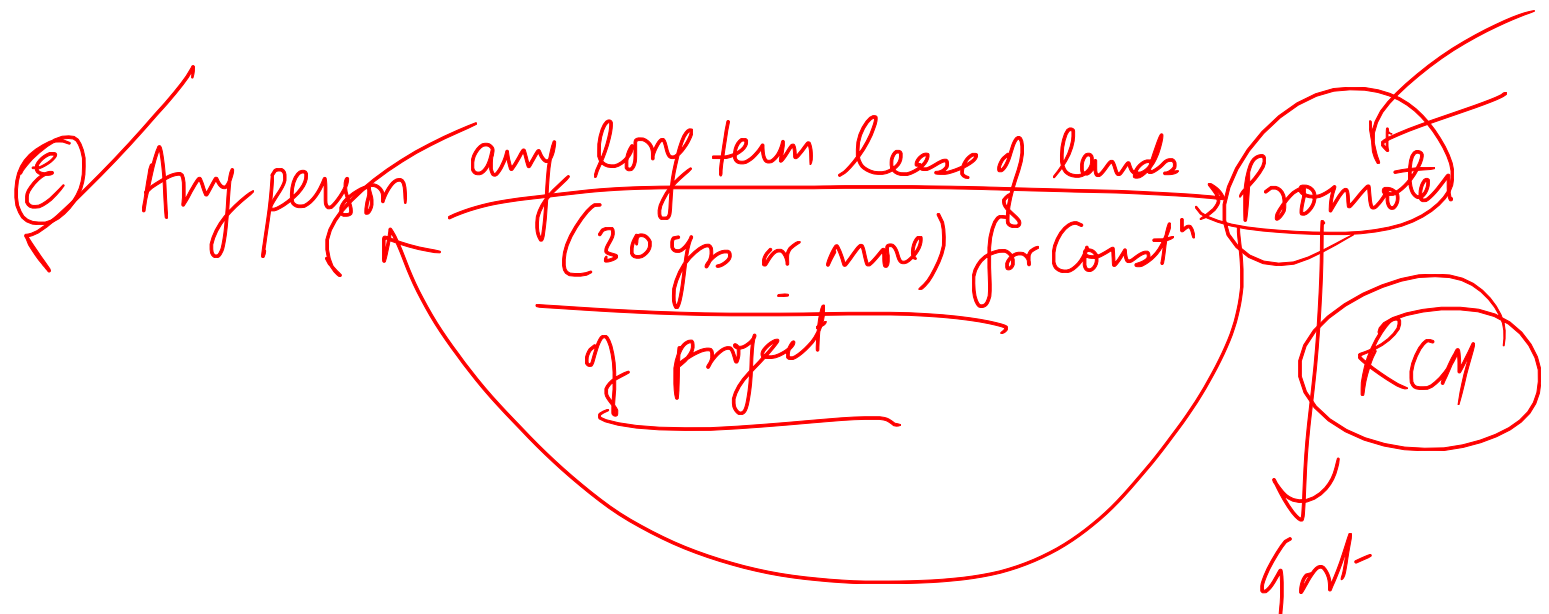
Agent - of B.C. $\xrightarrow[\text{RCM}]{\text{Sr}}$ B.C.

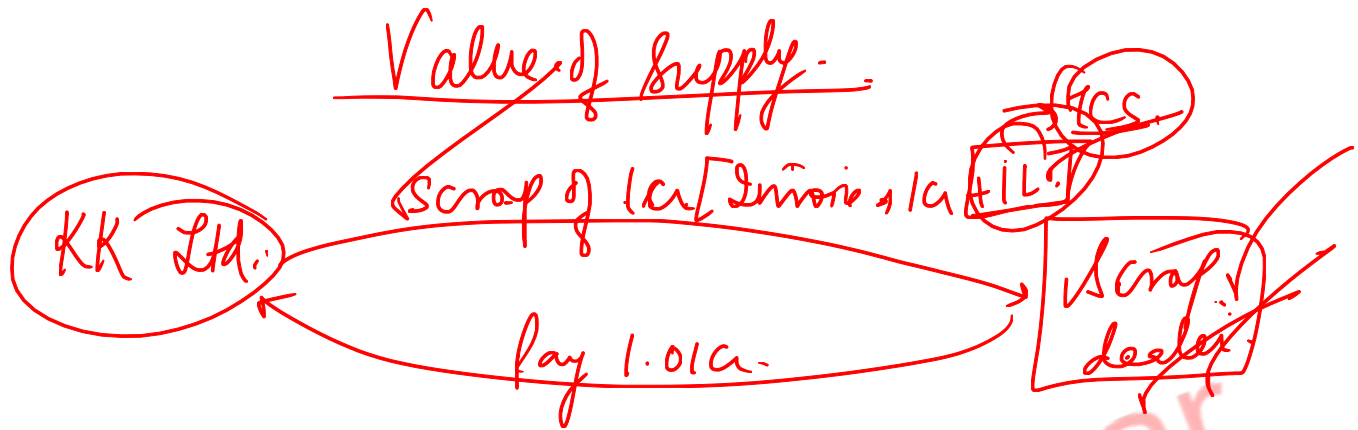
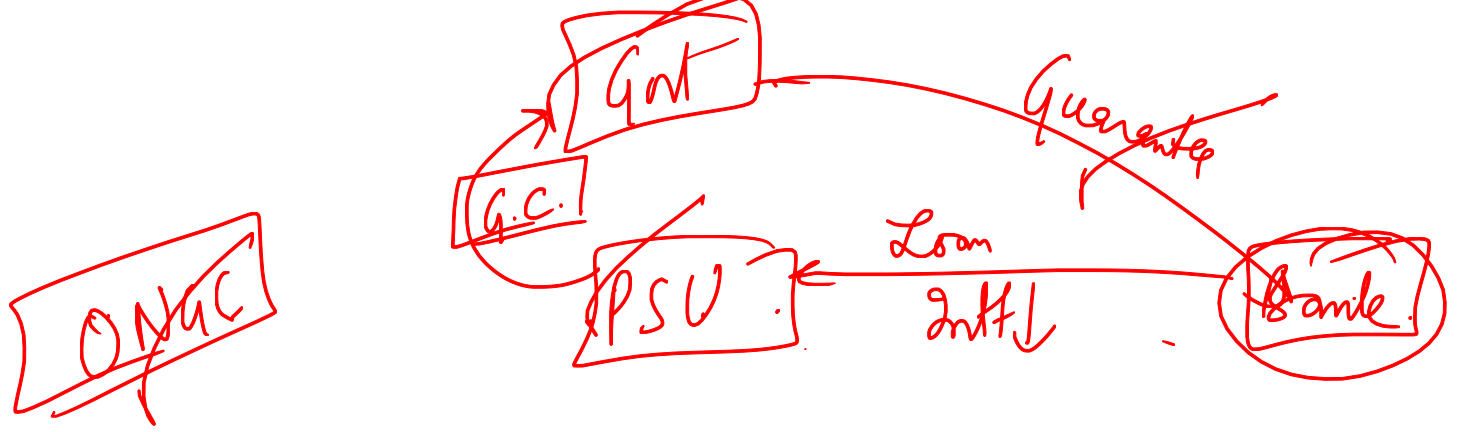


✓ SLV Security Ltd. $\xrightarrow{\text{fwd}}$ Infosys

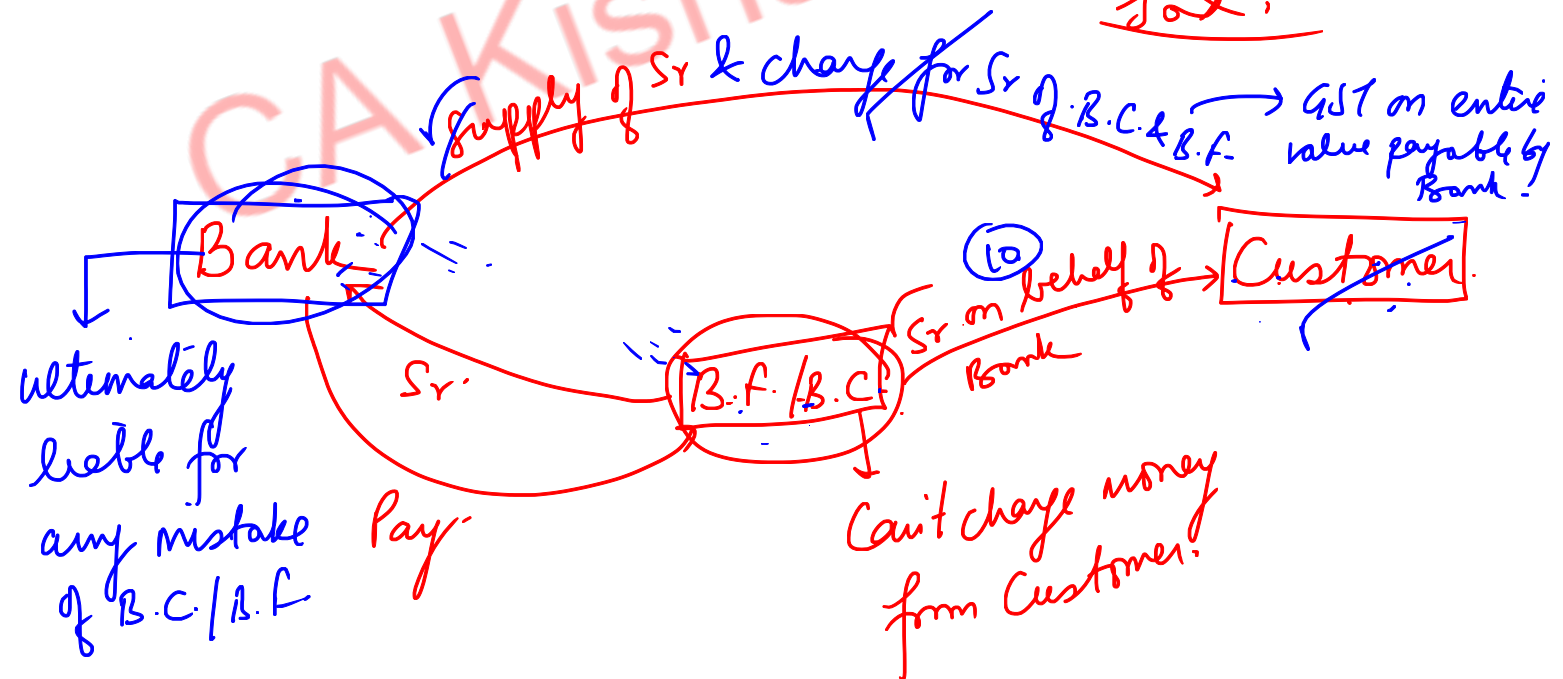
Kishan $\xrightarrow{\text{RCM}}$ Infosys

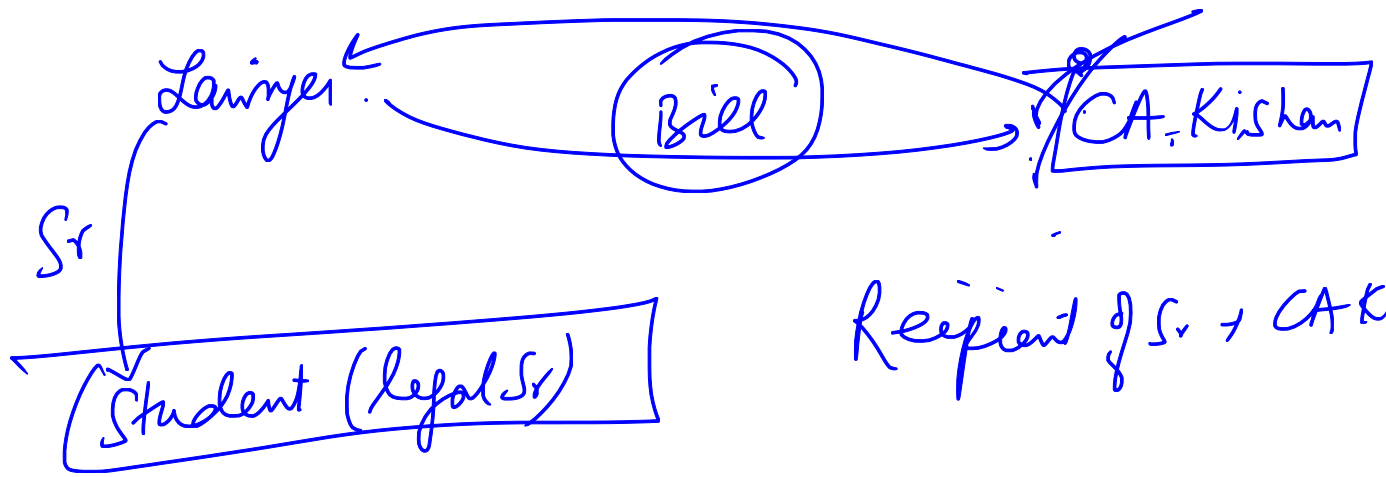
Kishan $\xrightarrow{\text{fwd}}$ Compo dealer



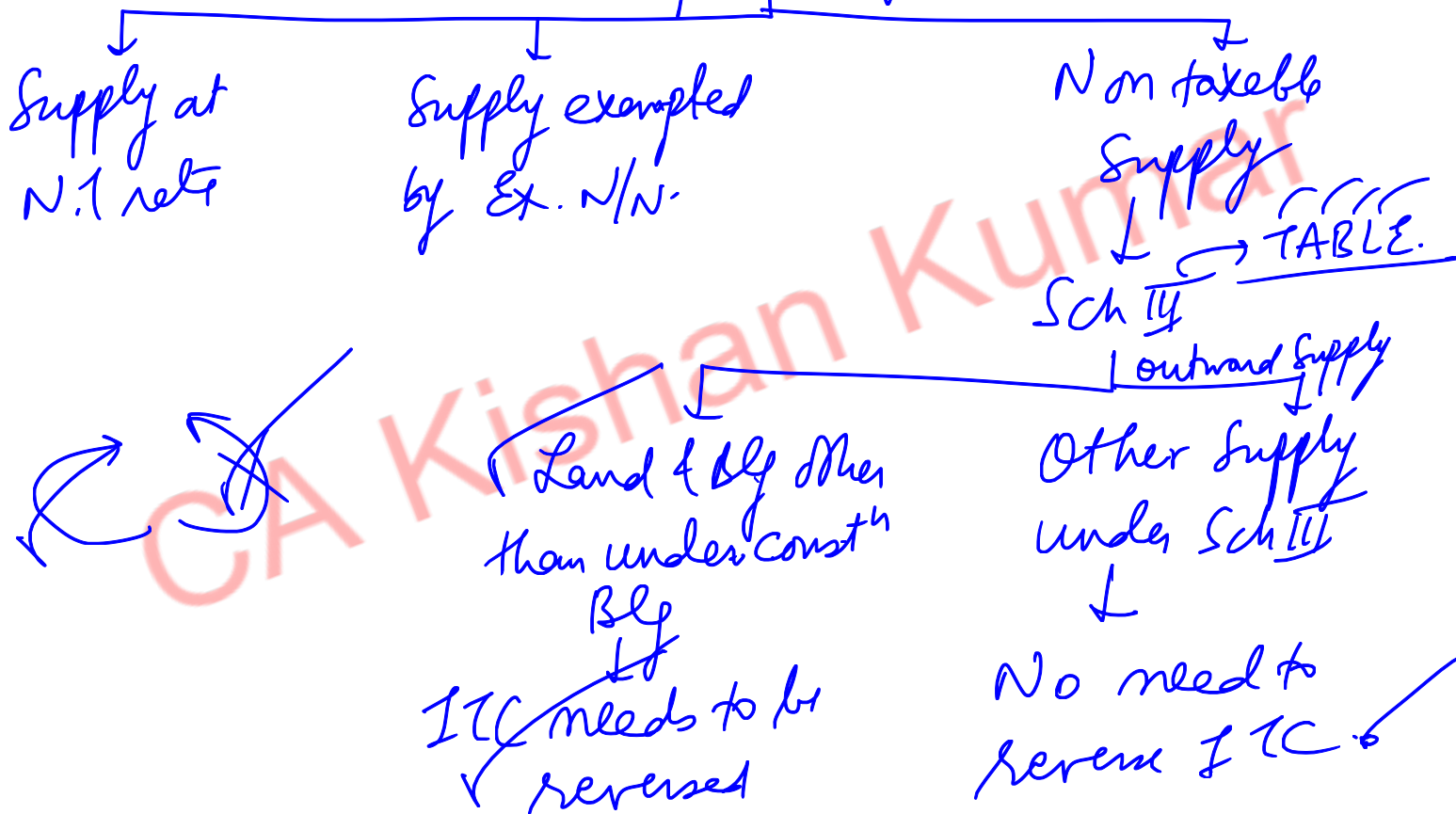


GST shall be levied on I.C. i.e. NO GST on TCS since TCS is an interim levy not in nature of Tax.





Exempt Supply.



BLOCKED CREDIT.

Motor Vehicle

Passenger

~~Seating Capacity
upto 13~~

~~ITC not allowed.~~

Exception i.e. in ^(*) following cases, ITC of M.V. having seating capacity upto 13 is allowed.

a) ~~further supply of vehicle~~
[BMW → Dealer of BMW]
↓
ITC allowed.

b) ~~M.V. used for transportation of passenger [Cab operators]~~

c) ~~Imparting driving (training) skills - (driving school)~~

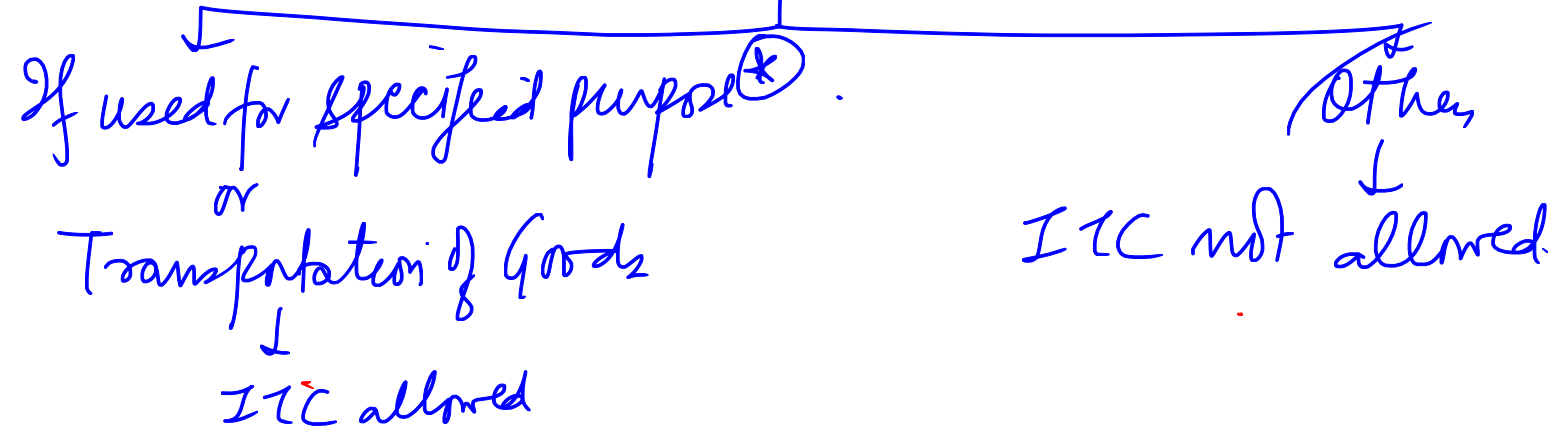
~~Seating Capacity
inc. driver
exceeding 13~~

↓
ITC always allowed
irrespective of use.

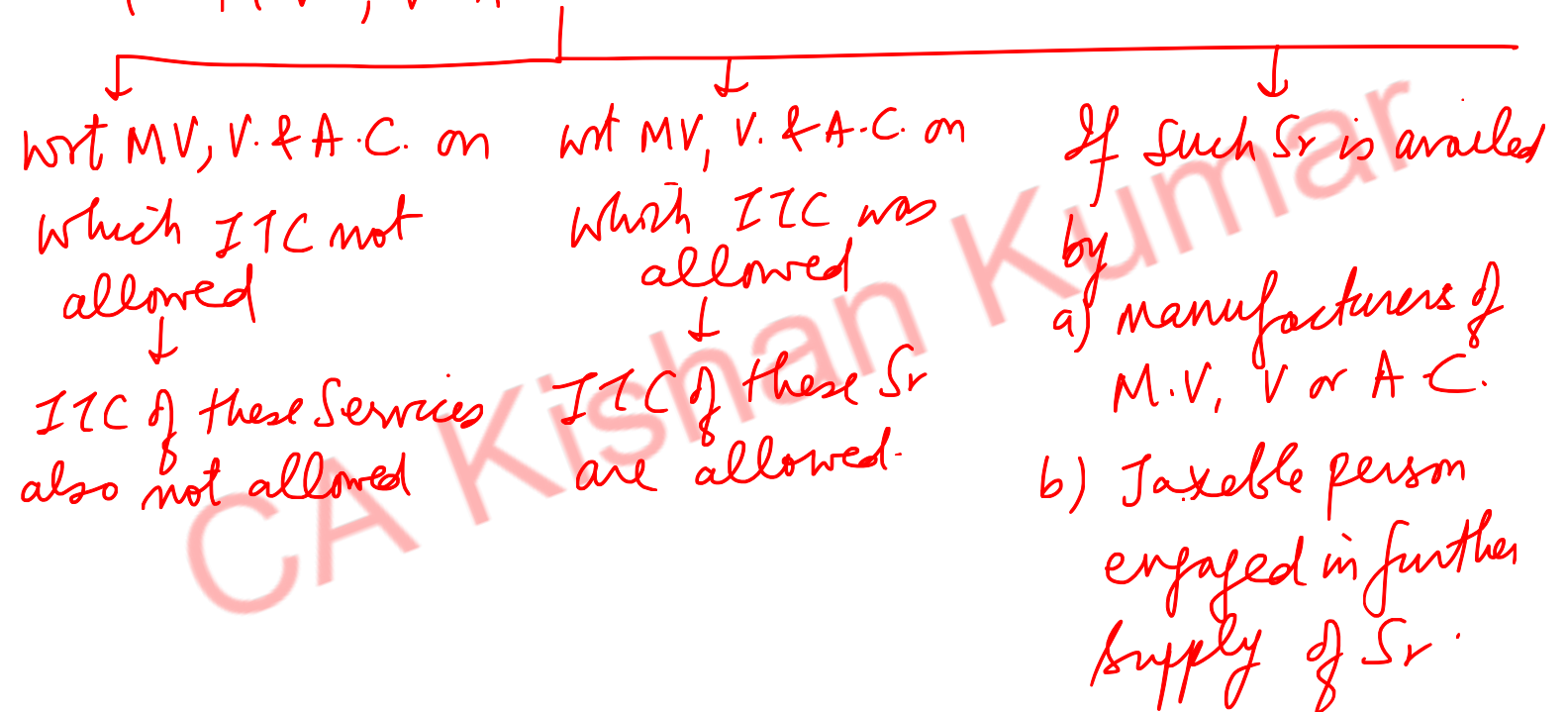
~~Goods~~

~~ITC always
allowed irrespective
of use.~~

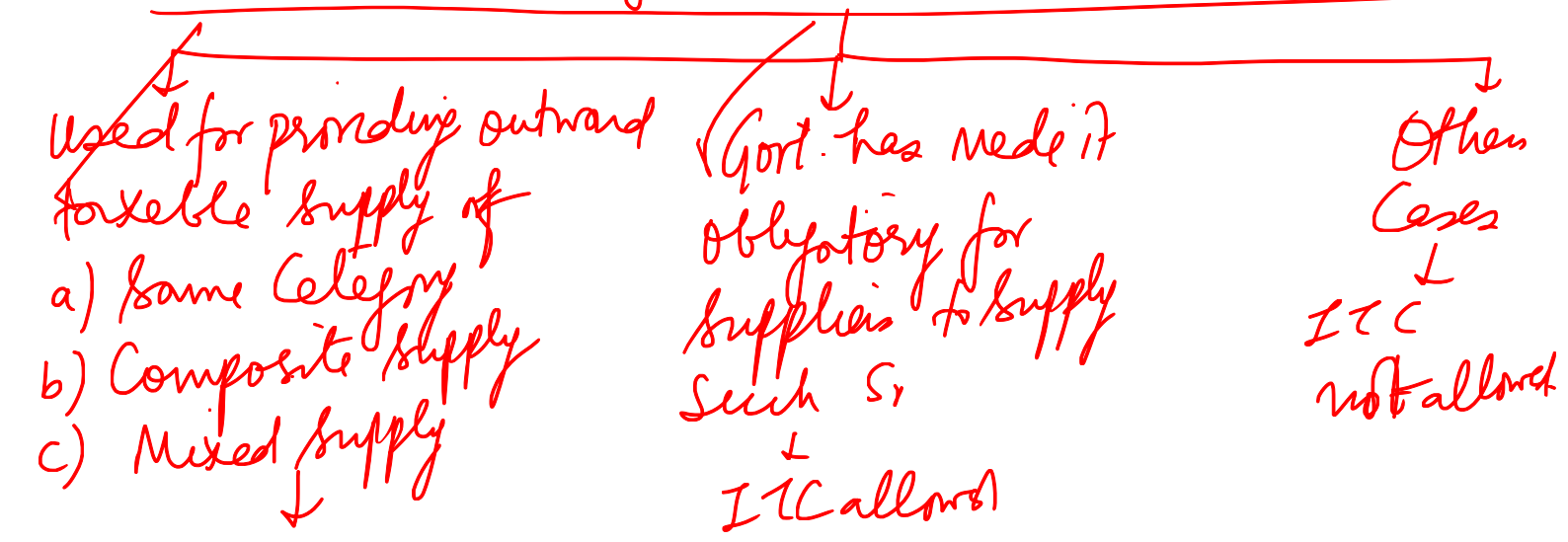
Vessel/Aircraft



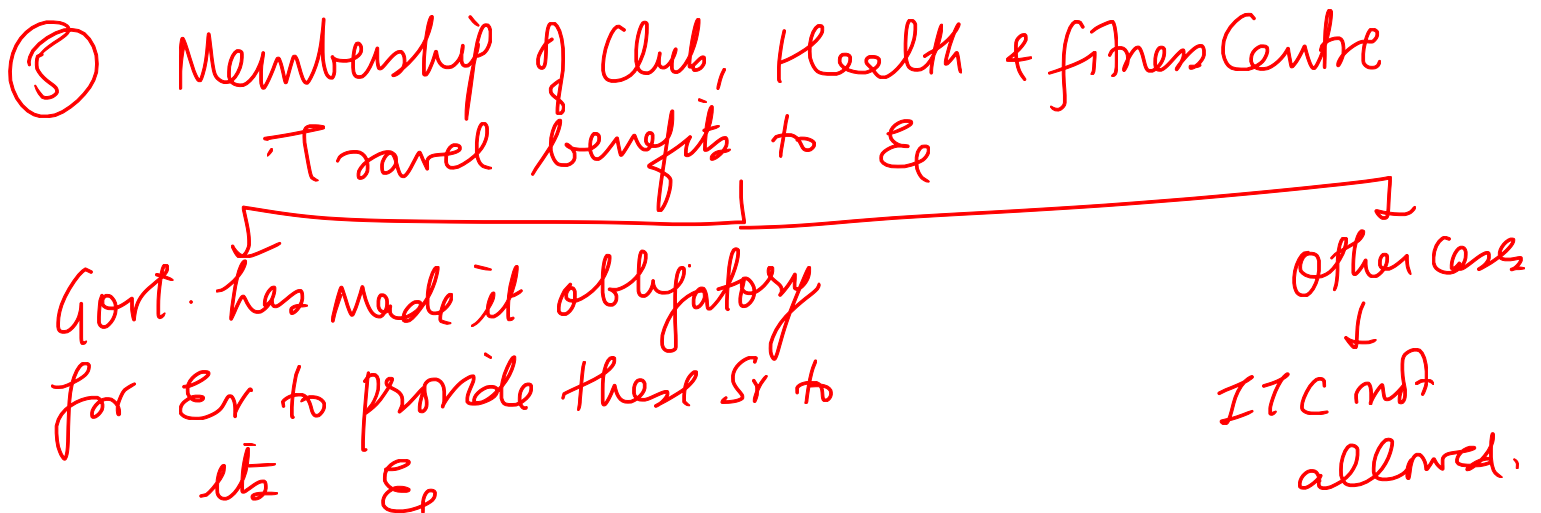
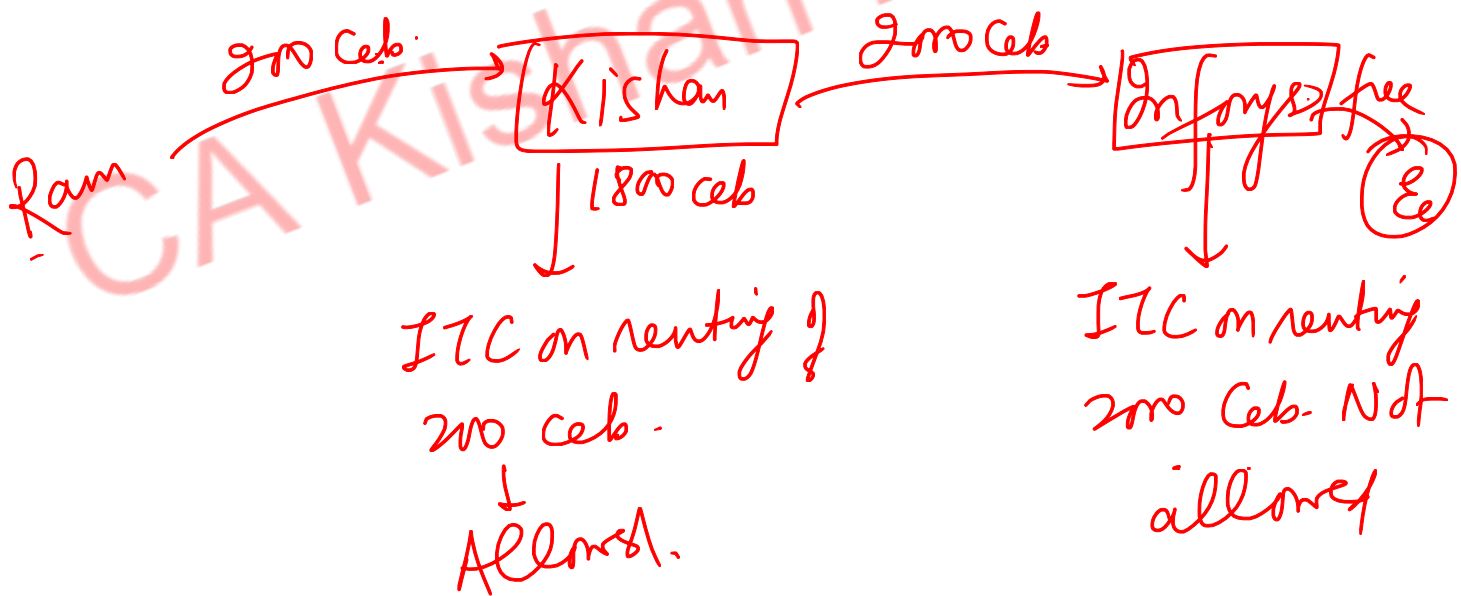
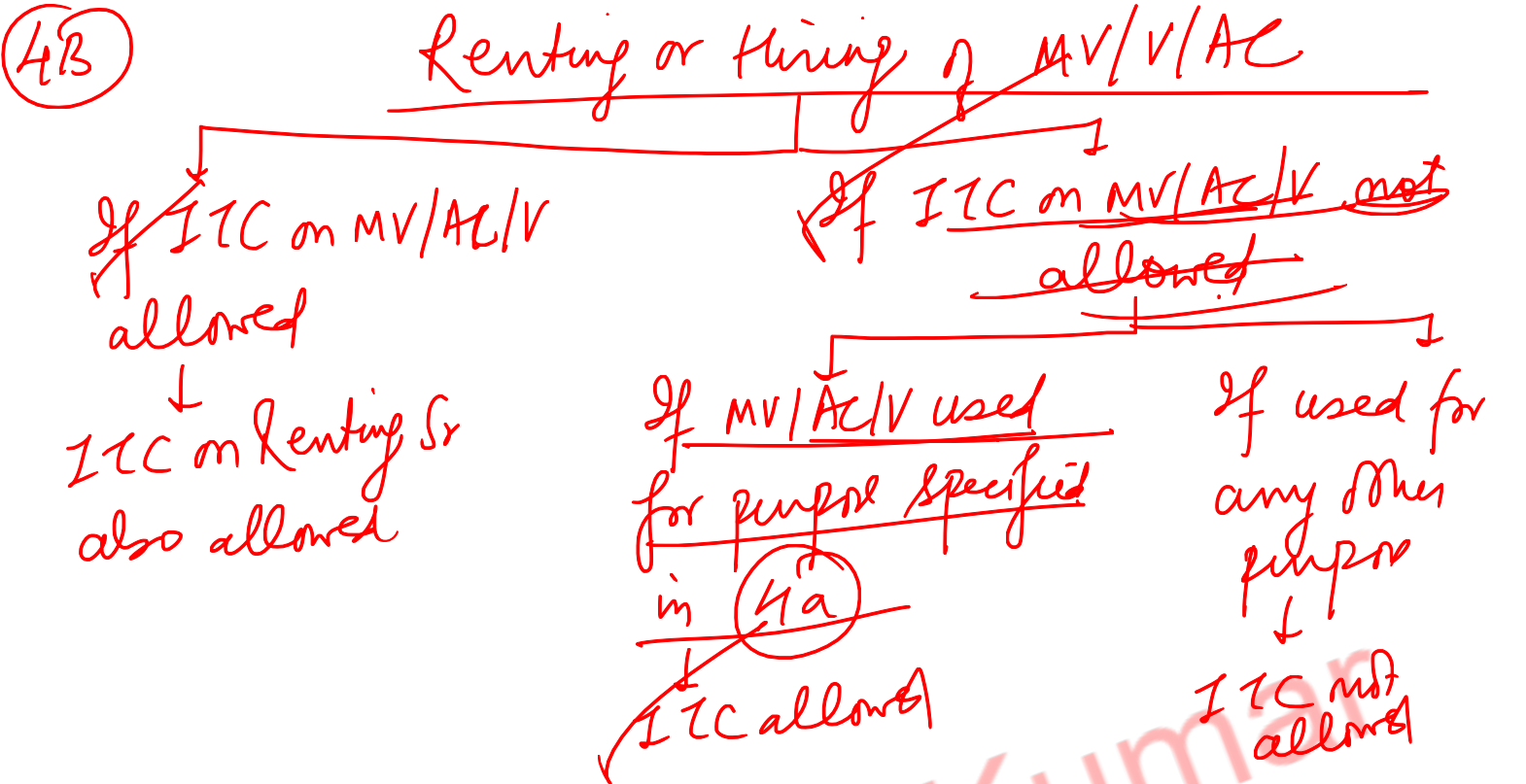
② Services of General Insurance, R & M, Servicing wrt M.V., V. & A.C.



④a Food, Outdoor Catering, Beauty Sr, Cosmetics, Plastic Surgery, Health Service, Life Insurance & Health Insurance

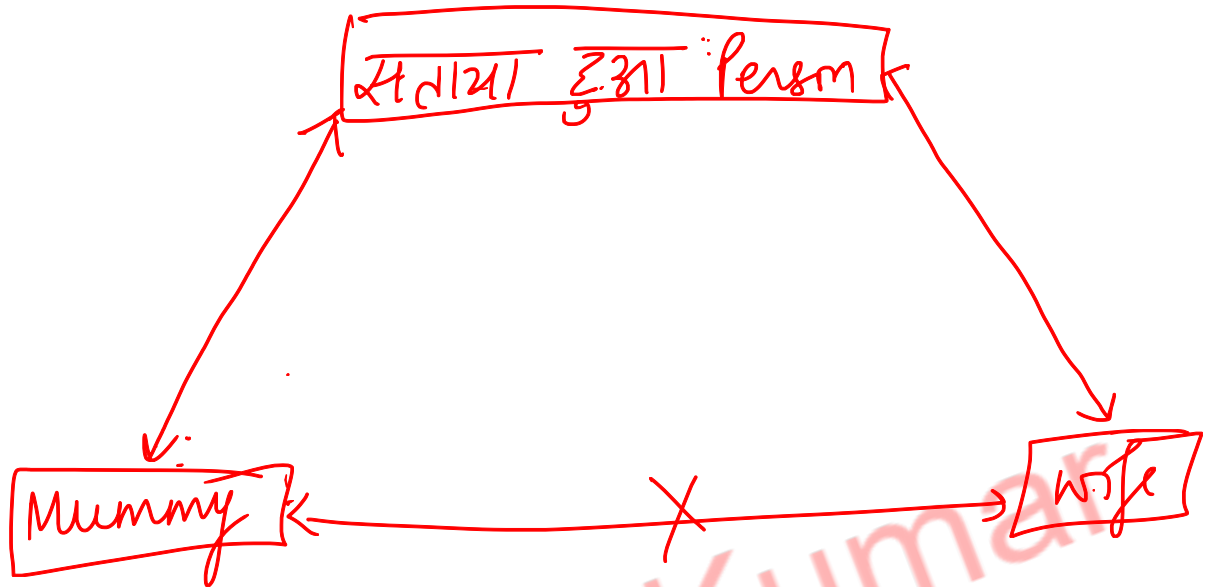


I TC allowed.



↓
ITC allowed

PROCEDURE for Utilisation of ITC. [Sec 49A Rule 88A]



ITC of IGST → IGST Liab
CGST Liab } in any sequence or
SGST Liab } any proportion -

ITC of CGST → CGST Liab
IGST Liab

ITC of SGST → SGST Liab
IGST Liab -

NOTE ① First ITC of IGST shall be fully used.

NOTE ③ ITC of CGST & SGST can be used only if ITC of IGST is fully used

NOTE ④ ITC of IGST shall be first used to pay IGST Liab & balance

ITC of IGST shall be used to pay Liab of IGST
 CGST/SGST in any preference.

	IGST	CGST	SGST
Outward Tax	xx	xx	xx
(-) ITC of IGST	(1)	(2) in any proportion	
Balance Tax Liab			
(-) ITC of CGST	(2)	(1)	-
(-) ITC of SGST	(2)	-	(1)
Net Tax Liab payable in e-cash ledger			

Ex.

Outward Tax	ITC
1000	1300
300	200
300	200

Outward Tax Liab

(-) ITC of IGST

(-) ITC of CGST

(-) ITC of SGST

Net ITC Clf

IGST	CGST	SGST
1000	300	300
1000	100	200
NIL	200	100
-	200	-
-	-	200
-	-	100

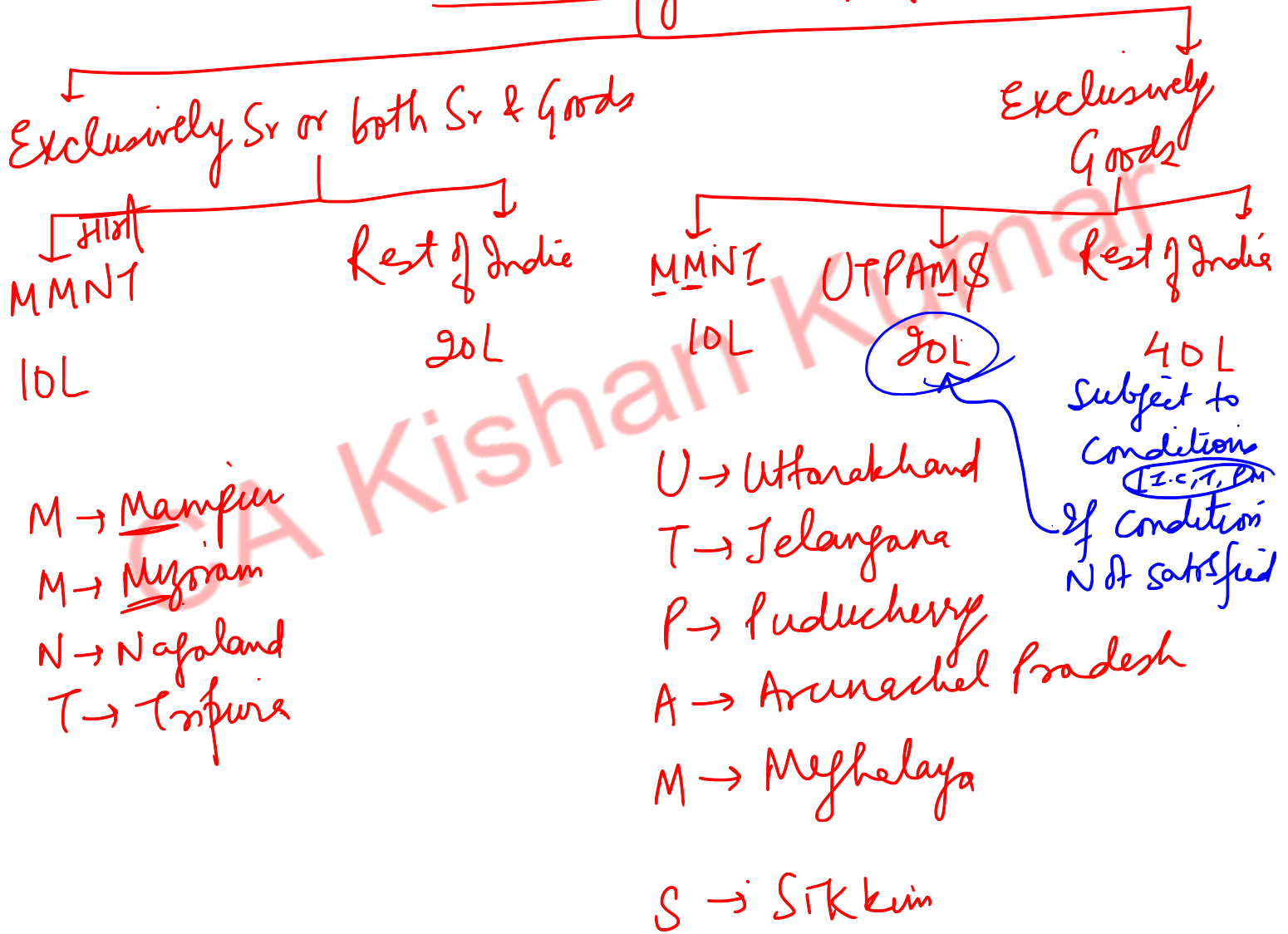
(Note 4) If Liab of IGST > ITC of IGST.
 Just ITC of IGST shall be used.

Then ITC of CGST shall be used
Then ITC of SGST shall be used [only when ITC of CGST is fully used]

Registration

① Threshold limit for Regⁿ under GST.

What do you supply?



② 1 PAN → PoB in multiple States.
→ Need to take Regⁿ in each State where PoB.
→ Multiple 15 digit GSTIN

→ distinct person

Now, 1 person → Multiple PoB in 1 State/UT.

Option

Single Regⁿ for all PoB
in 1 State

Separate Regⁿ for each PoB in
1 State

Conditions

a) Such reg^d person has not opted for
Compo levy &

b) Inter unit supply of G/Sr shall be
treated as Regular supply i.e. Reg^d
person shall be required to charge tax
& issue tax invoice.



Suspension of Regⁿ

Reg^d person applied for Cancellation

Regⁿ may be suspended from

a) Date of submission of app.

or

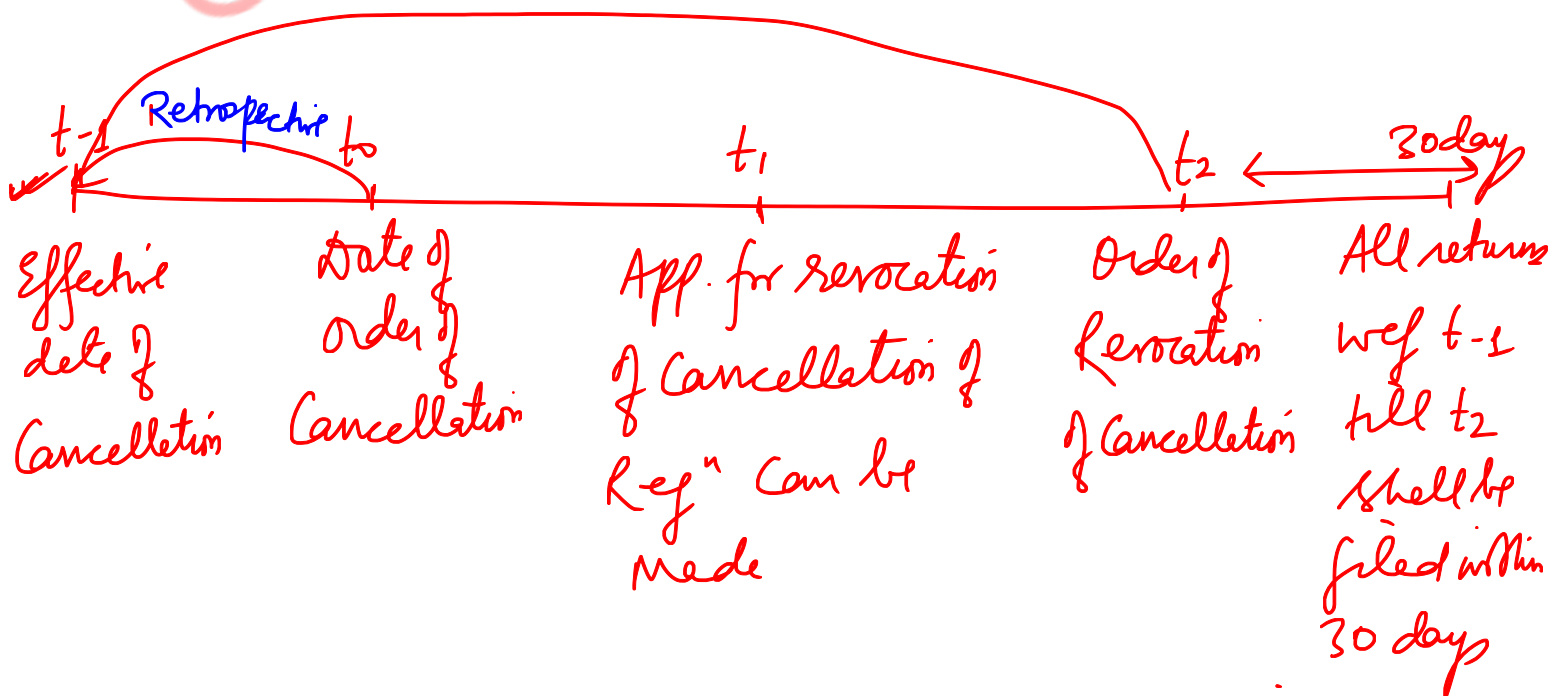
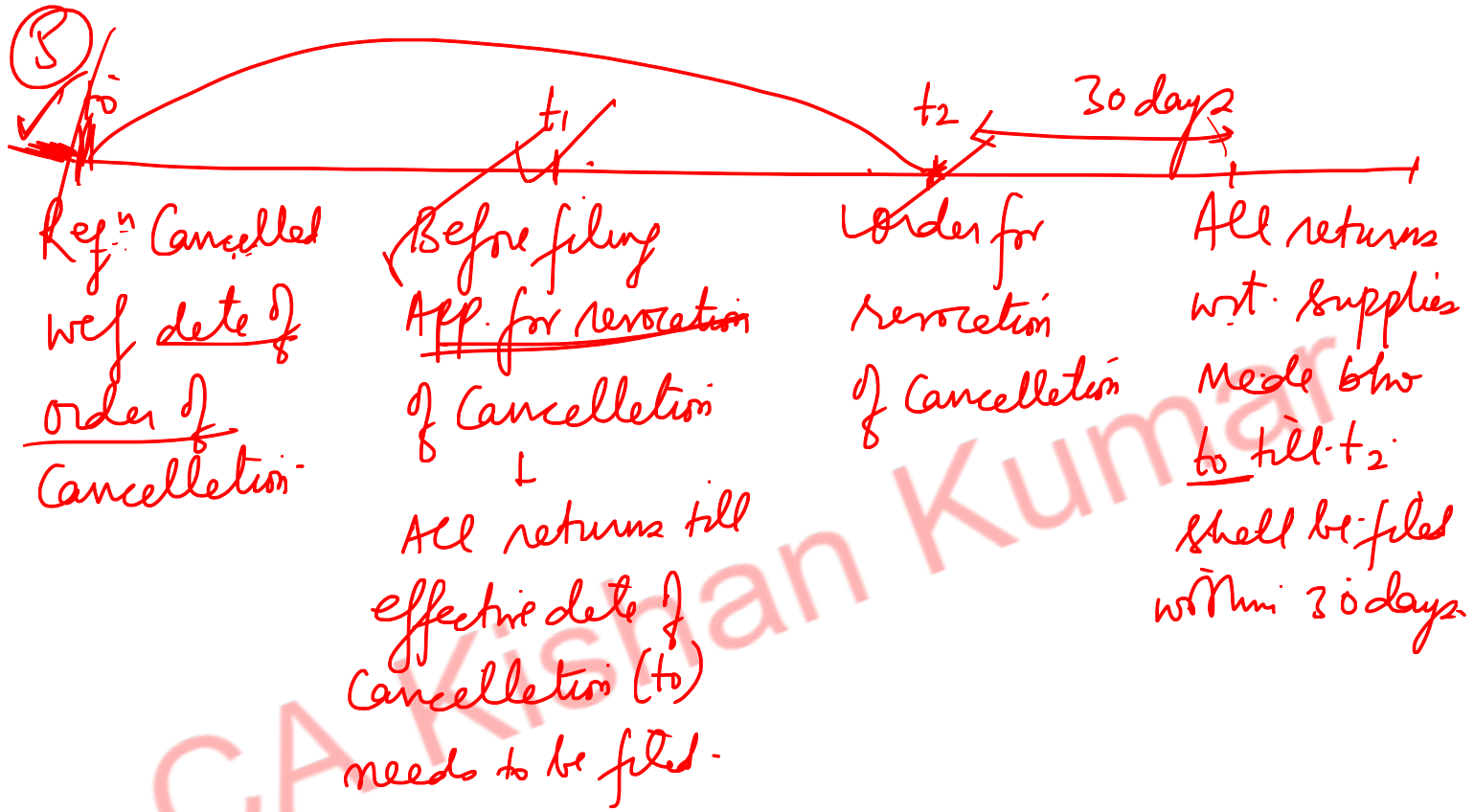
b) Date from which suspension is
sought.

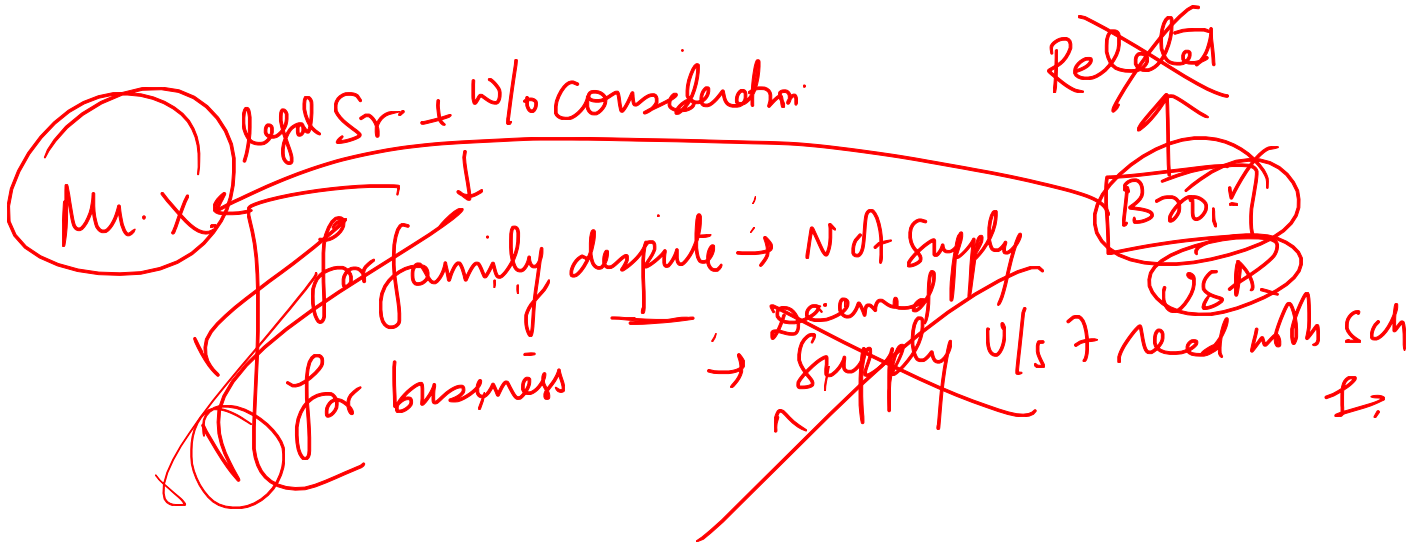
whichever is later till the
completion of proceeding for
Cancellation.

Cancellation of Regⁿ initiated
by PO

Regⁿ may be suspended
if a date determined by
PO, after giving reasonable
opp. of being heard-
till the completion of
proceedings for Cancellation of
Regⁿ.

- During the period where Regⁿ is suspended; taxpayer
- shall not make any taxable supply.
 - shall not be required to file return u/s 39.





CA Kishan Kumar