

EXAM ORIENTED NOTES

FOR INDIRECT TAX LAWS

10th Edition

For CA FINAL / CS PROFESSIONAL – NOV 2022

- 150 plus Illustrations and CYP for practice
- More than 200 MCQs solved
- Amendments up to 30.04.2022
- Authors' Notes for conceptual clarity
- Diagrammatic and tabular presentation of concepts
- Memory keys for quick recall

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- ➔ **Sub Group Member of Indirect Tax Committee – WIRC of ICAI (2018-19)**
- ➔ **Member of the Students Committee of WIRC of ICAI (2020 – 21)**

----- 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 comprehensive book explaining concepts, problems of Indirect Tax Laws in a lucid and informative manner. It has been developed exclusively for the students of CA/CS Final (Old & New Course). The book will also be useful for the practitioners, professionals and industry people.

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:

- 150 plus solved Illustration
- Amendments up to 30.04.2022
- 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 09320473019 or drmaheshgour@gmail.com. In case, after printing of this book, ICAI comes up with any amendments, you can download the same from www.camaheshgour.com

----- NOTE -----

The author has covered every amendments upto 30-04-2022 relevant for NOV'22 examinations. If ICAI after publishing this book, issues any inapplicability of certain amendments for NOV'22 examination then students are advised to refer www.camaheshgour.com for all the updates about exclusion. Also if ICAI issues any statutory updates applicable for NOV'22 examination then it will be available on the above site. Students are advised to refer the above site for all the relevant updates.

----- DEDICATION -----

THIS BOOK IS DEDICATED TO THE ARMED FORCES OF THE COUNTRY BECAUSE OF WHOM WE CAN SLEEP PEACEFULLY. THE ROYALTY FROM THIS BOOK WOULD BE DONATED FOR THE BENEFIT OF THE ARMED FORCES.

----- ABOUT THE AUTHOR -----

ABOUT CA MAHESH GOUR



CA Mahesh Gour 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 13 years. More than 35,000 students have benefitted 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 13 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 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 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 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)
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जीएसटी में सुधार की आवश्यकता

■ प्रवासी संदेश टीम।

मुंबई। भारत के ऑनलाइन शिक्षण क्षेत्र की अग्रणी संस्थानों में से एक अनएकेडमी द्वारा प्री बजट सेशन रखा गया। इस सेशन में जीएसटी के जानकार सीए डॉ. महेश गौड़ एवं आयकर विशेषज्ञ सीए दुर्गेश सिंह को आमंत्रित किया गया था। इसी को मद्देनजर रखते हुए यह सेशन रखा गया।

सेशन की शुरुआत में सीए डॉ. महेश गौड़ ने जीएसटी में सुधार की आवश्यकता को बताया। लॉजिस्टिक बिजनेस सबसे ज्यादा बिजनेस उत्पन्न कर रहा है और एमएसएमई या ई-कॉमर्स क्षेत्र में उसका अभूतपूर्व योगदान रहा है। सरकार को इस बजट में ट्रांसपोर्टेशन पर जीएसटी की रेट कम से कम दो साल तक हटा देना चाहिए जिससे उसका एमएसएमई पर भार कम पड़े। उन्होंने पेट्रोल-डीजल की महंगाई पर चिंता व्यक्त करते हुए कहा कि इन्हें भी जीएसटी के दायरे में लाना चाहिए। अभी ये राज्य सरकारों के अधीन हैं और इनके द्वारा लगाए जाने वाले कर की वजह



से पेट्रोल-डीजल की महंगाई सातवें आसमान पर हैं। जीएसटी के दायरे में आने से टैक्स रेट में कमी आएगी और इसका फायदा लॉजिस्टिक बिजनेस को मिलेगा और वो वृद्धि करेंगे। साथ ही डॉ. गौड़ ने कहा कि स्वास्थ्य विभाग पर फोकस करना जरूरी है। बजट में सरकार की वो एमएसएमई जो चिकित्सकीय उपकरण या ड्रग्स बनाते हैं उनको सब्सिडी दे। उनका जीएसटी रेट कम करे जिससे क्वालिटी प्रोडक्ट वो भी रिजनेबल मूल्यों पर उपलब्ध कराया जा सके। जीएसटी के जो प्रावधान मेक इन इंडिया के विपरीत हैं उन सभी प्रावधानों में सुधार होना

चाहिए। मेडिकल सप्लाय पर लगने वाले जीएसटी रेट १८ फीसदी से घटाकर ५ फीसदी कर देना चाहिए। उसी अवसर पर सीए दुर्गेश सिंह ने कहा कि आयकर की रेट को दो-तीन सालों के लिए कम कर देना चाहिए। इससे कोविड-१९ की वजह से आय में हुई घटोतरी की भरपाई हो सकती है। नए- नए स्टार्टअप पर आयकर माफ या कम से कम करना चाहिए। उन्होंने कहा कि टैक्स ऑडिट और छूट की सीमा को बढ़ाने की जरूरत है। ८० सी की छूट को और बढ़ाया जाए इससे आम आदमी को काफी राहत मिलेगी।



जीएसटी का ढांचा जटिल : डॉ. गौड़

पारुल यूनिवर्सिटी की ओर से जीएसटी पर चर्चासत्र का आयोजन

मुंबई। पूरे देश की आम जनता से लेकर व्यापारी वर्ग या एक तरह से कहें तो हर वर्ग जीएसटी की जटिलता से परेशान है। जीएसटी क्या है? इसके नियम क्या हैं? इसमें क्या कमियां हैं? इसमें सरकार को



क्या सुधार करना चाहिए? इन सभी बातों को मद्देनजर रखते हुए एक चर्चासत्र का ऑनलाइन आयोजन किया गया। यह कार्यक्रम पारुल यूनिवर्सिटी, बड़ौदा, गुजरात के तत्वावधान में रखा गया, जिसमें जीएसटी 4.0 के बारे में चर्चा की गई। इस दौरान मुख्य वक्ता सीए. डॉ. महेश गौड़ के अलावा सीए. यशवंत मंगल, सीए. अभय देसाई, सीए. रोहित मंगल शामिल रहे। इस दौरान डॉ. निधि नलवाया, डॉ. अचित त्रिवेदी, सीए श्रेया गुप्ता की भी उपस्थिति रही। इस चर्चासत्र का संचालन सीए श्रेया गुप्ता एवं यूनिवर्सिटी के डीन ने आभार व्यक्त किया। जीएसटी के दायरे में टैक्स ऑडिट जरूरी। इस सत्र के दरम्यान डॉ. गौड़ ने टैक्स के सरलीकरण पर विचार प्रकट किया। उन्होंने कहा कि जीएसटी की जटिलता में व्यापारी वर्ग पूरी तरह से जकड़ा हुआ है, इसको टैक्सपेयर फ्रेंडली बनाना बहुत जरूरी है। उनका मानना है कि इसके नियमों में परिवर्तन जरूरी है, इससे जनता के साथ सरकार को भी अधिक फायदा होगा। कड़े नियम कानूनों के चलते साधारण उद्योगपति को बहुत मुश्किलों का सामना करना पड़ता है। अतः सरकार को जीएसटी के नियमों का सरलीकरण करना चाहिए। टैक्स ऑडिट को जीएसटी में से हटाना भी सही नहीं है। इसके अलावा जीएसटी के दायरे में टैक्स ऑडिट होनी चाहिए क्योंकि टैक्स भरने वाला यदि खुद रिकंसिलेशन करेगा तो गलतियां अधिक होगी।

सरकार को विचार करना चाहिए

सीए यशवंत मंगल ने महेश गौड़ की बातों पर सहमति जताते हुए कहा कि भारत और दूसरे देशों के जीएसटी के ढांचे बहुत अलग हैं। हमें दूसरे देशों के ढांचों को समझकर अपने देश के जीएसटी में बदलाव लाने चाहिए। वहीं बड़ौदा के सीए अभय देसाई ने बताया कि जीएसटी आने के बाद नौकरियों के कितने मार्ग खुले हैं, जिसके लिए जीएसटी के कायदे कानून का ज्ञान होना बहुत जरूरी है। सीए रोहित मंगल का कहना है कि इससे भारतीय अर्थव्यवस्था पर क्या असर पड़ा इस पर सरकार को विचार करना चाहिए।

झंडु



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फ्रेंच

मुंबई। हेरि एंज्रॉस, फ्रांस की का संयुक्त उद्यम, लिमिटेड साल 20 अपने उत्पादों की बाजारों में प्रवेश व पर ब्राह्मणी नारा, मणि उपस्थित थे। एमिली मोलार्ड और अपनी मूल कंपनियों के साथ, यह स्ट अपने योगर्ट ब्रांड के लिए स्वादिष्ट प्र कर रहा है। पहले सूरत, अहमदाबाद उपलब्ध रहेगा और बैंगलोर तक बढ़ाने श्री विवेक मणि- प्राइवेट लिमिटेड कर कहा की, 'अ भावना से प्रेरित,

सीए विद्यार्थियों के लिए आगे आये मेमोरी गुरु के नाम से विख्यात प्रो. महेश गौड़

■ प्रवासी संदेश टीम।

मुंबई. स्टूडेंट्स की भलाई के लिए सीए महेश गौड़, सीए संजय अग्रवाल, सीए खुशबू सांघवी, सीए दानी खंडेलवाल, सीए दुर्गेश सिंह, सीए संजीव मित्तल, ऋषिकेश वांगडे और इरफान खोलसावाला, सीएस अमित राजपुरोहित ने सीए विद्यार्थियों को निःशुल्क शिक्षा देकर जो सहयोग किया है, उसकी सर्वत्र सराहना हो रही है।

कोविड-19 और देश की गिरती अर्थव्यवस्था के चलते स्टूडेंट्स एंड उनके परिवार की हालात देखते हुए गौड़स इ-लर्निंग और दी स्टडी अड्डा ने नवंबर 2020 की सीए इंटर एंड सीए फाइनल का निःशुल्क क्रैश कोर्स रखा, जिसमें देश एंड विदेश के 7000 से ज्यादा स्टूडेंट्स ने रजिस्ट्रेशन किया।

गौड़स इ-लर्निंग शुरू से ही बच्चों को आर्थिक सहायता और नौकरिया दिलवाने के लिए भारत भर में विख्यात है। जिस तरह से आनंद कुमार ने आईआईटी-जेईई के फील्ड में बच्चों को निःशुल्क

गौड़स इ-लर्निंग-दी स्टडी अड्डा ने 7000 से छात्रों को दी मुफ्त शिक्षा

Gour's e-Learning



शिक्षा दी, उसी तरह सीए महेश गौर और सीए खुशबू सांघवी ने इस फील्ड के लाखों स्टूडेंट्स को ऑनलाइन यूट्यूब चैनल के

माध्यम से लाभान्वित किया। गौड़स इ-लर्निंग की साझेदार सीए खुशबू सांघवी ने बताया की भारत के 20 से ज्यादा प्रोफेसर्स ने इस नेक काम

में सहयोग किया। बड़े बड़े कोचिंग क्लासेस वालों की फीस 25 से 30 हजार होती है, जो इस गौड़ लर्निंग ने फ्री में शिक्षा दी है।

गौड़स इ-लर्निंग के दूसरे साझेदार सीए संजीव मित्तल ने बताया, ये क्रैश कोर्स 16 अगस्त को शुरू हुआ 14 अक्टूबर को संपन्न हुआ। सीए महेश गौर ने बताया, इस अभियान जुड़ने वाले सभी प्रोफेसर और सभी टीम मेम्बर्स का आभार, जिन्होंने इस कार्य में अपना अमूल्य योगदान दिया। साथ ही साथ ऋषिकेश वांगडे और इरफान खोलसावाला का उनके सहयोग के लिए आभार जताया गया है।

बुजुर्गों की मदद कर जीने की प्रेरणा दे रहे डॉ. गौड़



नवभारत न्यूज नेटवर्क

मुंबई. खुशहाल ज़िन्दगी के बीच दूसरों को सफल बनाने और जीवन में आगे बढ़ने के लिए प्रेरित करने वाले सीए डॉ. महेश गौड़ ने गरीब और जरूरतमंदों की मदद करने के लिए कई संस्थाओं से जुड़कर मुंबई और राजस्थान के लोगों की भलाई के लिए तत्पर हैं। डॉ. महेश अब तक 1500 से ज्यादा सेमिनारों में हिस्सा लेकर लाखों लोगों को मोटिवेट कर चुके हैं। डॉ. महेश शहीद सैनिकों और विधवा महिलाओं के बच्चों को सीए की मुफ्त शिक्षा देने के साथ ही किताब भी लिखे हैं।

■ कोविड के कारण देश की अर्थ व्यवस्था को ध्यान में रखते हुए 'गौड़स-ई-लर्निंग क्लासेस' ने सीए इंटर और फाइनल का निःशुल्क कोर्स शुरू किया। इस कोर्स के माध्यम से देश-विदेश के लगभग 6 हजार से अधिक सीए. छात्रों को मदद मिली।

■ डॉ. गौड़ ने अपनी मेहनत, दृढ़ इच्छा शक्ति से हजारों छात्रों को भी राह दिखाई. महेश डब्ल्यूआरसी की जीएसटी की सब कमेटी में भी चुने जा चुके हैं. गौड़ अपनी आय का कुछ हिस्सा गरीब, असहाय बच्चों की शिक्षा एवं बेसहारा बुजुर्गों पर खर्च करते हैं. उन्होंने अहमदाबाद की 22 रेप पीड़ितों की आर्थिक मदद की है.

अनएकेडमी का प्री बजट सेशन में बोले डॉ. गौड़, जीएसटी में सुधार की आवश्यकता

द्वारा रिपोर्ट >>> मुंबई

भारत के ऑनलाइन शिक्षण क्षेत्र में अग्रणी संस्थानों में से एक अनएकेडमी द्वारा प्री बजट सेशन रखा गया। इस सेशन में जीएसटी के जानकार सीए डॉ. महेश गौड़ एवं आयकर विशेषज्ञ सीए दुर्गा सिंह को आमंत्रित किया गया था। गौरतलब है कि एक फरवरी को देश का बजट पेश होने वाला है। इसी को मद्देनजर रखते हुए यह सेशन रखा गया।

जीएसटी बजट का एक अहम हिस्सा

सेशन की शुरुआत में सीए. डॉ. महेश गौड़ ने जीएसटी में सुधार की आवश्यकता को बताया। उन्होंने कहा कि इस वर्ष जीएसटी बजट का एक अहम हिस्सा होना चाहिए। लॉजिस्टिक्स बिजनेस सबसे ज्यादा बिजनेस उत्पन्न कर रहा है और एम्पएसएमई या ई-कॉमर्स क्षेत्र में उसका अभूतपूर्व योगदान रहा है। सरकार को इस वजह से ट्रांसपोर्टेशन पर जीएसटी की रेट कम से कम दो साल तक हटा देना चाहिए जिससे उसका एम्पएसएमई पर भार कम पड़े।

पेट्रोल-डीजल को भी जीएसटी के दायरे में लाया जाए

उन्होंने पेट्रोल-डीजल की महंगाई पर चिंता व्यक्त करते हुए कहा कि इन्हें भी जीएसटी के दायरे में लाना चाहिए। अभी ये राज्य सरकारों के अधीन हैं और इनके द्वारा लगाए जाने वाले कर की वजह से पेट्रोल-डीजल की महंगाई सालों आसमान पर है। जीएसटी के दायरे में आने से टैक्स रेट में कमी आएगी और इसका फायदा लॉजिस्टिक्स बिजनेस को मिलेगा और वो मुश्किलें होंगी।

स्वास्थ्य विभाग पर फोकस करना जरूरी

डॉ. गौड़ ने कहा कि स्वास्थ्य विभाग पर फोकस करना जरूरी है। बजट में सरकार की वो एम्पएसएमई जो चिकित्सकीय उपकरण या ड्रग्स बनाते हैं उनको सब्सिडी दे। उनका जीएसटी रेट कम करे जिससे क्वालिटी प्रोडक्ट वो भी रिजनेबल मूल्यों पर उपलब्ध कराया जा सके। जीएसटी के जो प्रावधान हैं जो इंडिया के विदेशी हैं उन सभी प्रावधानों में सुधार होना चाहिए। मेडिकल सप्लाय पर लगने वाले जीएसटी रेट 18% से घटाकर 5% कर देना चाहिए।

नए-नए स्टार्टअप पर आया कर माफ हो

सीए दुर्गा सिंह ने कहा कि आयकर की रेट को दो-तीन सालों के लिए कम करना चाहिए। इससे कोविड-19 की वजह से आय में हुई घटोती की भरपाई हो सकती है। नए-नए स्टार्टअप पर आयकर माफ हो या कम से कम करना चाहिए। उन्होंने कहा कि टैक्स ऑडिट और एट्ट की सीमा को बढ़ाने की जरूरत है। 100 की छूट को और बढ़ाया जाए इससे आम आदमी को काफी राहत मिलेगी।



4 | मुंबई हलचल

अब हर सब लोग उजागर

CMYK



आत्मविश्वास के साथ परीक्षा दें डॉ. गौड़ ने सीए विद्यार्थियों का बढ़ाया हौसला

मुंबई। हर विद्यार्थी का सपना होता है कि अच्छी शिक्षा ग्रहण कर एक मुकाम हासिल करे, प्रतिष्ठित पद पर आसिन होकर अपने परिवार एवं समाज का मान-सम्मान बढ़ाए। उनके सपनों को पूरा करने के लिए विद्यालय, संस्थान एवं उनके अध्यापक समय-समय पर उचित मार्गदर्शन उपलब्ध करते हैं। ऐसे ही अनएकेडमी संस्थान सीए के विद्यार्थियों के सपनों को साकार करने में सतत प्रयासरत रहती है। अभी हाल ही में इस संस्थान की ओर से एक गाइडेंस सेशन रखा गया। जिसमें डॉ. गौड़ ने विद्यार्थियों का हौसला बढ़ाते हुए कहा कि आप बिना डर के आत्मविश्वास के साथ परीक्षा दें। गौरतलब है कि हाल ही में सीए का रिजल्ट घोषित हुआ जिसमें कुछ विद्यार्थी सफल हुए तो कुछ असफल हुए। इसी को मद्देनजर रखते हुए इस सेशन का आयोजन हुआ।



हार कर नहीं बैठना है:

सेशन की शुरुआत में डॉ. गौड़ ने विद्यार्थियों को प्रेरणा देते हुए कहा कि एक बार असफलता मिलने के बाद हार कर नहीं बैठना चाहिए बल्कि और ज्यादा जोश, मेहनत और लगन के साथ तैयारी करनी चाहिए। मन में यह संकल्प करें कि इस बार हर हाल में सीए बनना है। यदि सफलता हासिल करनी है तो आपको ज्यादा से ज्यादा अभ्यास करना है। आपको कांसेट विलयर होना चाहिए, आप आत्मविश्वास के साथ परीक्षा दें। उन्होंने एक बार असफल ऑल्ड स्क्रीम वाले विद्यार्थियों को हौसला देते हुए बताया कि आप निराश न हों मैं आईसीएआई से अपील करूंगा कि आप लोगों को उसी स्कीम के तहत पुनः परीक्षा देने का मौका मिले।

प्रेक्टिकल के साथ थ्योरी पर भी ध्यान दें:

राहुल मलखान ने एफआर और एसएफएम की तैयारी को लेकर मार्गदर्शन किया। वहीं प्रो. अमित पौली ने बच्चों को लॉ को पढ़ने का तरीका बताया। प्रो. खुशबू सघवी (ऑडिट क्वीन) ने एजाम क्रैक करने एवं एकजमिन लाने के बारे में विस्तृत तरीके से जानकारी दिया। इसके अलावा दिल्ली के प्रो. सचिन गुप्ता ने अपने अनुभव साझा करते हुए कोस्टिंग में ज्यादा केस स्टडी पर ध्यान केंद्रित करने की बात कही। उन्होंने कहा कि प्रैक्टिकल के साथ थ्योरी पर भी ध्यान देना चाहिए। डायरेक्ट टैक्स के विवेचन प्रो. सीए. दुर्गा सिंह ने कॉन्सेप्ट के साथ टैरट सीरीज की प्रैक्टिस पर ध्यान देने के लिए कहा।

नवभारत

मीरा-भायंदर नागरिक संस्था का कार्यक्रम महेश गौड़ सम्मानित

संवाददाता द्वारा भायंदर. मीरा-भायंदर नागरिक संस्था द्वारा आयोजित समारोह में उल्लेखनीय समाज सेवा के लिए सीए महेश गौड़ को सम्मानित किया गया।



इस अवसर पर संस्था के अध्यक्ष ओमप्रकाश कावडिया, विनोद झिरमिरिया, सीए अभिषेक तिवारी, दिनेश शर्मा, पोयूष शर्मा व सुमीत चतुर्वेदी मौजूद थे। संस्था अध्यक्ष ओमप्रकाश कावडिया ने बताया कि सीए महेश गौड़ ने पिछले 10 वर्षों में राष्ट्रीय स्तर पर 20 हजार से ज्यादा सीए, सीएस और सीएमए के स्टूडेंट्स को पढ़ा चुके हैं। महेश गौड़ मोटिवेशनल स्पीकर भी हैं और इनके भारत में बहुत से मोटिवेशनल वीडियो भी आ चुके हैं।

Contribution for Professionals



सेमिनार में जीएसटी पर चर्चा की

सोजतिया क्लासेज में बुधवार को सीए स्टूडेंट्स के लिए जीएसटी और सेवाकर पर सेमिनार हुआ। संस्थान निदेशक डॉ. महेंद्र सोजतिया और निदेशक सीए राहुल बड़ाला ने बताया कि जानेमाने वक्ता सीए डॉ. महेश गौड़ और सीएस अमित राजपुरोहित ने विद्यार्थियों को जानकारी दी।

महेश गौड़ सम्मानित

संवाददाता द्वारा भायंदर, मीरा-भायंदर नागरिक संस्था द्वारा आयोजित समारोह में उल्लेखनीय समाज सेवा के लिए सीए महेश गौड़ को सम्मानित किया गया।

त्रिका

राष्ट्र स्कूल इंडिया का सेमिनार संपन्न

हजारों के अनुसार कैरियर का चुनाव करें युवा वर्ग

Qualification and Appointment of Members of The Authority for Advance Ruling

June 2019

CA Dr Mahesh Gour
Mobile No.: 9894948007
E-mail: L.dmaheshgour@gmail.com

The Government shall appoint officers not below the rank of Joint Commissioner as member of the Authority for Advance Ruling.

MATTERS IN WHICH ADVANCE RULING CAN BE OBTAINED [SECTION 97]

Advance Ruling can be sought for the following questions:-

- classification of any goods or services or both
- applicability of a notification issued under the provisions of CGST Act
- determination of time and value of supply of goods or services or both
- admissibility of input tax credit of tax paid or deemed to have been paid
- determination of the liability to pay tax on any goods or services or both
- whether applicant is required to be registered
- whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.

PROCEDURE FOR OBTAINING ADVANCE RULING [SECTION 98]

APPLICATION

The applicant should make application to AAR in a prescribed form and manner.

CALLING FOR RECORDS

Upon receipt of an application, the AAR shall send a copy of application to the officer in whose jurisdiction the applicant falls and call for all relevant records.

ORDER OF EITHER ADMITTING OR REJECTING THE APPLICATION

The AAR may then examine the application along with the records and may also hear the applicant. Thereafter he will issue an order.

ADVANCE RULING

CGST

SPEAKING ORDER IN CASE OF REJECTION

If the application is rejected, it should be by way of a speaking order giving the reasons for rejection.

TIME PERIOD

If the application is admitted, the AAR shall pronounce its ruling within 90 days of receipt of application.

OPPORTUNITY OF BEING HEARD

Before giving the ruling, AAR must hear the applicant or his authorized representative as well as the jurisdictional officers of CGST/SGST.

DIFFERENCE OF OPINION IN BETWEEN THE 2 MEMBERS OF AAR

If there is a difference of opinion between the two members of AAR, they shall refer the point or points on which they differ to the AAR for hearing the issue. If the members of AAR are also unable to come to a common conclusion in regard to the point(s) referred to them by AAR, then it shall be deemed that no advance ruling can be given in respect of the question on which difference persists at the level of AAR.

COPY OF ADVANCE RULING

A copy of the advance ruling duly signed by members and certified in prescribed manner shall be sent to the applicant, the concerned officer and the jurisdictional officer.

APPEAL AGAINST ORDER OF AAR TO THE APPELLATE AUTHORITY

[SECTION 100 & 101]

- If the applicant is aggrieved with the finding of the AAR, he can file an appeal with AAR. Similarly, if the concerned or jurisdictional officer of CGST/SGST does not agree with the finding of AAR, he can also file an appeal with AAR.
- Any appeal must be filed within 30 days from the receipt of the advance ruling. The Appellate Authority may allow for an additional 30 days for filing an appeal, if it is satisfied that there was a sufficient cause for delay in presenting the appeal.
- The appeal has to be in the prescribed form and has to be verified in the prescribed manner.
- The Appellate Authority must pass an order after hearing the parties to the appeal within a period of 90 days of the filing of the appeal.

Contribution for Students



FOREWORD



SHUBHASH C. VARSHNEY

Former Principal Chief Commissioner - Central GST Mumbai

Ex Advisor (Tax) to the Chancellor NMIMS - Mumbai

Myself Shubhash C. Varshney, want to share my review for this book. I must say that ever since GST has come into action, I've never come across a book that made INDIRECT TAX LAWS so easy to understand.

The quality rich content, and diagrammatical presentations, along with real life practical examples makes this book unbeatable of all.

It has made concepts and co-links of provisions crystal clear and Dr. CA Mahesh Gour has a revolutionary contribution in the field of INDIRECT TAXATION by authoring this book.

I'm recommending this book to every student & professional of CA Fraternity who has been or who is struggling hard to grasp the essence of GST from its core.

GOODS & SERVICES TAX

INDEX - GST

	CHAPTER TITLE	Page Number
1.	GST IN INDIA – AND INTRODUCTION	1.1-1.7
2.	SUPPLY UNDER GST	2.1-2.32
3.	CHARGES OF GST	3.1-3.34
4.	EXEMPTIONS FROM GST	4.1-4.62
5.	PLACE OF SUPPLY	5.1-5.46
6.	TIME OF SUPPLY	6.1-6.13
7.	VALUE OF SUPPLY	7.1-7.32
8.	INPUT TAX CREDIT	8.1-8.57
9.	REGISTRATION	9.1-9.34
10A.	TAX INVOICE, DEBIT AND CREDIT NOTE	10A.1-10A.24
10B.	E-WAY BILL	10B.1-10B.13
11.	ACCOUNTS AND RECORDS	11.1-11.15
12A.	PAYMENT OF TAX (PART 1)	12.1-12.7
12B.	PAYMENT OF TAX (PART 2)	12.8-12.15
13.	RETURNS	13.1-13.31
14A.	IMPORT AND EXPORTS UNDER GST	14A.1-14A.16
14B.	REFUNDS	14B.1-14B.31
15.	JOB WORK	15.1-15.12
16.	ELECTRONIC COMMERCE	16.1-16.5
17.	ASSESSMENT AND AUDIT	17.1-17.10
18.	INSPECTION, SEARCH, SEIZURE AND ARREST	18.1-18.9
19.	DEMAND AND RECOVERY	19.1-19.16
20.	LIABILITY TO PAY IN CERTAIN CASES	20.1-20.10
21.	OFFENCES AND PENALTIES	21.1-21.14
22.	APPEALS AND REVISION	22.1-22.22
23.	ADVANCE RULING	23.1-23.15
24.	MISCELLANEOUS PROVISIONS	24.1-24.8



AMENDMENTS FOR NOV 22

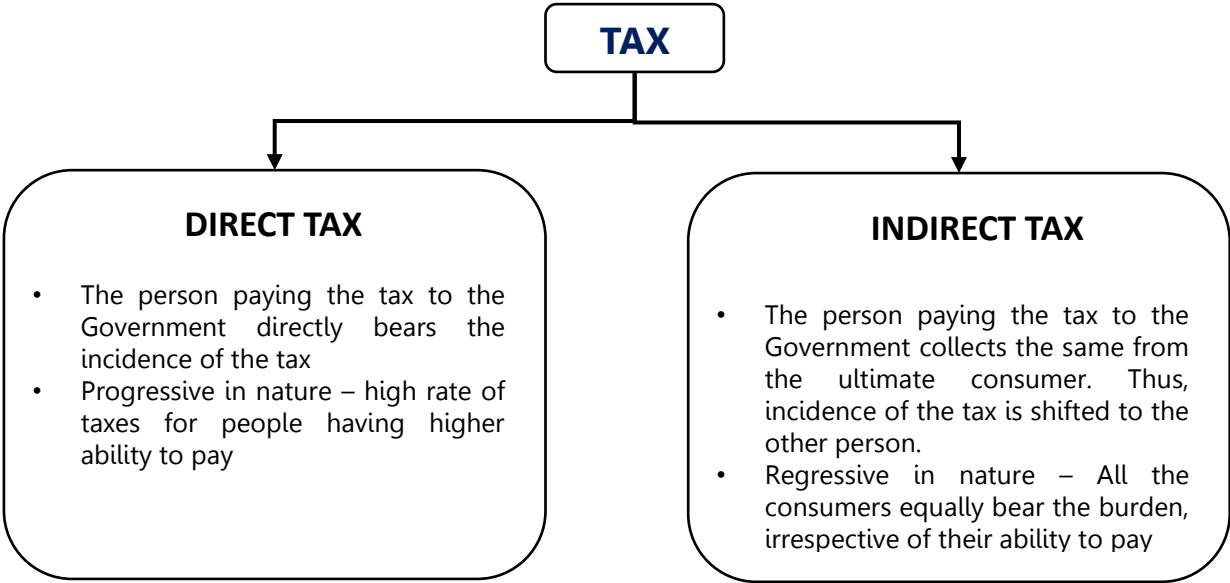
**CHAPTER OUTLINES**

- What is Tax ?
- What is GST ?
- GST in India.
- Concept of GST.
- Constitutional Provision.
- Tax Hierarchy.
- Framework of GST in India.

WHAT IS TAX?

In simple words, tax is nothing but money that people have to pay to the Government, which is used to provide public services.

DIFFERENCE BETWEEN DIRECT AND INDIRECT TAX



WHAT IS GST?

Simply put, Goods and Service Tax is a tax levied on goods and services imposed at each point of sale or rendering of service. Such GST could be on entire goods and services or there could be some exempted class of goods or services or a negative list of goods and services on which GST is not levied. GST is an indirect tax in lieu of tax on goods (excise) and tax on service (service tax). The GST is just like State level VAT which is levied as tax on sale of goods.

GST IN INDIA

GST is a comprehensive Indirect Tax on manufacture, sale and consumption of goods and services throughout India to replace taxes levied by the Central and State Governments.

It is introduced as Constitution (101st Amendment) Act, 2016. The GST is governed by GST Council and its Chairman is Union Finance Minister of India.

France was the first country to implement GST in the year 1954. Presently about 160 countries across the world have adopted GST with Canada has a dual GST model just like India.



CONCEPT OF GST

GST IS A VALUE ADDED TAX

GST is a tax levied at multiple stages of production & distribution of goods & services in which tax paid on inputs are allowed as set-off against tax payable on output. In short, we can say that GST is charged on "Value Addition."

CHAIN OF TAX CREDITS

GST offers comprehensive and continuous chain of tax credits from the producer's point/service up to the retailer's level/consumer's level.

BURDEN ON FINAL CONSUMER

The final burden of GST is borne by the consumer as it is charged by the last supplier with set off benefits at all previous stages.

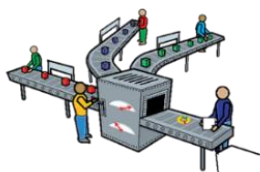
NO CASCADING EFFECT OF TAXES

The past tax structure of India has number of indirect taxes collected both by Central and State Government. Due to such *multiple taxes*, there had been **cascading effect** of taxes (**tax on tax**) and double taxation.

GST will subsume all these indirect taxes and will thus, facilitate *seamless flow of credit* resolving the problem of double taxation and cascading effect of taxes.

Manufacturer purchased raw material and GST paid Rs. 80

Rate of GST = 12%



MANUFACTURER

<u>Invoice</u>	
SP	Rs. 1,000
GST	Rs. 120
TOTAL	Rs. 1,120

<u>Tax Payable</u>	
Payable	Rs. 120
- ITC	Rs. 80
Net Tax	Rs. 40



WHOLESALER

<u>Invoice</u>	
COST	Rs. 1,000
PROFIT	Rs. 500
SP	Rs. 1,500
GST	Rs. 180
TOTAL	Rs. 1,680

<u>Tax Payable</u>	
Payable	Rs. 180
- ITC	Rs. 120
Net Tax	Rs. 60



RETAILER

<u>Invoice</u>	
COST	Rs. 1,500
PROFIT	Rs. 500
SP	Rs. 2,000
GST	Rs. 240
TOTAL	Rs. 2,240

<u>Tax Payable</u>	
Payable	Rs. 240
- ITC	Rs. 180
Net Tax	Rs. 60

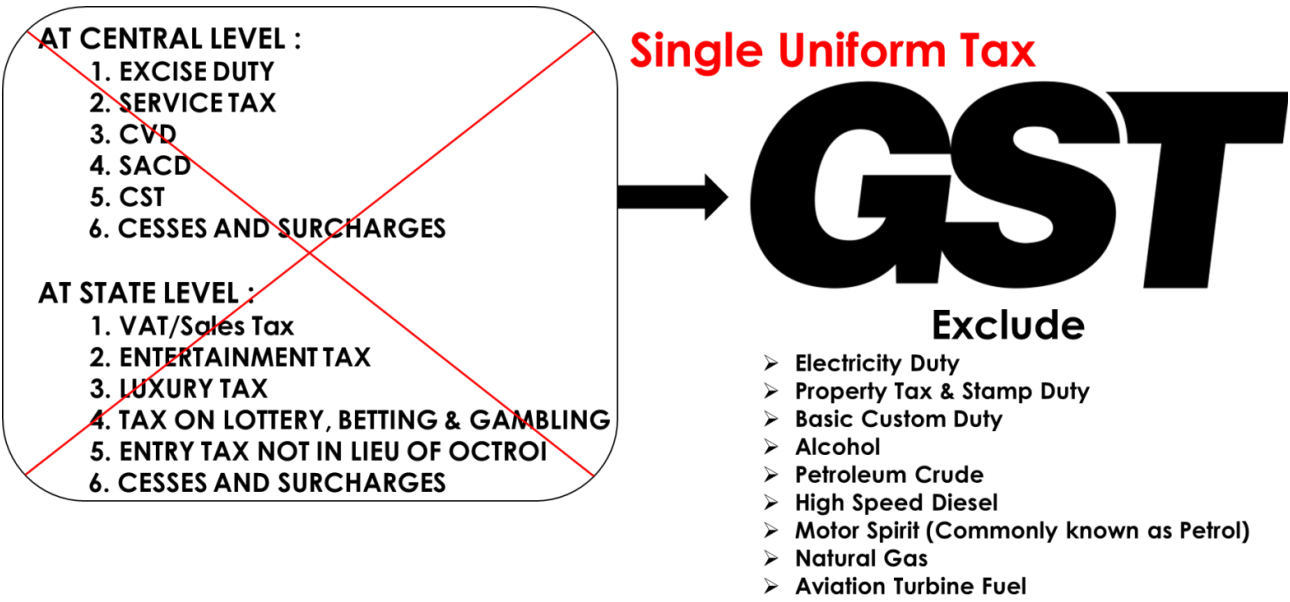


CONSUMER

<u>Invoice</u>	
COST	Rs. 2,000
GST	Rs. 240
TOTAL	Rs. 2,240

GST – A CURE FOR ILLS OF EXISTING INDIRECT TAX REGIME

TAXES TO BE SUBSUMED IN GST



CONSTITUTIONAL PROVISION

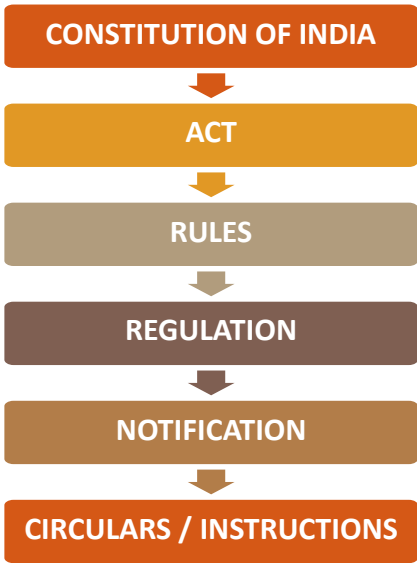
Article 265	• Taxes not to be imposed save by authority of law
Article 245	• Extent of laws made by parliament and by the Legislatures of States
Article 246	• Subject-matter of laws made by Parliament and by the Legislatures of States.

ARTICLE 256 – SCHEDULE VII

SCHEDULE VII

LIST I [Referred as Union List] This list enumerates the matters in respect of which the parliament has an exclusive right to make Laws.		List II [Referred as State List] This list enumerates the matter in respect of which the legislature of any slate has an exclusive right to make Laws		List III [referred as the Concurrent List] This list enumerates the matters in respect of which both the parliament & legislature of any state have power to make Laws.	
Entry No.	Items	Entry No.	Items	Entry No.	Items
82	Income tax other than tax on agriculture Income	46	Agriculture Income Tax	17A	Forests
83	Customs duty including export duty	51	State Excise Duty on Liquor. Opium Etc.	25	Education
84	Duties of excise on the following goods manufactured or produced in India namely: a) Petroleum Crude b) High speed Diesel c) Motor Spirit (Commonly known as petrol) d) Natural Gas e) Aviation Turbine Fuel and f) Tobacco and tobacco products	84	Tax on Entry of Goods into Local Area for Consumption or use or sale (called Octroi) Omitted		
85	Corporation Taxes	54	Taxes on the sale of: a) Petroleum Crude b) High speed Diesel c) Motor Spirit (Commonly known as petrol) d) Natural Gas e) Aviation Turbine Fuel But not including a) Sale in the course of Inter State Trade or Commerce or b) Sale in the course of international trade or commerce of such goods.		
92A	Tax on Inter State Sales (CST)	62	Taxes on entertainments and amusements to the extent levied and collected by a Panchayat or a Municipality or a Regional Council or a District Council.		
92C	Tax on service (Yet not used by union) Omitted				
97	Any other matter not included in List II & List III (Levy of Service Tax through Finance Act, 1994)				

TAX HIERARCHY

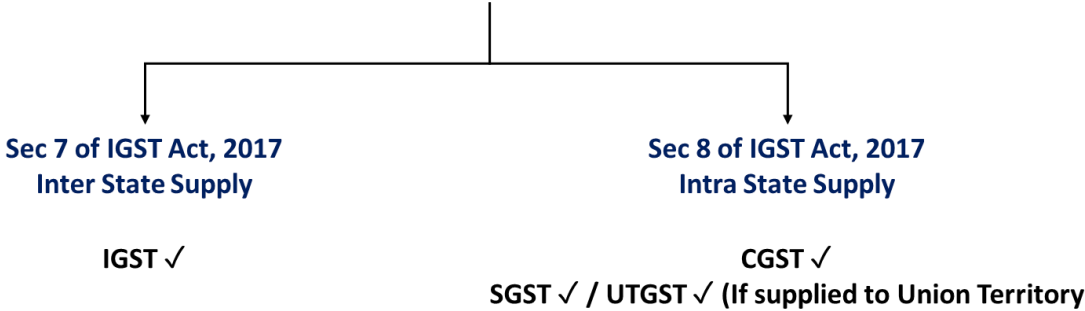


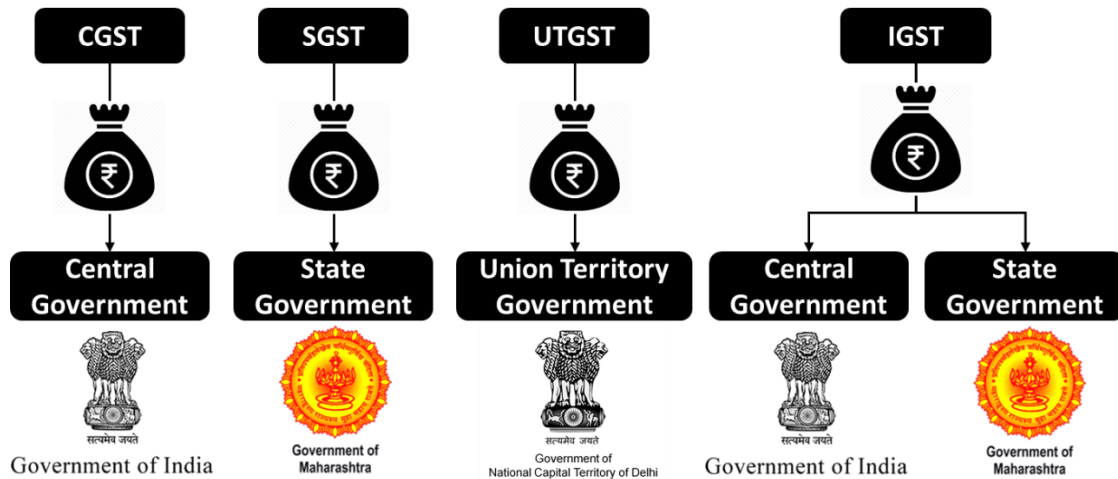
FRAMEWORK OF GST IN INDIA

DUAL GST MODEL

A dual GST will, be in keeping with the constitutional requirement of fiscal federalism. GST in India will be dual model based i.e. state and central government will both levy GST termed as SGST/UTGST and CGST respectively.

However, chargeability, definition of taxable event and taxable person, measure of levy including valuation provisions, basis of classification etc. would be uniform under both CGST and SGST laws.





INTER STATE TRANSFER [Section 7 of IGST Act, 2017]

SUPPLY OF GOODS/SERVICES SHALL BE TREATED AS INTER-STATE SUPPLY: Where the location of the supplier and the place of supply are in –

- Two different states
- Two different Union Territories or
- A State and A Union Territory

Integrated Goods & Service Tax i.e. IGST shall be charged on an Inter State Transfer

INTRA STATE TRANSFER [Section 8 of IGST Act, 2017]

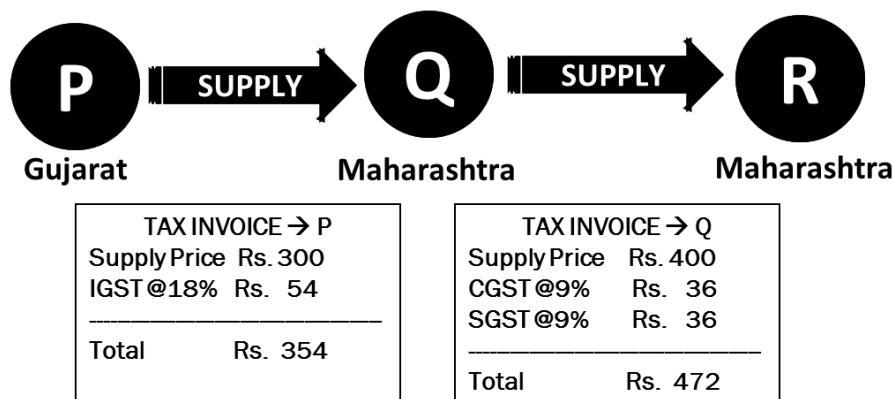
SUPPLY OF GOODS/SERVICES SHALL BE TREATED AS INTRA-STATE SUPPLY: Where the location of the supplier and the place of supply are in –

- Same State
- Same Union Territory

Central Goods & Service Tax i.e. CGST and State Goods & Service Tax i.e. SGST / Union Territory Goods & Service Tax i.e. UTGST shall be charged on an Intra State Transfer

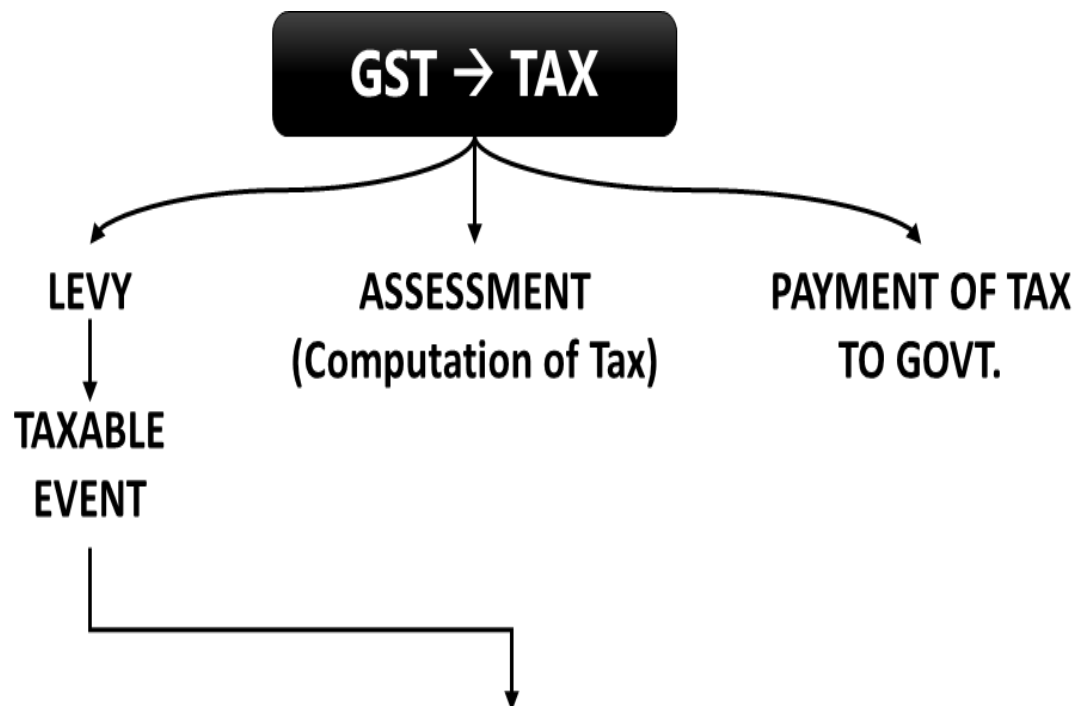
EXAMPLE

Mr. P of Gujarat sold Product X for Rs. 300 to Mr. Q of Maharashtra. Mr. Q supplies such goods to Mr. R of Maharashtra for Rs. 400. Rate of GST is 18%.





- **[Sec. 7] Scope of Supply.**
- **Definition of Goods & Services.**
- **Supply for a consideration in the course on furtherance of business.**
- **Importation of Services.**
- **Schedule I : Supply without consideration Sec 7(1)(c).**
- **Schedule II: Activities to be treated as supply of goods or supply of services.**
- **Schedule III : Negative list under GST.**
- **Composite & mix supply.**
- **Summarised analysis of supply under GST**



GST is a TAX applicable to whole of INDIA including the state of Jammu & Kashmir

GST →

- is a TAX
- Charged on the
- Supply of Goods or Services or both made or agreed to be made

SUPPLY INCLUDES

- Sale
- Transfer
- Barter
- Exchange
- License
- Rental
- Lease
- Disposal

Section 7(1)(a) of CGST Act

INCLUSIONS

EXCLUSIONS

PART 1

Supply of Goods or Services or Both made or agreed to be made for Consideration by a person in the Course or Furtherance of Business

PART 2

Importation of Service for Consideration whether or not in course or furtherance of business

Import
+
Consideration

PART 3

Supply without Consideration
Sec 7(1)(c)

+
Schedule I
Supply

+
In course or furtherance of business

PART 4

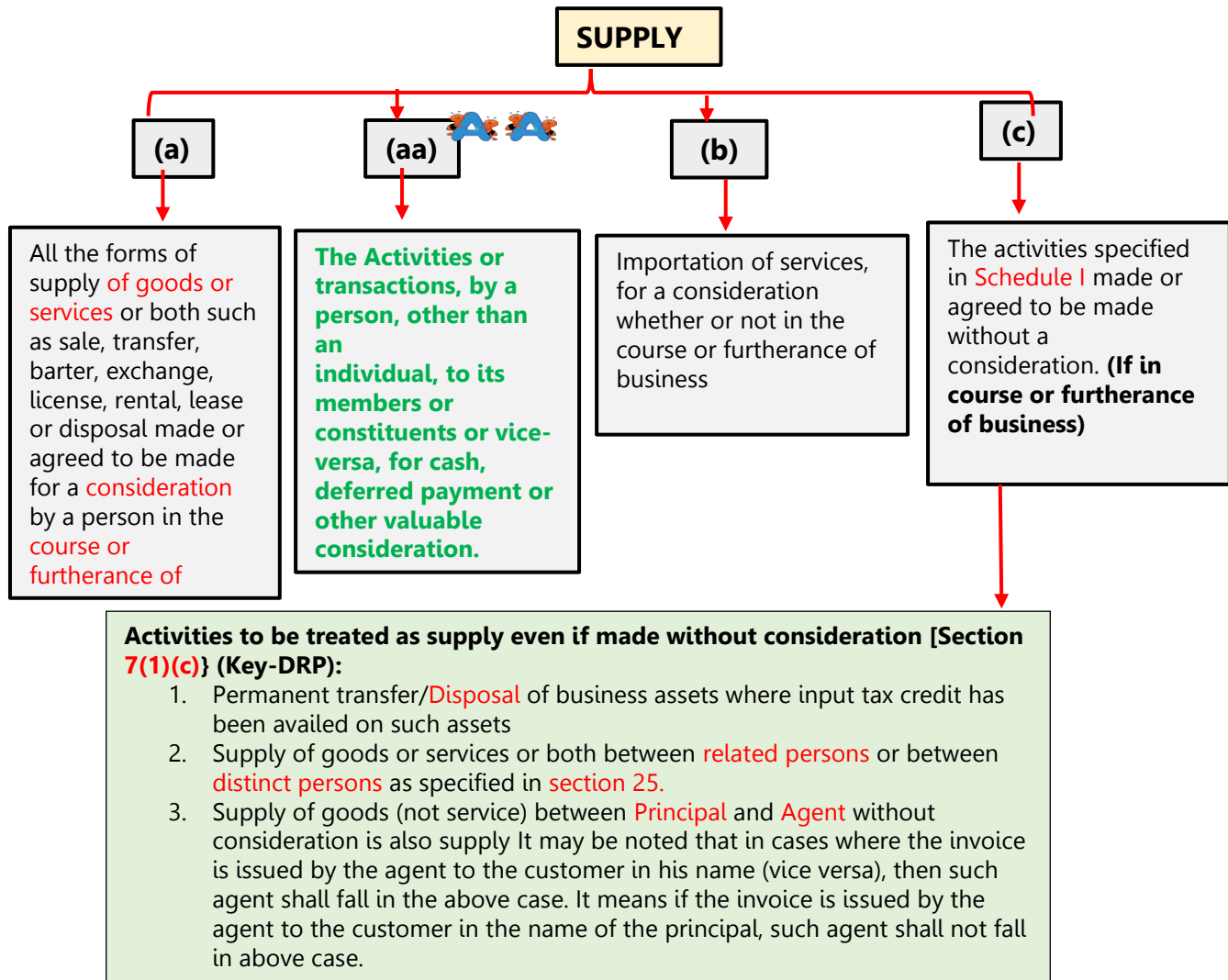
Activities to be treated as supply of goods or supply of services
Sec 7(1A)

+
Schedule II

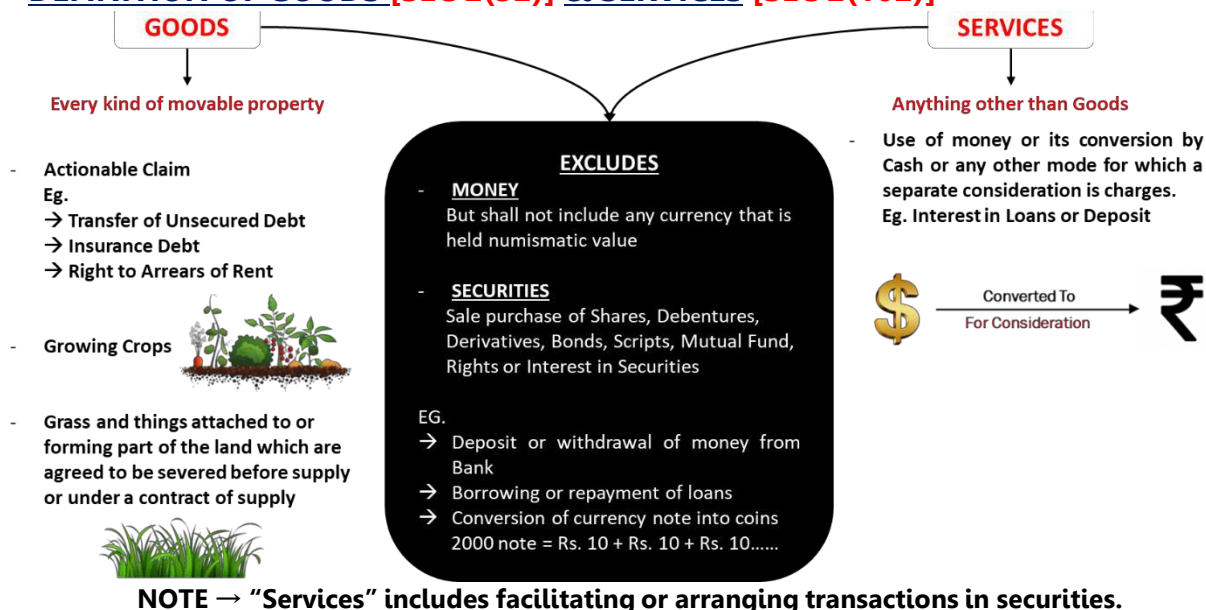
PART 5

Negative List
Sec 7(2)
+
Schedule III

Supply ✓

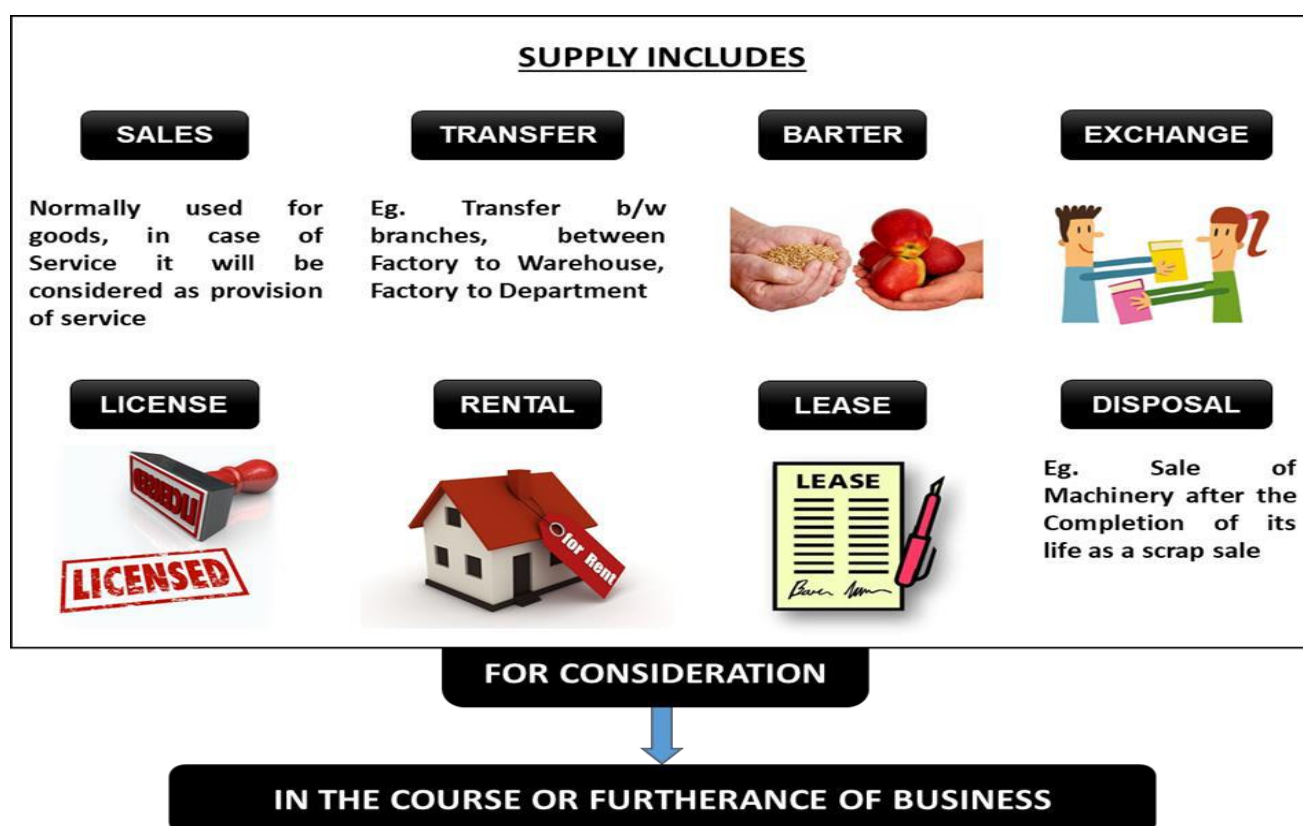
'SUPPLY' AS PER GST LAW [SECTION 7(1) OF CGST ACT]

DEFINITION OF GOODS [SEC 2(52)] & SERVICES [SEC 2(102)]



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.

PART 1] SUPPLY FOR CONSIDERATION IN COURSE OR FURTHERANCE OF BUSINESS [Section 7(1)(a)]

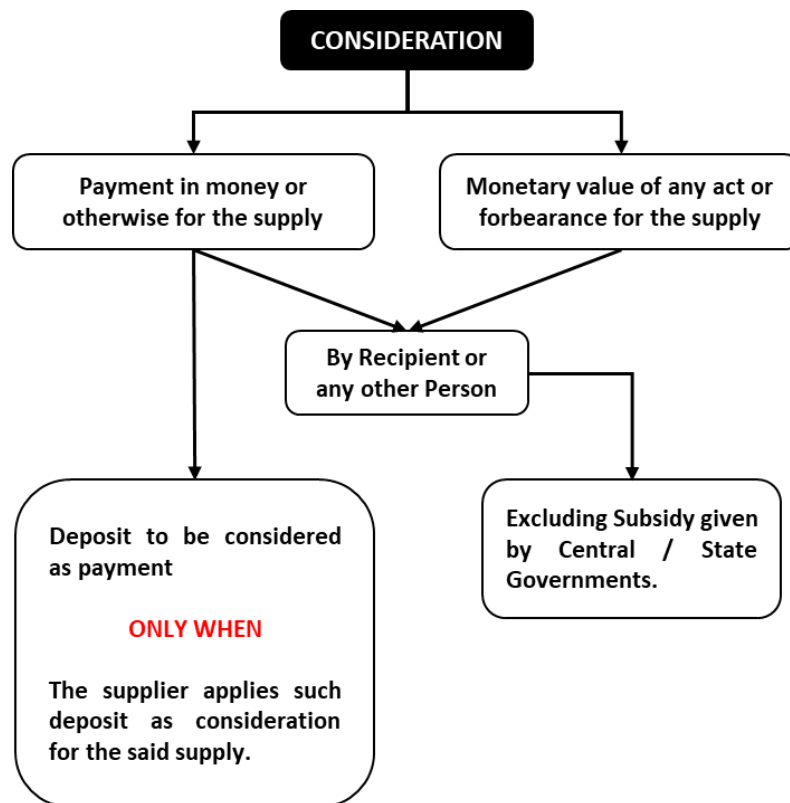


DEFINITION OF CONSIDERATION

“Consideration” in relation to the supply of goods or services or both includes:

- (a) **Any payment made or to be made, whether in money or otherwise**, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient* or by any other person but shall not include any subsidy given by the Central Government or a State Government;
- (b) **The monetary value of any act or forbearance**, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient* or by any other person but shall not include any subsidy given by the Central Government or a State Government.

Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply.



EXAMPLE 1:

Noka Ltd. supplied 'smart phone' to Mr. Mukesh for Rs. 85,000/-. Mr Mukesh found some issues in phone which were not attended to customer care department of Noka Ltd. He made a social post on company's Instagram page. His post went viral attracting negative publicity for company.

Noka Ltd. contacted Mr Mukesh. and requested him to delete the post and in return, agreed to supply him a Headphone set worth Rs. 25,000. No Price charged for such supply.

Answer: Supply of Phone = Supply for Consideration (price) of Rs. 85,000/- Supply of Headphone = Supply for Consideration (Forbearance)

[Forbearance is foregoing one's right or claim]

EXAMPLE 2:

A Ltd. owns a training centre in Jaipur, the institute charges Rs. 20,000 per student for giving training . This training programme is subsidized by :

Central government RS.2000 Per student.

Helping hand charitable trust Rs.1000 per student

Government of UK RS. 500 .

A Ltd charge Rs.16,500+GST per student

Compute the total amount (tax inclusive) collectible from student.

Answer:

In this case, subsidies given by different institutions are directly linked to the price charged by A Ltd. central Government subsidy can be excluded but subsidy paid by others will be included in taxable value. Consequently, value of taxable supply will be calculated as follows- Rs.

	Rs.
Transaction Value	16,500
Subsidy paid by Helping hand Charitable Trust	1,000
Subsidy paid by UK Government	500
Value of Taxable Supply	18,000

NOTE:

Amount to be collected from students will be as follows: Rs. 16,500 (Transaction Value) + CGST: Rs. 1620 + SGST: Rs. 1620

IN COURSE OR FURTHERANCE OF BUSINESS

GST is essentially a tax only on commercial transactions. Hence, only those supplies that are in the course or furtherance of business qualify as supply under GST. Resultantly, any supplies made by an individual in his personal capacity do not come under the ambit of GST unless they fall within the definition of 'business'.

EXAMPLE

Rishabh buys a car for his personal use and after a year sells it to a car dealer. Sale of car by Rishabh to car dealer is not a supply under CGST Act because supply is not made by Rishabh in the course or furtherance of business

ANALYSIS OF SUPPLY

The meaning and scope of supply taxable under GST can be understood in terms of following parameters:

1. Supply should be of goods or services. Supply of anything other than goods or services like money, securities etc. does not attract GST.



2. Supply should be made for a consideration.
3. Supply should be made in the course or furtherance of business.
4. Supply should be made by a taxable person.
5. Supply should be a taxable supply

Donations received by charitable institutions from individual donors, without *quid pro quo*⁷

An important feature of consideration is *quid pro quo* [something for something]. Donations received by the charitable organisations are treated as consideration only if there exists, *quid pro quo*, i.e., there is an obligation on part of recipient of the donation or gift to do anything (supply a service).

Generally, institutions such as religious institutions, charitable organisations, schools, hospitals, orphanages, old age homes etc. receive financial help or any other support in the form of donation or gift from the individual donors. In order to express the gratitude towards such help/support, the recipient institutions place a name plate or similar such acknowledgement in their premises.

When the name of the donor is displayed in recipient institution's premises, in such a manner, which can be said to be an expression of gratitude and public recognition of donor's act of philanthropy and is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is no supply of service for a consideration (in the form of donation). In other words, there is no obligation (*quid pro quo*) on part of recipient of the donation or gift to do anything (supply a service). Therefore, there is no GST liability on such consideration.

Some examples of cases where there would be no taxable supply are as follows: -

Example 1:- Bhushan donated a blackboard to Yoganisht Sansthan – a charitable yoga institution. Yoganisht Sansthan Printed underneath the blackboard so donated- “Good wishes from Mr. Bhushan”.

Example 2 :- Smt. Durga Devi donated some money to a temple in the memory of her late father. The Temple Trust constructed a room in the temple complex from such donation and wrote “Donated by Smt. Durga Devi in the memory of her father” on the door floor of the room.

In above examples, it may be noticed that there is no reference or mention of any business activity of the donor which otherwise would have got advertised.

Artists give their work of art to galleries where it is exhibited for supply. However, no consideration flows from the gallery to the artist when the art works are sent to the gallery for exhibition and therefore, the same is not a supply.

It is only when a buyer selects a particular art work displayed at the gallery, that the actual supply takes place and applicable GST would be payable at the time of such supply.

STUDENT NOTE

Art works sent by artists to galleries for exhibition is not a supply as no consideration flows from the gallery to the artists

BUSINESS [Sec 2(17)]

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

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



Any activity undertaken in course / furtherance of business would constitute a supply. Since 'business' includes vocation, sale of goods or service even as a vocation is a supply under GST.

NOTE:

The scope of term 'business' has widened to include all the activities (earlier it was only service) of race club and all the activities of a license book maker in such club

IF.....	And in return
X Agrees to click Y's photo	Y Agrees to dry clean X's clothes
P Agrees not to open dry clean shop in Y's neighborhood	G Agrees not to open photography shop in P's neighborhood
C Agrees to design D's house	D Agrees not to object to construction of C's house in his neighborhood.

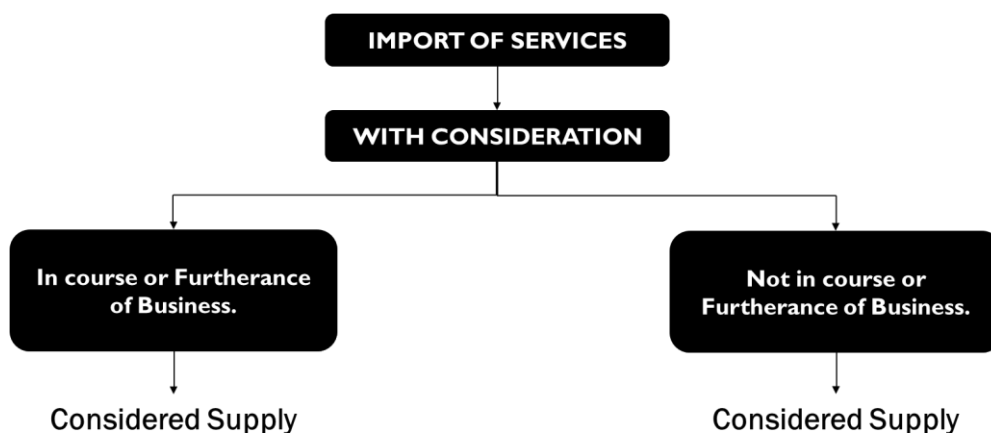
Mr. Aniket, a manufacturer is selling Cell phone manufactured by him	→ Sale → Supply
Mr. Ankit, a trader, is selling cell phone manufactured by others	→ Sale → Supply
Mr. Vishwas, a trader, is selling Machine on installment payment system (ownership will be transferred upon payment of last installment)	→ Leasing → Supply
Mr. Raj, a businessman, is renting out cars on rental basis. (Car is rented with/without driver upon charges on per day basis)	→ Rental → Supply
Mr. Narayan, a Radio manufacturer, is selling Radio in-exchange of old Radio from customers	→ Barter/Exchange → Supply
Mr. Amritesh, a jeweler, has given bangles in exchange of Necklace from a household lady	→ Barter/Exchange → Supply

EXAMPLE 1.

Shubham Acharya, a famous magician, paints some paintings and sells them. The consideration from such sale is to be donated to a Charitable Trust – “Insaan Foundation”. The sale of paintings by the magician qualifies as supply even though it is a one-time occurrence.

EXAMPLE 2.

A Resident Welfare Association provides the service of depositing the electricity bills of the residents in lieu of some nominal charges. Provision of service by a club or association or society to its members is treated as supply as this is included in the definition of business.

PART 2] IMPORTATION OF SERVICES u/s 7(1)(b)**CHECK YOUR KNOWLEDGE**

Mr. 'X' received advance for supply of services, whether GST will be applicable or not?
→ Applicable

EXAMPLE

Ramu a proprietor, has received the architect services for his house from an architect located in Australia at an agreed consideration of \$ 5,000. The import of services by Ramu is supply under section 7(1)(b) though it is not in course or furtherance of business.

PART 3] SCHEDULE 1 - SUPPLY WITHOUT CONSIDERATION [Sec 7(1)(c)] Key Code → DR SP

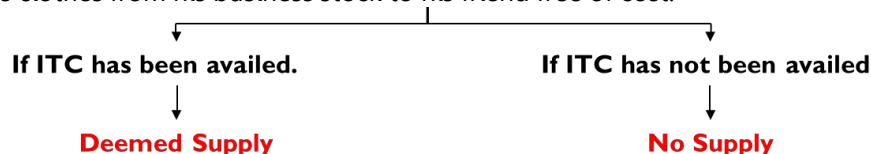
1) PERMANENT TRANSFER / DISPOSAL OF BUSINESS ASSETS, IF ITC HAS BEEN AVAILED

EXAMPLE 1

Computer is purchased for business purpose and ITC on the same is availed. After some years, said computers are permanently transfer to educational institute without consideration → **Supply** ✓

EXAMPLE 2

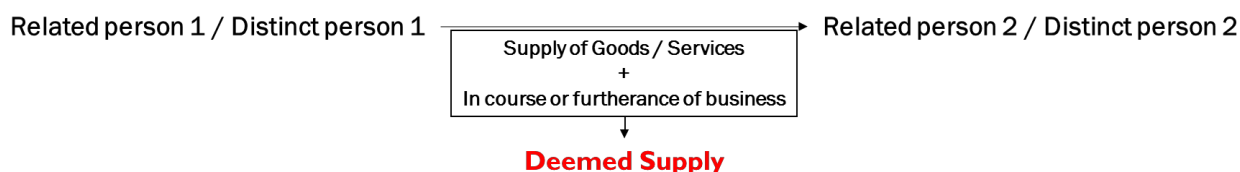
A cloth retailer gives clothes from his business stock to his friend free of cost.



2) SUPPLY BETWEEN RELATED PERSON OR DISTINCT PERSONS

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 is made in the course or furtherance of business.

EXAMPLE 1-



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

EXAMPLE 2-



POINT TO BE NOTED → The term 'Gift' has not been defined in the GST law, as per common parlance gift is made without Consideration, is voluntary in nature. It means the Employee cannot move to court of Law for obtaining a Gift.

RELATED PERSONS (As per explanation to Sec 15)

A person shall be deemed to be related if,

- a) such persons are officers or directors of one another's businesses
- b) such persons are legally recognized partners in business
- c) such persons are employer and employee
- d) any person directly or indirectly owns, controls or holds twenty-five per cent or more of the outstanding voting stock or shares of both of them
- e) one of them directly or indirectly controls the other
- f) both of them are directly or indirectly controlled by a third person
- g) together they directly or indirectly control a third person; or they are members of the same family
- h) Persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.
- i) Spouse, Son & Daughter. (Dependent or Independent)
- j) Parents, Grandparents, Brother, Sister (If Wholly Dependent)

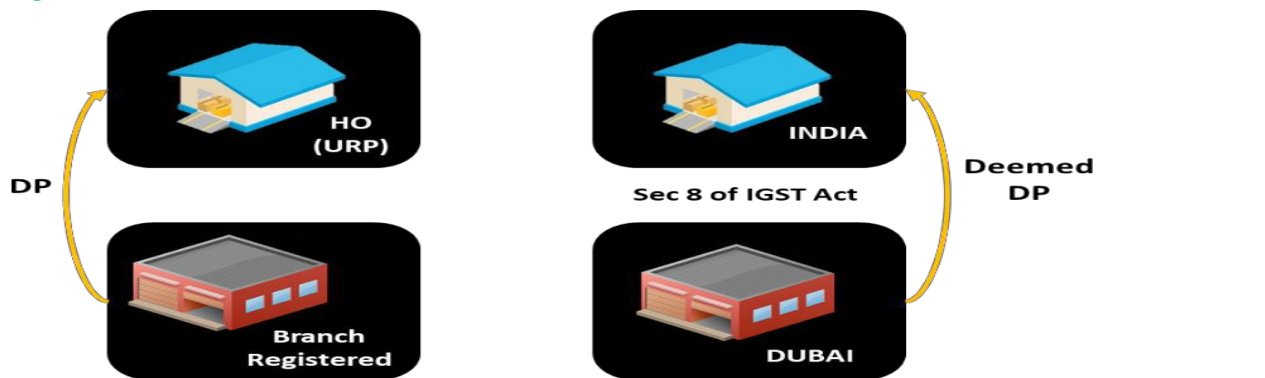
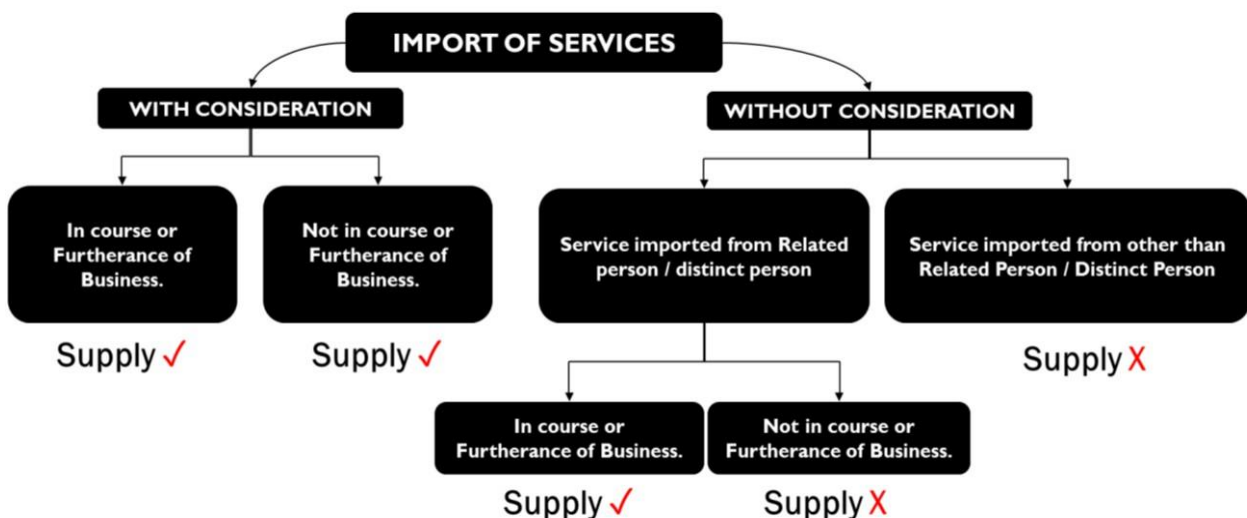
DISTINCT PERSONS SPECIFIED UNDER SECTION 25**SEPARATE REGISTRATION MAKE DISTINCT PERSON U/S**

25(4): 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 persons.

U/s 25(5), Separate Establishment in another state / UT whether Registered or unregistered → Such Establishment shall be treated as DP

EXAMPLE:

Raj, 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. Raj shall be treated as distinct persons in respect of registrations in Maharashtra and Delhi.

**Section 7(1)(b) : Importation of services**

NOTE: 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]

3) STOCK TRANSFERS OR BRANCH TRANSFERS:

Transactions between different locations (with separate GST registrations) of same legal entity (e.g. stock transfers or branch transfers) will qualify as 'supply' under GST.

Example 1:- Raghubir Fabrics transfers 1000 shirts from his factory located in Lucknow to his retail showroom in Delhi so that the same can be sold from there. The factory and retail showroom of Raghubir Fabrics are registered in the States where they are located. Although no consideration is charged, supply of goods from factory to retail showroom constitutes supply.

Example 2: - National Fabrics transfers 1000 shirts from his factory located in Lucknow to his retail showroom in Kanpur so that the same can be sold from there.

It has taken one registration in the State of Uttar Pradesh declaring Lucknow factory as its principal place of business and Kanpur showroom as its additional place of business.

Since no consideration is charged, supply of goods from factory to retail showroom in same State under single registration does not constitute supply.

However, in the above example, if National Fabrics obtains separate registrations for Lucknow factory and Kanpur showroom, stock transfer between the Lucknow factory and Kanpur showroom will constitute supply.

4) PRINCIPAL-AGENT RELATIONSHIP

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



MOULDS AND DIES OWNED BY ORIGINAL EQUIPMENT MANUFACTURERS (OEM) THAT ARE SENT FREE OF COST (FOC) TO A COMPONENT MANUFACTURER (THE TWO NOT BEING RELATED PERSONS OR DISTINCT PERSONS) DOES NOT CONSTITUTE A SUPPLY AS THERE IS NO CONSIDERATION INVOLVED [CIRCULAR NO. 47/21/2018 GST DATED 08.06.2018].

Points which merit consideration, in this regard, are as follows:

- ✚ Only **supply of goods and not supply of services** is covered here.
- ✚ Supply of goods between principal and agent **without consideration** is also supply.

Thus, the **supply of services** between the principal and the agent and vice versa would therefore require "consideration" to be considered as supply and thus, to be liable to GST.

In order to determine whether a particular principal- agent relationship falls within the ambit of the Para 3. of Schedule I as discussed above or not, the deciding factor is whether the invoice for the further supply of goods on behalf of the principal is being issued by the agent or not? In other words, the crucial point is whether or not the agent has the authority to pass or receive the title of the goods on behalf of the principal.

- ✚ Where the invoice for further supply is being issued by the agent in his name then, any provision of goods from the principal to the agent would fall within the fold of Para 3. above. However, it may be noted that in cases where the invoice is issued by the agent to the customer in the name of the principal, such agent shall not fall within the ambit of Para 3 above.
- ✚ Similarly, where the goods being procured by the agent on behalf of the principal are invoiced in the name of the agent then further provision of the said goods by the agent to the principal would be covered by Para 3. above [Circular No. 57/31/2018 GST dated 04.09.2018].

The above clarification can be understood with the help of following scenario based examples:

EXAMPLE 1

Mr. A appoints Mr. B to procure certain goods from the market. Mr. B identifies various suppliers who can provide the goods as desired by Mr. A, and asks the supplier (Mr. C) to send the goods and issue the invoice directly to Mr. A. In this scenario, Mr. B is only acting as the procurement agent, and has in no way involved himself in the supply or receipt of the goods. Hence, in accordance with the provisions of this Act, Mr. B is not an agent of Mr. A for supply of goods in terms of Para 3. of Schedule I.

EXAMPLE 2

M/s XYZ, a banking company, appoints Mr. B (auctioneer) to auction certain goods. The auctioneer arranges for the auction and identifies the potential bidders. The highest bid is accepted and the goods are sold to the highest bidder by M/s XYZ. The invoice for the supply of the goods is issued by M/s XYZ to the successful bidder. In this scenario, the auctioneer is merely providing the auctioneering services with no role played in the supply of the goods. Even in this scenario, Mr. B is not an agent of M/s XYZ for the supply of goods in terms of Para 3. of Schedule I.

EXAMPLE 3

Mr. A, an artist, appoints M/s B (auctioneer) to auction his painting. M/s B arranges for the auction and identifies the potential bidders. The highest bid is accepted and the painting is sold to the highest bidder. The invoice for the supply of the painting is issued by M/s B on the behalf of Mr. A but in his own name and the painting is delivered to the successful bidder.

In this scenario, M/s B is not merely providing auctioneering services, but is also supplying the painting on behalf of Mr. A to the bidder, and has the authority to transfer the title of the painting on behalf of Mr. A. This scenario is covered under Para 3. of Schedule I.

EXAMPLE 4

A C&F agent or commission agent takes possession of the goods from the principal and issues the invoice in his own name. In such cases, the C&F commission agent is an agent of the principal for the supply of goods in terms of Para 3. of Schedule I. The disclosure or non-disclosure of the name of the principal is immaterial in such situations.

EXAMPLE 5

Mr A sells agricultural produce by utilizing the services of Mr B who is a commission agent as per the Agricultural Produce Marketing Committee Act (APMC Act) of the State. Mr B identifies the buyers and sells the agricultural produce on behalf of Mr. A for which he charges a commission from Mr. A.

As per the APMC Act, the commission agent is a person who buys or sells the agricultural produce on behalf of his principal, or facilitates buying and selling of agricultural produce on behalf of his principal and receives, by way of remuneration, a commission or percentage upon the amount involved in such transaction.

In cases where the invoice is issued by Mr. B to the buyer, the former is an agent covered under Para 3. of Schedule I3. However, in cases where the invoice is issued directly by Mr. A to the buyer, the commission agent (Mr. B) doesn't fall under the category of agent covered under Para 3.

EXAMPLE 6

PQR Manufacturing Ltd. (Mumbai) engaged Rahul & Sons as an agent to sell goods on its behalf. For this purpose PQR Manufacturing Ltd. Has supplied the goods to Rahul & Sons located in Haryana

→ Deemed Supply

EXAMPLE 7

A dealer of air-conditioners permanently transfers an air conditioner from his stock in trade, for personal use at his residence. The transaction will constitute a supply as it is a permanent transfer/ disposal of business assets. The only condition is that input tax credit should have been availed on such assets.

EXAMPLE 8

(i) Ms. Priya holds 30% shares of ABC Ltd. and 35%

shares of XYZ Ltd. ABC Ltd. and XYZ Ltd. are related.

(ii) Q Ltd. has a deciding role in corporate policy, operations management and quality control of R Ltd. It can be said that Q Ltd. controls R Ltd. Thus, Q Ltd. and R Ltd. are related.

EXAMPLE 9

Rishabh Enterprises, a registered supplier, owns an air-conditioned restaurant in Virar, Maharashtra. It has opened a liquor shop in Raipur, Uttarakhand for trading of alcoholic liquor for human consumption. Since supply of alcoholic liquor for human consumption in Uttarakhand is a non-taxable supply, Rishabh Enterprises is not required to obtain registration with respect to the same in Uttarakhand. In this case, air - conditioned restaurant in Maharashtra and liquor shop in Raipur [though unregistered] shall be treated as establishments of distinct persons. Supply by Maharashtra office to Uttarakhand office, in course or furtherance of business even without consideration will qualify as supply.

PART 4] SCHEDULE II - ACTIVITIES TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES [Sec 7(1A)]

Section 7(1)(d) of the Act refers to Schedule II for determining whether a particular transaction is a supply of goods or service. This helps in mitigating ambiguities in existing laws.

1) TRANSFER



Example:-

Ram sells ready-made garments to its customers

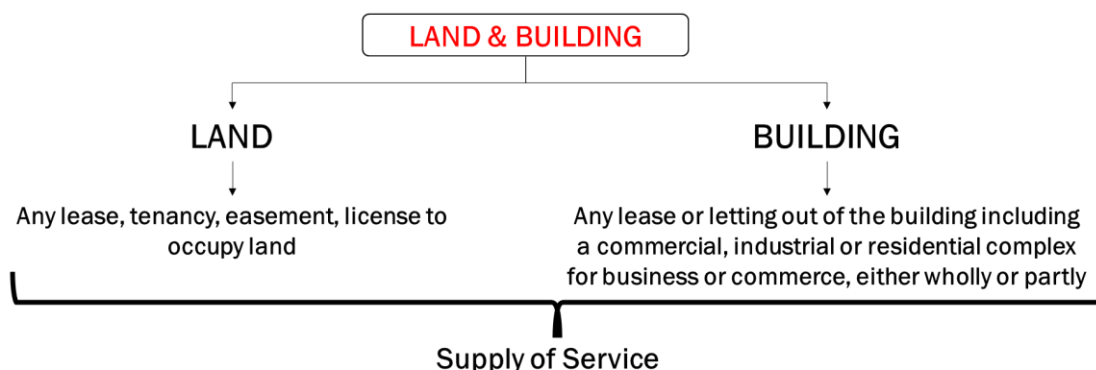
Example:-

AB LTD gives a machinery on rent to CD Manufactures

Example:-

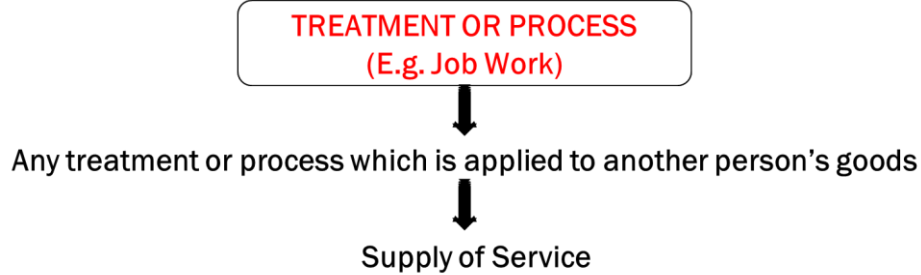
(i) Dhruva Capital supplied goods on hire purchase basis to customers.
(ii) Optima Manufacturers supplies toys to retailers on 'sale or return basis'.

2) LAND & BUILDING



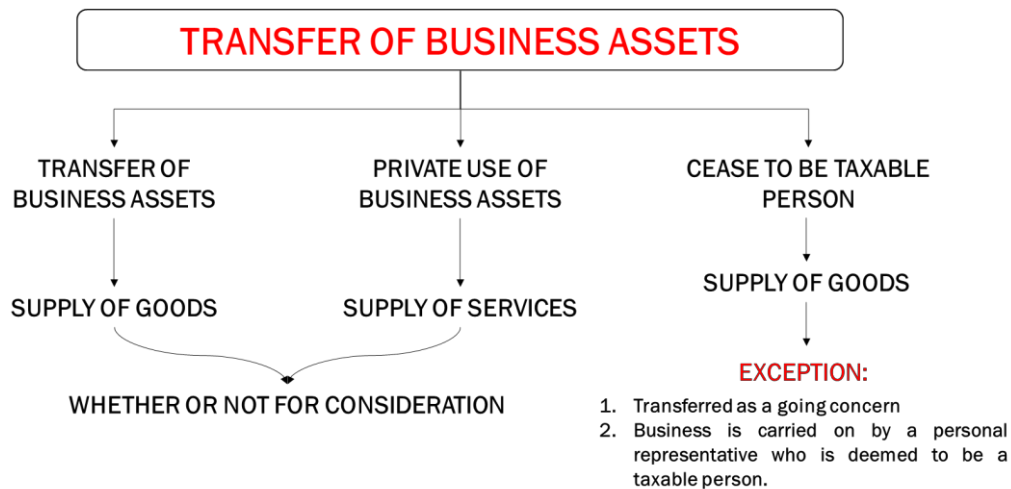
EXAMPLE:- A shop let out in a market area.

3) TREATMENT OR PROCESS



EXAMPLE:- Damani Dying House dyes the clothes given by Shubham Textiles Ltd. on job work basis.

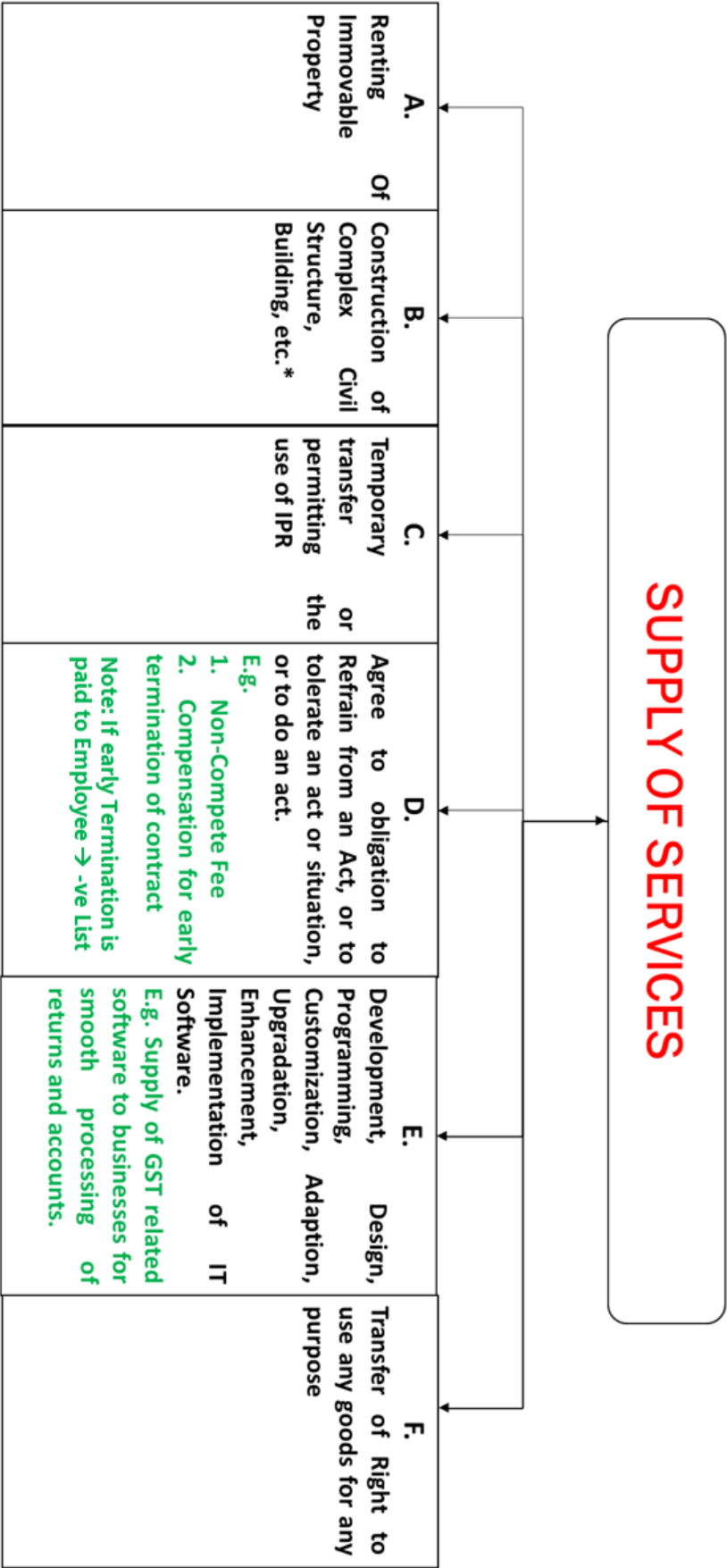
4) TRANSFER OF BUSINESS ASSETS



EXAMPLE:

1. A director using car provided by the company for personal travels.
2. Raj, a trader, is winding up his business. Any goods left in stock shall be deemed to be supplied by him and GST shall be payable.
3. MR. Sohail, a sole proprietor, owns a laptop used for making office presentations. He transfers said laptop to his son for making school projects
4. Jagdish, a trader, is winding up his business. Any goods left in stock shall be deemed to be supplied by him.

5) SUPPLY OF SERVICES



EXAMPLE:-**(a) Renting of immovable property**

- Renting of a commercial complex.
- Renting of precincts of a religious place.
- Renting of property to an educational institution.
- Permitting use of immovable property for placing vending/dispensing machines

(b) Construction of complex, building, civil, structure, etc.*

Birla Builders has constructed individual residential units for agreed consideration of Rs.2.4 crore per unit. Rs.180 lakh per unit were received before issuance of completion certificate by the competent authority and balance after completion.

(c) Temporary transfer or permitting use or enjoyment of any intellectual property right

Temporary transfer of patent.

(d) Development, design, programming, customization, adaptation, upgradation, enhancement, implementation of IT software

ABC Solutions develops an accounting software for a business.

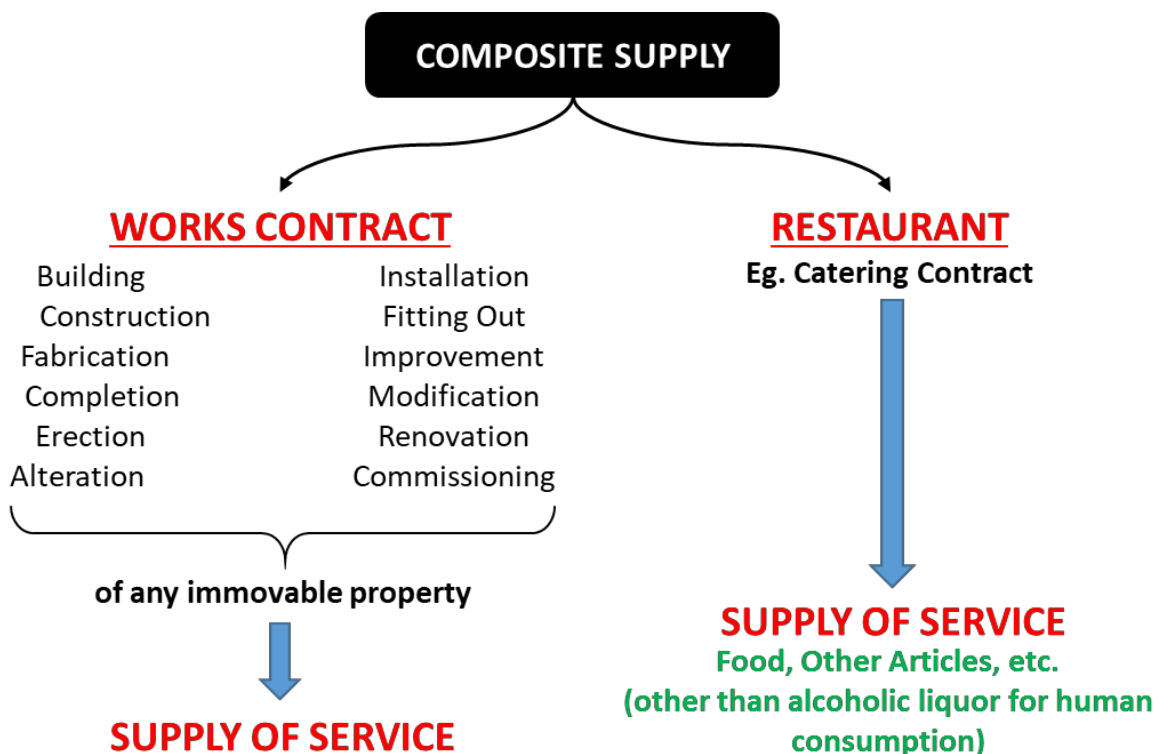
(e) Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act.

Professor – A has entered into an agreement with **Professor - B** that **A** will not provide Coaching in the specified areas where **B** is providing the Coaching. Non-compete agreements constitute supply of service.

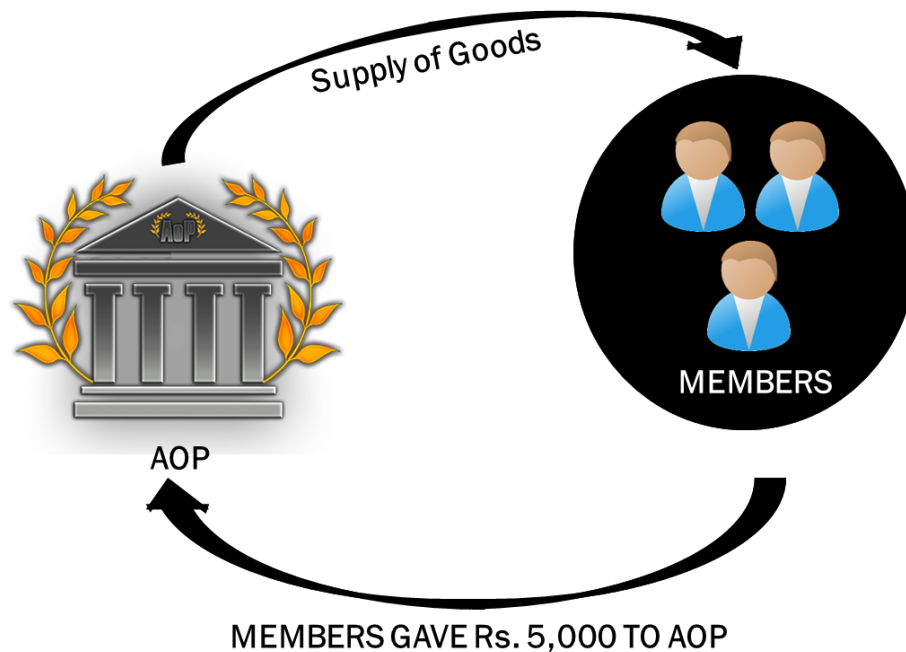
(f) Transfer of right to use any goods for any purpose

Machinery given on hire.

***NOTE:** Where the entire consideration has been received after issuance of completion certificate, or after its first occupation, whichever is earlier → Covered under Negative List → No Supply.

6) COMPOSITE SUPPLY**7) SUPPLY OF GOODS**

Supply of Goods by an unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration

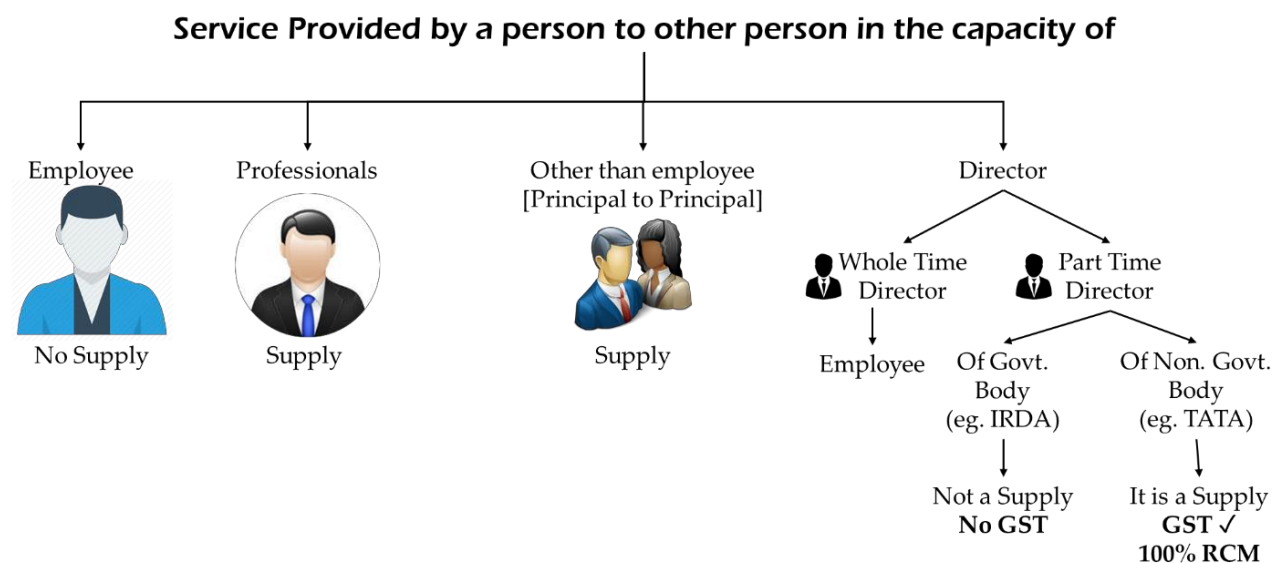
**EXAMPLE:-**

Resident welfare association(RWA) of Sanskriti Society supplies airconditioners to its members at a concessional price.

PART 5] NEGATIVE LIST UNDER GST – SCHEDULE III of CGST ACT

Key Code → I FACE

1. Services by an Employee to the Employer in the course of or in relation to his employment.

**EXAMPLE**

- (1) Services provided otherwise than in course of employment → Supply
- (2) Services provided on contract basis – Principal – to Principal → Supply
- (3) Amounts received by an employee from employer on premature termination of contract of employment → No supply, as it arises in course of employment
- (4) Any amount paid for not joining a competing business would be liable to be taxed being paid for providing the service of forbearance to act → Supply

- (5) Services provided by casual worker to employer who gives wages on daily basis to the worker are services provided by the worker in the course of employment → No Supply**

DO YOU KNOW

Services provided outside ambit of employment for a consideration would qualify as supply.

For example, if an employee provides his services on contract basis to an associate company of the employer, then these are not services provided in the course of employment and thus, it would be treated as supply. Similarly, services provided on contract basis i.e. principal-to-principal basis are not services provided in the course of employment.

2. Services by any court or Tribunal established under any law for the time being in force.
3. (a) The functions performed by the Member of Parliament, Member of State Legislature, Members of Panchayat, Members of Municipalities and Members of other local authorities.
(b) The duties performed by any person who holds any post in pursuance of the provisions of the Constitution. Eg. Governors of State, C&AG etc.
(c) The duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before commencement of this clause. Eg. Chairperson of IRDA, MIDC etc.

DO YOU KNOW

Amounts/fees charged by Consumer Disputes Redressal Commission

Consumer Disputes Redressal Commissions (National/ State/ District) may not be tribunals literally as they may not have been set up directly under Article 323B of the Constitution. However, they are clothed with the characteristics of a Tribunal⁷. Consequently, fee paid by litigants while registering complaints to said Commissions are not leviable to GST. Any penalty in cash imposed by or amount paid to these Commissions will not attract GST

- 4) Services of Funeral, Burial, Crematorium or Mortuary including transportation of the deceased.
- 5) Sale of Land and, subject to clause (b) of Paragraph 5 of Schedule II, sale of Building.
- 6) Actionable Claims, other than lottery, betting and gambling.
- 7) **Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India. It seeks to exclude from the tax net such transactions which involve movement of goods, caused by a registered person, from one non-taxable territory to another nontaxable territory.**
- 8) (a) **Supply of warehoused goods to any person before clearance for home consumption. Warehoused goods means goods deposited in a warehouse.**
(b) **Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.**



EXAMPLES

1. **Mr. A purchased goods from China and sold it to Mr. John in Canada without bringing the goods in India. This transaction is neither supply of goods nor supply of services.**
2. **Mr. X imported some goods in India, but kept the goods in custom bonded warehouse without clearing it for home consumption. In the meantime, Mr. X sold these goods to Mr. Y while they were in warehouse. This transaction between Mr. X and Mr. Y is neither supply of goods nor supply of services.**
3. **Mr. P of India imported some goods from Japan. While the goods were in high seas, Mr. P sold the goods to Mr. Q in India by way of endorsement of documents of title of goods. This transaction between Mr. P and Mr. Q is neither supply of goods nor supply of services**



Latest Amendment

Following activities or transactions undertaken by the State Governments in which they are engaged as public authorities, shall be treated neither as a supply of goods nor a supply of service, namely: -

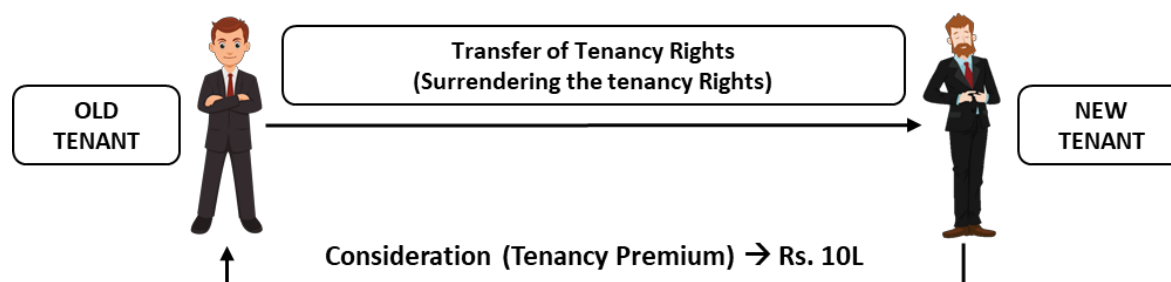
“Service by way of grant of alcoholic liquor, against consideration in the form of license fee or application fee or by whatever name it is called.”

SOME CLARIFICATIONS



TENANCY RIGHTS / PAGADI

- The activity of transfer of tenancy right against consideration [i.e. tenancy premium] is squarely covered under supply of service liable to GST.
- It is a form of lease or renting of property.



- **STAMP DUTY REGISTRATION CHARGES - ✓**
- **GST ON RS. 10L → ✓**
- **THE TRANSFER OF TENANCY RIGHTS TREATED AS SALE OF LAND/BUILDING → X**



JOINT VENTURE (JV)

- JV being an unincorporated temporary association constituted for the limited purpose of carrying out a specified project within a time frame, a comprehensive examination of the various JV agreements (at times, there could be number of inter se agreements between members of the JV) holds the key to understanding of the taxation of transactions involving taxable services between the JV and its members or inter-se between the members of a JV.,
- Thus, whether a cash call is merely a transaction in money and hence not in the nature of consideration for taxable service, would depend on the terms of the Joint Venture Agreement, which may vary from case to case.
- 'Cash calls' are raised by an operating member of the joint venture on other members in proportion to their participating interests in the joint venture (unincorporated) to meet the expenditure on the operations to be carried out as per the approved work programme and budget. Let us understand the taxability of cash calls with the help of following examples:

There are 4 members in the JV including the operating member and each one contributes Rs. 100 as part of their share. A total amount of Rs. 400 is collected. The operating member purchases machinery for Rs. 400 for the JV to be used in oil production

In above case, cash calls will not be subject to GST since the operating member is not carrying out an activity for another for consideration. Here, the money paid for purchase of machinery is merely in the nature of capital contribution and is therefore a transaction in money

EXAMPLE 2:

There are 4 members in the JV including the operating member and each one contributes Rs. 100 as part of their share. A total amount of Rs. 400 is collected. The operating member thereafter uses its own machine and performs exploration and production activities on behalf of the JV.

In above case, the operating member uses its own machinery and is therefore providing 'service' within the scope of 'supply' because here operating member is recovering the cost appropriated towards machinery

& Services from other JV members in their participating interest ratio
[Circular No. 35/9/2018 GST dated 05.03.2018].



PRIORITY SECTOR LENDING CERTIFICATES (PSLCs)

- RBI's FAQ on PSLCs have construed PSLCs to be in the nature of goods,
- PSLC are akin to freely tradeable duty scrips, Renewable Energy Certificates, REP license or replenishment license, which earlier attracted VAT.
- In GST, there is no exemption to trading in PSLCs. Thus, PSLCs are taxable as goods. GST payable on the certificates would be available as ITC to the bank buying the certificates [Circular No. 34/08/2018 GST dated 01.03.2018].



INTER-STATE MOVEMENT OF VARIOUS MODES OF CONVEYANCE

Inter-State movement of various modes of conveyance, between distinct persons as specified in section 25(4) of the CGST Act, [explained earlier in this chapter] including-

- ✓ Trains,
- ✓ Buses,
- ✓ Trucks,
- ✓ Tankers,
- ✓ Trailers,
- ✓ Vessels,
- ✓ Containers,
- ✓ Aircrafts,

(a) carrying goods or passengers or both; or

(b) for repairs and maintenance,

[except in cases where such movement is for further supply of the same conveyance] was discussed in GST Council's meeting held on 11th June, 2017 and the Council recommended that such inter-State movement shall be treated 'neither as a supply of goods or supply of service' and therefore not be leviable to IGST.

Thus, above activity may not be treated as supply and consequently IGST will not be payable on such supply. However, applicable CGST/SGST/IGST, as the case may be, shall be leviable on repairs and maintenance done for such conveyance [Circular No. 1/1/2017 IGST dated 07.07.2017**].



INTER-STATE MOVEMENT OF RIGS, TOOLS AND SPARES, AND ALL GOODS ON WHEELS [LIKE CRANES]

****Above circular shall mutatis mutandis apply to inter- State movement of rigs, tools and spares, and all goods on wheels [like cranes],[except in cases where movement of such goods is for further supply of the same goods], such inter-State movement shall**

be treated 'neither as a supply of goods or supply of service,' and consequently no IGST would be applicable on such movements. In this context, it is also reiterated that applicable CGST/SGST/IGST, as the case maybe, is leviable on repairs and maintenance done for such goods [Circular No. 21/21/2017-GST dated 22.11.2017].

ACTIVITY / TRANSACTION	PRINCIPAL SUPPLY
Supply of printed books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes, printed with design etc. logo, name, address or other contents supplied by the recipient of such printed goods.	<p>Supply of In the case of printing of books, pamphlets, brochures, printed books, annual reports, and the like, where only content is pamphlets, supplied by the publisher or the person who owns the brochures, usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by, the recipient of supply] is the principal supply and therefore such supplies would constitute SUPPLY OF SERVICE</p> <p>In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. by the printer using its physical inputs including paper to print the design, logo etc. supplied by the recipient of goods, predominant supply is supply of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore such supplies would constitute SUPPLY OF GOODS. [Circular No. 11/11/2017 GST dated 20.10.2017]</p>
Activity of Bus Body Building.	The principal supply may be determined on the basis of facts and circumstances of each case [Circular No. 34/8/2018-GST dated 01.03.2018].
Retreading of tyres	Pre-dominant element is process of retreading which is a SUPPLY OF SERVICE . Rubber used for retreading is an ancillary supply. Supply of retreaded tyres, where the old tyres belong to the supplier of retreaded tyres, is a SUPPLY OF GOODS [Circular No. 34/8/2018-GST dated 01.03.2018].

CLARIFICATION ON SCOPE OF PRINCIPAL AND AGENT RELATIONSHIP UNDER SCHEDULE I OF CGST ACT IN THE CONTEXT OF DEL-CREDERE AGENT

In commercial trade parlance, a 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. The factor that differentiates a DCA from other agents is that the **DCA guarantees the payment to the supplier**. In such scenarios where 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), and for this reason the commission paid to the DCA may be relatively higher than that paid to a normal agent.

ISSUE:

→ **Whether a DCA falls under the ambit of agent under Para 3 of Schedule I of the CGST Act?**

→ **CLARIFICATION:** As already clarified vide Circular No. 57/31/2018 GST, 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.

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:

1. Supply of goods from supplier (principal) to recipient;
2. Supply of agency services from DCA to the supplier or both;
3. 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.

ISSUE:

→ **Whether DCA is an agent under Para 3 of Schedule I of the CGST Act and makes payment to the principal on behalf of the buyer and charges interest to the buyer for delayed payment along with the value of goods being supplied, whether the interest will form part of the value of supply of goods also or not?**

CLARIFICATION:

→ In such a scenario following activities are taking place

1. Supply of goods by the supplier (principal) to the DCA;
2. Further supply of goods by the DCA to the recipient;
3. Supply of agency services by the DCA to the supplier or the recipient or both;
4. Extension of credit by the DCA to the recipient.

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.



CLARIFICATION ON VARIOUS DOUBTS RELATED TO TREATMENT OF SALES PROMOTION SCHEMES UNDER GST.

It has been noticed that there are several promotional schemes which are offered by taxable persons to increase sales volume and to attract new customers for their products. Taxability of two such schemes has been clarified as under:

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.
- Therefore, the goods or services or both which are supplied free of cost (without any consideration) shall not be treated as "supply" under GST (except in case of activities mentioned in Schedule I of the CGST Act).

B. BUY ONE GET ONE FREE OFFER:

- Sometimes, companies announce offers like 'Buy One, Get One free'.

EXAMPLE: "Buy one soap and get one soap free" or "Get one tooth brush free along with the purchase of tooth paste".

- Therefore, the goods or services or both which are supplied free of cost (without any consideration) shall not be treated as "supply" under GST (except in case of activities mentioned in Schedule I of the CGST Act).
- 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.

IMPORTANT DEFINITIONS

1) PERSON

Person includes [Section 2(84) of CGST Act]



a) Individual



b) A Company



c) A Limited Liability Partnership



d) Any corporation established by/under any Central, State or Provincial Act or Government Company as defined in section 2(45) of Companies Act, 2013



e) A co-operative society registered under any law relating to co-operative societies.



f) Central or a State Government.



g) A Trust



h) A Hindu Undivided Family



i) A Firm



j) An association of persons or a body of individuals, whether incorporated or not, in India or outside India.



k) A Local authority



l) Society as defined under the Societies Registration Act, 1860

m) Every artificial juridical person, not falling within any of the above.

n) Any body corporate incorporated by or under the law of a country outside India

COMPOSITE AND MIXED SUPPLY

1) COMPOSITE SUPPLY [Sec 2(30) of CGST Act, 2017]

- comprises two or more taxable supplies of goods or services or both, or any combination thereof.
- are naturally bundled and supplied in conjunction with each other, in the ordinary course of business
- one of which is a principal supply [Section 2(30) of the CGST Act]

Principal Supply[Sec 2(90)] means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary. [Section 2(90) of CGST Act]

EXAMPLE

1. Hotel Accomodation with Breakfast, Laundry, etc.
2. Laptop with Warranty
3. Mobile with Earphone, Headphone, Charge. **TAX Rate** → Rate of Principal Supply

EXAMPLE 1:

Taxable person supplies goods to recipient for Rs. 6 Lakhs (including transportation charges, packing material and Insurance.



TAX Rate → Rate of Principal Supply will be applicable on Rs. 6 lakhs.

EXAMPLE 2:

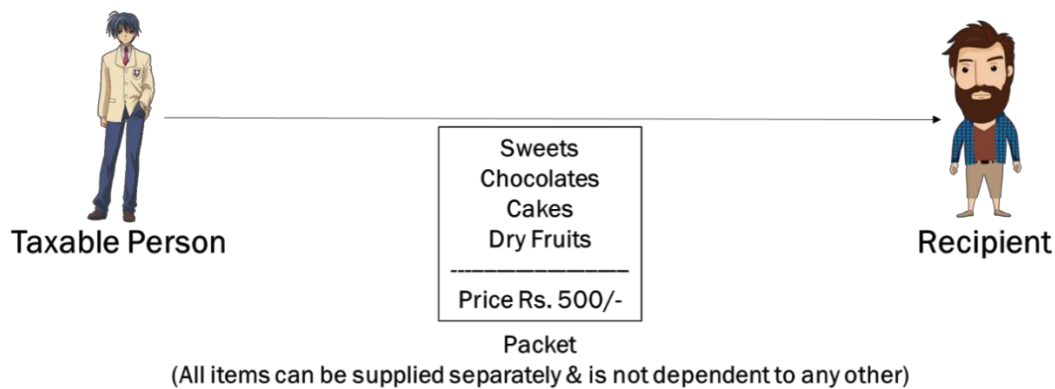
When a consumer buys a television set and he also gets warranty and amaintenance contract with the TV, this supply is a composite supply. In this example, supply of TV is the principal supply, warranty and maintenance services are ancillary.

MIXED SUPPLY, [Sec 2(74) of CGST Act, 2017]

- two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person
 - for a single price where such supply does not constitute a composite supply [Section 2(74) of the CGST Act]. The individual supplies are independent of each other and are not naturally bundled.

TAX Rate → **Supply that attracts Highest Rate of Tax.** EXAMPLE 1:

Taxable person supplies packet consisting of Sweets, Chocolates, Cakes & Dry Fruits to recipient for Rs. 500 (All items can be supplied separately & is not dependent to any other).



TAX RATE → Highest rate of tax will be applied on Rs. 500

EXAMPLE 2:

A taxable person selling water bottles along with refrigerator. Bottles and the refrigerator can easily be priced and sold independently and are not naturally bundled. So, such supplies are mixed supplies.

EXAMPLE 3:

Hotel in Goa provides 3 days 2 Nights package with breakfast & one day Goa Darshan. (Because Goa Darshan in this package is not a natural requisite to accommodation in the hotel)

CBIC CLARIFICATION

EXAMPLE :

X Ltd. Supplied spare part freely to replace during warranty period. Is it chargeable to GST ?

→ It is not supply (If not covered in Schedule I)

→ GST is not chargeable if free replacement is provided by a Business to Customers without Consideration under Warrant.

NOTE

No GST on free supplies.

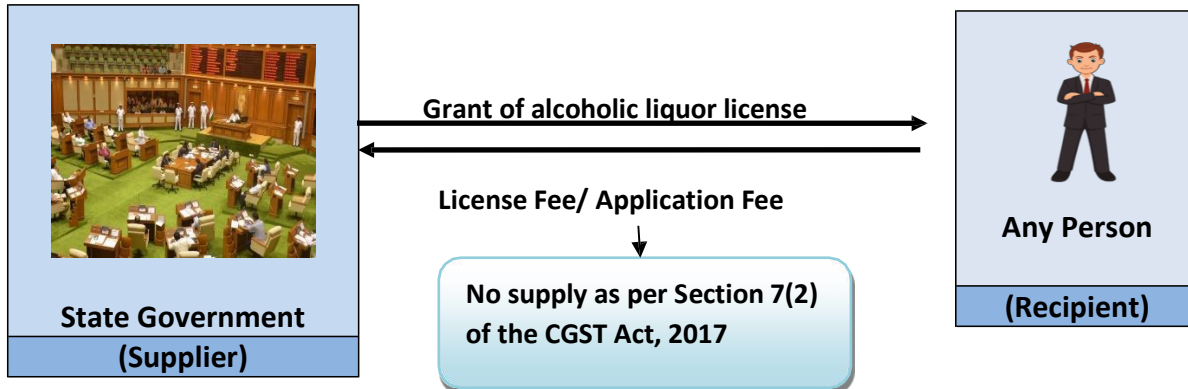
Eg. Prasad / Food supplied by religious place.

NN 75/2017 dated 11th July 2017 → There is NO GST on free food supplied in annakshetras run by religious institutions. No GST is applicable on such food supplied for free.

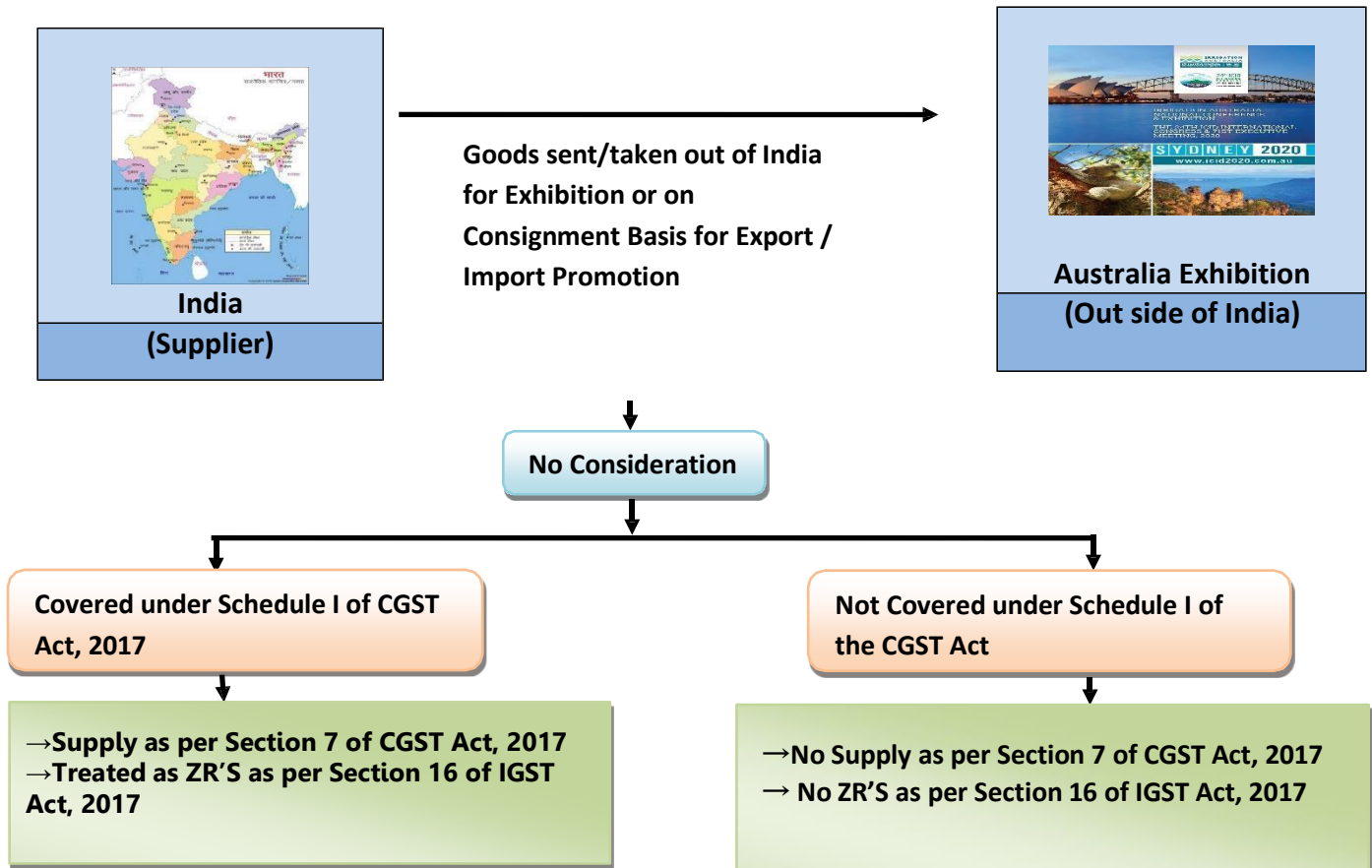


SOME CLARIFICATIONS ISSUED BY ICAI FOR MAY/ NOV 2020

1. State government provide services by way of grant of alcoholic liquor license, against consideration in the form of license fee or application fee or by whatever name it is called.



2. Goods sent / taken out of India for Exhibition or on Consignment basis for Export Promotion



3. Services by way of display of name or placing of name plates of the donor in the premises of charitable organization receiving donation or gifts from Individual Donor's.

If all followings conditions are satisfied

- Gift or Donation is made to a charitable organization
- The payment has the character of Gift or donation
- The purpose is philanthropic (i.e. it leads to no commercial gain) & not advertisement

GST is not leviable

Taxability of cost petroleum

When an oil exploration & production contractor gets a license/lease to explore/mine the petroleum crude and/or natural gas from the Government, it enters into a **Production Sharing Contract (PSC)** with the Government. The

relationship of the contractors with the Government is not that of partners but that of licensor/lessor and licensee/lessee. As per these PSCs, when a contractor discovers oil/gas, he is at first entitled to recover the contract cost [expenses

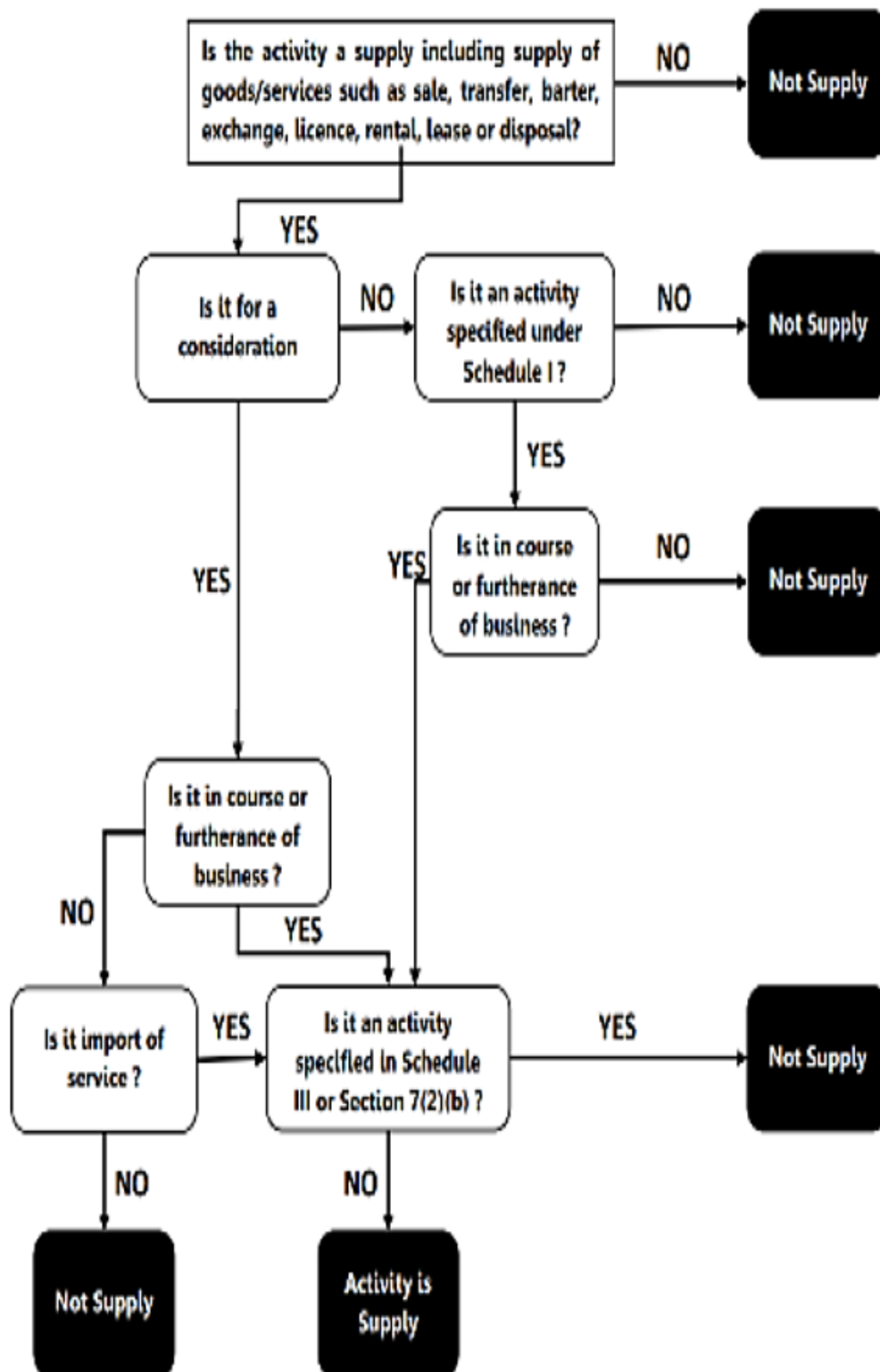
Book maker is a person that accepts and pays off bets on sporting and other events at agreed-upon odds.

Totalisator is a device showing the number and amount of bets staked on a race, to facilitate the division of the total among those backing the winner. incurred in exploration, development, production and payment of royalty] involved in the extraction of oil/gas from the total sale proceeds and thereafter, he is expected to share with the Government the profit from his venture [known as profit petroleum], as per the PSC.

The value of petroleum which the contractor is entitled to take in a year for recovery of the contract costs is called the **Cost Petroleum**. Further, the total value of petroleum produced and saved from the contract area in a particular period, as reduced by cost petroleum, is called the **profit petroleum**. The **Government's share of profit petroleum** which is the consideration paid by the contractor to the Central Government for the services of grant of license/lease to explore/mine petroleum crude and/natural gas **is exempt from GST**.

The **cost petroleum** is not a consideration received by the contractor for the services provided to Government and thus not taxable *per se*. The reason for the same is that the contractors carry exploration and production of petroleum for themselves and not as a service to Government. They had acquired the right to explore, exploit and sell petroleum in lieu of royalty and a share in profit petroleum.

SUMMARIZED ANALYSIS OF SUPPLY UNDER GST



SOME EXAM ORIENTED MCQ's

1. Mr. A has received technical consultancy services from IT Star Consultants, USA. The import of technical consultancy will not be liable to GST if-
 - (i) Mr. A pays some consideration for the services received
 - (ii) Mr. A pays some consideration for the services received and if Mr. A uses the said service for business purposes
 - (iii) Mr. A uses the said service for business purposes even though he does not pay any consideration for the same
 - (iv) Mr. A uses the said service for personal purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants
 - (v) Mr. A uses the said service for business purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants
 - (a) (i), (ii), (v)
 - (b) (ii), (iii) and (v)
 - (c) (iii), (iv)**
 - (d) (iii), (iv) and (v)

2. In which of the following cases, import of services by an individual is taxable under GST?
 - (1) Import of service with consideration in course or furtherance of business.
 - (2) Import of service with consideration not in course or furtherance of business.
 - (3) Import of service without consideration from a related person in course or furtherance of business.
 - (4) Import of service without consideration from a related person not in course or furtherance of business.
 - (a) (1) and (3)**
 - (b) (2) and (4)
 - (c) (1), (2) and (3)
 - (d) (4)

(Hint – Case 2 is covered under the definition of supply but it is not taxable supply, it is exempt as per the exemption notification of IGST Act, 2017. Refer Chapter 4)

3. Which of the following transactions does not qualify as supply under GST law?
 - (i) When the Head Office makes a supply of services to its own branch outside the State.
 - (ii) When a person import services without consideration for the purposes of his business from his son living outside India.
 - (iii) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car.
 - (iv) When a principal makes supplies to his agent who is also registered and is situated within the same State.
 - (a) (i) & (iii)
 - (b) (i), (ii) & (iii)
 - (c) (iii)**
 - (d) (iii) & (ii)

4. There is a difference in taxability of goods forming part of composite supply and mixed supply. Here are few examples from which you need to identify which is correct example of composite supply and mixed supply.
- (i) Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car, warranty and maintenance here are a mixed supply.
 - (ii) Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car, warranty and maintenance here are a composite supply.
 - (iii) Mrs. A buys a microwave oven and some utensils for use in microwave oven. Both microwave oven and utensils are sold at a single price. Microwave oven and its utensils here are a mixed supply.
 - (iv) Mrs. A buys chocolates, juices and biscuits from a shop. All items have different prices. Chocolates, juices and biscuits are a mixed supply.

The correct examples of composite and mixed supply are: -

- a) i, iv
 - b) ii, iii**
 - c) ii, iii, iv
 - d) None of the above
5. Mr. Manubhai and Mr. Anubhai are two brothers running a business of supplying lubricants located in the State of Gujarat in their company, M/s. Ambani Lubricants (P) Ltd. On death of their respected father, the two brothers have divided their business. However, they have signed an agreement that Mr. Anubhai will not enter into business of supplying lubricants similar to business done by M/s. Ambani Lubricants (P) Ltd. run by Mr. Manubhai, for which Mr. Manubhai will pay him Rs. 2.5 crores as a lump sum payment. State whether transaction entered through the above agreement constitutes supply under CGST Act, 2017 or not.
- (a) Yes, supply of goods by Mr. Manubhai.
 - (b) Yes, supply of goods by Mr. Anubhai.
 - (c) Yes, supply of services by Mr. Manubhai.
 - (d) Yes, supply of services by Mr. Anubhai.**
6. M/s. Jolly Electronics (P) Ltd., is an authorized dealer of M/s. GG Micro Ltd., located and registered in Lucknow, Uttar Pradesh. It has sold following items to Mr. Alla Rakha (a consumer):
- Refrigerator (500 litres) taxable @ 18% → 40,000/-
 - Stabilizer for refrigerator taxable @ 12% → 5,000/-
 - LED television (42 inches) taxable @ 12% → 30,000/-
 - Split air conditioner (2 Tons) taxable @ 28% → 35,000/-
 - Stabilizer for air conditioner taxable @ 12%. → 5,000/-
 - Total value → 1,15,000/-

M/s. Jolly Electronics (P) Ltd. has given a single invoice, indicating price of each item separately to Mr. Alla Rakha. Mr. Alla Rakha, has given a single cheque of Rs. 1,00,000/- for all the items as a composite discounted price. State the type of supply and the tax rate applicable on the same.

- a) Composite supply; Highest tax rate applicable to split air conditioner, i.e. 28%
- b) Mixed supply; Highest tax rate applicable to split air conditioner, i.e. 28%
- c) Supply other than composite and mixed supply; Highest tax rate applicable to split air conditioner i.e. 28%
- d) Supply other than composite and mixed supply; respective tax rate applicable to each item**

- 7. Which of the following transactions does not qualify as supply under GST law?**
- (a) **Disposal of car without consideration and where the supplier has not claimed input tax credit on such car.**
 - (b) When a principal makes supplies to his agent who is also registered and is situated within the same State.
 - (c) When the Head Office makes a supply of services to its own branch outside the State.
 - (d) When a person import services without consideration for the purposes of his business from his elder son living outside India.
- 8. Which of the following is not considered as a supply under the CGST Act, 2017?**
- (a) Importation of architectural services for Rs.1,00,000/- for construction of residential property used for personal purposes from unrelated person.
 - (b) Importation of architectural services free of cost for construction of office used for business purposes from related person.
 - (c) **Importation of architectural services free of cost for construction of office used for business purposes from unrelated person.**
 - (d) Both (a) and (c)
- 9. Which of the following is not a supply under the CGST Act, 2017?**
- (a) Food supplied free of cost by Mr. A (Owner of a Restaurant) to his agent for further supply to customer at Rs.500/.
 - (b) Importation of accounting services free of cost from father residing in US.
 - (c) **A Rolex watch gifted to an employee for Rs. 50,000/.**
 - (d) A machinery given free of cost to an employee on which input tax credit was availed by the employer.
- 10. M/s. Vishu Megamart, operating a store located and registered in Rajasthan, has come out with big discount offers at the time of Diwali on various gift items. In order to attract more customers, it has decided to supply a gift pack containing 5 packets of Haldiram's Namkeen (200 gram each) taxable @ 12%, 1 packet of Roasted Smoked Almonds (100 gram) taxable @ 18%, 1 packet of Bournville Chocolate (50 mg) taxable @ 28% and 1 bottle of Real Fresh Juice (1 litre) taxable @ 18% in a single basket for a single price of Rs. 1,000/-. State the type of supply and the tax rate applicable on the same.**
- 11.**
- (a) Composite supply; Tax rate of the principal item, i.e. Namkeen @18%
 - (b) Composite supply; Highest tax rate out of all items, i.e. 28% applicable to chocolates
 - (c) Mixed supply; Tax rate of principal item, i.e. Namkeen @18%
 - (d) **Mixed supply; Highest tax rate out of all items, i.e. 28% applicable to chocolates**
- 12. Mr. Manubhai and Mr. Anubhai are two brothers running a business of supplying lubricants located in the State of Gujarat in their company, M/s. Ambani Lubricants (P) Ltd. On death of their respected father, the two brothers have divided their business. However, they have signed an agreement that Mr. Anubhai will not enter into business of supplying lubricants similar to business done by M/s. Ambani Lubricants (P) Ltd. run by Mr. Manubhai, for which Mr. Manubhai will pay him Rs. 2.5 crores as a lump sum payment. State whether transaction entered through the above agreement constitutes supply under CGST Act, 2017 or not.**
- (a) Yes, supply of goods by Mr. Manubhai.
 - (b) Yes, supply of goods by Mr. Anubhai.
 - (c) Yes, supply of services by Mr. Manubhai.
 - (d) **Yes, supply of services by Mr. Anubhai.**

3

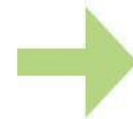
Charges of GST



STATE GST



CENTRAL GST



INTEGRATED GST

CHAPTER OUTLINE

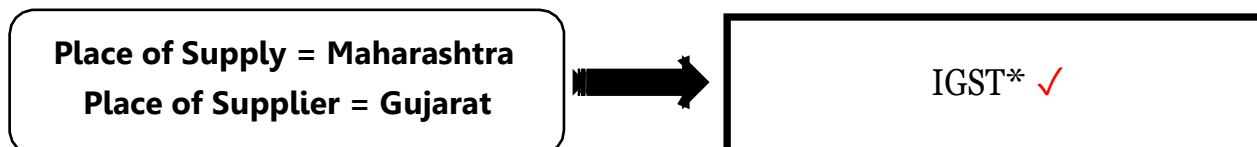
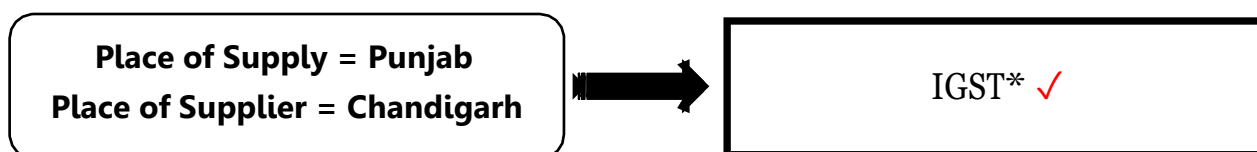
- ✓ [Sec. 7] Interstate Transfer.
- ✓ [Sec. 8] Intrastate Transfer.
- ✓ Extent & Commencement of CGST Act / SGST Act / UTBST Act.
- ✓ Levy & Collection of CGST.
- ✓ Composition Levy.
- ✓ Composition Rule.

INTER STATE SUPPLY [Section 7 of IGST Act, 2017]

SUPPLY OF GOODS/SERVICES SHALL BE TREATED AS INTER-STATE SUPPLY: Where the location of the supplier and the place of supply are in –

- Two different states
- Two different Union Territories or
- A State and A Union Territory

Integrated Goods & Service Tax i.e. IGST shall be charged on an Inter State Supply

EXAMPLE 1:**EXAMPLE 2:**

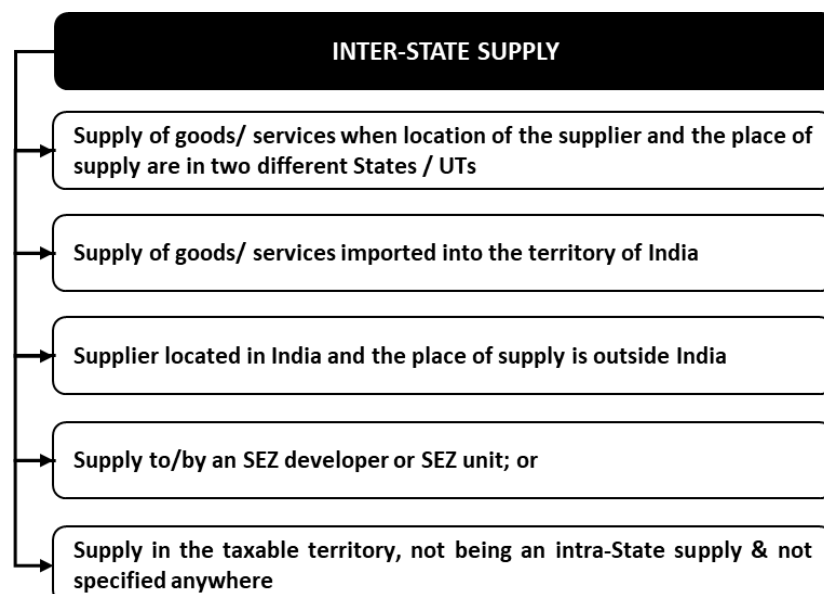
***NOTE:** Although Chandigarh is located within the state of Punjab, such supply will not be considered as Intra State supply because Punjab is a state and Chandigarh is a Union Territory. Therefore, such transfer is an Inter State supply as per section 7 of IGST Act, 2017.

Sec 7(2): Supply of goods imported into the territory of India, till they cross the customs frontiers of India, shall be treated to be a supply of goods in the course of inter-State trade or commerce.

Sec 7(4): Supply of services imported into the territory of India shall be treated to be a supply of services in the course of inter-State trade or commerce.

Sec 7(5): Supply of goods or services or both,

- a) when the supplier is located in India and the place of supply is outside India;
- b) to or by a Special Economic Zone developer or a Special Economic Zone unit; or
- c) in the taxable territory, not being an intra-State supply and not covered elsewhere in this section, shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.



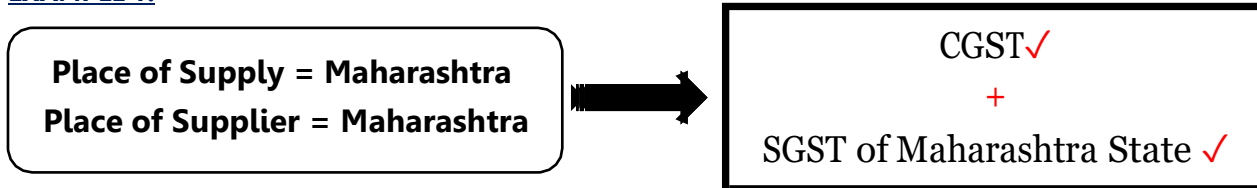
INTRA STATE SUPPLY [Section 8 of IGST Act, 2017]

SUPPLY OF GOODS/SERVICES SHALL BE TREATED AS INTRA-STATE SUPPLY: Where the location of the supplier and the place of supply are in –

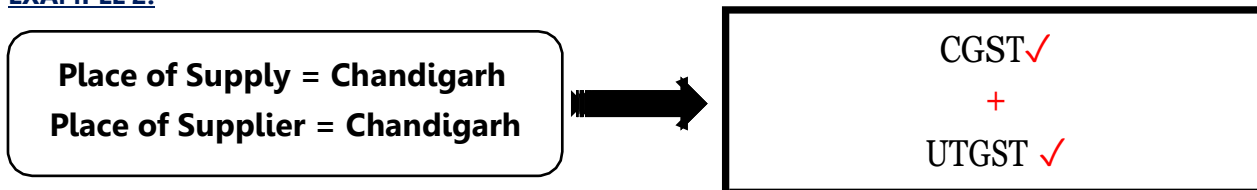
- ✓ Same State
- ✓ Same Union Territory

Central Goods & Service Tax i.e. CGST and State Goods & Service Tax i.e. SGST / Union Territory Goods & Service Tax i.e. UTGST shall be charged on an Intra State Supply

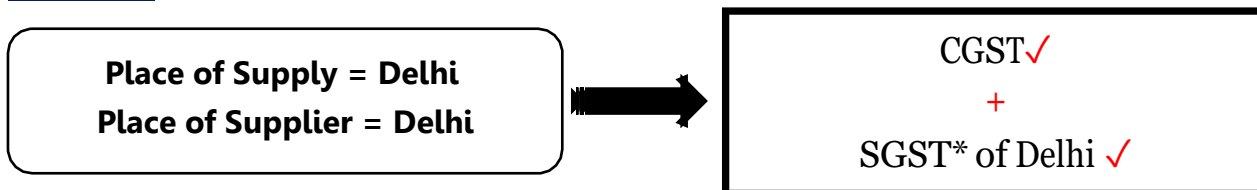
EXAMPLE 1:



EXAMPLE 2:



EXAMPLE 3:



***NOTE:** State includes a Union Territory with Individual Legislature. Delhi, Puducherry & Jammu & Kashmir have their own individual legislature and hence covered under State GST Law.

Sec 8(1): Subject to the provisions of section 10, supply of goods where the location of the supplier and the place of supply of goods are in the same State or same Union territory shall be treated as intra-State supply:

Provided that the following supply of goods shall not be treated as intra-State supply, namely:

- (i) supply of goods to or by a Special Economic Zone developer or a Special Economic Zone unit;
- (ii) goods imported into the territory of India till they cross the customs frontiers of India; or
- (iii) supplies made to a tourist referred to in section 15.

EXAMPLE 4:

George, a tourist from USA, visits India and purchases a shawl in Delhi. In this case, even though the place of supply and location of supplier are in the same State, it will be treated as inter-State transaction and will be exigible to IGST.

ANALYSIS

SUPPLIER	PLACE OF SUPPLY	INTRA-STATE SUPPLY ?
RAJASTHAN	RAJASTHAN	YES
UK	DELHI	NO
DELHI	RAJASTHAN	NO
PUDUCHERRY	PUDUCHERRY	YES

SERVICES OF SHORT-TERM ACCOMMODATION, CONFERENCING, BANQUETING ETC. PROVIDED TO A SEZ DEVELOPER/SEZ UNIT – WHETHER TO BE TREATED AS AN INTER-STATE SUPPLY OR AN INTRA-STATE SUPPLY

As discussed earlier, as per section 7(5)(b) of the IGST Act, the supply of goods or services or both to a SEZ developer or a SEZ unit shall be treated to be a supply in the course of inter-State trade or commerce.

However, as per section 12(3)(c) of the IGST Act, the place of supply of services by way of accommodation in any immovable property for organising any functions shall be the location at which the immovable property is located [Please refer Chapter 5 – Place of Supply for detailed discussion of said provisions]. Thus, in such cases, if the location of the supplier and the place of supply is in the same State/ Union territory, it would be treated as an intra-State supply.

It is an established principle of interpretation of statutes that in case of an apparent conflict between two provisions, the specific provision shall prevail over the general provision.

In the instant case, section 7(5)(b) of the IGST Act is a specific provision relating to supplies of goods or services or both made to a SEZ developer or a SEZ unit, which states that such supplies shall be treated as inter-State supplies.

It is therefore, clarified that services of short term accommodation, conferencing, banqueting etc., provided to a SEZ developer or a SEZ unit shall be treated as an inter-State supply [Circular No. 48/22/2018 GST dated 14.06.2018].

SUPPLIES IN TERRITORIAL WATERS [Section 9 of IGST Act, 2017]

Where the location of the supplier is in the territorial waters, it shall be deemed that location of such supplier is in the coastal State or Union Territory where the nearest point of the appropriate baseline is located. Similarly, in case where the place of supply is in territorial waters, the place of supply shall be deemed to be in the coastal State or Union Territory where the nearest point of the appropriate baseline is located.

EXTENT & COMMENCEMENT OF CGST ACT / SGST ACT / UTGST ACT

CENTRAL GOODS AND SERVICES TAX ACT, 2017

Central Goods and Services Tax Act, 2017 extends to whole of India including Jammu & Kashmir.

STATE GST LAW

State GST law of the respective State/Union Territory with State Legislature [Delhi and Puducherry]** extends to whole of that State/Union Territory.

****NOTE: State: includes a Union territory with Legislature [Section 2(103) of the CGST Act].**

EXAMPLE: Maharashtra GST Act, 2017 extends to whole of the State of the Maharashtra.

UNION TERRITORIES GOODS AND SERVICE TAX ACT, 2017

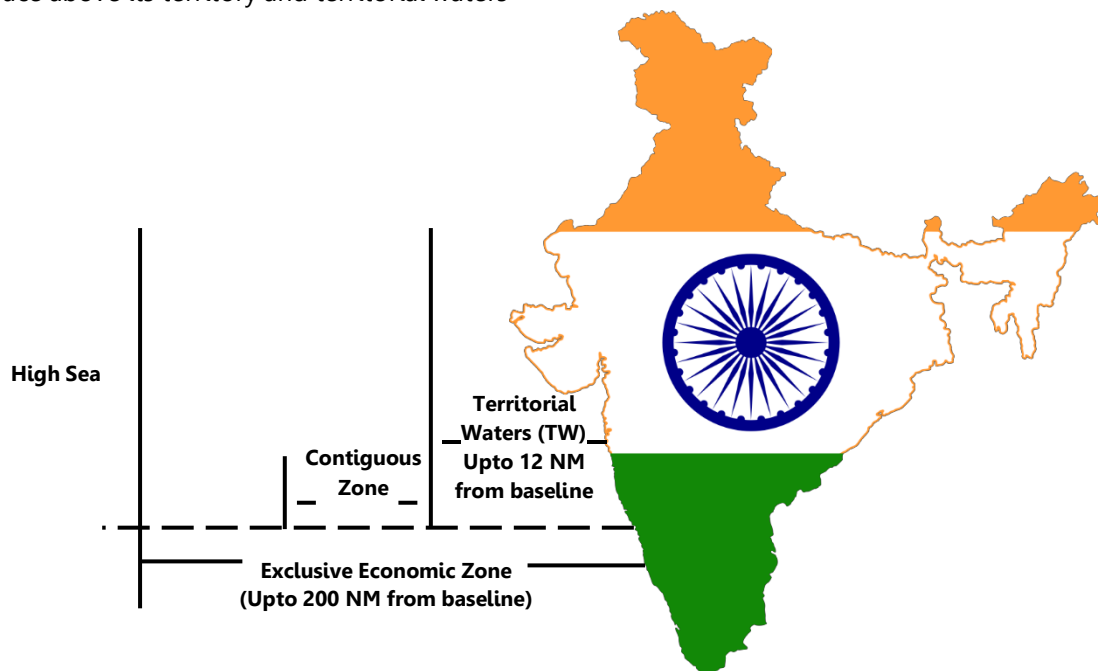
Union Territory Goods and Services Tax Act, 2017 extends to the Union territories**

****NOTE:** Union Territory means the territory of –

- a) the Andaman and Nicobar Islands;
- b) Lakshadweep;
- c) Dadra and Nagar Haveli;
- d) Daman and Diu;
- e) Chandigarh; and
- f) Ladakh
- g) other territory.

DEFINITION OF INDIA**"India" means –**

- Territory of India as referred to in article 1 of the Constitution.
- its territorial waters, seabed and sub-soil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976
- the air space above its territory and territorial waters



LEVY & COLLECTION OF CGST [SECTION 9 OF THE CGST ACT] LEVY & COLLECTION OF IGST [SECTION 5 OF THE IGST ACT]

A tax called the Central Goods and Services Tax (CGST) shall be levied on all intra-State supplies (in case of IGST, Inter State supplies) of goods or services or both.

The tax shall be collected in such manner as may be prescribed and shall be paid by the taxable person. However, intra-State (in case of IGST, Inter State supplies) supply of alcoholic liquor for human consumption, Petroleum Crude, High Speed Diesel, Motor Spirit (Commonly known as Petrol), Natural Gas, Aviation Turbine Fuel is outside the purview of CGST / IGST.

ANALYSIS

Rates of CGST: Rates for CGST are rates as may be notified by the Government on the recommendations of the GST Council. Maximum rate of CGST will be 20%.

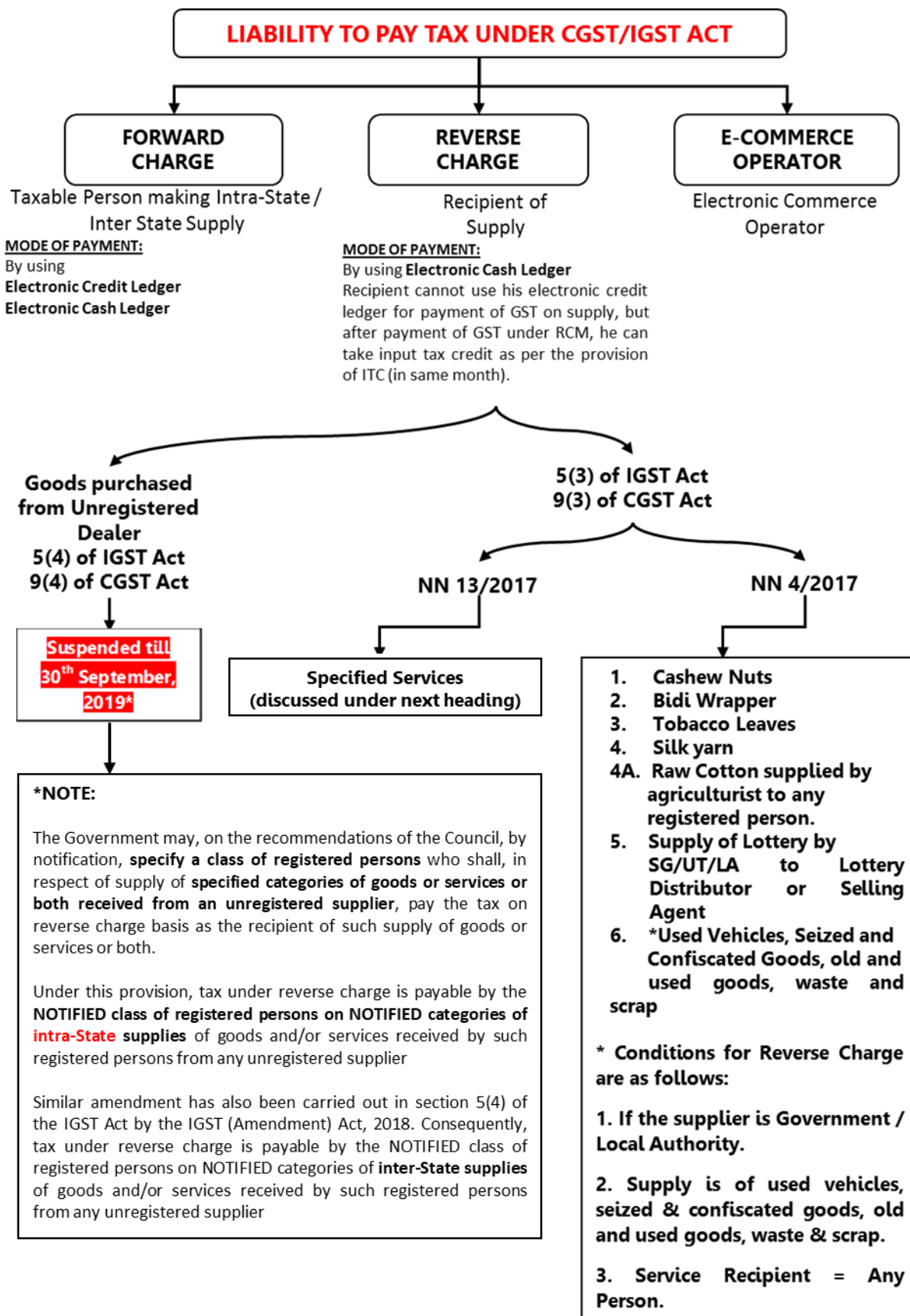
In case of inter-State supplies of goods and/or services, Integrated Goods and Services Tax (IGST) is levied on the transaction value under section 15 of the CGST Act. Since alcoholic liquor for human consumption is outside the purview of GST law, IGST is also not leviable on the same. IGST is approximately the sum total of CGST and SGST/UTGST. Maximum rate of IGST will be 40%.

However, CGST/IGST on supply of the following items has not been levied immediately. It shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council:

- ✚ petroleum crude
- ✚ high speed diesel
- ✚ motor spirit (commonly known as petrol)
- ✚ natural gas and
- ✚ aviation turbine fuel





VALUE FOR LEVY:

Transaction value under section 15 of the CGST Act



LIST OF SERVICES TAXABLE UNDER REVERSE CHARGE, I.E. THE SERVICES WHERE TAX (CGST) IS PAYABLE BY THE RECIPIENT:

Sr. No.	CATEGORY OF SUPPLY OF GST	SUPPLIER OF SERVICE	RECIPIENT OF SERVICE
1.	Services provided by way of Sponsorship to any body corporate or partnership firm.	Any Person	Any body corporate or partnership firm located in the taxable territory.
	<p>Diagram illustrating the reverse charge mechanism for sponsorship services. A man in a suit, labeled 'ANY PERSON', is shown on the left. A large black arrow points from him to a building, labeled 'BODY CORPORATE / PARTNERSHIP FIRM'. Above the arrow, the text 'PROVIDES SPONSORSHIP SERVICES' is written.</p>		
2.	Supply of services by an author , Music composer , photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary, dramatic, musical or artistic works to a publisher , music company, producer or the like.	Author or music composer, photographer, artist, or the like	Publisher , music company, producer or the like, located in the taxable territory.
	<p><i>Supply of services by an author by way of transfer or permitting the use of enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher.</i></p>	Author	<p><i>Publisher located in the taxable territory:</i> <i>Provided that nothing contained in this entry shall apply where,</i> <i>(i) The author has taken registration under the CGST Act and filed a declaration, in the form at annexure I, within the time limit prescribed therein, with the jurisdictional CGST or SGST commissioner, as the case may be, that he exercises the option to pay tax, under forward charge & he shall not withdraw the said option within a period of 1 year from the date of exercising such option;</i> <i>The author makes a declaration, as prescribed in Annexure II on the invoice issued by him in Form GST Inv-I to the publisher.</i></p>

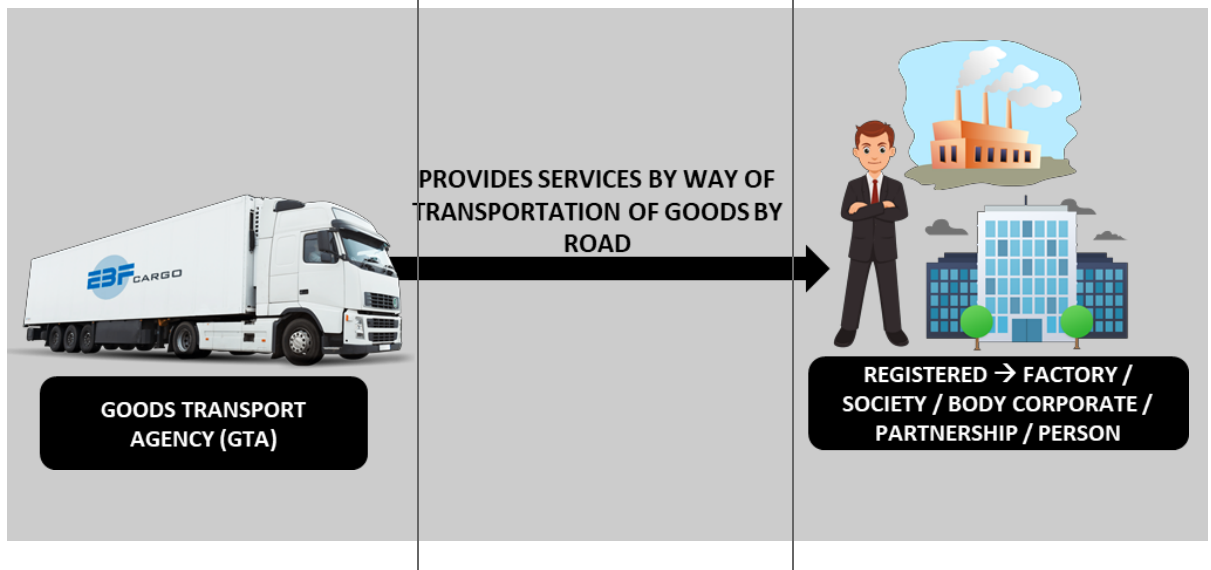
3.	<p>Services supplied by an individual Advocate including a senior advocate or a firm of Advocate by way of legal services, directly or indirectly, to any business entity located in the taxable territory, including where contract for provision of such service has been entered through another advocate or a firm of advocates, or by a firm of advocates, by way of legal services, to a business entity.</p>	<p>An individual advocate including a senior advocate or firm of advocates</p>	<p>Any business entity located in the taxable territory.</p>
 SUPPLIER ADVOCATE (Including a Senior Advocate)	 SUPPLIER FIRM OF ADVOCATES	 RECIPIENT Rel Ltd.	 RECIPIENT Rel Ltd.
4.	<p>Supply of services by a Goods Transport Agency (GTA) (who has not paid central tax at the rate of 6% [12% in case of IGST])* in respect of transportation of goods by road to-</p> <p>Specified Person</p> <p><i>Nothing contained in this entry shall apply to services provided by a goods transport agency, by way of transport of goods in a goods carriage by road, to,</i></p> <p>a) a Department or Establishment of the Central Government or State Government or Union territory; or</p>	<p>Goods Transport Agency (GTA)</p>	<p>Specified Person:</p> <p>a) Any factory registered under or governed by the Factories Act, 1948; or</p> <p>b) any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India; or</p> <p>c) any cooperative society established by or under any law; or</p> <p>d) any person registered under the CGST Act or the IGST Act or the SGST Act or the UTGST Act; or</p> <p>e) any body corporate</p>

- b) local authority; or
c) Governmental Agencies, which has taken registration under the CGST Act, 2017 only for the purpose of deducting tax under section 51 of CGST Act and not for making a taxable supply of goods or services. [wef. 1-1-2019].

Note: - In case of services supplied to unregistered person by GTA, the service is exempt w.e.f. 13-10-2017. Thus, after 13-10-2017, the GTA itself is never liable to pay tax, except where the GTA opts to pay tax under forward charge @ 12% [6% plus 6%].

- established, by or under any law; or
f) any partnership firm whether registered or not under any law including association of persons; or
g) Any casual taxable person (registered under GST Act); located in the taxable territory.

Note: - The person who pays or is liable to pay freight for the transportation of goods by road in goods carriage, located in the taxable territory shall be treated as the person who receives the service for the purpose of this notification.



S	R	RATE OF TAX	EFFECT
GTA	CTP (Registered)	6% CGST	FCM
GTA	CTP (Registered)	5% IGST	RCM
GTA	FIRM (Unregistered)	12% IGST	FCM
GTA	FIRM (Unregistered)	5% IGST	RCM
GTA	FIRM (Registered)	12% IGST	FCM

Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding, - Services specified below- (i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers.	Central Government, State Government, Union territory or local authority	business entity located in the taxable territory.
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Government of India

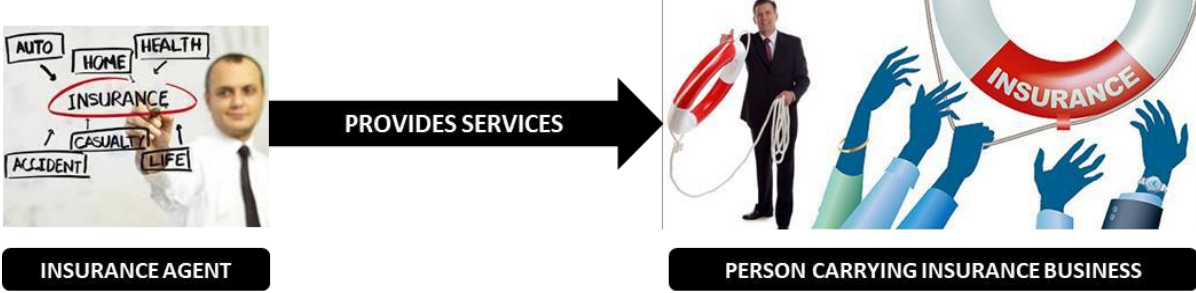
PROVIDES IMMOVABLE PROPERTY ON RENT

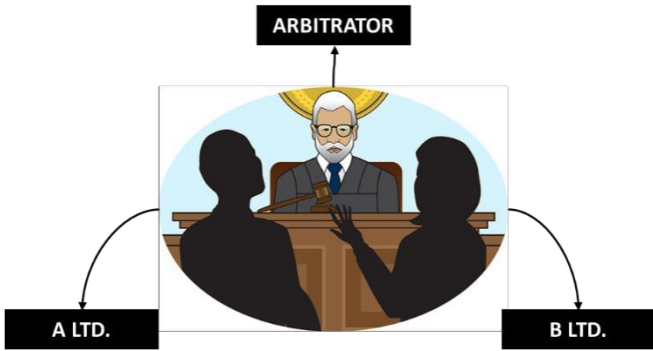
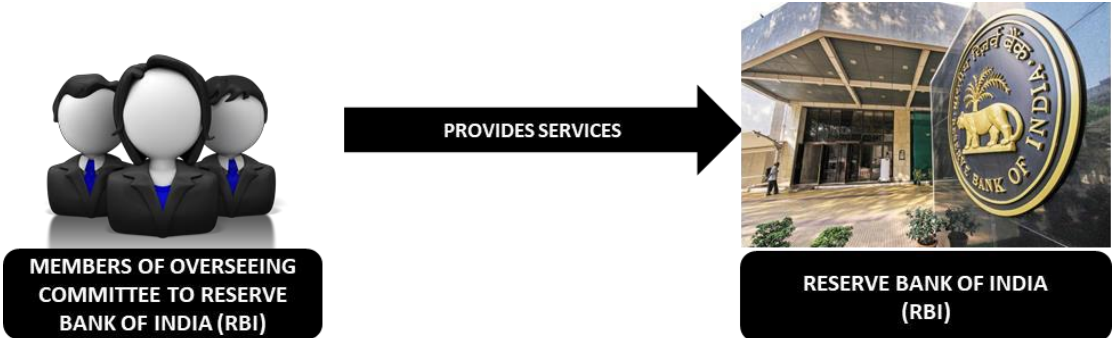


CG / SG / LA

BUSINESS ENTITY
In Taxable Territory

5A.	Services supplied by the Central Government, State Government, Union Territory or Local Authority by way of renting of immovable property to a person registered under GST	Central Government, State Government, Union Territory or Local Authority	Any person registered under GST
6.	Services supplied by a Non-Executive Director of a company/body corporate to the said company/body corporate.	A director of a company or a body corporate	The company or a body corporate located in the taxable territory as per Sec 2(11) of Companies Act, 2013.

7.	Services supplied by an Insurance agent to any person carrying on insurance business.	An insurance agent	Any person carrying on insurance business, located in the taxable territory
			
8.	Services supplied by a Recovery agent to a banking company or a financial institution or a non-banking financial company.	A recovery agent	A banking company or a financial institution or a nonbanking financial company, located in the taxable territory.
9.	Services supplied by an Arbitral tribunal to a business entity	An arbitral tribunal.	Any business entity located in the taxable territory

			
10.	Supply of services by the members of Overseeing Committee to Reserve Bank of India (RBI)	Members of Overseeing Committee constituted by the Reserve Bank of India (RBI)	Reserve Bank of India (RBI)
			
11.	Services provided by Business facilitator to a banking company [Effective from 01.01.2019]	Business facilitator	A banking company, located in the taxable territory
12.	Service of lending of securities under securities Lending Scheme, 1997 ("Scheme") of Securities and Exchange Board of India, as amended	Lender i.e., a person who deposits securities registered in his name/in the name of any other person duly authorised on his behalf with an approved	Borrower i.e., a person who borrows the securities under the Scheme through an approved intermediary of SEBI.
13.	Services provided by an agent of business correspondent to business correspondent. [Effective from 01.01.2019]	An agent of business correspondent	A business correspondent, located in the taxable territory.
14.	Services supplied by any person by way of transfer of development rights or Floor Space Index (FSI) (including additional FSI) for construction of a project by a promoter [Effective from 01.04.2019]	Any person	Promoter

15.	<p>Security services (services provided by way of supply of security personnel) provided to a registered person.</p> <p>However, nothing contained in this entry shall apply to:</p> <p>(i)</p> <p>(a) a Department or Establishment of the Central Government or State Government or Union territory; or</p> <p>(b) local authority; or</p> <p>(c) Governmental agencies, which has taken registration under the CGST Act only for the purpose of deducting tax under section 51 of the said Act and not for making a taxable supply of goods or services; or</p> <p>(ii) a registered person paying tax under composition scheme.</p> <p>[Effective from 01.01.2019]</p>	Any person other than a body corporate	A registered person, located in the taxable territory.
16.	<p>Long term lease of land (30 years or more) 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.</p> <p>[Effective from 01.04.2019]</p>	Any person	Promoter
17.	<p>Services provided by way of renting of a motor vehicle provided to a body corporate.</p>	<p>Any person other than a body corporate, paying central tax at the rate of 2.5% on renting of motor vehicles with input tax credit only of input service in the same line of business</p>	<p>Any body corporate located in the taxable territory.</p>

Services Provided <i>By way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient</i> To a body corporate	Any person other than a body corporate, Who supplies the service to a body corporate and does not issue an invoice charging GST @12% (CGST @6% + SGST/UTGST @6%) to the service recipient	Any Body Corporate Located in the taxable territory.
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Any person
(Other than Body Corporate)

Does not issue an Invoice charging GST @12% (CGST @6% & SGST/UTGST @6%) to the Recipient

Supplier



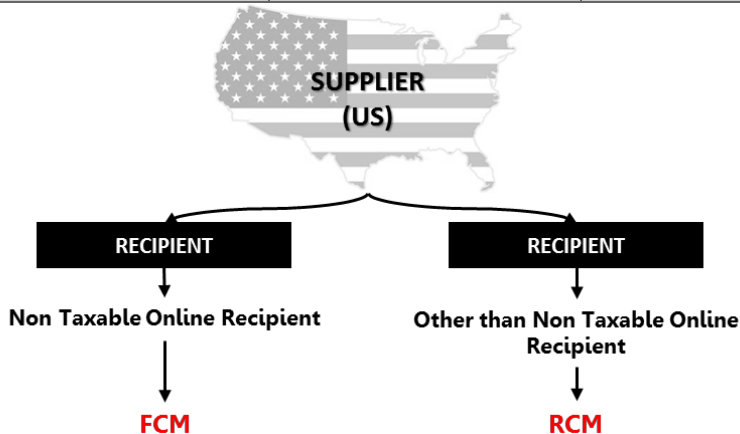
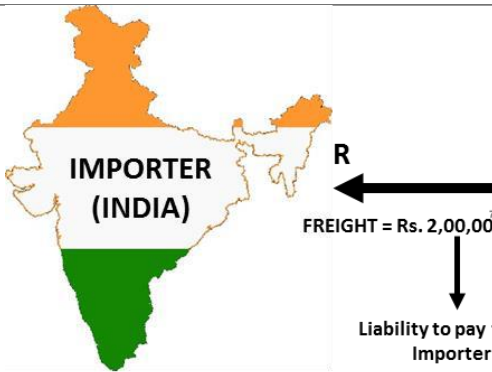

Body Corporate (TT)
Recipient

ANALYSIS

S. No.	Particulars	CGST	SGST	IGST	Impact
1.	Mr. 'X' (RP) provide services by way of, Renting of any other motor vehicle designed to carry passengers to Body Corporate [ITC Not allowed except ITC of Input Services in Same link of Business]	2.5%	2.5%	5%	RCM
2.	Mr. 'X' (RP) provide services by way of, Renting of any motor vehicle designed to carry passengers [Full ITC allowed]	6%	6%	12%	FCM
3.	Mr. 'X' (URP) provide services by way of, Renting of any motor vehicle designed to carry passengers to Body Corporate	No GST & No Tax Invoice	No GST & No Tax Invoice	No GST & No Tax Invoice	RCM

18.	<i>Services of lending of securities under Securities Lending Scheme, 1997 ("Scheme") of SEBI as amended.</i>	<i>Lender i.e. a person who deposits the securities registered in his name or in the name of any other person duly authorized on his behalf with an approved intermediary for the purpose of lending under the scheme of SEBI.</i>	<i>Borrower i.e. a person who borrows the securities under the Scheme through an approved intermediary of SEBI.</i>
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LIST OF SERVICES TAXABLE UNDER REVERSE CHARGE, I.E. THE SERVICES WHERE TAX (IGST) IS PAYABLE BY THE RECIPIENT:

Sr. No.	CATEGORY OF SUPPLY OF GST	SUPPLIER OF SERVICE	RECIPIENT OF SERVICE
1.	Any service supplied by any person who is located in a nontaxable territory to any person other than non-taxable online recipient.	Any person located in a non-taxable territory	Any person located in the taxable territory other than non-taxable online recipient
	 <p>Non-taxable online recipient means any Government, local authority, governmental authority, an individual or any other person not registered and receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory.</p>		
2.	Services supplied by a person located in nontaxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India	A person located in nontaxable territory	<p>Importer, as defined in section 2(26) of the Customs Act, 1962, located in the taxable territory.</p> <p>Importer, in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes any owner, beneficial owner or any person holding himself out to be the importer [Section 2(26) of the Customs Act, 1962].</p>
			

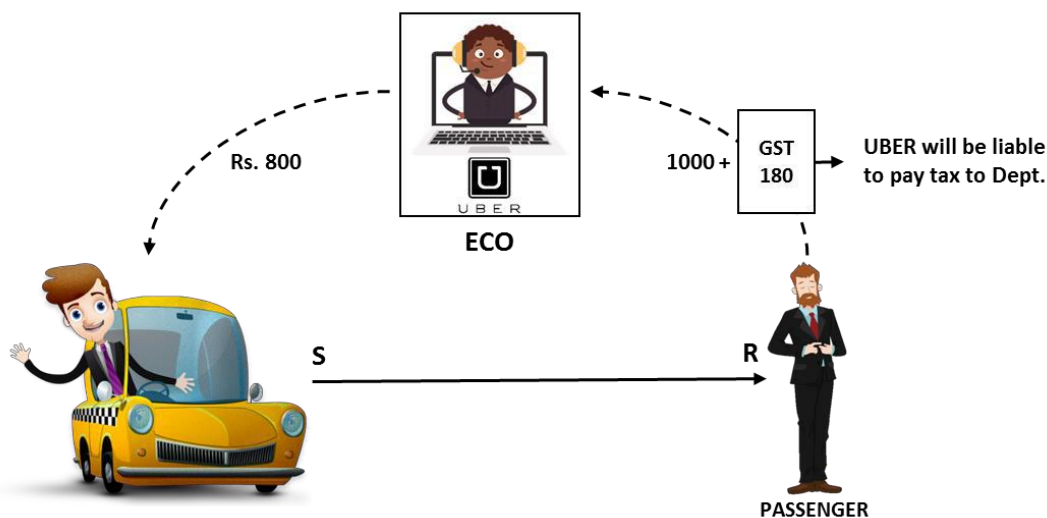
TAX PAYABLE BY E-COMMERCE OPERATOR ON NOTIFIED SERVICES [SEC 9(5)]

Electronic Commerce Operators (ECO) display products as well as services which are actually supplied by some other person to the consumer, on their electronic portal. The consumers buy such goods/ services through these portals. On placing the order for a particular product/ service, the actual supplier supplies the selected product/ service to the consumer. The price/ consideration for the product/ service is collected by the ECO from the consumer and passed on to the actual supplier after the deduction of commission by the ECO.

The following categories of services supplied through ECO are notified for this purpose –

- services by way of transportation of passengers by a radio-taxi, motorcab (not more than 6 passengers), maxicab (Capacity > 6 passengers but less than 12 excluding driver) and motor cycle;
- services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration under section 22(1) of the CGST Act.
- by way of housekeeping such as Plumbing, Carpentering etc. by an Unregistered Person.

All the provisions of the CGST Act shall apply to such ECO as if he is the supplier liable for paying the tax in relation to the supply of above services.



TAX PAYABLE BY E-COMMERCE OPERATOR ON NOTIFIED SERVICES [U/S 9(5) OF CGST ACT, 2017]**{Nov 18}****(d) GST impacting On Restaurant Services Provided by E-Commerce Operators i.e . Zomato, Swiggy etc.****1) Restaurant Services by E-Commerce**

On September 17, it was decided at the Goods and Services Tax Council meeting that e-commerce operators be made liable to pay tax on services provided through them namely transport of passengers, by any type of motor vehicles- restaurant services provided, with some exceptions. This will become effective January 1, 2022, said a statement issued by the Finance Ministry after the GST Council meeting.



- NN 17/2021 wherein E-commerce platforms ("ECO") Zomato, Swiggy are liable to pay tax on the restaurant services effective 1st January, 2022 the liability to pay taxes on the non- restaurant services as per this directive still lies with the restaurants themselves.
- Further Circular No. 167/23/2021-GST dated 17.11.2021 issued for clarification regarding modalities of compliance to the GST laws in respect of supply of restaurant service through ECO.
- ECO is now made liable to pay GST on "restaurant services" provided through the e-Commerce platform.
- This change is not applicable for restaurant services provided from a premise with declared of Rs. 7,500/- or above per day.
- Swiggy, Zomato qualifies etc. is qualify as an "e-commerce operator" under Section 2(45) of tariff CGST Act, 2017.

(2) What is Restaurant and Non-Restaurant Services?

As per NN.11/2017 – CTR, "Restaurant service means supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied". A restaurant is a place which is in the business of preparing and serving food in the premises or as takeaway.

An illustration under this category is provided below:

- Restaurants located in a premise where declared tariff is not exceeding Rs. 7,500 per day and providing restaurant services.
- Food and beverage sold as a part of restaurant services and which qualifies as restaurant services.
- Cloud kitchens providing restaurant services etc.
- Stand-alone restaurants which are not ice cream parlors or bakeries.

As per NN. 17/2021, Zomato, Swiggy shall be responsible for charging, collecting and paying GST @ 5% on supply of "restaurant services" made by such restaurant thru the ECO platform. For Restaurant with No GSTIN, ECO will be responsible

for charging, collecting, paying GST @5% on total order value. Section 9(5) The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services.

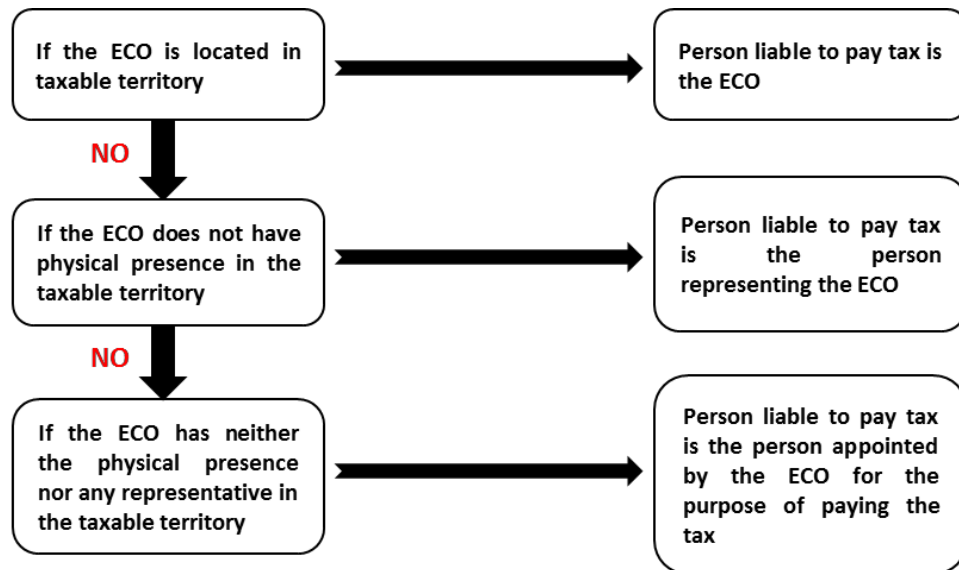
NN. 17/2021 supply of restaurant service other than the services supplied by restaurant, eating joints etc. located at specified premises. specified premises means premises providing hotel accommodation service having declared tariff of any unit of accommodation above seven thousand five hundred rupees per unit per day or equivalent.

(3) Schedule II of CGST Act, 2017- Clause 6 – Composite Supply: - The following composite supplies shall be treated as a supply of services, namely: —

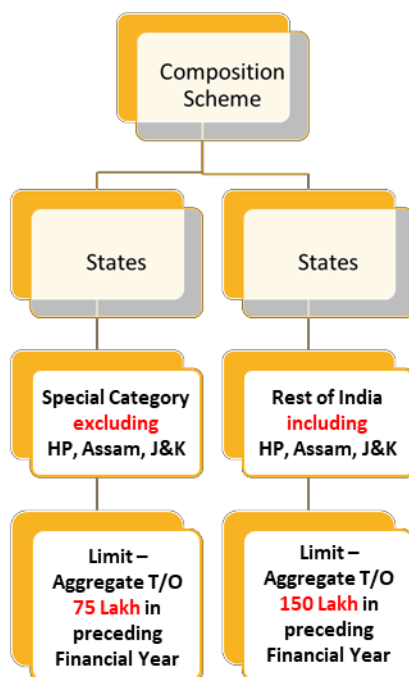
- works contract as defined in clause (119) of section 2; and
- supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), wheresuch supply or service is for cash, deferred payment or other valuable consideration.

(4) Frequently ask question

1. If you operate or manage E-Commerce Platform, Whether TCS would be applicable? YES
2. If Suppliers making taxable supplies through E-Commerce Operator, Whether TCS Would be applicable? YES
3. Suppliers supplies Transportation of Passengers, housekeeping, and hotel Accommodation services thru ECO, Whether TCS would be applicable? NO
4. Restaurant Service is provided from Specified Premises, Whether ECO would be liable for charging of tax? NO
5. Restaurant Service is provided from location other than Specified Premises, Whether ECO would be liable for charging of tax? YES



COMPOSITION LEVY [SECTION 10 OF CGST ACT]



List of Special category states: **STNAM³ UK**

1. **S**ikkim,
2. **T**ripura,
3. **N**agaland,
4. **A**runachal Pradesh,
5. **M**izoram,
6. **M**eghalaya,
7. **M**anipur, and
8. **U**ttarakhand

If one unit is Located in Special Category States (STNAM³ + UK) & another is located in Normal, then T/O Limit will be Rs. 75 Lakh

WHO IS ELIGIBLE FOR COMPOSITION SCHEME?

- (1) **Manufacturer** other than manufacturers of such goods as may be notified by the government
- (2) **Other Suppliers (Dealers)**
- (3) **Suppliers making supplies referred to in Clause (b) of para 6 of Schedule II** E.g. Restaurant Services

NOTE: COMPOSITION SCHEME TAXPAYERS PERMITTED TO RENDER SERVICES OTHER THAN RESTAURANT SERVICES UPTO A SPECIFIED LIMIT

Under the erstwhile provisions, only a supplier of restaurant service was eligible for composition scheme. A person engaged in the supply of any service other than restaurant service was not eligible for composition scheme.

However, there are cases where a manufacturer/ trader is also engaged in supply of services other than restaurant service though the percentage of such supply of services is very small as compared to the supplies of goods. There may also be cases where a restaurant service provider is also engaged in supplying a small percentage of other services.

With a view to enable such taxpayers to avail of the benefit of composition scheme, second proviso has been added to section 10(1) which permits a registered person opting for composition scheme to supply services [other than restaurant services] of specified value. This specified value is value not exceeding:

(a) 10% of the turnover in a State/Union territory in the preceding financial year; or

(b) Rs. 5 lakh,

whichever is higher.

EXAMPLE:

Rajan has opted for composition scheme in the financial year 2019-2020. His aggregate turnover in FY 2018-19 is Rs. 60 lakh. In FY 2019- 2020, he can supply services [other than restaurant services] upto a value of not exceeding:

(a) 10% of Rs. 60 lakh, i.e. Rs. 6 lakh

or

(b) Rs. 5 lakh,

whichever is higher. Thus, he can supply services upto a value of Rs. 6 lakh in FY 2019-2020.

NOTE

Eligibility to opt for composition scheme as contained in section 10(2)(a) has also been amended to provide that the registered person shall be eligible to opt for the composition scheme provided:

- (i) either he is not at all engaged in supply of services other than restaurant services or
- (ii) in case he supplies services other than restaurant services, value of such services does not exceed 10% of the turnover in a State/Union Territory in the preceding financial year or Rs. 5 lakh, whichever is higher.

OPTION TO PAY CONCESSIONAL TAX @ 3%

With effect from 01.04.2019, Notification No. 2/2019 CT (R) dated 07.03.2019 has provided an option to a registered person whose aggregate turnover in the preceding financial year is upto Rs. 50 lakh and who is not eligible to pay tax under composition scheme, to pay tax @ 3% on first supplies of goods and/or services upto an aggregate turnover of Rs. 50 lakh made on/after 1st April in any FY, subject to specified conditions. The scheme has been elucidated as under:

PERSONS NOT ELIGIBLE FOR COMPOSITION SCHEME, BUT ELIGIBLE FOR CONCESSIONAL RATE SCHEME (SECTION 10(2A))

A registered person whose aggregate turnover in the preceding financial year does not exceed Rs. 50 lakh and:

- who is exclusively engaged in supplying services other than restaurant services, or
- who is engaged in supply of services [other than restaurant services] along with supply of goods and/ or restaurant services of value exceeding Rs. 5 lakh in current FY.

RATES UNDER COMPOSITION SCHEME & CONCESSIONAL RATE SCHEME

Sr. No.	Tax Payer	Up to 31.12.2017	1.1.18 onwards SG / UT GST Rate	1.1.18 onwards CGST Rate	1.1.18 onwards Total Rate
1.	Manufacturer other than manufacturers of such goods as may be notified by the government	2%	0.50% of Aggregate T/O	0.50% of Aggregate T/O	1% of Aggregate T/O

2.	Other Suppliers (Dealers)	1%	0.50% of Taxable Supplies	0.50% of Taxable Supplies	1% of Taxable Supplies of Goods & Services
3.	Suppliers making supplies referred to in Clause (b) of para 6 of Schedule II Example: Restaurant, Catering, Mess or any other service contract where goods as food or drink is supplied for human consumption	5%	2.50% of Aggregate T/O	2.50% of Aggregate T/O	5% of Aggregate T/O
4.	Supplying Service / mixed services (other than Restaurant Services)	-	3% of Aggregate T/O	3% of Aggregate T/O	6% of Aggregate T/O

INTEREST INCOME TO BE EXCLUDED WHILE COMPUTING AGGREGATE TURNOVER FOR DETERMINING ELIGIBILITY FOR COMPOSITION SCHEME

The 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

- a registered person opting for composition scheme may supply services [other than restaurant services] of value not exceeding 10% of the turnover in the preceding financial year in a State/Union territory or Rs. 5 lakh, whichever is higher. Thus, while computing value of services [other than restaurant services] as referred in second proviso to section 10(1), interest on loans/deposit/advances will not be taken into account.
- in computing aggregate turnover in order to determine eligibility for composition scheme.

MEANING OF AGGREGATE TURNOVER

Aggregate turnover in a state / UT includes: -

- All Taxable Supplies (excluding RCM i.e. Goods Purchased from URD)
- Exempt Supplies or Nil Rate Supply (**except Interest on loans or deposits**)
- Export of Goods / Services
- Inter State Supply

Aggregate turnover in a state / UT Excludes: -

- CGST/ SGST/ UTGST/ IGST/ Cess
- Value of inward supplies on which tax is payable under reverse charge.
- Value of supplies from the first day of April of a FY up to the date when such person becomes liable for registration under this Act
- Value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount

Example 1 : A photographer 'Champak' has commenced providing photography services in Delhi from April this year. His turnover for various quarters till December is as follows

April-June	₹ 20 lakh
July-Sept	₹ 30 lakh
Oct-Dec	₹ 20 lakh

In the given case, since Champak has started the supply of services in the current financial year, his aggregate turnover in the preceding FY is Nil. Consequently, in the current FY, he is eligible for composition scheme for services. He becomes eligible for the registration when his aggregate turnover exceeds ₹ 20 lakh.

While registering under GST, he opts for composition scheme for services.

For determining his turnover of the State for payment of tax under composition scheme for services, turnover of April-June quarter [₹ 20 lakh] shall be excluded as the value of supplies from the first day of April of a financial year up to the date when such person becomes liable for registration under this Act are to be excluded for this purpose.

On next ₹ 30 lakh [turnover of July-Sept quarter], he shall pay tax @ 6% [3%CGST and 3% SGST], i.e. CGST ₹ 90,000 and SGST ₹ 90,000.

By the end of July-Sept quarter, his aggregate turnover reaches ₹ 50 lakh*.

Consequently, his option to avail composition scheme for services shall lapse by the end of July-Sept quarter and thereafter, he is required to pay tax at the normal rate of 18%. Thus, the tax payable for Oct-Dec quarter is ₹ 20 lakh × 18%, i.e. ₹ 3,60,000.

**while computing aggregate turnover for determining Champak's eligibility to pay tax under composition scheme, value of supplies from the first day of April of a financial year up to the date when such person becomes liable for registration under this Act (i.e. turnover of April-June quarter), are included.*

WHO CANNOT OPT FOR COMPOSITION SCHEME / CONCESSIONAL RATE SCHEME (CRS)

- a)** A service provider (except Restaurant Services & a Registered person whose Value of Service ≤ 10% of the Turnover in a state / UT in Preceding F.Y. **OR** Rs. 5 Lakh, whichever is Higher) [This point is only applicable for Composition Scheme]
- b)** Person making non-taxable supplies (Alcohol, Petrol & Supplies under Schedule III)
- c)** Person making inter-state supply of goods. **[In case of CRS Inter State Supply of Goods / Services]**
- d)** An electronic commerce operator responsible for collecting tax at source and
- e)** Manufacturer of notified goods.
- f)** Non-resident Taxable Person or Casual Taxable Person

GOODS NOTIFIED –

- 1) Ice cream and other edible ice, whether or not containing cocoa.
- 2) Pan Masala
- 3) Tobacco and manufactured tobacco substitutes

NOTE (ONLY FOR CONCESSIONAL RATE SCHEME):

The CGST Rules, as applicable to a person paying tax under composition scheme shall, mutatis mutandis, apply to a person paying tax under 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.

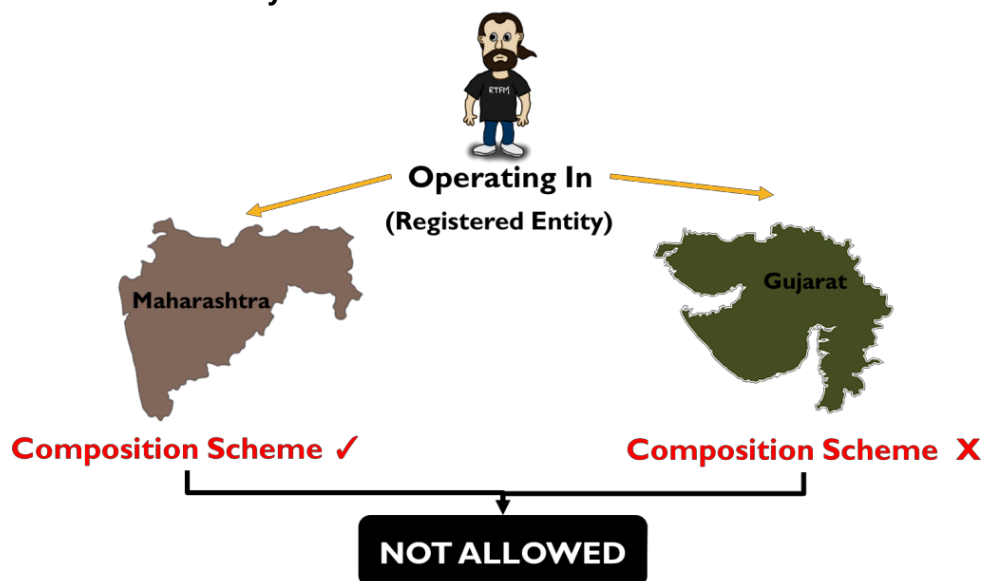
First supplies of goods or services or both shall, for the purposes of determining eligibility of a person to pay tax under this notification, include the supplies from 1st April of a FY to the date from which he becomes liable for registration under the said Act but for the purpose of determination of tax payable under this notification 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.

SOMETHING TO KNOW....

The option availed by a registered person u/s 10 shall lapse with effect from the day on which Aggregate T/O during Financial year exceeds limits specified.

Composition scheme to be adopted uniformly by all the registered persons having the same PAN

A person availing composition scheme during a financial year crosses the turnover of Rs. 1.5 Cr on 19th January. The option availed shall lapse from the day on which aggregate turnover during financial year exceeds Rs. 1.5 Cr i.e. 19th January in this case.



A taxable person who is covered u/s 10 / Concessional Rate Scheme shall neither collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.

There is no restriction on Composition Supplier to procure goods from Inter-State Supplier.

A dealer 'R' has two offices in Delhi and is eligible for composition levy. If 'R' opts for the composition scheme, both the offices would pay taxes under composition scheme and abide by all the conditions as may be prescribed for the composition scheme.

EXAMPLE 1:

EXPLAINING THE COMPUTATION OF AMOUNT PAYABLE UNDER COMPOSITION LEVY BY THE PERSON ELIGIBLE FOR SUCH SCHEME

Taxpayer 'A' is a manufacturer having one unit – A1 in UP and another unit – A2 in MP. Total turnover of two units in last FY was Rs. 55 lakh (Rs. 25 lakh + Rs. 30 lakh). Total turnover of two units in the second quarter of this financial year was Rs. 15 lakh (Rs. 5 lakh + Rs. 10 lakh).

Unit	Location	Turnover in Previous FY	Turnover in 2 nd Quarter of this FY	Total Tax (@ 1%)
A1	U.P.	Rs. 25 Lakhs	Rs. 5 Lakhs	Rs. 5,000
A2	M.P.	Rs. 30 Lakhs	Rs. 10 Lakhs	Rs. 10,000
Aggregate Turnover		Rs. 55 Lakhs	Rs. 15 Lakhs	Rs. 15,000

EXAMPLE 2:

A Ltd. is a manufacturing concern in Pune. In Financial Year 2018-19 total value of supplies including inward supplies taxed under reverse charge basis are ₹ 1,02,60,000. The break up of supplies are as follows:

Particulars	₹
(1) Intra State Supplies made under forward charge	50,00,000
(2) Intra State Supplies made which are chargeable to GST at Nil rate	20,00,000
(3) Intra State Supplies which are wholly exempt under section 11 of GST Act, 2017	30,00,000
(4) Value of inward supplies on which tax payable under RCM	2,60,000

Briefly explain whether A Ltd. is eligible to opt for Composition Scheme in Financial Year 2019-20.

Solution:

Computation of Aggregate Turnover

Particulars	₹
(1) Supplies made under forward charge	50,00,000
(2) Supplies made which are chargeable to GST at Nil rate (covered under exempt supply)	20,00,000
(3) Supplies which are wholly exempt under section 11 of CGST Act, 2017	30,00,000
(4) Value of inward supplies on which tax payable under RCM (specifically excluded)	Nil
Total	1,00,00,000

Since, aggregate turnover does not exceed ₹ 1,50,00,000 during the Financial Year 2018-19. So, A Ltd. is entitled for Composition Scheme for Financial Year 2019-20.

EXAMPLE 3:

Z Ltd. a manufacturing unit in Rajasthan has opted for composition scheme furnishes you with the following information for Financial Year 2018-19. It requires you to determine its composition tax liability and total tax liability. In Financial Year 2018-19 total value of supplies including inward supplies taxed under reverse charge basis are ₹ 87,40,000. The break up of supplies are as follows:

Particulars	₹
(1) Intra State Supplies of Goods X chargeable @ 5% GST	30,00,000
(2) Intra State Supplies made which are chargeable to GST at Nil rate	18,00,000
(3) Intra State Supplies which are wholly exempt under section 11 of CGST Act, 2017	2,40,000
(4) Value of inward supplies on which tax payable under RCM (GST Rate 5%)	7,00,000
(5) Intra State Supplies of Goods Y chargeable @ 18% GST	30,00,000

Solution:

The composite tax liability of A Ltd. shall be as under:

(1) Computation of Aggregate Turnover and Composite Tax

Particulars	₹
(1) Supplies made under forward charge	30,00,000
(2) Supplies made which are chargeable to GST at Nil rate	18,00,000
(3) Supplies which are wholly exempt under section 11 of CGST Act, 2017	2,40,000
(4) Value of inward supplies on which tax payable under RCM (GST Rate 5%) (not to be included)	Nil
(5) Intra State Supplies of Goods Y chargeable @ 18% GST	30,00,000
Aggregate turnover	80,40,000
Rate of Composite Tax	1%
Total Composite Tax	80,400

(2) Tax payable under reverse charge basis

Particulars	₹
Value of inward supplies on which tax payable under RCM	7,00,000
Rate of GST	5%
Tax payable under RCM	35,000
Total tax liability	1,15,400

EXAMPLE 4:

Mr. Ram runs a restaurant and he has effected intra-state supply of Rs. 75,00,000 and had provided exempt services of Rs. 5,00,000 and also earned interest income of Rs. 2 lakhs. Determine whether it is eligible to opt for composition scheme and also compute its tax liability. General rate of tax on services is 18%.

Solution:

If a person supplies goods and/or services referred to in clause (b) of paragraph 6 of Schedule II of the said Act (i.e. restaurant services) and also supplies any exempt services including services by way of extending deposits or advances in so far as the consideration is represented by way of interest or discount, the said person shall be

eligible for the composition scheme under Section 10 subject to fulfilment of all other conditions specified therein.

In computing his aggregate turnover in order to determine his eligibility for composition scheme, value of supply of any exempt services including services by way of extending loans, deposits or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.

In view of the above order, Mr. Ram is eligible to opt for composition scheme. Its composite tax liability will be 5% of Rs. 75,00,000 = Rs. 3,75,000

No composition tax will be levied on exempt services and interest income.

EXAMPLE 5:

A & Co. a trading concern, has opted for composition scheme in FY 2018-19. It furnishes you with the following details of supplies made for the quarter ending 30th September, 2018. You are required to determine composition tax liability.:

Particulars	₹
(1) Intra-State Taxable Supply	3,00,000
(2) Intra-State Exempt Supply	2,00,000

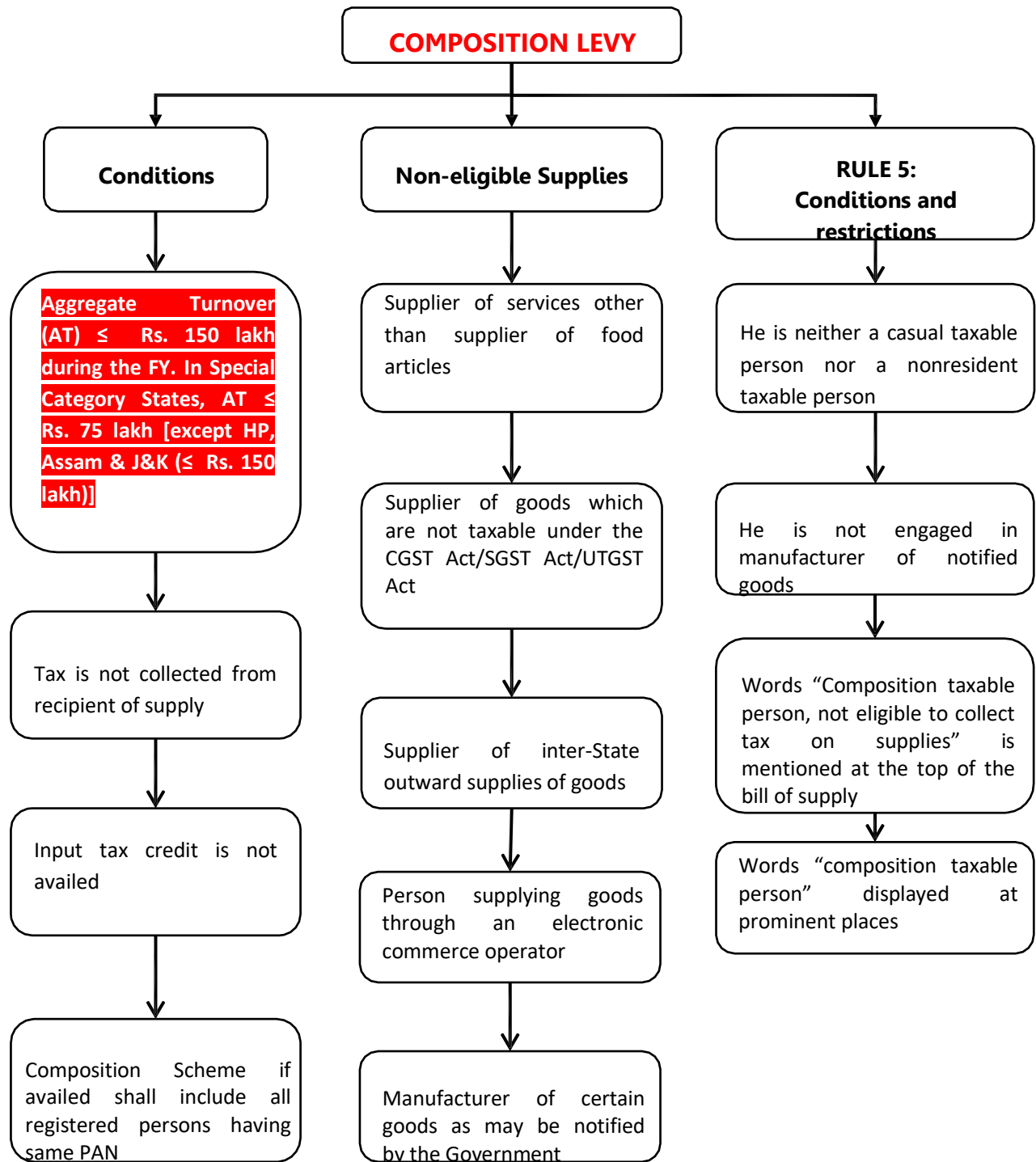
Solution:

A & Co. will be liable to pay tax @ 1% of the turnover of taxable supplies of goods in the State. Thus, the composite tax liability will be:

CGST = 0.5% of Rs. 3L = Rs. 1,500

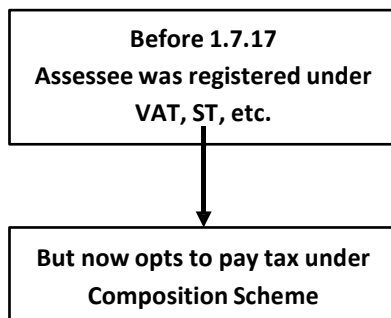
SGST = 0.5% of Rs. 3L = Rs. 1,500

The value of exempt supply shall not be included for computation of GST liability of a trader.



COMPOSITION RULE

RULE 3(1)



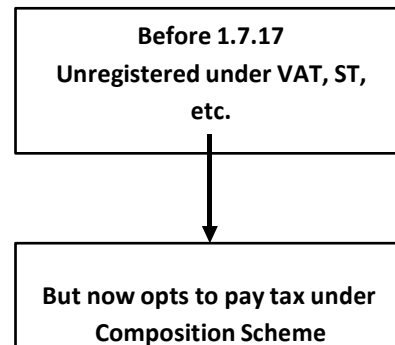
CONDI T I O N S

1. Assessee will electronically file an intimation in **FORM GST CMP-01**st
2. Prior to 1st July, 2017 but later than 30 days from the said date.
+
Extended Period by the Commissionerst

NOTE: If intimation filed after 1st July 2017, Registered person shall not collect any tax from the 1st July till the date of filing of intimation

NOTE - Rule 3(4): Assessee shall furnish the details of stock, including the inward supply of goods received from unregistered persons, held by him on the day preceding the date from which he opts to pay tax under the said section in **FORM GST CMP-03** within a period of 30 days from the date on which the option for composition levy is exercised +
Extension by Commissioner.

RULE 3(2)



At the time of Registration, Assessee can opt for Composition Scheme.
Any person who applies for registration under Rule 8(1) may give an option to pay tax under composition scheme in Part B of **FORM GST REG-01**

RULE 3(3): FILING OF INTIMATION BEFORE THE BEGINNING OF FINANCIAL YEAR

Any registered person who opts to pay tax under Section 10 shall electronically file an intimation in **FORM GST CMP-02**, duly signed or verified through EVC, on the common portal, either directly or through a Facilitation Centre

notified by the Commissioner, prior to the commencement of the Financial Year for which the option to pay tax under the aforesaid section is exercised.

As per **RULE 3A**, he shall furnish the ITC Declaration in **FORM GST CMP-03** in accordance with the provisions of Rule 44(4) within a period of **60 180 days** from the commencement of relevant Financial Year.

RULE 3(5): ONE INTIMATION APPLICABLE FOR ALL PLACES IN CASE OF SAME PAN

Any intimation under Rule 3(1) or Rule 3(3) **or 3(3A)** in respect of any place of business in any State or Union Territory shall be deemed to be an intimation in respect of all other places of business registered on the same Permanent Account Number.

RULE 4: EFFECTIVE DATE FOR COMPOSITION LEVY

The option to pay tax u/s 10 shall be effective from –

The beginning of the financial year, where intimation is filed u/r 3(3)

The appointed date where intimation is filed under Rule 3(1)

RULE 6: PROVISIONS REGARDING VALIDITY OF COMPOSITION SCHEME

RULE 6(1) OPTION VALID – TILL SATISFACTION OF CONDITIONS: The option exercised shall remain valid so long as he satisfies all the conditions.

RULE 6(2): MANDATORY CESSATION OF COMPOSITION LEVY ON VIOLATION OF CONDITIONS: The person referred to in Rule 6(1) shall be liable to pay tax under section 9(1) from the day he ceases to satisfy any of the conditions and shall issue tax invoice for every taxable supply and he shall also file intimation for withdrawal from the scheme in FORM GST CMP-04 within 7 Days of occurrence of such event.

RULE 6(3): APPLICATION FOR WITHDRAWAL FROM SCHEME: The registered person who intends to withdraw from the composition scheme shall file an application in **FORM GST CMP-04**

RULE 6(4): SCN FOR CESSATION OF OPTION ON VIOLATION OF CONDITIONS: Where the proper officer has reasons to believe that the registered person was not eligible to pay tax under section 10 or has contravened the provisions of the Act, he may issue a notice to such person in **FORM GST CMP-05** to show cause within 15 days of the receipt of such notice as to why the option to pay tax under Section 10 shall not be denied.

RULE 6(5): REPLY TO SCN: Upon receipt of the reply to the show cause notice issued under Rule 6(4) from the registered person in **FORM GST CMP-06**, the proper officer shall issue an order in **FORM GST CMP-07** within a period of 30 days of the receipt of such reply, or denying the option to pay tax under Section 10 from the date of the option or from the date of the event concerning such contravention, as the case may be.

RULE 6(6): DETAILS OF STOCK TO BE FURNISHED ON OPTING OUT OF SUCH SCHEME: Every person may furnish a statement in FORM GST ITC-01 containing details of stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn or denied, within a period of 30 days from the date from which the option is withdrawn or from the date of the order passed in FORM GST CMP-07, as the case may be.

SOMETHING TO KNOW :

- ✓ Article 265 of the constitution provides that no tax shall be levied or collected except by the authority of law.
- ✓ Maximum rate prescribed under CGST/SGST/UTGST Act is 20% and under IGST Act is 40%.
- ✓ Central Government as per recommendation of GST council will notify the rate of tax to be levied under CGST Act.
- ✓ In case of lottery procured from state government by a lottery distributor, GST is payable by lottery distributor.

AMENDMENT IN GST IN REAL ESTATE SECTOR:

Earlier, the effective rate of GST on real estate sector was 8%/12% with ITC. With effect from 01.04.2019, the effective rates of GST for the new projects have been brought down to a large extent.

However, the promoters/builders have been given a one-time option to continue to pay tax at the old rates on ongoing projects (buildings where construction and actual booking both have started before 01.04.2019) which have not been completed by 31.03.2019.

New effective rates of GST for the new projects by promoters are as follows:

- (i) New rate of 1% without ITC on construction of **affordable houses** (area 60 sqm in metros/ 90 sqm in non-metros and value upto Rs. 45 lakh).
- (ii) New rate of 5% without ITC shall be applicable on construction of:
 - a. all houses other than affordable houses, and
 - b. commercial apartments such as shops, offices etc. in a residential real estate project (RREP) in which the carpet area of commercial apartments is not more than 15% of total carpet area of all apartments.

CONDITIONS:

Above tax rates shall be available subject to following conditions:

- (a) Input tax credit shall not be available.
- (b) 80% of inputs and input services [other than services by way of grant of development rights, long term lease of land (against upfront payment in the form of premium, salami, development charges etc.) or FSI (including additional FSI), electricity, high speed diesel, motor spirit, natural gas], used in supplying the service shall be purchased from registered persons

However, if value of inputs and input services purchased from registered supplier is less than 80%, promoter has to pay GST on reverse charge basis, under section 9(4) of the CGST Act, at the rate of 18% on all such inward supplies** (to the extent short of 80% of the inward supplies from registered supplier).

Further, where cement is received from an unregistered person, the promoter shall pay tax on supply of such cement on reverse charge basis, under section 9(4) of the 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.

[Notification No. 07/2019 CT (R) dated 29.03.2019/ Notification No. 07/2019 IT (R) dated 29.03.2019]

Supply of TDR, FSI, long term lease (premium) of land by a landowner to a developer exempt from GST.

Supply of TDR, FSI, long term lease (premium) of land by a landowner to a developer have been exempted subject to the condition that the constructed flats are sold before issuance of completion certificate and tax is paid on them.

Exemption of TDR, FSI, long term lease (premium) shall be withdrawn in case of flats sold after issue of completion certificate, but such withdrawal shall be limited to 1% of value in case of affordable houses and 5% of value in case of other than affordable houses. This will achieve a fair degree of taxation parity between under construction and ready to move property.

The liability to pay tax on TDR, FSI, long term lease (premium) has been shifted from land owner to builder under the reverse charge mechanism (RCM) – as discussed in detail in point 2.(b)(4)/(5) above.

SOME CLARIFICATIONS ISSUED BY ICAI FOR MAY/ NOV 2020

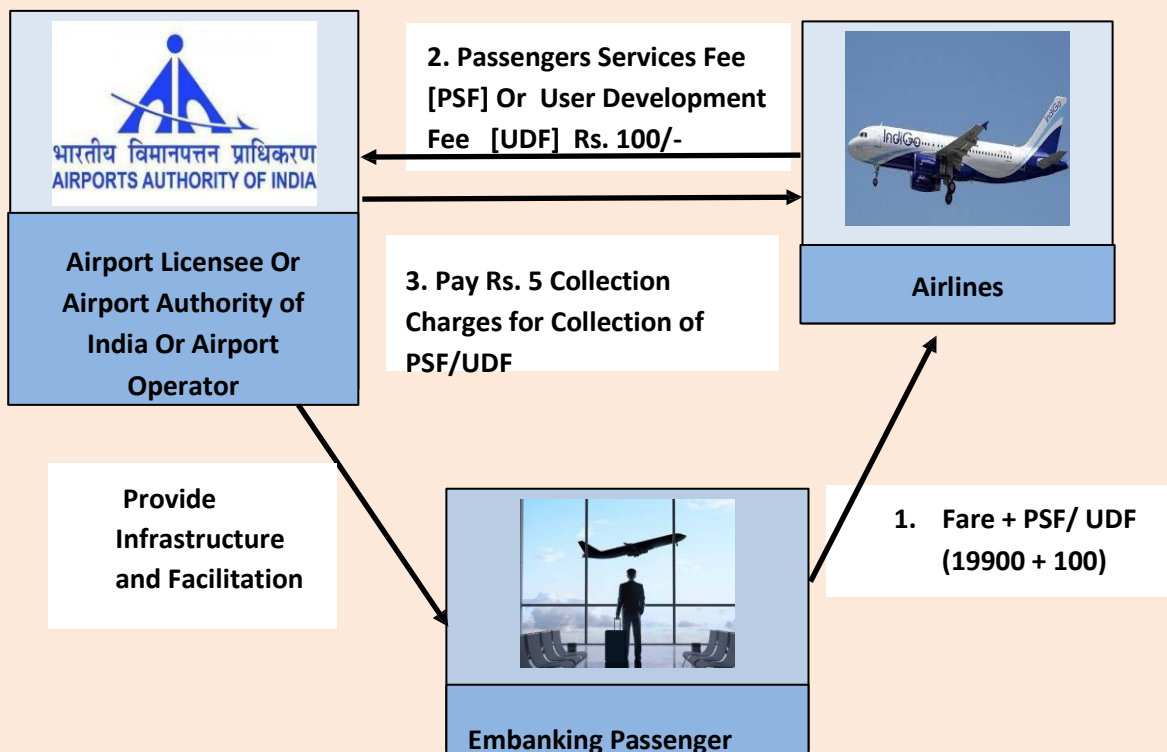
1. Composition Scheme u/s 10 of CGST Act, 2017



Manufacturer of aerated water & Supplier of aerated water can't opt to pay tax under composition levy and not eligible to pay concession tax under NN 2/2019 respectively.

2. Service provided by Airport Operator

1. The airport operators shall pay GST on the PSF and UDF collected by them from the passengers through the airlines.
2. The collection charges paid by airport operator to airlines are a consideration for the services provided by the airlines to the airport operator and airlines shall be liable to pay GST on the same under forward charge. ITC of the same will be available with the airport operator.



Analysis

Airport Operator will be liable for payment of Tax on Rs. 100/-

Airlines will be liable for payment of Tax on Rs. 5/-

For Valuation Purpose:-

Air Lines (Pure agent of the passengers) should separately indicate actual amount of PSF/UDF & GST payable on such PSF & UDF by the airport licensee in the invoice issued by the airlines to passengers

Airlines shall not take ITC of GST payable or Paid on PSF & UDF

Airlines would recover the actual PSF/UDF + GST from passengers

The registered passengers , may take ITC of GST paid on PSF & UDF on the basis of Pure agents' invoice issued by the airline to them

SOME EXAM ORIENTED MCQ's

1. A taxable person has made following supplies in January, 2018 – Sales within the State – Rs. 2,00,000. Exports out of India– Rs. 60,000. Supplies to SEZ located within the State – Rs. 40,000. He does not intend to clear goods under Letter of Undertaking (LUT) or bond. The input tax credit available to him during January, 2018 – IGST – Nil. CGST – Rs. 10,000. SGST – Rs. 20,000. There is no opening balance in his electronic cash ledger or electronic credit ledger. Tax rates are – SGST – 9%, CGST – 9%, IGST – 18%. How much amount is payable by him in cash?
 - (a) CGST – Rs. 8,000 SGST – Nil
 - (b) CGST – Rs. 11,600 SGST – Rs. 1,600
 - (c) CGST – Rs. 8,000, SGST – Nil, IGST – Rs. 5,200
 - (d) CGST – Rs. 8,000 SGST – Nil, IGST – Rs. 16,000**
2. Grand Foods is engaged in supplying restaurant service in Delhi. In the preceding financial year, it has an aggregate turnover of Rs. 90 lakh from restaurant service and ` 10 lakh from supply of farm labour and has earned a bank interest of Rs. 10 lakh. Which of the following statements are true in the given case?
 - (1) Aggregate turnover of Grand Foods, for determining eligibility for composition scheme, in the preceding FY is Rs. 90 lakh.
 - (2) Aggregate turnover of Grand Foods, for determining eligibility for composition scheme, in the preceding FY is Rs. 100 lakh.
 - (3) Aggregate turnover of Grand Foods, for determining eligibility for composition scheme, in the preceding FY is Rs. 110 lakh.
 - (4) Supply of farm labour and supply of service of extending loans/deposits does not make Grand Foods ineligible for composition scheme.
 - (5) Supply of services other than restaurant service - supply of farm labour and supply of service of extending loans/deposits - by Grand Foods makes it ineligible for composition scheme.
 - (a) (1) and (4)**
 - (b) (2) and (4)
 - (c) (1) and (5)
 - (d) (3) and (5)

3. Which of the following persons can opt for the composition scheme?

- 1) Registered person whose aggregate turnover in the preceding financial year did not exceed Rs. 75 lakh.
- 2) Registered person whose aggregate turnover in the preceding financial year did not exceed Rs. 1 crore.
- 3) A person engaged in manufacture of Pan Masala, Tobacco and manufactured tobacco substitutes
- 4) A person engaged in the manufacture of Ice Cream, other edible ice, whether or not containing Cocoa.
- 5) A person engaged exclusively in the providing restaurant service. 6) A person engaged exclusively in supply of medicines.

Which of the above are correct:-

- (a) 1,2,3,5
- (b) 1,2,5,6**
- (c) 2,3,4,5
- (d) 3,4,5,6

4. Which of the following statements is not correct for a tax payer who has opted for composition scheme?

- (a) A registered person supplying goods under the composition scheme shall issue a bill of supply.
- (b) Last date for payment of liability towards tax, interest, penalty, fee or any other sum is 20th day of each month.**
- (c) A composition dealer 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.
- (d) Last date for payment of liability towards tax, interest, penalty, fee or any other sum is 18th day of the month following each quarter.

5. Mr. Fardeen Khan, is the owner of a proprietorship firm (located in the State of Jammu and Kashmir), which is engaged in trading of ice-cream (not containing cocoa) and supplies the same locally within the same State itself. The turnover details of his firm are as under:

- For the period April, 2016 to March, 2017: Rs. 80,00,000/-
- For the period April, 2017 to June, 2017: Rs. 25,00,000/-
- For the period July, 2017 to March, 2018: Rs.75,00,000/-

He wants to opt for Composition Scheme. State the composition turnover limit for the State of Jammu and Kashmir and whether he is eligible to opt for Composition Scheme or not.

- a) Rs. 75,00,000/-: Yes
- b) Rs. 75,00,000/-: No
- c) Rs. 1,00,00,000/-: Yes**
- d) Rs. 80,00,000/-: Yes

- 6. Which of the following legal services does not fall under RCM provisions as contained under section 9(3) of the CGST Act-**
- (a) Representation services provided by an individual advocate
 - (b) Representation services provided by a senior advocate
 - (c) Representation services provided by a firm of advocates
 - (d) Legal services provided by an advocate to an unregistered individual**
- 7. Which of the following legal services does not fall under reverse charge mechanism provisions as contained under section 9(3) of the CGST Act, 2017-**
- (a) Representation services provided by an individual advocate
 - (b) Representation services provided by a senior advocate
 - (c) Representation services provided by a firm of advocates
 - (d) Legal services provided by an advocate to an unregistered individual**

LIST OF SERVICES

EXEMPT

UNDER



CHAPTER OUTLINES

- ✓ Specific service exempt from CGST/IGST.
- ✓ Some other Exemption notifications.
- ✓ Service specifically Exempt from IGST.

INTRODUCTION

When a supply of goods and/or services falls within the purview of charging section, such supply is chargeable to GST. However, for determining the liability to pay the tax, one needs to further check whether such supply of goods and/or services are exempt from tax.

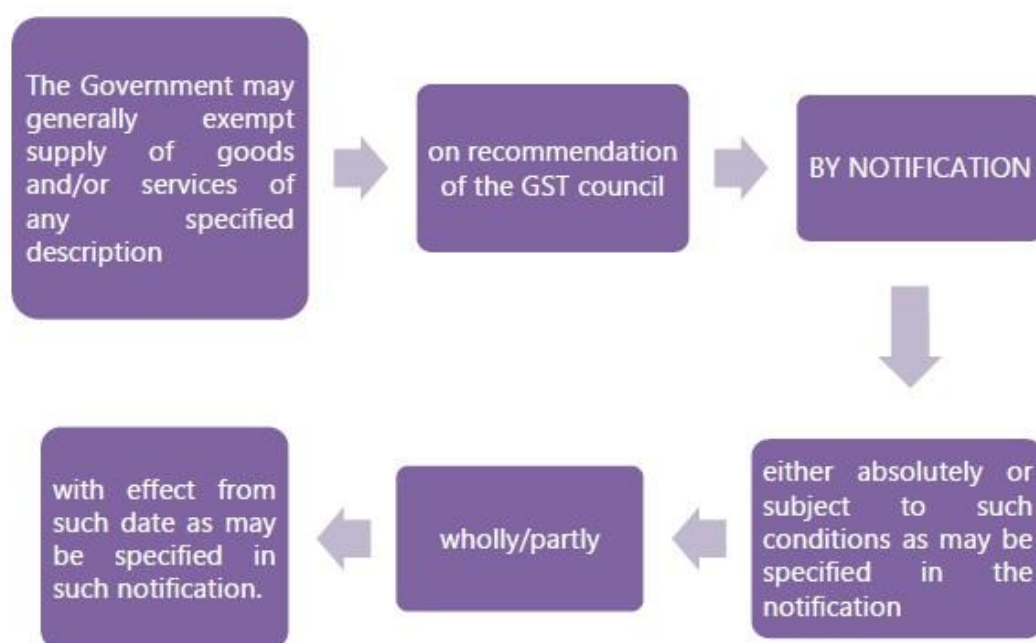
Exempt supply has been defined as supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax and includes nontaxable supply [Section 2(47) of the CGST Act, 2017]. **Non-taxable supply** means a supply of goods or services or both which is **not leviable to tax** under CGST Act or under the IGST Act [Section 2(78) of the CGST Act, 2017].

Power to grant exemption from GST has been granted vide section 11 of the CGST Act and vide section 6 of the IGST Act. State GST laws also contain identical provisions granting power to exempt SGST.

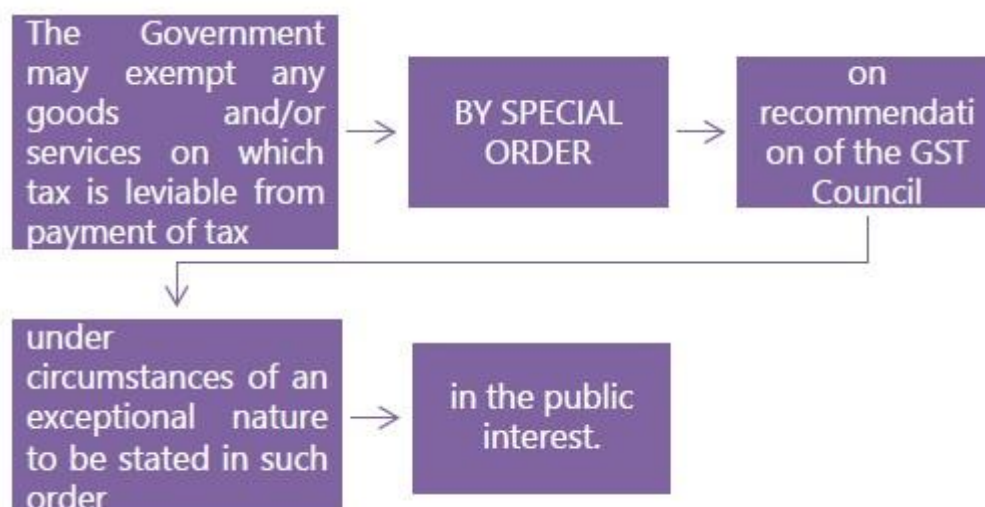
EXEMPTION FROM PAYMENT OF TAX:

The Government is empowered to grant exemption from tax, if it is necessary in public interest so to do, on recommendation of the GST council, by way of issuance of-

I. NOTIFICATION



II. SPECIAL ORDER



NO NEED TO PAY TAX ON GOODS AND/OR SERVICES ON WHICH ABSOLUTE EXEMPTION GRANTED:

Where an exemption in respect of goods and/or services has been granted absolutely, the registered person supplying such goods and/or services shall not collect tax on such goods and/or services, in excess of the effective rate.

GOODS EXEMPT FROM TAX

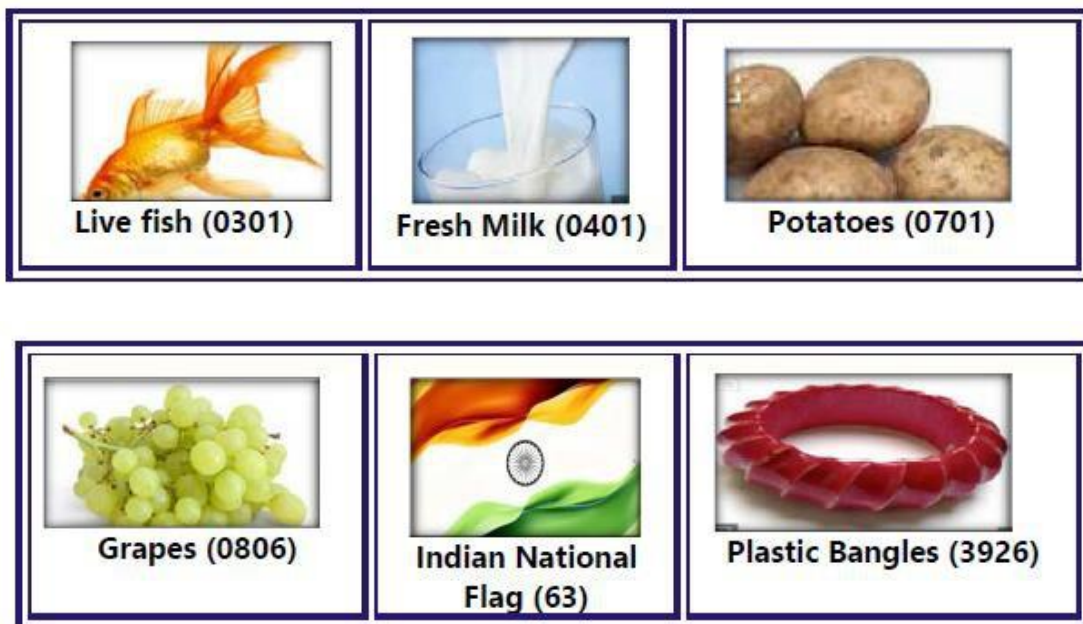
A list of items have been notified under section 11(1) of the CGST Act, 2017/ section 6(1) of the IGST Act, 2017. These items have been exempted from whole of the tax.

Since GST is a tax for common man, everyday items used by the common man have been included in the list of exempted items.

Items such as unbranded atta/maida/besan, unpacked food grains, milk, eggs, curd, lassi and fresh vegetables are among the items exempted from GST.



Some of the examples of the goods exempted from tax have been provided herein1: (Students may go through the complete list of goods exempt from GST on CBIC website – www.cbic.gov.in, for knowledge purposes.)



SPECIFIC SERVICES EXEMPT FROM CGST / IGST

1. EXEMPTIONS FOR CHARITABLE ACTIVITIES

The services by –

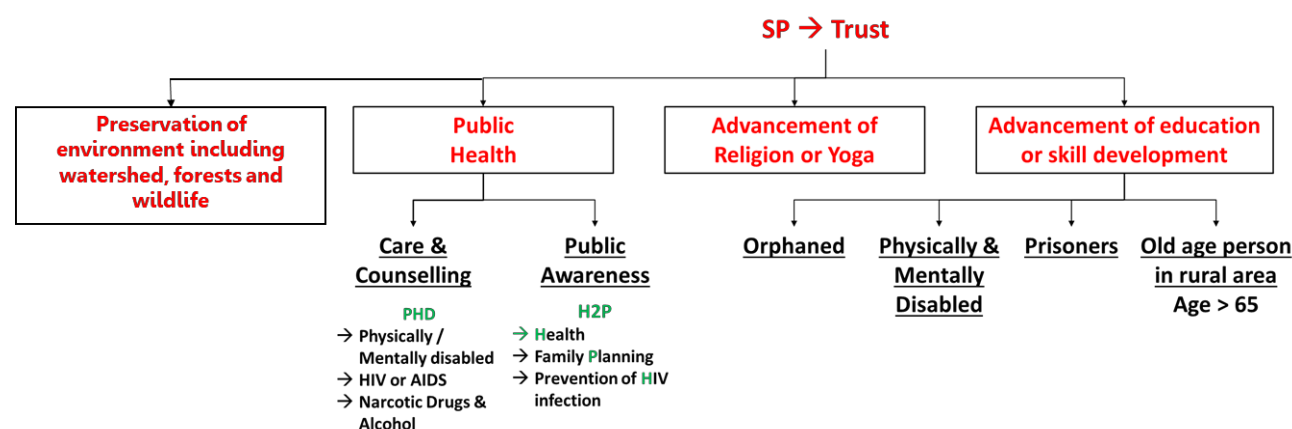
(a) An entity registered under section 12AA/12AB of the Income Tax Act, 1961 (b) by way of charitable activities, are exempt

Charitable activities: means activities relating to -

- (i) public health by way of, -
 - (A) care or counseling of
 - a) terminally ill persons or persons with severe physical or mental disability;
 - b) persons afflicted with HIV or AIDS;
 - c) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
 - (B) public awareness of preventive health, family planning or prevention of HIV infection;
- (ii) advancement of religion, spirituality or yoga;
- (iii) advancement of educational programmes or skill development relating to, -
 - (A) abandoned, orphaned or homeless children;
 - (B) physically or mentally abused and traumatized persons;
 - (C) prisoners; or



- (D) persons over the age of 65 years residing in a rural area;
 (iv) preservation of environment including watershed, forests and wildlife;



NOTE: MANAGEMENT OF EDUCATIONAL INSTITUTIONS BY CHARITABLE TRUSTS

Activities of schools, colleges or any other educational institutions run by charitable trusts by way of education or skill development of abandoned, orphans, homeless children, physically or mentally abused persons, prisoners or persons over age of 65 years or above residing in a **rural area**, will be considered as charitable activities and income from such supplies will be wholly exempt from GST.

EXAMPLE:

Divyajyoti Foundation, a charitable trust registered under section 12AA of the Income-tax Act, 1962, has organized a 'Meditation Camp' for the old age people. GST is exempt on the same as services provided by entity registered under section 12AA of the Income-tax Act, 1961 by way of advancement of religion, spirituality or yoga are exempt.

2. SERVICES BY WAY OF TRANSFER OF GOING CONCERN

Services by way of transfer of a going concern, as a whole or an independent part thereof;

Transfer after shutdown GST ✓

DO YOU KNOW:

Transfer of a going concern means transfer of a running business which is capable of being carried on by the purchase as an independent business.

Such sale of business as a whole will comprise comprehensive sale of immovable property, goods and transfer of unexecuted orders, employees, goodwill, etc.

3. PURE SERVICE TO GOVERNMENT

Pure Services (excluding works contract service or other composite supply involving supply of any goods) provided to the Central Government, State Government or Union Territory or Local Authority or a Governmental authority, **Government Entity** by way of –

1. In relation to **any function entrusted to a Panchayat** under article 243G of the Constitution
2. In relation to any **function entrusted to a Municipality** under article 243W of the Constitution

MEANING OF LOCAL AUTHORITY

Local authority is defined in section 2(69) of the CGST Act, 2017 and means the following:

- a "Panchayat"
- a "Municipality"
- a Municipal Committee, a Zilla Parishad, a District Board,
- a Cantonment Board
- a Regional Council or a District Council
- a Development Board constituted under article 371 of the Constitution; or
- a Regional Council constituted under article 371A of the Constitution.

3A. COMPOSITE SUPPLY OF GOODS AND SERVICES TO GOVERNMENT / LA / GA / GE**SUPPLIER**

Composite Supply of goods and services in relation to any function entrusted to a Panchayat under article 243G of the Constitution or to a Municipality under Article 243W of the Constitution

CONDITION:

Value of Supply of Goods \leq 25%

**RECIPIENT****4. SERVICE BY ANY GA IN RELATION TO MUNICIPALITY FUNCTIONS**

Services by a governmental authority by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution.

EXAMPLE FOR SR. NO. 3 & 4**SR. NO. 3**

CONTRACTOR $\xrightarrow{\text{SERVICE}}$ **GOVERNMENT** \rightarrow PANCHAYAT / MUNICIPALITY FUNCTIONS

SR. NO. 4

GOVERNMENT $\xrightarrow{\text{SERVICE}}$ **PUBLIC** \rightarrow MUNICIPALITY FUNCTIONS

Under article 243W

5. SERVICES BY GOVERNMENTAL AUTHORITY IN RELATION TO PANCHAYAT FUNCTIONS

Services by a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.

**Service Provider****Panchayat****6. SOVEREIGN SERVICES PROVIDED BY GOVERNMENT OR LOCAL AUTHORITY**

Services by Government or Local Authority excluding the following services to the extent they are not covered elsewhere i.e. following services are taxable as it is excluded from the exemption list.

Key PAT BE

1) Services by Department of Post by way of speed post, express parcel post, life insurance and agency services provided to a person other than government.

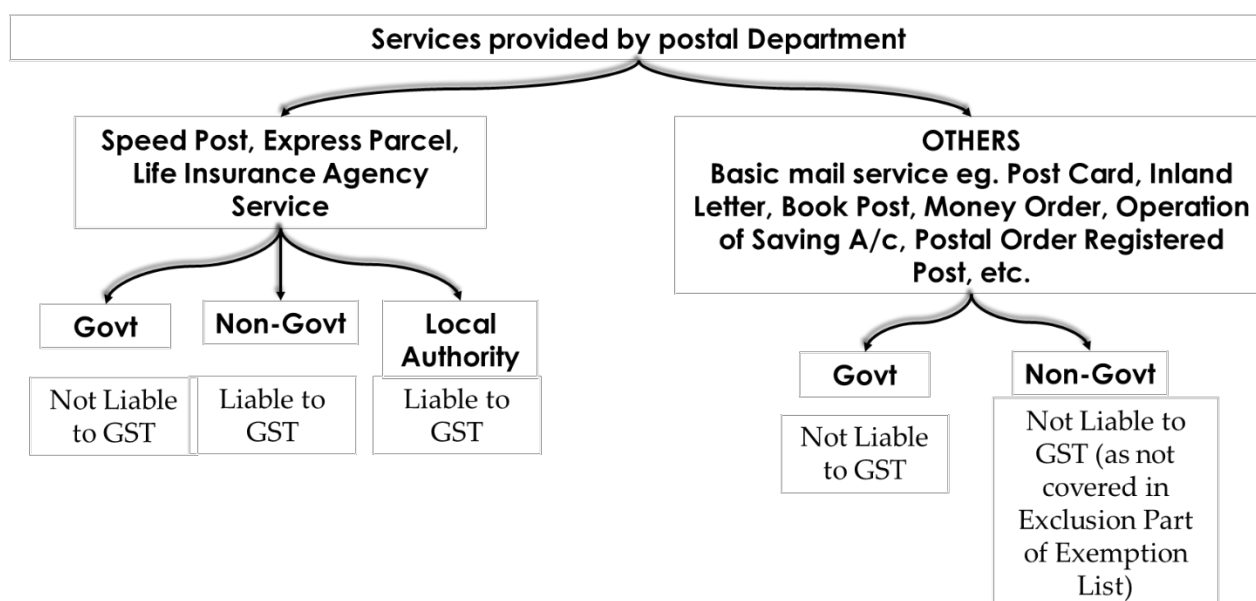


2) Services in relation to an Aircraft or a vessel, inside or outside the precincts of a port or an airport



3) Transport of goods or passengers; or

4) Any service other than above mentioned services provided to Business Entities **RELIANCE**



NOTE:

(1) The Department of Posts also provides services like distribution of mutual funds, bonds, passport applications, collection of telephone and electricity bills **on commission basis**. These services are in the nature of intermediary and generally called **agency services**.

(2) **General Insurance policies provided by a State Government:**

Services provided by State Government by way of general insurance (managed by government) to employees of the State government/Police personnel, employees of Electricity Department or students of colleges/private schools etc. wherein the total premium for insurance policy is paid by employees, students etc. are exempt vide entry 6 of the Notification which exempts services by Central Government, State Government, Union territory or local authority to individuals.



EXAMPLE 1:

Vasai Post office provided the following services to persons other than Government during the month ending 31-03-2018, all charges are exclusive of GST:

	Service rendered	Amount
1.	Basic mail service	2,00,000
2.	Transfer of money through money orders	6,00,000
3.	Operation of saving accounts	1,75,000
4.	Rural postal life insurance services	2,00,000
5.	Distribution of manual funds, bonds and passport applications	5,00,000
6.	Issuance of postal orders	3,00,000
7.	Collection telephone and electricity bills	1,00,000

8.	Pension payment services	50,000
9.	Speed post service	5,00,000
10.	Express parcel post service	2,00,000

Compute the value of taxable supply of the month ending 31-03-2018.

SOLUTION: Computation of value of taxable supply:

	Particular	Rs.
1.	Basic mail service [Exempt since covered in Entry 6 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
2.	Transfer of money through money orders [Exempt since covered in Entry 6 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
3.	Operation of saving accounts [Exempt since covered in Entry 6 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
4.	Rural postal life insurance service (Liable to GST)	2,00,000
5.	Distribution of mutual funds, bonds and passport applications (Liable to GST)	5,00,000
6.	Issuance of postal orders [Exempt since covered in Entry 6 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
7.	Collection of telephone and electricity bills (Liable to GST)	1,00,000
8.	Pension payment service [Exempt since covered in Entry 6 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
9.	Speed post service (Liable to GST)	5,00,000
10.	Express parcel post services (Liable to GST)	2,00,000
	Value of taxable supply	15,00,000

EXAMPLE 2:

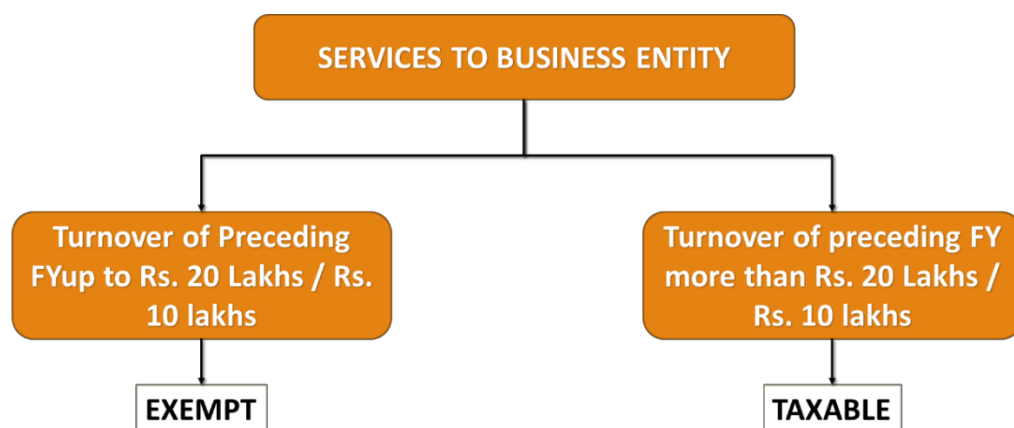
The Karnataka Cricket Association, Bangalore requests the Commissioner of Police, Bangalore to provide security in and around the Cricket Stadium for the purpose of conducting the cricket match. The Commissioner of Police arranges the required security for a consideration. In this case, services of providing security by police personnel are not exempt. As the services are provided by Government, Karnataka Cricket Association is liable to pay tax on the amount of the consideration paid under reverse charge mechanism.

7. SERVICES PROVIDED BY GOVERNMENT OR A LOCAL AUTHORITY TO A BUSINESS ENTITY

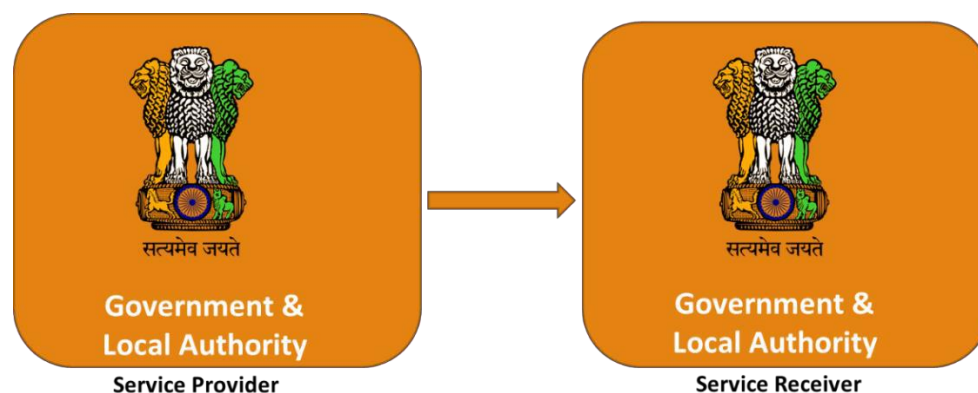
Services provided by Central Government, State Government, Union Territory or a local authority to a business entity if its aggregate turnover in preceding FY does not exceed *such amount in the preceding financial year as makes it eligible for exemption from registration under CGST Act 2017*

For the purpose of this Sr. No., it is hereby clarified that the provisions of this Sr. No. shall not be applicable to following services:(PAT)

- 1) Services by Department of **P**ost by way of speed post, express parcel post, life insurance and agency services provided to a person other than government.
- 2) Services in relation to an **A**ircraft or a vessel, inside or outside the precincts of a port or an airport
- 3) **T**ransport of goods or passengers; or
- 4) Service by way of renting of immovable property.

SUMMARY FOR SR. NO. 7**8. SERVICES PROVIDED BY GOVERNMENT TO ANOTHER GOVERNMENT**

Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority.



For the purpose of this Sr. No., it is hereby clarified that the provisions of this Sr. No. shall not be applicable to following services:(PAT)

- 1) Services by Department of **P**ost by way of speed post, express parcel post, life insurance and agency services provided to a person other than government.
- 2) Services in relation to an **A**ircraft or a vessel, inside or outside the precincts of a port or an airport
- 3) **T**ransport of goods or passengers

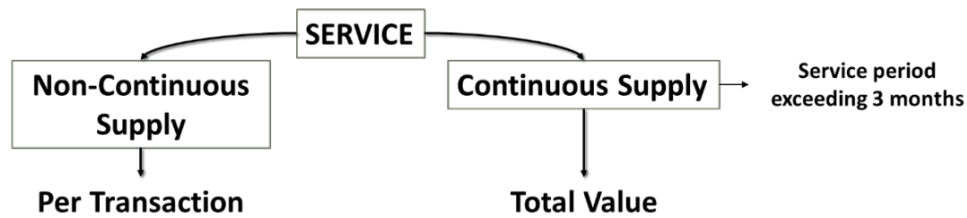
9. SERVICES PROVIDED BY GOVERNMENT WHERE GROSS AMOUNT CHARGED DOES NOT EXCEED RS. 5000 (Except PAT)

The services provided by Government or a local authority where the gross amount charged for such services does not exceed Rs. 5000/-

For the purpose of this Sr. No., it is hereby clarified that the provisions of this Sr. No. shall not be applicable to following services:

- 1) Services by Department of Post by way of speed post, express parcel post, life insurance and agency services provided to a person other than government.
- 2) Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport
- 3) Transport of goods or passengers

In case where **continuous supply of service** [Period of Service more than 3 months] is provided by the Government or a local authority, the exemption shall apply only where the gross amount charged for such service does not exceed Rs. 5000/- in a financial year i.e. the limit is per Financial Year.



9AA *Services provided by and to Federation International De Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020 to be hosted*

9AB *Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women Asia Cup 2022 to be hosted in India Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under AFC Women's Asia Cup 2022(N/N07/2021_CT(R)dt 30/09/2021)*

9B. SUPPLY OF SERVICE ASSOCIATED WITH TRANSIT CARGO TO NEPAL & BHUTAN (LAND LOCKED COUNTRIES)

9C. SERVICES PROVIDED BY GOVERNMENT ENTITY TO GOVERNMENT, LOCAL AUTHORITY [LA], ANY PERSON SPECIFIED BY GOVERNMENT / LOCAL AUTHORITY AGAINST CONSIDERATION RECEIVED FROM GOVERNMENT / LA IN FORM OF GRANTS.

9D. SERVICES BY AN OLD AGE HOME RUN BY :

- Central Government, State Government or
- An entity registered under section 12AA/12AB of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto ` 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.

10. ORIGINAL WORK PERTAINING TO BENEFICIARY-LED INDIVIDUAL HOUSE CONSTRUCTION OR ENHANCEMENT UNDER THE HOUSING FOR ALL (URBAN) MISSION OR PRADHAN MANTRI AWAS YOJANA

Services provided by way of pure labour contracts of:

- 1) Construction
- 2) Erection
- 3) Commissioning
- 4) Installation
- 5) Completion
- 6) Fitting Out
- 7) Repair
- 8) Maintenance
- 9) Renovation
- 10) Alteration of a civil structure
- 11) Any other kind of original works

pertaining to the beneficiary-led individual house construction or enhancement under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.



Meaning of Original Works:

- 1) All new constructions
- 2) All types of additions and alterations to abandoned or damaged structures on land that are required to make them workable.
- 3) Erection commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise.

10A. SERVICES SUPPLIED BY ELECTRICITY DISTRIBUTION UTILITIES BY WAY OF CONSTRUCTION, ERECTION, COMMISSIONING, OR INSTALLATION OF INFRASTRUCTURE FOR EXTENDING ELECTRICITY DISTRIBUTION NETWORK UPTO THE TUBE WELL OF THE FARMER OR AGRICULTURALIST FOR AGRICULTURAL USE.EXTENDING

11. ORIGINAL WORK PERTAINING TO A SINGLE RESIDENTIAL UNIT

Services provided by way of pure labour contracts of:

- 1) Construction
- 2) Erection
- 3) Commissioning
- 4) Installation of original works

pertaining to a single residential unit otherwise than as a part of residential complex

DO YOU KNOW?

Construction of Bungalow or house having more than one rooms in a unit and cannot separated or sold individually as per municipal record, then it would be treated as single residential unit & no GST is payable on aforesaid activities.

Meaning of Residential Complex: It means any complex comprising of a building or buildings, having more than one single residential unit.

Meaning of Single Residential Unit: It means a self-contained residential unit which is designed for use, wholly or principally, for residential purpose for one family.

Sr. No.	Supplier	Nature of Supply	Recipient	Purpose of Supply
11A	Fair Price Shops	Supply of Wheat rice and coarse grains under PDS, Kerosene, Sugar, Edible Oil, etc	Central Government or State Government or Union Territories	Service provided by Fair Price Shops to Central Government or State Government or Union territory by way of sale of wheat, rice and coarse grains under Public Distribution System (PDS) or supply of Kerosene, Sugar, Edible Oil, etc against consideration in form of commission or margin.

Clarification regarding applicability of GST on milling of wheat into flour or paddy into rice for distribution by State Governments under Public Distribution System (PDS): -

Issue- Whether composite supply of service by way of milling of wheat into flour along with fortification or of paddy into rice by any person to State Government for distribution of such wheat flour under Public Distribution System eligible for exemption under entry No. 3A of N/No. 12/2017? if not, what shall be the rate of GST on such milling?

Clarification- Article 243G of the Constitution which includes Public Distribution it is therefore clarified that if the value of goods applied in such Composite Supply is not more than 25%, then such supply is exempt Otherwise, it is taxable @5% GST if such supply is made Government being registered person as above

12. SERVICE BY WAY OF RENTING OF RESIDENTIAL DWELLING FOR RESIDENTIAL USE



13. RELIGIOUS SERVICES PROVIDED BY A PERSON



- a) **Conduct of any Religious Ceremony**
Religious Ceremonies are life-cycle rituals including special religious poojas conducted in terms of religious texts by a person so authorized by such religious texts Occasions like birth, marriage and death involve elaborate religious ceremonies
- b) **Renting of Religious Place for General Public, owned or managed by an entity registered as a charitable or religious trust under,**
→Section 12AA/12AB of the Income-tax Act, 1961
Or
→A trust or an institution registered u/s10(23C)(v)
Or
→A body or an authority covered under Sec 10 (23BBA) of the Income-tax Act

Provided that nothing contained in Sr. No. b) of this exemption shall apply to -

- 1) Renting of rooms where charges are Rs. 1,000 or more per day
- 2) Renting of premises, community halls, kalyanmandapam or open area, and the like where charges are Rs. 10,000 or more per day.
- 3) Renting of shops or other spaces for business or commerce where charges are Rs. 10,000 or more per month.

EXAMPLE:

The Salasar Balaji Trust is a Religious Trust u/s 12AA of the IT Act 1961 and has furnished you the following details with respect to the activities undertaken by it.

PARTICULARS	EFFECT
Renting of rooms where charges are Rs. 600 per day	Exempt
Renting of rooms where charges are Rs. 1600 per day	TAX
Renting of community halls where charges are Rs. 30000 per day	TAX
Renting of Kalyanmandapam where charges are Rs. 6000 per day	Exempt
Renting of shops for business where charges are Rs. 20000 per month	TAX
Renting of shops for business where charges are Rs. 6000 per month	Exempt

14. RENTING OF HOTEL, GUEST HOUSE, INN, CLUB, CAMPSITE, ETC.

Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having tariff of a unit of accommodation below Rs. 1,000 per day or **equivalent equal to Rs. 1000.**



EXAMPLE: If Declared Tariff Value is Rs. 1,200. Actual rent charged is Rs. 800
EXEMPTION AVAILABLE. GST will not be charged.



NOTE: Hostel accommodation provided by trusts

- (1) Hostel accommodation services provided by trusts to students do not fall within the ambit of charitable activities as defined above.
- (2) However, accommodation service in hostels including such services provided by trusts having Actual Tariff below or equals to Rs. 1,000 per day is exempt under Entry 14 of the Notification [Circular No. 32/06/2018-GST dated 12.02.2018].

15. TRANSPORT OF PASSENGERS**Transport of Passengers By**

Air Embarking from/terminating in an airport located in SATNAM³ S : Sikkim A: Arunachal Pradesh T: Tripura N: Nagaland A: Assam M : Manipur/ Mizoram/Meghalaya Bagdogra in West Bengal	A non-air conditioned contract carriage (other than Radio Taxi) for the transportation of passengers excluding tourism, conducted tour, charter, etc 	Stage Carriage other than air conditioned stage carriage. 
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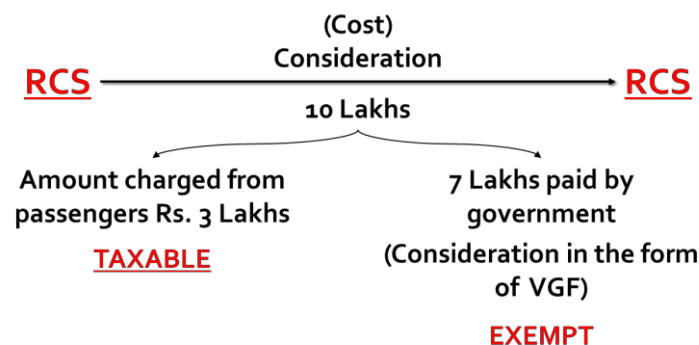
Meaning of “Radio Taxi”:

Means a taxi including a radio cab by whatever name called, which is in two-way radio communication with a central control office and is entitled for tracking using the GPS or GPRS.

16. SERVICE PROVIDED TO CENTRAL GOVERNMENT FOR TRANSPORTATION OF PASSENGERS TO AND FROM RCS AIRPORT

Services provided to the Central Government by way of transport of passengers, with or without accompanied belongings, **by air, embarking** from or **terminating at a Regional Connectivity Scheme Airport, against consideration in the form of Viability Gap Funding (VGF).**

Provided that nothing contained in the Sr. No. shall apply on or after the expiry of period of 4 year **3 years** from the date of commencement of operations of the Regional Connectivity Scheme airport as notified by the Ministry of Civil Aviation.



17. SERVICE OF TRANSPORTATION OF PASSENGERS, WITH OR WITHOUT ACCOMPANIED BELONGINGS BY

- 1) Railway in a class other than –
 - A) First Class
 - B) An Air Conditioned Coach
- 2) Metro, Monorail or Tramway (Not Aerial Tramway)
- 3) Inland Waterways
- 4) Public Transport, other than predominantly for tourism purpose, in a vessel between places located in INDIA; and
- 5) Metered Cabs or auto rickshaws (including e-rickshaw);



EXAMPLE:

M/s. ABC Ltd. is engaged in providing service of transportation of passengers by following modes in the month of November, 2018:

- (1) Service of transportation of passengers by vessels in National Waterways: Rs. 4,00,000;
- (2) Service of transportation of passengers by Air conditioned Stage carriage: Rs. 25,00,000;
- (3) Service of transportation of passengers by non air conditioned Stage carriage: Rs. 6,00,000;
- (4) Service of transportation of passengers by contract carriage for tourism : Rs. 20,00,000;
- (5) Service of transportation of passengers for Mumbai to Chennai port in a vessel and such service is not for tourism purpose : Rs. 8,50,000;
- (6) Service of transportation of passengers in Metered Cab: Rs. 5,00,000;
- (7) Service of transportation of passengers in Radio Taxis: Rs. 10,00,000;
- (8) Service of transportation of passengers in non-Air conditioned contract carriages Rs. 6,00,000;
- (9) Service of transportation of passengers in Air conditioned contract carriages Rs. 15,00,000.

Compute the value of taxable supply if all charges are exclusive of GST.

SOLUTION: Computation of Value of taxable supply:

	Particular	Rs.
1.	Transportation of passengers by national Waterways [since national waterways are covered in definition of inland Waterways – Exempt from GST vide Entry 17 of Notification No. 12/2017-] CT (Rate)]	Nil
2	Transportation of passengers by Air conditioned Stage carriages (Liable to GST)	25,00,000
3	Transportation of passengers by non Air conditioned Stage carriages [Exempt from GST vide Entry 15 of Notification No. 12/2017-] CT (Rate)]	Nil
4	Transportation of passengers contract carriages for tourism (Liable to GST)	20,00,000
5	Transportation of passengers Mumbai to Chennai port in a vessel [Being a public transport in a vessel sailing in India and not for tourism – Exempt from GST vide Entry 17 of Notification No. 12/2017-] CT (Rate)]	Nil
6	Transportation of passenger in Metered Cab [Exempt from GST vide Entry 17 of Notification No. 12/2017-] CT (Rate)]	Nil
7	Service of Transportation of passengers in Radio Taxis (Liable to GST)	10,00,000
8	Service of Transportation of passengers in non Air conditioned carriages [Exempt from GST vide Entry 15 of Notification No. 12/2017-] CT (Rate)]	Nil
9	Service of Transportation of passengers in Air conditioned contract carriages (Liable to GST)	15,00,000
	Value of Taxable Supply	70,00,000

18. SERVICES BY WAY OF TRANSPORTATION OF GOODS

- 1) By road except the services of –
 - A) a goods transportation agency (GTA); or
 - B) a courier agency
- 2) By inland waterways.

**EXAMPLE:**

Ramlal owns a truck and operates it himself. He carries the goods booked for his truck without issuance of consignment note. Services provided by Ramlal by way of transportation of goods by road are exempt under Entry 18 of the Notification.

19. SERVICES BY WAY OF TRANSPORTATION OF GOODS BY AN AIRCRAFT

Services by way of transportation of goods by an aircraft from a place outside India upto the Customs station of clearance in India are exempt.

19A. TRANSPORTATION OF GOODS BY AN AIRCRAFT FROM INDIA TO OUTSIDE INDIA

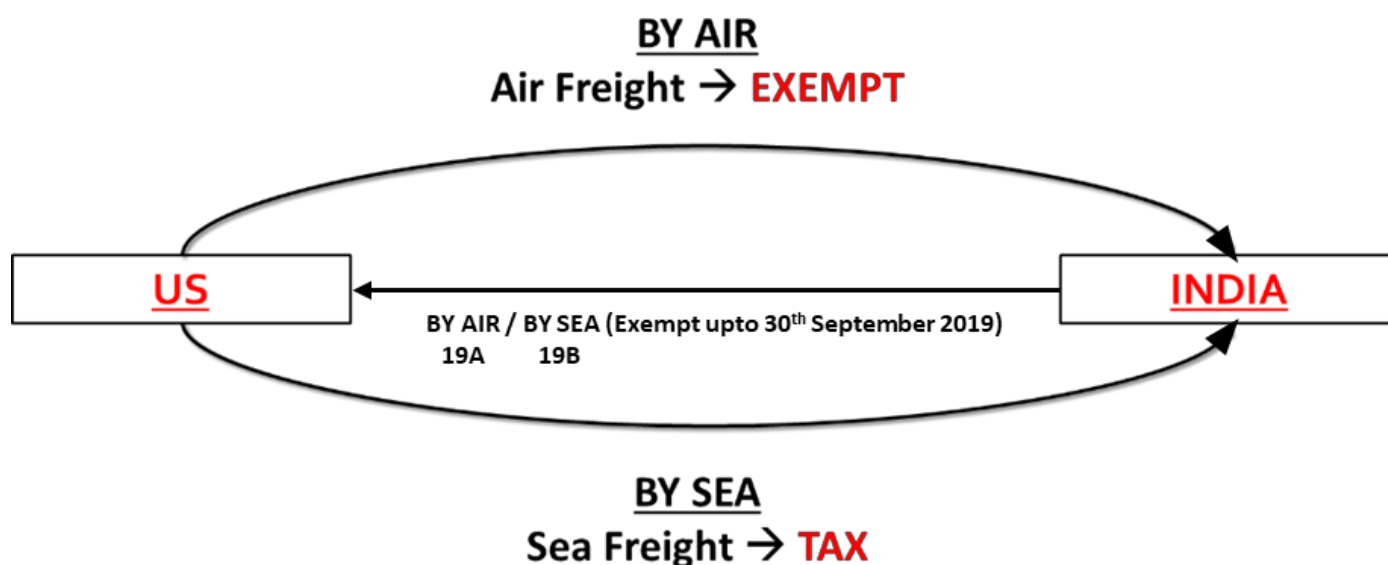
Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India. [upto 30.09.2021, 30.09.2022] 🇮🇳

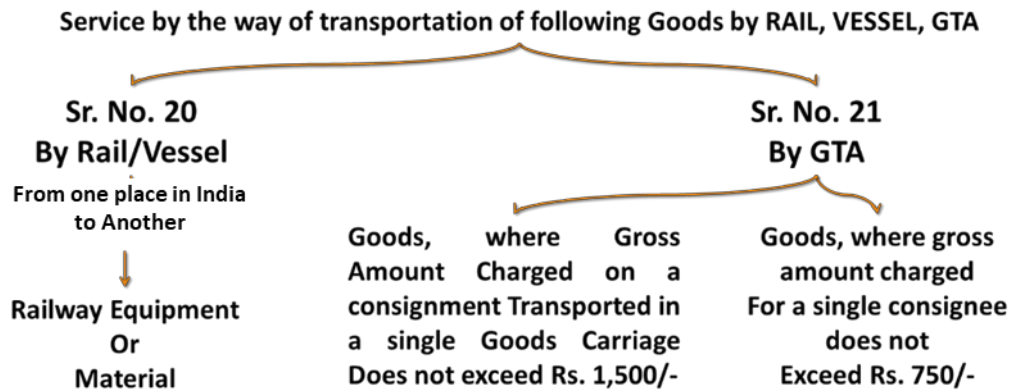
19B. TRANSPORTATION OF GOODS BY VESSELS FROM INDIA TO OUTSIDE INDIA.

Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India. [upto 30.09.2021, 30.09.2022] 🇮🇳

COMMON NOTE FOR 19A & 19B:

Nothing contained in this Serial numbers shall apply after the 30th day of September, 30.09.2022 🇮🇳



20. & 21. SERVICES BY WAY OF TRANSPORTATION OF GOODS BY RAIL, VESSEL & GTA**COMMON ITEMS TRANSPORTED BY RAIL, VESSEL & GTA WHICH ARE EXEMPT**

- 1) Agricultural Produce
- 2) Food Stuff (including flours, pulses and rice, milk, salt)
- 3) Newspaper, magazines, registered with the registrar of Newspaper
- 4) Defense / military equipment
- 5) Relief Materials
- 6) Organic manure

NOTE:**(1) Who is a GTA – Goods Transport Agency?**

Let us understand the meaning of Goods Transport agency (GTA). Goods transport agency has been defined in the Notification to mean any person who:

- provides service **in relation to transport of goods by road** and
- issues **consignment note**, by whatever name called.

- (2) **Individual truck/tempo operators who do not issue any consignment note are not covered within the meaning of the term GTA.** But the services provided by such individual transporters who do not issue a consignment note will be covered by the entry at Entry 18 of Notification, which is exempt from GST.

EXAMPLE:

- 1) **Computation of Taxable supply and GST Liability for transport of goods by rail by Indian railway within India (all sums exclusive of all taxes) (the information related to the month of November, 2017) -**

- (1) Transport of postal mails and postal bags: Rs. 55 Lakhs
- (2) Transport of household effects: Rs. 50 lakhs
- (3) Transport of petroleum products: Rs. 25 lakhs
- (4) Transport of relief material to flood affected areas: Rs. 30 lakhs
- (5) Transport of newspapers and magazines registered with registrar of newspaper: Rs. 5 lakhs
- (6) Transport of milk: Rs. 22 lakhs
- (7) Transport of tea: Rs. 20 lakhs
- (8) Transport of sugar: Rs. 15 lakhs
- (9) Transport of alcoholic beverages: Rs. 7 lakhs
- (10) Transport of defence and military equipments: Rs. 40 lakhs
- (11) Transport of organic manure: Rs. 90 lakhs
- (12) Transport of baled cotton: Rs. 25 lakhs
- (13) Transport of other goods: Rs. 5000 lakhs

Applicable GST rate – 5%.

SOLUTION: Computation of Value of taxable supply:

	Particular	Rs. In lakhs
1	Transport of postal mails and postal bags (Liable to GST)	55
2	Transport of household effects (Liable to GST)	50
3	Transport of petroleum products (Liable to GST)	25
4	Transport of relief materials to flood effected areas [Exempt [Exempt from vide Entry 20 of Notification No. 12/2017-] CT (Rate)]	Nil

5	Transport of newspapers and magazines registered with registrar of newspaper [Exempt vide Entry 20 of Notification No. 12/2017-] CT (Rate)]	Nil
6	Transport of milk [Exempt vide Entry 20 of Notification No. 12/2017-] CT (Rate)]	Nil
7	Transport of tea (Liable to GST)	20
8	Transport of sugar (Liable to GST)	15
9	Transport of alcoholic beverages (Liable to GST)	7
10	Transport of defence and military equipments [Exempt vide Entry 20 of Notification No. 12/2017-] CT (Rate)]	Nil
11	Transport of organic manure [Exempt vide Entry 20 of Notification No. 12/2017-] CT (Rate)]	Nil
12	Transport of baled cotton (Liable to GST)	25
13	Transport of other goods – Rs. 5000 lakh (Liable to GST)	5,000
	Total Value of taxable supply	5,197
	GST payable @ 5%	260

2) Discuss whether GST is payable in respect of transportation services provided by Raghav Goods Transport Agency in each of the following independent cases:

Customer	Nature of services provided	Amount charged
A	Transportation of milk	Rs. 20,000
B	Transportation of books on a consignment transported in a single goods carriage	Rs. 3,000
C	Transportation of chairs for a single consignee in the goods carriage	Rs. 600

ANSWER:

Customer	Nature of services provided	Amount charged	Taxability
A	Transportation of milk	Rs. 20,000	Exempt. Transportation of milk by goods transport agency is exempt.
B	Transportation of books on a consignment transported in a single goods carriage	Rs. 3,000	GST is payable. Exemption is available for transportation of goods only where the consideration for transportation of goods on a consignment transported in a single goods carriage does not exceed Rs. 1,500.
C	Transportation of chairs for a single consignee in the goods carriage	Rs. 600	Exempt. Transportation of goods where consideration for transportation of all goods for a single consignee does not exceed Rs. 750 is exempt.

21A. SERVICES PROVIDED BY GTA TO UNREGISTERED PERSON / CASUAL TAXABLE PERSON [EXCEPT ANY BUSINESS ENTITY COVERED UNDER RCM] WILL BE EXEMPT

Services provided by a GTA to an Unregistered Person, including an unregistered Casual Taxable Person, other than the following recipient, namely;

- Any factory registered under or governed by the Factories Act, 1948; or
- Any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India; or
- Any cooperative society established by or under any law; or
- Any body corporate established, by or under any law; or
- Any partnership firm whether registered or not under any law including association of persons; or
- Any casual taxable person registered under GST.

21B. (NEW ENTRY) SERVICES PROVIDED BY A GOODS TRANSPORT AGENCY, BY WAY OF TRANSPORT OF GOODS IN A GOODS CARRIAGE

Services provided by a goods transport agency, by way of transport of goods in a goods carriage, to, -

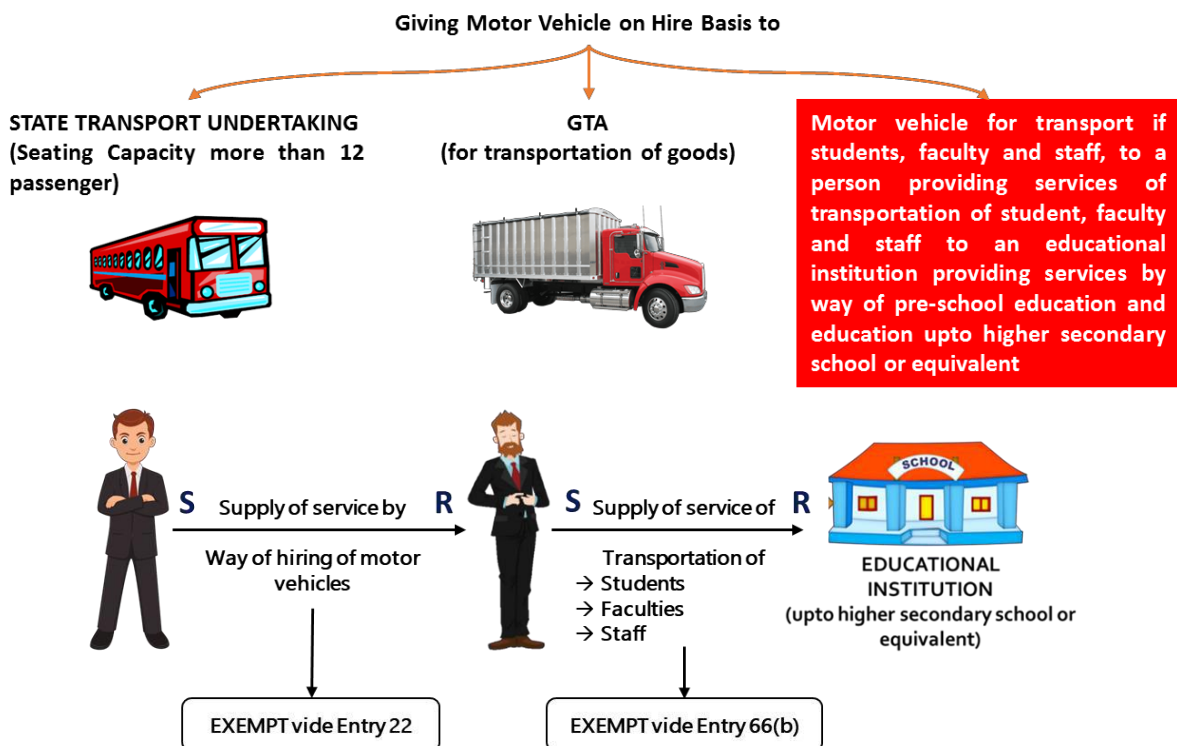
- Department or Establishment of the Central/State Government/Union territory; or
- local authority; or
- Governmental agencies,

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

[Effective from 01.01.2019]

22. HIRING OF TRANSPORTATION MODE

22.	Any Person	Hiring of Motor Vehicles	<p>(i) State transport undertaking</p> <p>(ii) GTA</p> <p>(iii) Any person who Provide transportation Services to education institution</p> <p>iv) Local Authority</p>	<p>Services provided by way of hiring of Motor Vehicles :</p> <p>(a) to a state transport undertaking for the transportation of passengers (seating capacity of Motor Vehicles should be more than 12 passengers); or</p> <p>(aa) to Local Authority (Electrical Vehicles and seating capacity more than 12 passengers)</p> <p>(b) to a goods transport agency (GTA) for the transportation of goods.</p> <p>(c) to a person providing services of transportation of students, faculty & staff to an education Institution providing services by way of pre-school education or education upto higher secondary school or equivalent.</p>
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EXAMPLE:

Nishant owns a truck which he has rented to Sindhu and Bansal Transport Agency - a GTA. Services by way of giving on hire a means of transportation [truck in the given case] of goods to a GTA [Sindhu and Bansal Transport Agency], are exempt from tax vide Entry 22 of the Notification and not vide Entry 18.

23. SERVICE BY WAY OF ACCESS TO A ROAD OR A BRIDGE ON PAYMENT OF TOLL CHARGES

23A. SERVICE BY WAY OF ACCESS TO A ROAD OR A BRIDGE ON PAYMENT OF ANNUITY

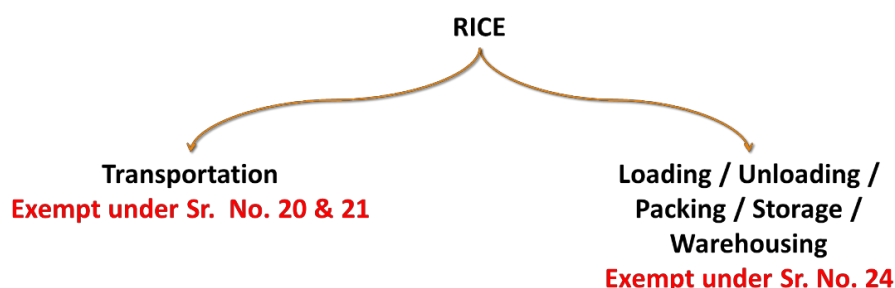
Clarification regarding applicability of GST on the activity of construction of road where considerations are received in deferred payment (annuity) (Circular No. 150/06/2021-GST Dated the 17th June, 2021)

Legal Provision: - As per entry 23 & 23A service supplied by way of access to road or bridge is exempt from GST, whether the consideration is in the form of toll or annuity 248.

Clarification: -Entry 23 & 23A does not apply to service of construction of road irrespective of type of payment (upfront or annuity) it specifically covers only access to road it is clarified that Entry 23A does not exempt GST on the annuity (deferred payments) paid for construction of roads.

24. SERVICE BY WAY OF LOADING / UNLOADING / PACKING / STORAGE / WAREHOUSING OF**RICE**

NOTE: It means transportation of Rice is not covered under this Exemption but covered under Exemption No. 20 & 21.

**24A. SERVICES BY WAY OF WAREHOUSING OF MINOR FOREST PRODUCE.**

24B. *Services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetable, spices, copra, sugarcane, jiggery, raw vegetable, fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea.*

25. TRANSMISSION OR DISTRIBUTION OF ELECTRICITY BY AN ELECTRICITY TRANSMISSION OR DISTRIBUTION UTILITY

Interpretation: Any transmission or distribution of electricity by central or state electricity board shall not be liable to GST

Electricity transmission or distribution utility: means the Central Electricity Authority; a State Electricity Board; the Central Transmission Utility or a State Transmission Utility notified under the Electricity Act, 2003 or a distribution or transmission licensee under the said Act, or any other entity entrusted with such function by the Central Government or, as the case may be, the State Government.

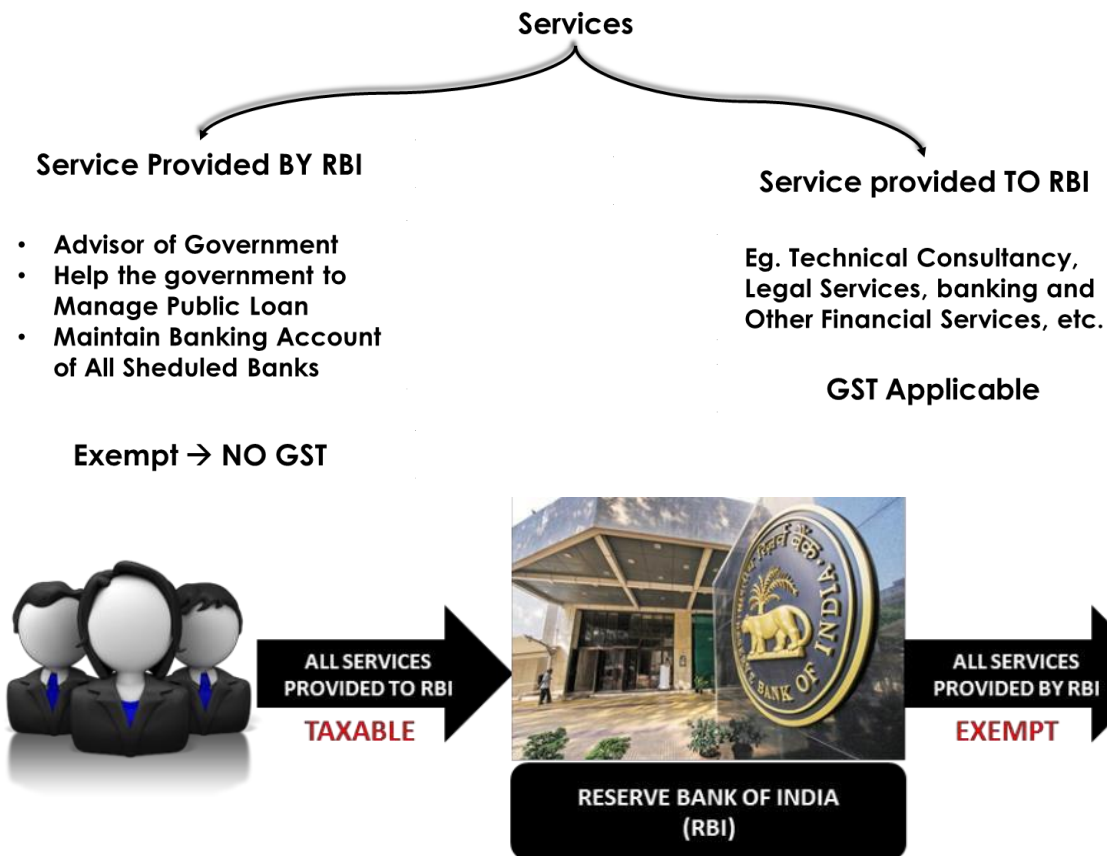
However, in this regard CBIC has clarified that the other services provided by DISCOMS (distribution companies) to consumer against charges are liable to GST such as, -

1. Application fee for releasing connection of electricity;
2. Rental Charges against metering equipment;
3. Testing fee for meters/transformers, capacitors etc.;
4. Labour charges from customers for shifting of meters or shifting of service lines;
5. Charges for duplicate bill [Circular No. 34/8/2018 GST dated 01.03.2018].

**CHECK YOUR KNOWLEDGE:**

1. If charges are collected by a developer or a housing society for distribution of electricity within a residential complex GST Applicable
2. Services provided by way of installation of genesis or similar equivalent by private contractors for distribution of electricity GST Applicable

26. SERVICES BY RESERVE BANK OF INDIA



27. SERVICES RELATING TO DEPOSITS, LOANS OR ADVANCES / INTER SE SALE OR PURCHASE OF FOREIGN CURRENCY AMONGST BANKS OR AUTHORIZED DEALERS.

Extending Deposits, Loans or Advances, in So far as the consideration is represented by way of interest or discount (other than interest involved in credit card cases)

Foreign Exchange Transaction Between

1. Banks – Banks
2. Bank – Dealer
3. Dealer – Dealer
4. Dealer - Bank

27A. (NEW ENTRY) SERVICES PROVIDED BY A BANKING COMPANY TO BASIC SAVING BANK DEPOSIT (BSBD) ACCOUNT HOLDERS UNDER PRADHAN MANTRI JAN DHAN YOJANA (PMJDY)

[Effective from 01.01.2019]

CHECK YOUR KNOWLEDGE

1. Loan processing fee/charges, Administration Charges, File Charges Liabe to GST
2. Interest on loan taken against security No GST
3. Discount Received by bank on Discounting of Bill of Exchange No GST
4. Charges for late payment of dues on credit card etc. Liabe to pay GST
5. Repos & Reverse Repos transaction Not Taxable
6. Debt Collection services or credit control services Taxable

EXAMPLE:

With reference to the CGST Act, 2017, discuss the taxability of following activities relating to a bank:

- (a) Bank extended housing loan of Rs. 60 lakhs to Mr. X
- (b) Bank received Rs. 50,000 as loan processing fee from Mr. X

(c) Bank received Rs. 6 lakhs as interest on loan from Mr. X

SOLUTION: In accordance with the provisions of CGST Act, 2017 the taxability of activities is-

- (a) The same is transaction in money, therefore not regarded as service as per Section 2 (102) of CGST Act, 2017. (b) The loan processing fees received by bank will be liable for GST @ 18% Hence, GST liability = Rs. 50,000 x 18% = Rs. 9,000.
- (c) Rs. 6 lakhs received as interest on loan will not be liable for GST as the same is exempt vide Entry 27 of Notification No. 12/2017 – CR (Rate).

28. LIFE INSURANCE SERVICES UNDER NATIONAL PENSION SCHEME

Services of Life Insurance business provided by way of annuity under the National Pension System regulated by the Pension Fund Regulatory and Development Authority of India under the Pension Fund Regulatory and Development Authority Act, 2013

29. LIFE INSURANCE SERVICES TO MEMBERS OF THE ARMY, NAVY AND AIR FORCE

Services of Life Insurance business provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government.



29A. LIFE INSURANCE SERVICES TO COAST GUARD

Service of Life Insurance provided or agreed to be provided by the Naval Group Insurance Fund to the personnel of Coast Guard under the Group Insurance Scheme of the Central Government.

29B. *Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force.*

30. SERVICES BY EMPLOYEES' STATE INSURANCE CORPORATION (ESIC)

31. SERVICES BY EMPLOYEES' PROVIDENT FUND ORGANISATION (EPFO)

31A. SERVICES BY COAL MINES PROVIDENT FUND ORGANISATION TO PERSONS GOVERNED BY THE COAL MINES PROVIDENT FUND AND MISCELLANEOUS PROVISIONS ACT, 1948.

31B. SERVICES BY NATIONAL PENSION SYSTEM (NPS) TRUST TO ITS MEMBERS AGAINST CONSIDERATION IN THE FORM OF ADMINISTRATIVE FEE.

32. SERVICES BY INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (IRDA)

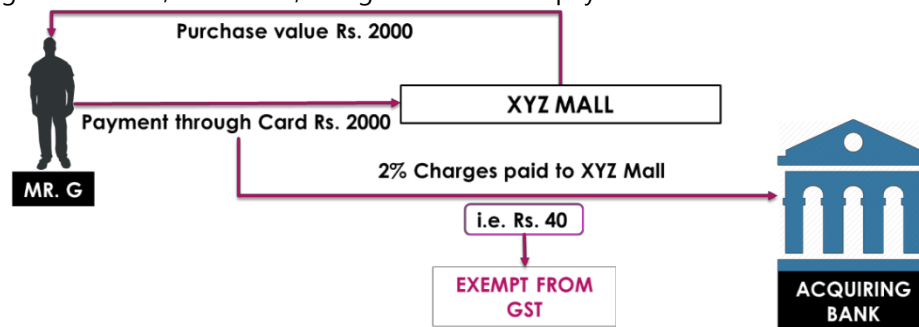
33. INVESTOR PROTECTION SERVICES BY SEBI

Services provided by Securities and Exchange Board of India (SEBI) set up under the Securities and Exchange Board of India Act, 1992 by way of

- protecting the interests of investors in securities and
- to promote the development of, and
- to regulate, the securities market.

34. CREDIT CARD, DEBIT CARD, CHARGE CARD OR OTHER PAYMENT CARD SERVICE UPTO RS. 2000 PER TRANSACTION.

Services by an acquiring bank, to any person in relation to settlement of an amount upto Rs. 2000 in a single transaction through credit card, debit card, charge card or other payment card service.



For the purposes of this entry, "acquiring bank" means any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card.

34A. SERVICES SUPPLIED BY CENTRAL GOVERNMENT, 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 FINANCIAL INSTITUTIONS & BANKING COMPANY

Clarification regarding applicability of GST on service supplied by State Govt. to their undertakings or PSU's by the way of guaranteeing Loan taken by them: - It is clarified that guaranteeing of loans taken from the banking companies and financial institutions by central or state government for their undertaking or PSU is specifically exempt under said entry no 34A as above.

35. GENERAL INSURANCE SERVICES

- (a) Restructured Weather Based Crop Insurance Scheme (RWICIS),
- (b) Pradhan Mantri Fasal Bima Yojana (PMFBY)
- (c) Bangla Shasya Bima

General Insurance

Health/Life	Crop	Hut	Cattle	Tribal	Accidental	Agricultural	Export
-Jan Arogya Bima Policy -- Universal Health -- Rashtriya Swast Bima --Nirmaya Health Insurance Scheme	-Weather based crop Insurance -Pilot Scheme on seed crop insurance - Coconut palm insurance	HUT	- Swarna Jayanti Gram Swarojgar Yojana Central Sector Scheme	TRIBAL	-- Janta Personal Accidental -- Group Personal Accidental for Self employed woman -- Grameen Accidental	-Agricultural Pumpset -- Failed Well Insurance -- Rashtriya Krishi Bima Yojana	-Premia collected on export credit Insurance

36. LIFE INSURANCE SERVICES

- a. Janashree Bima Yojana (JBY)
- b. Aam Aadmi Bima Yojana (AABY)
- c. Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of Rs 50,000 **Rs. 2,00,000**
- d. Varishtha Pension Bima Yojana
- e. Pradhan Mantri Jeevan Jyoti Bima Yojana
- f. Pradhan Mantri Jan Dhan Yojana
- g. Pradhan Mantri Vaya Vandan Yojan

ICES BY WAY OF REINSURANCE OF THE INSURANCE SCHEMES SPECIFIED IN ENTRY**35 & 36.****37. SERVICES BY WAY OF COLLECTION OF CONTRIBUTION UNDER ATAL PENSION YOJANA (APY)****38. SERVICES BY WAY OF COLLECTION OF CONTRIBUTION UNDER PENSION SCHEME OF STATE GOVERNMENT.****39. AGENCY SERVICES**

Services by following persons in respective capacities:

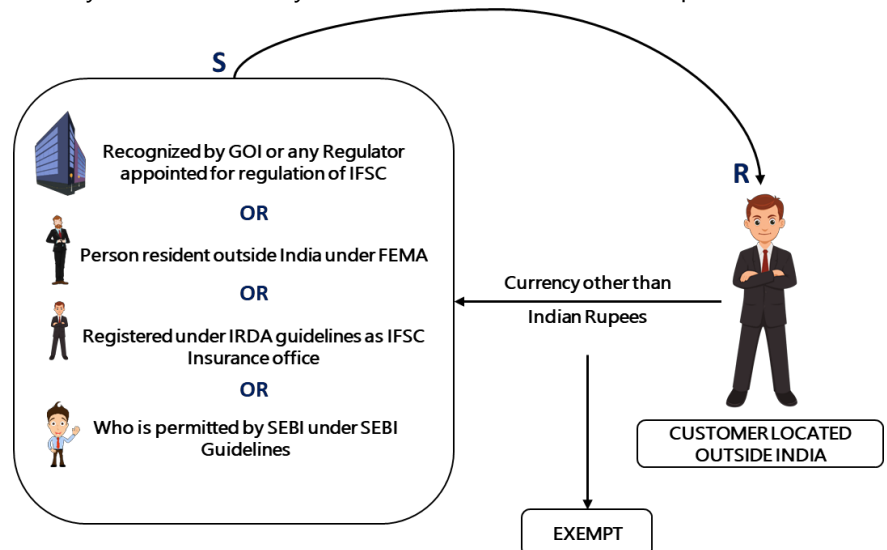
- a) Business facilitator or a business correspondent to a banking company with respect to accounts in its rural branch
- b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in Sr. No. (a); or
- c) business facilitator or a business correspondent to an insurance company in rural area.

39A. SERVICES BY AN INTERMEDIARY OF FINANCIAL SERVICES LOCATED IN A MULTI SERVICES SEZ WITH INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC) STATUS TO A CUSTOMER LOCATED OUTSIDE INDIA

Services by an intermediary of financial services located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located outside India for International Financial Services in Currencies other than Indian Rupees (INR).

EXPLANATION: For the purpose of this entry, the Intermediary of financial services in IFSC is a person-

- (i) who is permitted or recognised as such by the Government of India or any Regulator appointed for regulation of IFSC; or
- (ii) who is treated as a person resident outside India under the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015; or
- (iii) who is registered under the Insurance Regulatory and Development Authority of India (International Financial Services Centre) Guidelines, 2015 as IFSC Insurance Office; or
- (iv) who is permitted as such by Securities and Exchange Board of India (SEBI) under the Securities and Exchange Board of India (International Financial Services Centre) Guidelines, 2015.



40. SERVICE PROVIDED TO GOVERNMENTS/UT'S UNDER ANY INSURANCE SCHEME FOR WHICH TOTAL PREMIUM IS BORNE BY THE GOVERNMENT / UT 'S.

41. ONE TIME UPFRONT PAYMENT (CALLED AS PREMIUM, SALAMI, COST, PRICE, DEVELOPMENT CHARGES OR BY ANY OTHER NAME LEVIABLE IN RESPECT OF THE SERVICE, BY WAY OF GRANTING LONG TERM (30 YEARS, OR MORE) LEASE OF INDUSTRIAL PLOTS, PROVIDED BY THE STATE GOVERNMENT INDUSTRIAL DEVELOPMENT CORPORATIONS OR

UNDERTAKINGS TO INDUSTRIAL UNITS OR BY ANY OTHER ENTITY HAVING 50% 20% OR MORE OWNERSHIP OF CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY TO THE INDUSTRIAL UNITS OR THE DEVELOPERS IN ANY INDUSTRIAL OR FINANCIAL BUSINESS AREA.

EXAMPLE



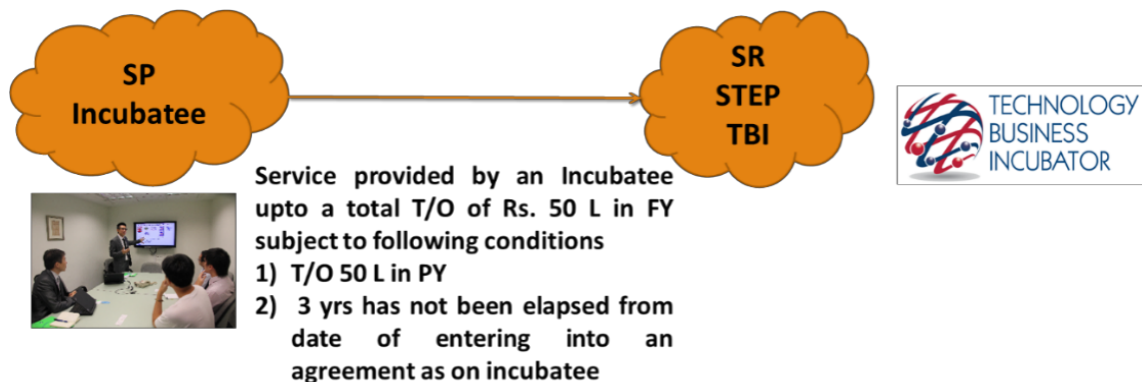
NOTE

The upfront amount which is determined upfront but is paid or payable in instalments, it has been clarified vide Circular No. 101/20/2019 GST dated 30.04.2019 that 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.

41A & 41B. NEW ENTRY EXEMPTION OF TDR, FSI, LONG TERM LEASE (PREMIUM)

Supply of TDR, FSI, long term lease (premium) of land by a landowner to a developer have been exempted subject to the condition that the constructed flats are sold before issuance of completion certificate and tax is paid on them.

Exemption of TDR, FSI, long term lease (premium) shall be withdrawn in case of flats sold after issue of completion certificate, but such withdrawal shall be limited to 1% of value in case of affordable houses and 5% of value in case of other than affordable houses. This will achieve a fair degree of taxation parity between under construction and ready to move property [Effective from 01.04.2019]

42. SERVICES PROVIDED BY GOVERNMENT BY ALLOWING A BUSINESS ENTITY TO OPERATE AS A TELECOM SERVICE PROVIDER/USE RADIO FREQUENCY SPECTRUM DURING THE PERIOD PRIOR TO 1ST APRIL 2016 ON PAYMENT OF LICENCE FEE/SPECTRUM USER CHARGES.**43. SERVICE OF LEASING OF ASSETS BY THE IRFC TO INDIAN RAILWAYS**
[30.09.2021 (NN 07/2021 IT(R))]**44. TECHNOLOGY BUSINESS INCUBATEE SERVICES**

MEANING OF INCUBATEE: "Incubatee" means an entrepreneur located within the premises of a Technology Business Incubator or Science and Technology Entrepreneurship Part recognized by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the Technology Business Incubator or the Science and Technology Entrepreneurship Park to enable himself to develop and produce hi-tech and innovative products.

45. LEGAL SERVICES

Entry No.	Supplier	Nature of Supply	Recipient	Purpose of Supply
45.	(a) An Arbitral tribunal (b) A Partnership firm of advocates (c) other than senior advocate (d) Senior advocate	Legal Services	(a) Business Entity (b) Any Person Other than business entity (c) GE/SG/UT/LA / GA/GE	Services provided by (a) An Arbitral Tribunal or (b) Advocate (Senior/Other Than Senior Advocate) TO I) Govt/Local Authority/Government Authority/Government Entity OR II) Any Person other than Business Entity OR III) Business Entity with an aggregate turnover upto such amount in the preceding financial year as makes it eligible for exemption from registration Under CGST Act, 2017 NOTES:- 1. Services provided by other than senior advocate Or firm of advocate to an advocate or firm of Advocates.: Exempt 2. Services provided by the senior advocates to Any advocate or firm of advocates with an aggregate turnover upto such amount in the preceding financial year as makes it eligible for exemption from registration Under CGST Act, 2017.: Exempt

MEANING OF LEGAL SERVICES:

"Legal Service" means any service provided –
 in relation to advice, consultancy or assistance
 in any branch of law, in any manner and
 includes representational services before any court, tribunal or authority.

EXAMPLE:

Mr. Chadda, an advocate, has rendered the following services in the month of October, 2018.

- (i) Representing Mr. Bajaj in his divorce case before High Court.
- (ii) Representing Mr. Aniket, an architect by profession, in relation to his GST Liability [Turnover of Mr. Aniket in the F.Y. 2017-18 was Rs. 30 Lakh]
- (iii) Legal Consultancy given to Suraj Associates, a partnership firm of Advocates [Turnover of Services of Suraj Associates in the F.Y. 2017-18 was Rs. 35 Lakh]

Examine whether GST is payable on each of the above services assuming Mr. Chadda to be –

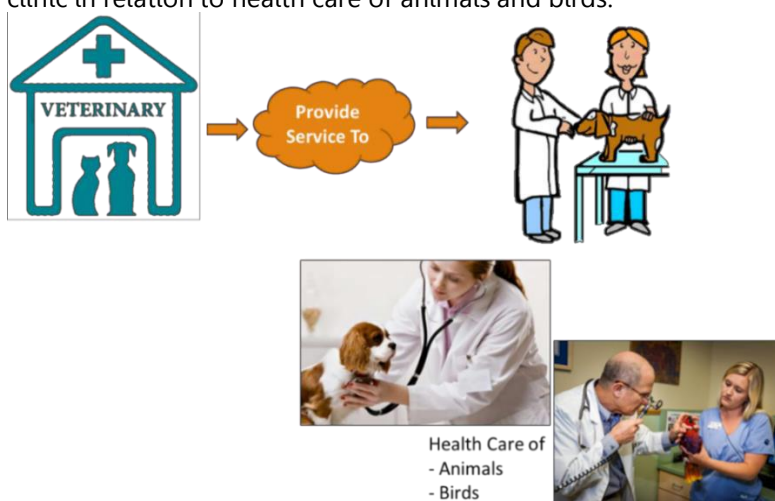
- 1) An advocate other than a senior advocate
- 2) A senior advocate in terms of Section 16 of the Advocates Act, 1961 ?

SOLUTION:

S. No.	When Mr. Chadda is an advocate other than senior advocate	When Mr. Chadda is a senior advocate
1.	Service of representing Mr. Bajaj in his divorce case will be exempt as Mr. Bajaj is not a business entity.	Such service will be exempt even if the same are rendered by a senior advocate.
2.	Since the turnover of Mr. Aniket, a business entity, is more than Rs. 2 Lakh in the preceding financial year [2017-18], the same will be liable to GST.	Such services, when provided by senior advocate, will also be liable to GST.
3.	Legal consultancy provided by an advocate to partnership firm of advocates is exempt from GST	Such services, when provided by a senior advocate, will be liable to GST if the turnover of the partnership firm (business entity) in the preceding F.Y. 2017-18 is more than Rs. 20 Lakh. Thus, legal consultancy provided by Mr. Chadda to Suraj Associates, a partnership firm advocates, will be liable to GST.

46. VETERINARY SERVICES

Services by a veterinary clinic in relation to health care of animals and birds.

**47. SERVICES OF REGISTRATION, TESTING, CALIBRATION, SAFETY CHECK/CERTIFICATION RELATING TO PROTECTION/SAFETY OF WORKERS, CONSUMERS OR PUBLIC AT LARGE, REQUIRED UNDER ANY LAW**

The services provided by Government or a local authority by way of

- registration required under any law for the time being in force
- testing, calibration, safety check/certification relating to protection/safety of workers, consumers or public at large, required under any law for the time being in force

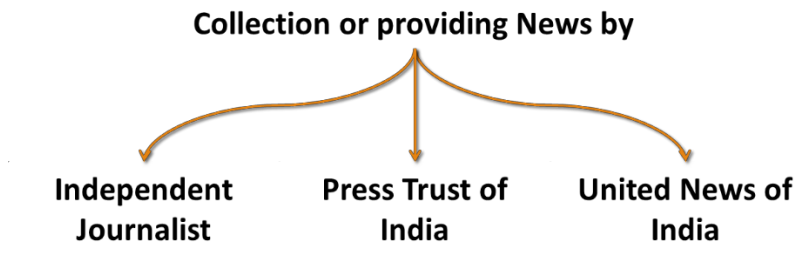
47A. SERVICES BY WAY OF LICENSING, REGISTRATION AND ANALYSIS OR TESTING OF FOOD SAMPLES SUPPLIED BY THE FOOD SAFETY AND STANDARDS AUTHORITY OF INDIA (FSSAI) TO FOOD BUSINESS OPERATORS.**48. SERVICES PROVIDED BY TBI/STEP/BIO-INCUBATORS**

Taxable services provided or to be provided by –

A **technology business indicator (TBI)** or a **Science and Technology Entrepreneurship Park (STEP)** Recognized by National Science and Technology Entrepreneurship Development Board (NSTEDB) of Department of Department

of Science and Technology, Government of India or by **Biotechnology Incubators** approved by Biotechnology Industry Research Assistance Council (BIRAC)

49. NEWS AGENCY SERVICES



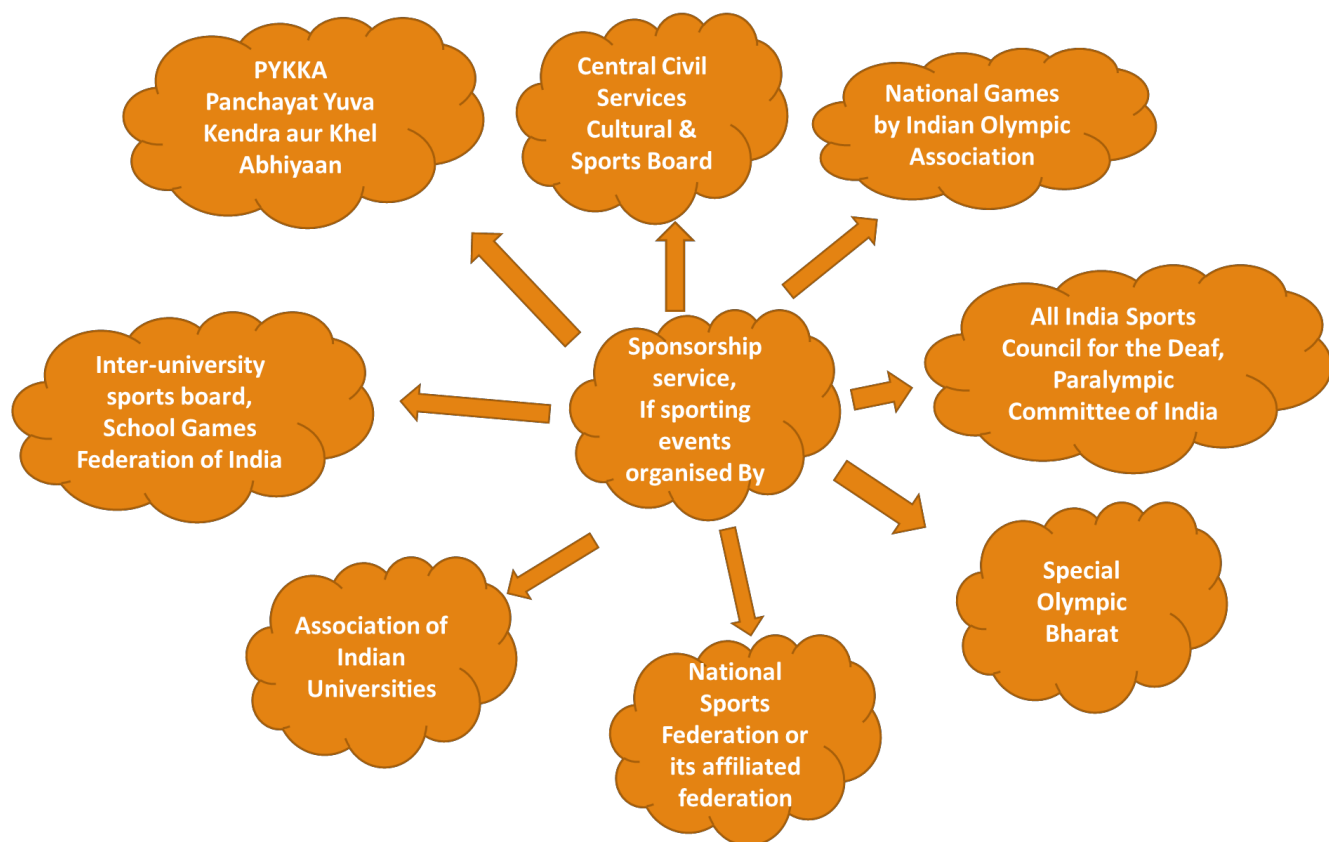
50. SERVICES OF PUBLIC LIBRARIES



51. SERVICES PROVIDED BY GSTN TO CENTRAL / STATE GOVERNMENT / UNION TERRITORIES FOR IMPLEMENTATION OF GST

52. SERVICES BY AN ORGANIZER TO ANY PERSON IN RESPECT OF BUSINESS EXHIBITION HELD OUTSIDE INDIA



53. SERVICES BY WAY OF SPONSORING OF SPORTING EVENTS**53A. FUMIGATION IN AWARE HOUSE OF AGRICULTURAL PRODUCE****54. SERVICES RELATING TO AGRICULTURE OR AGRICULTURAL PRODUCE**

Services relating to cultivation of plants and rearing of all life forms of animals, **except the rearing of horses**, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of –

- 1) Agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection.



- 2) Supply of Farm labour

- 3) Process carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market.



- 4) Renting or leasing of agro machinery or vacant land with or without a structure incidental to its use



- 5) Loading, unloading, packing, storage or warehousing of agricultural produce



- 6) Agricultural extension services



- 7) Services by any agricultural produce marketing committee or board or services provided by a commission agent for sale or purchase of agricultural produce;



- 8) Services by way of fumigating in a Warehouse of Agricultural produce.



DO YOU KNOW...?

RAW COTTON	GILLED COTTON / COTTON BAILED
GRAINS	PULSES (Dehusked or split)
SUGARCANE	SUGAR & JAGGERY
PADDY	RICE
WHEAT	FLOUR
GRAINS	Processed Tea and Cofee
FORTICULTURE	Jaggery
PISCICULTURE	Processed dry fruits in Cashew
FORESTRY	
SERICULTURE	
HORTICULTURE	
Whole gram, Rajma	

EXAMPLE:

“Desai Agro Care Limited” registered under GST furnishes the following details with respect to the activities undertaken by them in the month of March, 2018:

	Particulars	Rs.
1	Receipts from supply of farm labor	85,000
2	Charges for seed testing	65,000
3	Charges for soil testing of farm land	35,000
4	Charges for warehousing of potato chips	85,000
5	Commission received on sale of wheat	75,000
6	Charges of training of farmer on use of new pesticides and fertilizers developed through scientific research	10,000
7	Renting of vacant land to a stud farm	1,85,000
8	Leasing of vacant land to a cattle farm	83,000
9	Charges for warehousing of rice	1,50,000
10	Charges for warehousing of cotton fabrics	3,50,000
11	Retail packing and labeling of fruits and vegetables	5,00,000

Compute the value of taxable supply of ‘Desai Agro Care limited’ for the month of March, 2018 if all the above amounts are exclusive of GST.

SOLUTION: Computation of Value of taxable supply-

	Particulars	Rs.
1	Receipts from supply of farm labor [Exempt vide Entry 54 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
2	Charges for seed testing [Exempt vide Entry 54 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
3	Charges for soil testing of farm land [Exempt vide Entry 54 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
4	Charges for warehousing of potato chips [potato chips is not an agricultural produce, hence warehousing of the same be taxable]	85,000
5	Commission received on sale of wheat [Exempt vide Entry No. 54 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
6	Charges for training of farmers on use of new pesticides and fertilizers developed through scientific research [Exempt vide Entry No. 54 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
7	Renting of vacant land to a stud farm [The same will be liable for GST as rearing of horses has been specifically excluded from Exemption]	1,85,000
8	Leasing of vacant to a cattle farm [Exempt vide Entry No. 54 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
9	Charges for warehousing of rice [Exempt vide Entry No. 24 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
10	Charges for warehousing of cotton fabrics (Liable to GST)	3,50,000
11	Retail packing and labeling of fruits and vegetables [Exempt vide Entry No. 57 of Exemption Notification No. 12/2017-] CT (Rate)]	Nil
	Value of Taxable supply	6,20,000

55. CARRYING OUT AN INTERMEDIATE PRODUCTION PROCESS IN RELATION TO CULTIVATION OF PLANTS AND REARING OR ALL LIFE FORMS OF ANIMALS EXCEPT HORSES

Carrying out an intermediate production process as Job Work in relation to cultivation of plants and rearing or all life forms of animals **except the rearing of Horses for**

- **Food**
- **Fibre**
- **Fuel**
- **Raw material or**
- **Other similar products or**

- **Agricultural produce**

NOTE:

- (1) Milling of paddy is not an intermediate production process in relation to cultivation of plants. It is a process carried out after the process of cultivation is over and paddy has been harvested. Further, processing of paddy into rice is not usually carried out by cultivators, but by rice millers.
- (2) Milling of paddy into rice also changes its essential characteristics.
- In view of the above, it is clarified that milling of paddy into rice is not eligible for exemption under Entry 55



55A. SERVICES BY WAY OF ARTIFICIAL INSEMINATION OF LIVESTOCK (OTHER THAN HORSES).

56. SERVICES BY WAY OF SLAUGHTERING OF ALL ANIMALS

57. SERVICES IN RELATION TO FRUITS AND VEGETABLES

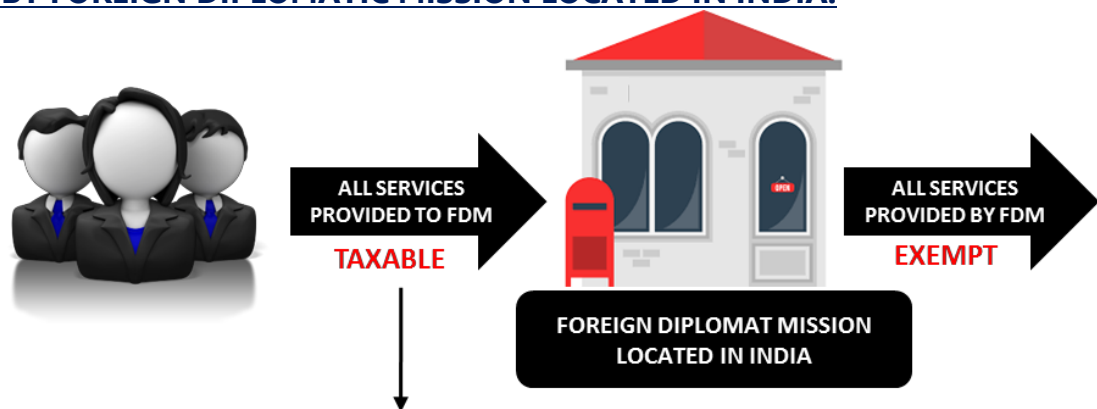
Services by way of

- pre-conditioning
- pre-cooling
- Ripening
- Waxing
- retail packing
- labeling of fruits and vegetables

which do not change or alter the essential characteristics of the said fruits or vegetables.

58. SERVICES PROVIDED BY NATIONAL CENTRE FOR COLD CHAIN DEVELOPMENT (NCCCD) UNDER MINISTRY OF AGRICULTURE, COOPERATION AND FARMER'S WELFARE BY WAY OF COLD CHAIN KNOWLEDGE DISSEMINATION.

59. SERVICES BY FOREIGN DIPLOMATIC MISSION LOCATED IN INDIA.



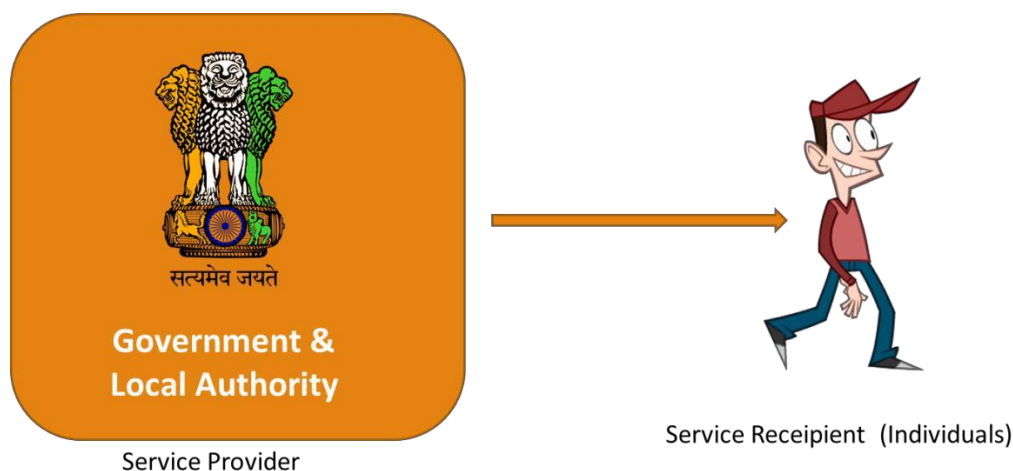
BUT FDC can claim refund. (Detailed Discussion in Chapter 14. Refunds)

60. SERVICE BY A SPECIFIED ORGANISATION IN RESPECT OF A RELIGIOUS PILGRIMAGE FACILITATED BY MINISTRY OF EXTERNAL AFFAIRS OF THE GOVERNMENT OF INDIA UNDER BILATERAL ARRANGEMENT.

Specified Organisation shall mean-

- Kumaon Mandal Vikas Nigam Limited, a Government of Uttarakhand Undertaking; or
- 'Committee' or 'State Committee' as defined in section 2 of the Haj Committee Act, 2002.

61. SERVICES PROVIDED BY WAY OF ISSUANCE OF PASSPORT, VISA, DRIVING LICENCE, BIRTH CERTIFICATE & DEATH CERTIFICATE TO INDIVIDUALS



Exemptions introduced

Following new services have been exempted from CGST:

61A. Services by way of granting National Permit to a goods carriage to operate through-out India/ contiguous States

62. SERVICES BY GOVERNMENT OR A LOCAL AUTHORITY BYWAY OF TOLERATING NON-PERFORMANCE OF A CONTRACT FOR WHICH CONSIDERATION IN THEFORM OF FINES OR LIQUIDATED DAMAGES IS PAYABLE TO GOVERNMENT OR THE LOCAL AUTHORITY UNDER SUCH CONTRACT.

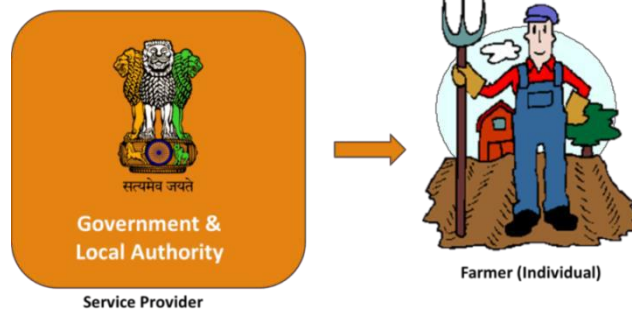


EXAMPLE:

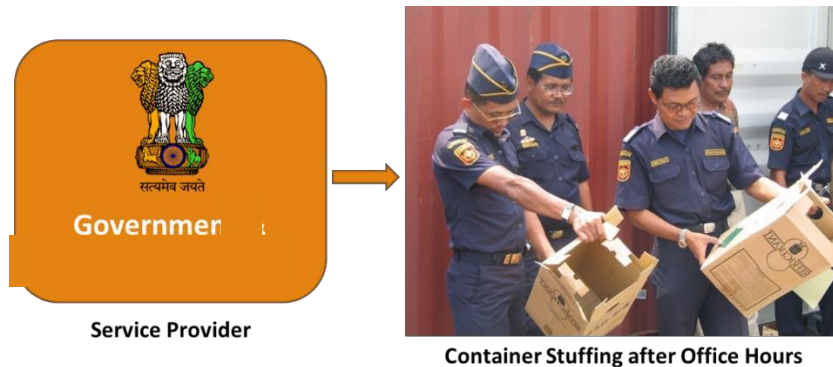
Public Works Department of Karnataka entered into an agreement with M/s. ABC, a construction company, for construction of its office complex for an agreed consideration. In the agreement dated 10.07.20XX, it was agreed by both the parties that M/s. ABC shall complete the construction work and handover the project on or before 31.12.20XX. It was further agreed that any breach of the terms of contract by either party would give right to the other party to claim for damages or penalty. M/s. ABC did not complete the construction and did not handover the project by the specified date i.e., on or before 31.12.20XX. As per the contract, the Department asked for damages/penalty from M/s. ABC and threatened to go to the court if not paid. Resultantly, M/s. ABC paid an amount of ` 10,00,000/- to the Department for non-performance of contract. Amount paid by M/s. ABC to Department is exempt from payment of tax.

63. SERVICES BY WAY OF ASSIGNMENT OF RIGHT TO USE NATURAL RESOURCES TO AN INDIVIDUAL FARMER FOR THE PURPOSES OF AGRICULTURE EXEMPT

Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.



65.SERVICES PROVIDED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY BY WAY OF DEPUTING OFFICERS AFTER OFFICE HOURS OR ON HOLIDAYS FOR INSPECTION OR CONTAINER STUFFING OR SUCH OTHER DUTIES IN RELATION TO IMPORT EXPORT CARGO ON PAYMENT OF MERCHANT OVERTIME CHARGES.



65A.SERVICES BY WAY OF PROVIDING INFORMATION UNDER THE RIGHT TO INFORMATION ACT, 2005

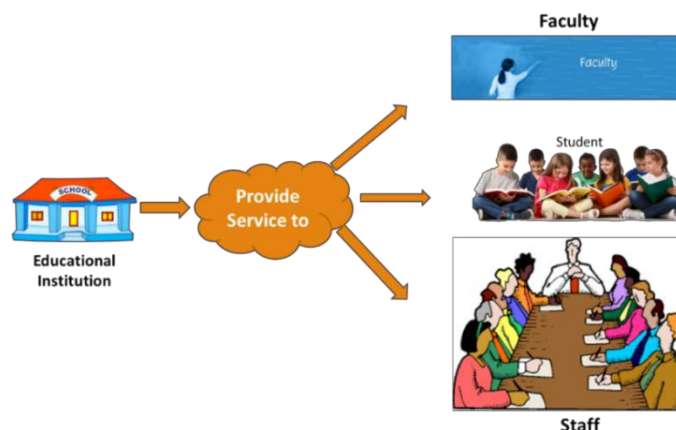
65B.SERVICES SUPPLIED BY A STATE GOVERNMENT TO EXCESS ROYALTY COLLECTION CONTRACTOR (ERCC) BY WAY OF ASSIGNING THE RIGHT TO COLLECT ROYALTY ON BEHALF OF THE STATE GOVERNMENT ON THE MINERAL DISPATCHED BY THE MINING LEASE HOLDERS.

However, at the end of the contract period, ERCC shall submit an account to the State Government and certify that amount of GST deposited by mining lease holders on royalty is more than GST exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and where such amount of GST paid by mining lease holders is less than the amount of GST exempted, the exemption shall be restricted to such amount as is equal to the amount of GST paid by the mining lease holders and the ERCC shall pay the difference between GST exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and GST paid by the mining lease holders on royalty.

Explanation- Mining lease holder means a person who has been granted mining lease, quarry lease or license or other mineral concession under the Mines and Minerals (Development and Regulation) Act, 1957 the rules made thereunder or the rules made by a State Government under section 15(1) of the Act.

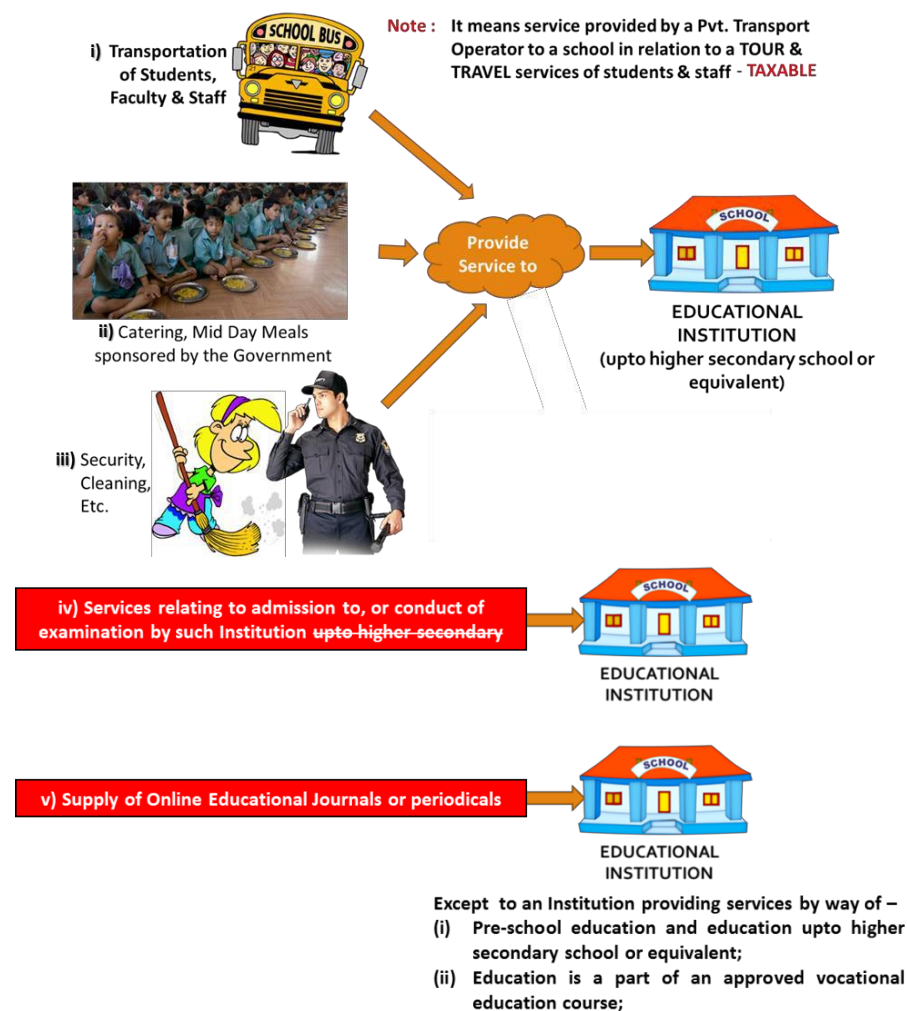
66.SERVICES TO & BY EDUCATIONAL INSTITUTION

a. Services Provided BY Educational Institution



aa. Conduct of Entrance Examination against Consideration in the form of Exam Fee.

b. Services Provided TO Educational Institution



MEANING OF EDUCATIONAL INSTITUTION [Para 2(y) of Notification No. 12/2017-CT (Rate)]: “Educational Institution” means an institution providing services by way of –

- 1) Pre-school education (Aganwadi is covered under Pre-school)
- 2) Education up to higher secondary school or equivalent
- 3) Qualification recognised by any law
- 4) Approved vocational education course
e.g., ITI, ITC, Modular employable, self skill, etc.

MEANING OF APPROVED VOCATIONAL EDUCATION COURSE [Para 2(h) of Notification No. 12/2017-CT (Rate)]: “Approved Vocational Education Course” means–

- (i) A course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961; or
- (ii) A Modular Employable Soft Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship.

DO YOU KNOW ?

- (1) Activities of a school, college or an institution run by a trust which do not come within the ambit of charitable activities will not be exempt under Entry 1 of the Notification. However, such activities may be exempt under Entry 66 of the Notification provided the school, college or institution qualifies as an 'educational institution'.
- (2) A course in a college leads to dual qualification only one of which is recognized by law. Would service provided by the college by way of such education be covered by the exemption notification? Provision of dual qualifications is in the nature of two separate services as the curriculum and fees for each of such qualifications are prescribed separately. Service in respect of each qualification would, therefore, be assessed separately.

- (3) If an artificial bundle of service is created by clubbing two courses together, only one of which leads to a qualification recognized by law, then by application of the rule of determination of taxability of a supply which is not bundled in the ordinary course of business, it shall be treated as a mixed supply as per provisions contained in section 2(74) read with section 8 of the CGST Act, 2017. The taxability will be determined by the supply which attracts highest rate of GST.
- (4) If the catering services is one of the services provided by an educational institution to its students, faculty and staff and the said educational institution is covered by the definition of 'educational institution' as given above, then the same is exempt. [covered under item (a) of entry 66 of the Notification].
- (5) If the catering services, i.e., supply of food or drink in a mess or canteen, is provided by anyone other than the educational institution, i.e. the institution outsources the activity to an outside contractor, then it is a supply of service to the concerned educational institution and attracts GST**.

NOTE:

- (1) This would mean that private coaching centres or other unrecognized institutions, though self-styled as educational institutions, would not be treated as educational institutions under GST and thus cannot avail exemptions available to an educational institution.
- (2) Private ITIs qualify as an educational institution if the education provided by these ITIs is approved as vocational educational course as defined above.
- (3) Services provided by a Government ITI to individual trainees/students, is exempt under Entry 6 as these are in the nature of services provided by the Central or State Government to individuals.



(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.

IIMs also provide various short duration/ short term programs for which they award participation certificate to the executives / professionals as they are considered as "participants" of the said programmes. These participation certificates are not any qualification recognized by law. Such participants are also not considered as students of IIM. Services provided by IIMs as an educational institution to such participants is not exempt from GST. Such short duration executive programs attract standard rate of GST @ 18% (CGST 9% + SGST 9%) [Effective from 01.01.2019].

EXAMPLE:

1) ABC Ltd. is engaged in providing various services to educational institutions and furnishes you with the following information for the month of April 2018. You are required to determine the value of taxable supply and GST payable thereon if all charges are exclusive of GST. The rate of GST is 18%.

- (1) Renting of immovable property to higher secondary school: Rs. 12,00,000
- (2) Renting of immovable property to commercial coaching centre: Rs. 2,00,000
- (3) Transportation service provided to students of higher secondary school: Rs. 5,00,000
- (4) Outdoor catering service provided to educational institutions running approved vocational courses: Rs. 5,00,000
- (5) Security services provided to pre-nursery school: Rs. 1,25,000
- (6) House keeping and cleaning service in college providing recognized graduation degree: Rs. 5,12,500
- (7) Conduct of examination of ICSI: Rs. 10,00,000
- (8) Placement service provided to ICAI: Rs. 12,00,000
- (9) Development of course contents of ICMA: institute: Rs. 2,00,000
- (10) Training of staff of higher Secondary School: Rs. 1,50,000

SOLUTION: Computation of Value of taxable supply and GST liability –

	Particulars	Rs.
1	Renting of immovable property to higher secondary school (Liable to GST)	12,00,000
2	Renting of immovable property to Commercial coaching centre (Liable to GST)	2,00,000
3	Transportation services provided to students of higher secondary school [Exempt vide Entry No. 66 of Exemption Notification No. 12/2017-] CT (Rate)]	Exempt
4	Outdoor catering service provided to Educational running approved vocational courses [Not covered under Entry 66 of Exemption Notification No. 12/2017-] CT (Rate), hence Liable to GST]	5,00,000
5	Security service provided to pre-nursery school [Exempt vide Entry No. 66 of Exemption Notification No. 12/2017-] CT (Rate)]	Exempt
6	Housekeeping and cleaning service in college providing recognized graduation degree [Not covered under Entry 66 of Notification No. 12/2017-] CT (Rate), hence Liable to GST]	5,12,500
7	Conduct of examination of ICSI [covered under Entry 66 of Notification No. 12/2017-] CT (Rate), hence not liable to GST]	Exempt
8	Placement service provided to ICAI [Liable to GST]	12,00,000
9	Development of course contain of ICMA institute [Liable to GST]	2,00,000
10	Training of staff of higher secondary School [Not covered under Entry 66 of Notification No. 12/2017-] CT (Rate), hence Liable to GST]	1,50,000
	Total Taxable Value of Supply	39,62,500
	GST payable @ 18%	7,13,250

2) Jain Ltd., providing educational services, furnishes you with the following information for the various service provided by it. It has collected an aggregate sum of Rs. 30 lakhs during the month ended 30-09-2017 as under –

1. Receipts of 'Gyan Vijay' an industrial training institute (ITI) affiliated to the National council for vocational Training (NCVT): Rs. 1.2 lakhs
2. Receipts of 'GE Educare' a vocational educational provider affiliated to sector Skill Council formed under National Skill Development Corporation (NSDC): Rs. 1.8 lakhs
3. Receipts of 'Kalyan Skill Centre' an industrial training centre (ITC) affiliated to the state Council for vocational Training, Rajasthan: Rs. 2 lakhs
4. Receipts of 'Vision', an institute, registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESCC) approved by the National Council coaching Training: Rs. 1 lakhs
5. Receipts of 'Scintech a Commercial Coaching institute providing commercial coaching in the field of arts and science: Rs. 0.8 lakhs (no certificate was issued on completion of the training)
6. Receipts of 'Commerce concepts' a Commercial coaching institute providing coaching in the field of commerce: Rs. 1.2 Lakhs (a certificate was awarded to each trainee after completion of the training)
7. Receipts of Gurukul school providing education upto higher secondary: Rs. 6 lakhs
8. Receipts of 'Play Kids' school providing educational upto primary level: Rs. 11 lakhs (such receipts includes receipts from renting of premises to commercial coaching centre: Rs. 3 lakhs)

Compute the value of taxable supply and GST payable thereon. All the amounts are exclusive of GST. Rate of GST – 18%.

SOLUTION: Computation of Value of taxable supply and GST liability –

Particulars	Rs
Total Receipts	30,00,000
Less: Receipts of 'Gyan Vijay' an industrial training institute (ITI) affiliated to the National Council for Vocational Training (NCV), are not liable to GST, since the same are [Exempt vide Entry 66 of Notification No. 12/2017- CT (Rate).	-1,20,000
Less: Receipts of 'GE Educare' a vocational education provider affiliated to sector Skill Council formed under National Skill Development (NSDC) are exempt. (Entry 60)	-1,80,000
Less: Receipts of 'Kalyan Skill Centre' an industrial training centre (ITC) affiliated to the state council for Vocational Training, Rajasthan, not liable to GST, since the same are exempt vide Entry 66 of Notification No. 12/2017- CT (Rate).	-2,00,000
Less: Receipts of 'Vision', an institute, registered with Decorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESC) approved by the National Council of Vocational Training – not liable to GST, since the same is exempt vide Entry 70 of Notification No. 12/2017- CT (Rate).	-1,00,000
Less: Receipts of 'Scintech' a commercial coaching institute providing commercial coaching in the field of arts and science shall be liable for GST.	Taxable
Less: Receipts of 'Commerce concepts a Commercial coaching institute providing coaching in the field of commerce shall be liable for GST irrespective of the fact that a certificate was awarded to each trainee after completion of the training.	Taxable
Less: Receipts of Gurukul School providing education upto higher secondary shall are exempt vide Entry 66 of Notification No. 12/2017- CT (Rate).	-6,00,000
Less: Receipts of 'Play Kids' school providing education upto primary level i.e Rs. 8 lakhs are exempt vide Entry 66 of Notification No. 12/2017- CT (Rate). However, receipts from renting of premises by the school to commercial coaching centre shall be liable for GST	-8,00,000
Total Taxable Value of Supply	10,00,000
GST payable @ 18%	1,80,000

67. SERVICES PROVIDED BY THE INDIAN INSTITUTES OF MANAGEMENT

Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme:-

- a. 2 year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT), conducted by IIM;
- b. fellow programme in Management;
- c. 5 year integrated programme in Management.

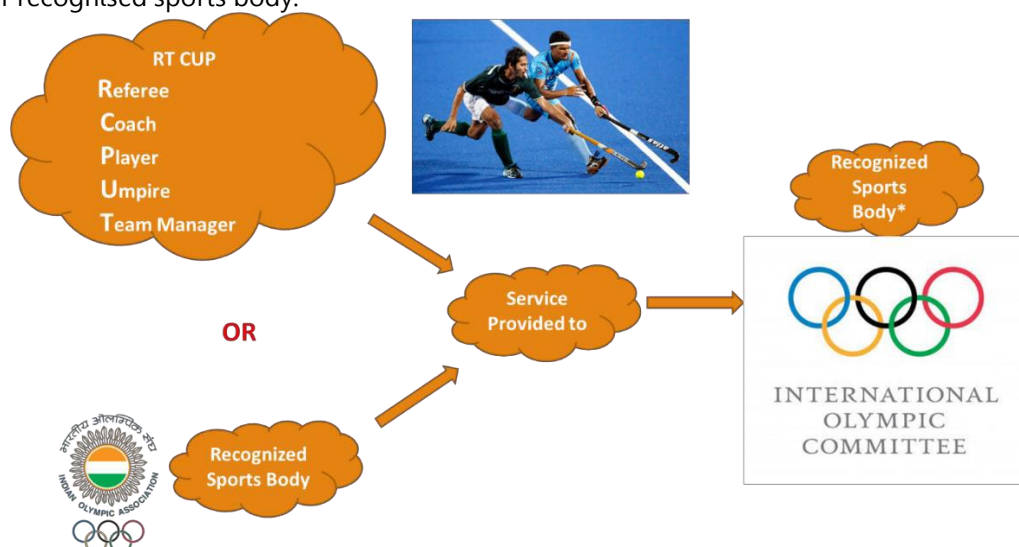


THIS ENTRY HAS NOW BEEN INCORPORATED IN ENTRY NO. 66

68. SERVICES PROVIDED TO RECOGNIZED SPORTS BODY

Services provided to a recognised sports body* by-

- (a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a recognized sports body;
- (b) another recognised sports body.

***Recognized Sports Body means**

- The Indian Olympic Association
- Sports Authority of India
- A national sport federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations.
- National Sports Promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government.
- The International Olympic Association or a federation recognised by the International Olympic Association or;
- A federation or a body which regulates a sport at International Level and its Affiliated federations or bodies regulating a sport in India.

SOME CASES

- a) Service of a player to a franchisee which is not a recognized sports body
TAXABLE
- b) Service by a recognized sports body to another recognized sports body
EXEMPT
- c) Services by individuals such as commentators, selectors, technical experts
TAXABLE
- d) Services of an individual as an Umpire to a recognized sports body.
EXEMPT

EXAMPLE:

An individual acts as a referee in a football match organized by Sports Authority of India. He has also acted as a referee in another charity football match organized by a local sports club, in lieu of a lump sum payment. Discuss whether he is required to pay any GST?

ANSWER:

Services provided to a recognized sports body by an individual inter alia as a referee in a sporting event organized by a recognized sports body is exempt from GST.

Since in the first case, the football match is organized by Sports Authority of India, which is a recognized sports body, services provided by the individual as a referee in such football match will be exempt.

However, when he acts as a referee in a charity football match organized by a local sports club, he would not be entitled to afore-mentioned exemption as a local sports club is not a recognized sports body and thus, GST will be payable in this case.

69. SERVICES PROVIDED BY NATIONAL SKILL DEVELOPMENT CORPORATION OR BY AN APPROVED SECTOR SKILL COUNCIL OR ASSESSMENT AGENCY OR TRAINING PARTNER

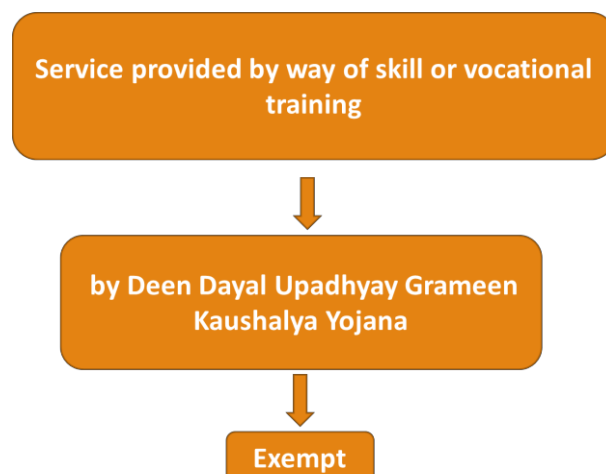


70. SERVICES OF ASSESSING BODIES EMPANELLED CENTRALLY BY DIRECTORATE GENERAL OF TRAINING BY WAY OF ASSESSMENTS UNDER SKILL DEVELOPMENT INITIATIVE SCHEME



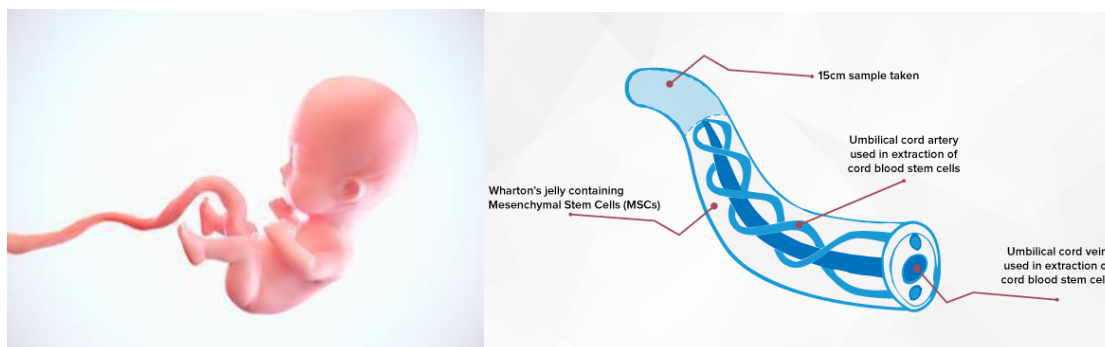
71. SERVICE PROVIDED BY WAY OF SKILL VOCATIONAL TRAINING

Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY) implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training.



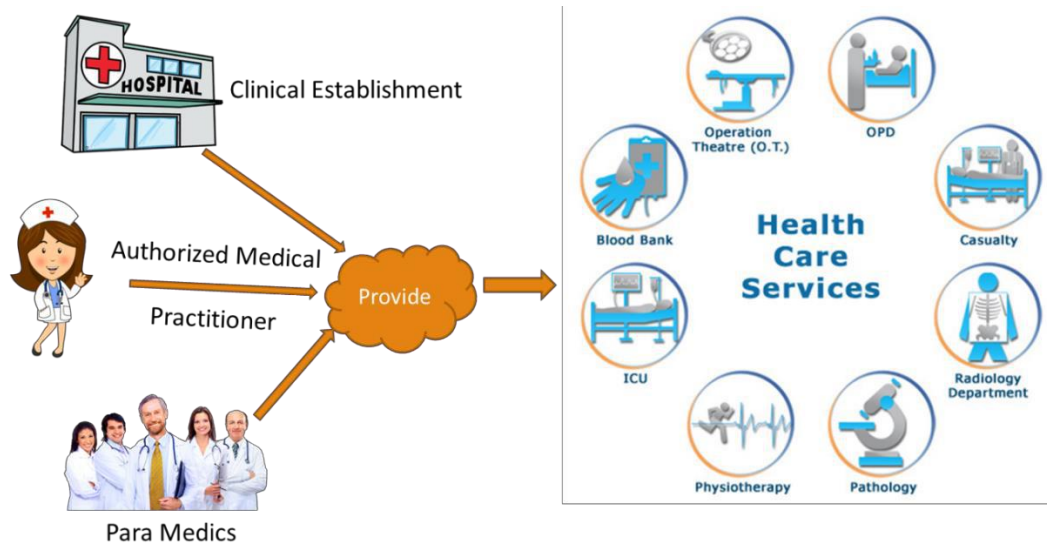
72. SERVICES PROVIDED TO THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY ADMINISTRATION UNDER ANY TRAINING PROGRAMME FOR WHICH 75% or More TOTAL EXPENDITURE IS BORNE BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY ADMINISTRATION.

73. SERVICES PROVIDED BY THE CORD BLOOD BANKS BY WAY OF PRESERVATION OF STEM CELLS OR ANY OTHER SERVICE IN RELATION TO SUCH PRESERVATION.

**74. HEALTH CARE SERVICES**

Services by way of-

- health care services by a clinical establishment, an authorised medical practitioner or para-medics;
- services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.



CASE 1) Transportation of patient to and from a clinical establishment -> EXEMPT

CASE 2) Hair Transplant, cosmetic, plastic surgery except when undertaken to restore or function of body affected due to injury or Trauma -> TAXABLE

DO YOU KNOW ?

- (1) Rent of rooms provided to in-patients in hospitals is exempt [Circular No. 27/01/2018 GST dated 04.01.2018].
- (2) Services provided by senior doctors/ consultants/ technicians
 - Hospitals hire senior doctors/ consultants/ technicians independently. Such persons do not have any contract with the patient. Hospitals pay them consultancy charges and there is no employer-employee relationship between them.
 - It is clarified by CBIC that services provided by such senior doctors/ consultants/ technicians, whether employees or not, are healthcare services which are exempt from GST [Circular No. 32/06/2018 GST dated 12.02.2018].
- (3) Food supplied to the patients
 - Health care services provided by the clinical establishments will include food supplied to the patients; but such food may be prepared by the canteens run by the hospitals or may be outsourced by the hospitals from outdoor caterers.
 - When outsourced, there is no ambiguity that the suppliers shall charge tax as applicable and hospital will get no ITC.
 - If hospitals have their own canteens and prepare their own food; then no ITC will be available on inputs including capital goods and in turn if they supply food to the doctors and their staff; such supplies, even when not charged, may be subjected to GST.
 - Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable.
 - Other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable [Circular No. 32/06/2018 GST dated 12.02.2018].
- (4) As regards ambulance services provided by PSPs [under NHM] on behalf of State Governments against consideration in the form of fee or otherwise charged from State Government, since ambulance services are an activity in relation to functions entrusted to Panchayats and Municipalities under Article 243G and 243W of the Constitution of India, same would be exempt as under:
 - (a) Entry 3 if it is a pure service and not a composite supply involving supply of any goods, and
 - (b) Entry 3A if it is a composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply [Circular No. 51/25/2018 GST dated 31.07.2018]. [Refer Entry 3 and 3A].



Example:

Wellness Nursing Home received the following amounts in the month of November in lieu of various service rendered by it in the same month. You are required to determine in GST liability for November from the details furnished below:

	Particulars	Rs.
1	Palliative care for terminally ill patient's home (palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care not to cure the disease)	30
2	Service provide by cord blood bank unit of the nursing by way of preservation of stem cells	24
3	Hair transplant service	100
4	Ambulance service to transport critically ill patients from various locations to nursing home	12
5	Naturopathy treatments. Such treatment is a recognized system of medicine in terms of Section 2(h) of the Clinical Establishment Act, 2010	80
6	Plastic surgery to restore anatomy of a child affected due to an accident	30
7	Pranic healing treatments. Such treatment is not a recognized system of medicine in terms of section 2 (h) of the clinical Establishments Act,2010	120
8	Mortuary service	10

SOLUTION: All the amounts given above are exclusive of GST. Rate of GST – 18%

	Particulars	Rs. in lakhs
1	Palliative care for terminally ill patient's home	-
2	Service provided by cord blood bank way of preservation of stem cells	-
3	Hair transplant service	100.00
4	Ambulance service to transport critically ill patient from various locations to nursing home	-
5	Naturopathy treatments	-
6	Plastic surgery to restore anatomy of a child affected due to an accident	-
7	Pranic surgery to restore anatomy of a child affected due to an accident	120.00
8	Mortuary services	-
	Total Taxable Value of Supply	220.000
	GST payable @ 18%	39.60

74A. NEW ENTRY SERVICES PROVIDED BY REHABILITATION PROFESSIONALS RECOGNISED UNDER THE REHABILITATION COUNCIL OF INDIA ACT, 1992

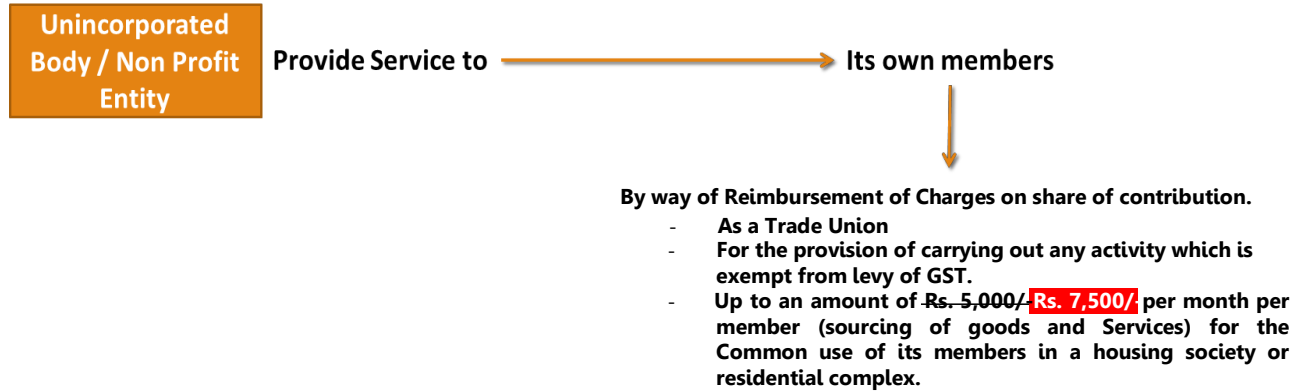
Services provided by rehabilitation professionals recognised under the Rehabilitation Council of India Act, 1992 by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centres established by Central/State Government/ Union territory or an entity registered under section 12AA/12AB of the Income Tax Act, 1961 **[Effective from 01.01.2019]**.

75. SERVICES PROVIDED BY OPERATORS OF THE COMMON BIO-MEDICAL WASTE TREATMENT FACILITY TO A CLINICAL ESTABLISHMENT BY WAY OF TREATMENT OR DISPOSAL OF BIO-MEDICAL WASTE OR THE PROCESSES INCIDENTAL THERETO.



76. SERVICES BY WAY OF PUBLIC CONVENIENCES SUCH AS PROVISION OF FACILITIES OF BATHROOM, WASHROOMS, LAVATORIES, URINAL OR TOILETS.



77. SERVICES BY UNINCORPORATED BODY OR NON PROFIT ENTITY TO ITS OWN MEMBERS**EXAMPLE:**

The Resident Welfare Association (RWA) of Blue Galaxy Housing Society in Mumbai provides the following information with respect to the various amounts received by in the month of November, 2017.

Particulars	Rs
Monthly subscription collected from member families (Rs. 8,000 each from 100 families)	8,00,000
Electricity charges levied by State Electricity Board on the members of RWA [The same was collected from members and remitted to the Board on behalf of members.]	3,50,000
Electricity charges levied by State Electricity Board on the RW in respected of electricity consumed or common use of lifts and lights in common area. [Bill was raised in the name of RWA. RWA collected the said charges by apportioning them equally among 100 families and them, remitted the same to the Board.]	4,32,400
Proceeds from sale of entry tickets to a musical performance conducted by the RWA in the park of Blue Galaxy Housing Society [where the consideration for admission is not more than Rs. 100 per person]	40,000
Other service to non-members	2,92,000

Compute the value of taxable supply and GST liability of RWA of Blue Galaxy Housing Society for the month of November, 2017

Notes:

- Wherever applicable, GST is included in the receipts of RWA.
- Wherever applicable, the time of supply falls in the month of November, 2017.
- Rate of GST – 18%.

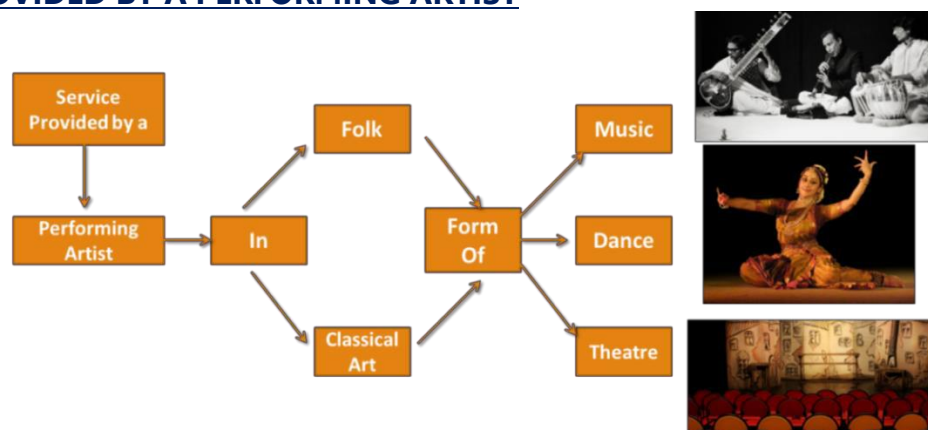
SOLUTION: Computation of Value of taxable supply and GST liability –

Particulars	Rs
Monthly subscription charges (8,000 – 7,500 = 500 × 100)	8,00,000
Amount collected towards electricity charges levied by State Electricity Board on the members of RWA	-
Amount collected towards electricity charges lived by State Electricity Board on the RWA in respected of electricity consumed for common use of lifts and lights in common area [Note - Exemption limit of Rs. 7,500/- has been crossed (4324 + 8000 Monthly Subscription = 12324 per month)]	4,32,400
Proceeds from sale of entry tickets to musical performance held in the park of the Housing Society	-

(Note – Exempt as per entry no. 81)	
Other service to non members (Liable for GST)	2,92,000
Value of taxable Supply inclusive of GST	15,24,400
Value of taxable Supply (Rs. 15,24,400 x 100/118) (rounded off)	12,91,864
GST payable @ 18%	2,32,536

77A.SERVICES PROVIDED BY AN UNINCORPORATED BODY OR A NON-PROFIT ENTITY REGISTERED UNDER ANY LAW FOR THE TIME BEING IN FORCE, ENGAGED IN,-
(1) ACTIVITIES RELATING TO THE WELFARE OF INDUSTRIAL OR AGRICULTURAL LABOUR OR FARMERS; OR
(2) PROMOTION OF TRADE, COMMERCE, INDUSTRY, AGRICULTURE, ART, SCIENCE, LITERATURE, CULTURE, SPORTS, EDUCATION, SOCIAL WELFARE, CHARITABLE ACTIVITIES AND PROTECTION OF ENVIRONMENT,
TO ITS OWN MEMBERS AGAINST CONSIDERATION IN THE FORM OF MEMBERSHIP FEE UPTO AN AMOUNT OF ` 1000/- PER MEMBER PER YEAR.

78.SERVICES PROVIDED BY A PERFORMING ARTIST



If amount Charged is not exceeding Rs. 1,50,000 for a performance

NOTE:

- However, the exemption shall not apply to service provided by such artist as a brand ambassador.
- All other activities by an artist in other art forms e.g. western music or dance, modern theatres, performance of actors in films or television serials would be taxable.

EXAMPLE:

- Mr. Nawassudin a performing artist, provides the following information relating to December, 2017. Receipts from:

Particulars	Rs
Performing classical dance	98,000
Performing in television serial	2,80,000
Services as brand ambassador	12,00,000
Coaching in recreational activities relating to arts	2,10,000
Activities in sculpture making	3,10,000
Performing western dance	90,000

Determine the value of taxable supply and GST payable by Mr. Nawassudin for December, 2017. GST @ 18% has been charged separately, wherever applicable.

SOLUTION: Computation of Value of taxable supply and GST liability –

Particulars	Rs
Classical dance performance	Nil
Performance in television serial [Taxable since not covered in folk or classical art forms]	
Service as brand ambassador	2,80,000
Coaching in recreational activities relating to arts	12,00,000
Sculpture making activities [Taxable as it is an activity in still art form]	Exempt
Western dance performance [Taxable since not covered in folk or classical art forms]	3,10,000
	90,000
Value of taxable supply	18,80,000
GST payable @ 18%	3,38,400

- 2) RXL Pvt. Ltd. manufactures beauty soap with the brand name 'Forever Young'. RXL Pvt. Ltd. has organized a concert to promote its brand. Ms. Ahana Kapoor, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert. The proceeds of the concert worth Rs. 1,20,000 will be donated to a charitable organization. Whether Ms. Ahana Kapoor will be required to pay any GST?

ANSWER:

Services by an artist by way of a performance in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre are exempt from GST, if the consideration charged for such performance is not more than Rs. 1,50,000. However, such exemption is not available in respect of service provided by such artist as a brand ambassador.

Since Ms. Ahana Kapoor is the brand ambassador of 'Forever Young' soap manufactured by RXL Pvt. Ltd., the services rendered by her by way of a classical dance performance in the concert organized by RXL Pvt. Ltd. to promote its brand will not be eligible for the above-mentioned exemption and thus, be liable to GST. The fact that the proceeds of the concert will be donated to a charitable organization will not have any bearing on the eligibility or otherwise to the above-mentioned exemption.

79. SERVICES BY WAY OF ADMISSION TO A MUSEUM, NATIONAL PARK, WILDLIFE SANCTUARY, TIGER RESERVE OR ZOO.



79A. SERVICES BY WAY OF ADMISSION TO A PROTECTED MONUMENT SO DECLARED UNDER THE ANCIENT MONUMENTS & ARCHAEOLOGICAL SITES & REMAINS ACT, 1958 OR ANY STATE ARCHAEOLOGICAL & REMAINS ACT 1958, OR ANY STATE ACTS FOR THE TIME BEING IN FORCE

80. COACHING, TRAINING RELATING TO ARTS, CULTURE & SPORTS BY CHARITABLE ENTITIES REGISTERED U/S 12AA/12AB OF INCOME TAX ACT

Services by way of training or coaching in recreational activities relating to -

- Arts or culture;
- Sports by charitable entities registered u/s 12AA/12AB of the Income Tax Act.;



81. SERVICES BY WAY OF RIGHT TO ADMISSION

Services by way of right to admission to-

- i. circus, dance, or theatrical performance including drama or ballet;
- ii. award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event;
- iii. recognised sporting event,

iv. Planetarium

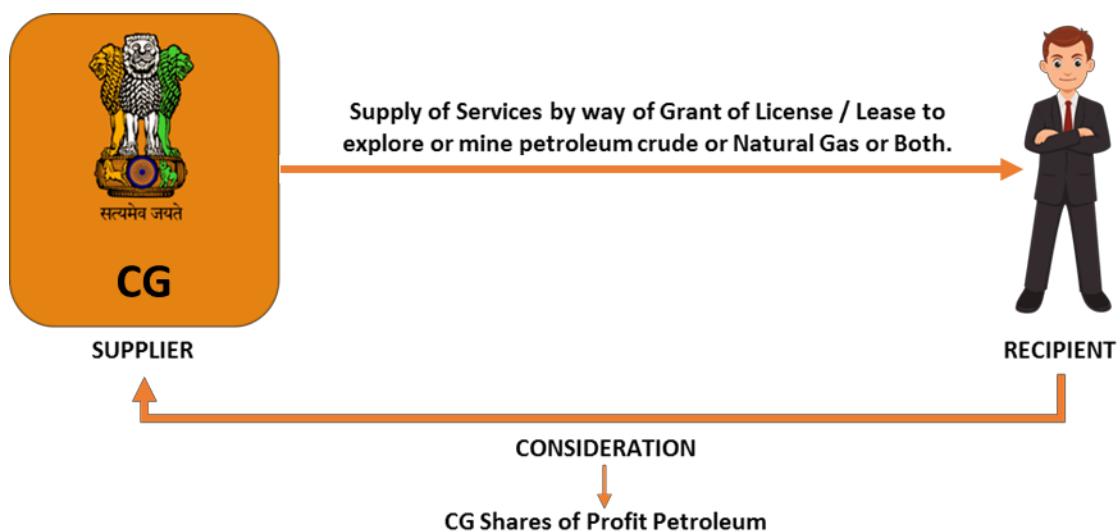
where the consideration for admission is not more than ~~Rs. 250~~ **Rs. 500** per person as referred to in (a), (b), (c) and (d) above.

**82A. Services by way of right to admission to the events organised under of FIFA U-17 Women's World Cup 2020**

82B. AFC Women's Asia Cup 2022 (chapter 9996) (NIN 0712021-CT(R) dt 301091207): Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022.

SOME OTHER EXEMPTION NOTIFICATION**GRANT OF LICENSE OR LEASE TO EXPLORE OR MINE PETROLEUM CRUDE OR NATURAL GAS OR BOTH**

Supply of services by way of grant of license or lease to explore or mine petroleum crude or natural gas or both, from so much of the central tax as is leviable on the consideration paid to the Central Government in the form of Central Government's share of profit petroleum as defined in the contract entered into by the Central Government in this behalf.



MEANING OF PROFIT PETROLEUM: Profit Petroleum is in the nature of non-tax revenue receivable by the CG out of the profit generated on account of production of crude oil & natural gas from the fields awarded by the Government under a production sharing contract.

ROYALTY AND LICENCE FEE INCLUDED IN TRANSACTION VALUE UNDER RULE 10(1)(C) OF CUSTOMS VALUATION RULES – EXEMPTION FROM IGST [NOTIFICATION NO.6/2018-IT (RATE) DATED 25-01-2018]:

The Central Government has exempted the integrated tax on the supply of services, imported into the territory of India, covered by sub-items (c) of item 5 of schedule II to the CGST Act, 2017 (i.e. temporary transfer or permitting the use or enjoyment of any intellectual property right), to the extent of the aggregate of the duties of customs leviable under

Section 3(7) of the Customs Tariff Act, 1975, on the consideration declared under section 14(1) of the Customs Act, 1962 towards royalties and license fees included in the transaction values as specified under Rule 10(1)(c) of the Custom Valuation (Determination of value of imported goods) Rules, 2007 on which the appropriate duties of Customs have been paid.

(1) REVERSE CHARGE ON PROCUREMENTS MADE FROM UNREGISTERED PERSONS DEFERRED TILL SEPTEMBER 30, 2019

Intra-State supplies of goods or services or both received by a registered person from any unregistered supplier, are exempt from the whole of the central tax leviable thereon under section 9(4) **till 30.09.2019 [Notification No.8/2017 CT (R) dated 28.06.2017].**

Inter-State procurements made by a registered person from an unregistered person are also exempted from IGST till 30.09.2019 vide Notification No. 32/2017 IT (R) dated 13.10.2017.

(2) INTRA-STATE SUPPLIES RECEIVED BY A TDS DEDUCTOR FROM ANY UNREGISTERED SUPPLIER EXEMPT FROM CGST

Intra-State supplies of goods or services or both received by a deductor under section 51, from any unregistered supplier, is exempt from the whole of the central tax leviable thereon under section 9(4), subject to the condition that the deductor is not liable to be registered otherwise than under section 24(vi) **[Notification No.9/2017 CT (R) dated 28.06.2017].**

(3) SERVICES PROVIDED BY ANY PERSON TO SEZ UNIT / DEVELOPERS.

All services imported by a unit/developer in the Special Economic Zone (SEZ) for authorized operations are exempt from the whole of the Integrated Tax leviable thereon under Section 3(7) of the Customs Tariff Act, 1975 read with Section 5 of the IGST Act.

SERVICES EXEMPT SPECIFICALLY FROM IGST

NOTE: THE ABOVE MENTIONED SERVICES HAVE BEEN EXEMPTED FROM BOTH CGST / SGST . APART FROM THIS, LIST OF SERVICES EXEMPTED FROM IGST ALSO INCLUDE THE FOLLOWING SERVICES:

1. SERVICES RECEIVED FROM A PROVIDER OF SERVICE LOCATED IN A NON- TAXABLE TERRITORY

Services received from a provider of service located in a non- taxable territory by –

- a) the Central Government, State Government, Union territory, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession;
- b) an entity registered under section 12AA of the Income-tax Act, 1961 for the purposes of providing charitable activities; or

(ba) way of supply of online educational journals or periodicals to an educational institution ther than an institution providing services by way of-

- (i) pre-school education and education up to higher secondary school or equivalent; or**
- (ii) education as a part of an approved vocational education course;**

- c) a person located in a non-taxable territory.

EXCEPTIONS: However, the exemption shall not apply to –

- (i) online information and database access or retrieval services received by persons specified in entry (a) or entry (b);* or
- (ii) services by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India received by persons specified in the entry.

***SEC 14 of IGST ACT, 2017**

Supplier is liable to pay tax,

On supply of Online Information and Database access or retrieval services (OIDAR)
by any person located in a non-taxable territory and

received by a non-taxable online recipient (NTOR),

the supplier of services located in Non-taxable territory shall be the person liable for paying integrated tax on such supply of services.

2. SERVICES RECEIVED BY THE RBI, FROM OUTSIDE INDIA IN RELATION TO MANAGEMENT OF FOREIGN EXCHANGE RESERVES.

3. SERVICES PROVIDED BY A TOUR OPERATOR TO A FOREIGN TOURIST IN RELATION TO A TOUR CONDUCTED WHOLLY OUTSIDE INDIA.



4. SUPPLY OF SERVICES HAVING PLACE OF SUPPLY IN NEPAL OR BHUTAN, AGAINST PAYMENT IN INDIAN RUPEES

NOW IT CAN BE TREATED AS EXPORT SERVICE SUBJECT TO FULFILLMENT OF OTHER CONDITIONS

5. SERVICES SUPPLIED BY AN ESTABLISHMENT OF A PERSON IN INDIA TO ANY ESTABLISHMENT OF THAT PERSON OUTSIDE INDIA, WHICH ARE TREATED AS ESTABLISHMENTS OF DISTINCT PERSONS [IN ACCORDANCE WITH EXPLANATION 1 IN SECTION 8 OF THE IGST ACT] PROVIDED THE PLACE OF SUPPLY OF THE SERVICE IS OUTSIDE INDIA [IN ACCORDANCE WITH SECTION 13 OF IGST ACT].

6. IMPORT OF SERVICES BY UNITED NATIONS OR A SPECIFIED INTERNATIONAL ORGANISATION FOR OFFICIAL USE OF THE UNITED NATIONS OR THE SPECIFIED INTERNATIONAL ORGANISATION.

SPECIFIED INTERNATIONAL ORGANISATION MEANS AN INTERNATIONAL ORGANISATION DECLARED BY THE CENTRAL GOVERNMENT IN PURSUANCE OF SECTION 3 OF THE UNITED NATIONS (PRIVILEGES AND IMMUNITIES ACT) 1947, TO WHICH THE PROVISIONS OF THE SCHEDULE TO THE SAID ACT APPLY.

7. IMPORT OF SERVICES BY FOREIGN DIPLOMATIC MISSION OR CONSULAR POST IN INDIA, OR DIPLOMATIC AGENTS OR CAREER CONSULAR OFFICERS POSTED THEREIN SHALL BE EXEMPT FROM IGST, SUBJECT TO THE CONDITIONS, -

I) THAT THE FOREIGN DIPLOMATIC MISSION OR CONSULAR POST IN INDIA, OR DIPLOMATIC AGENTS OR CAREER CONSULAR OFFICERS POSTED THEREIN, ARE ENTITLED TO EXEMPTION FROM INTEGRATED TAX, AS STIPULATED IN THE CERTIFICATE ISSUED BY THE PROTOCOL DIVISION OF THE MINISTRY OF EXTERNAL AFFAIRS, BASED ON THE PRINCIPLE OF RECIPROCITY;

II) THAT THE SERVICES IMPORTED ARE FOR OFFICIAL PURPOSE OF THE SAID FOREIGN DIPLOMATIC MISSION OR CONSULAR POST; OR FOR PERSONAL USE OF THE SAID DIPLOMATIC AGENT OR CAREER CONSULAR OFFICER OR MEMBERS OF HIS OR HER FAMILY.

III) THAT IN CASE THE PROTOCOL DIVISION OF THE MINISTRY OF EXTERNAL AFFAIRS, AFTER HAVING ISSUED A CERTIFICATE TO ANY FOREIGN DIPLOMATIC MISSION OR

CONSULAR POST IN INDIA, DECIDES TO WITHDRAW THE SAME SUBSEQUENTLY, IT SHALL COMMUNICATE THE WITHDRAWAL OF SUCH CERTIFICATE TO THE FOREIGN DIPLOMATIC MISSION OR CONSULAR POST;

IV) THAT THE EXEMPTION FROM THE WHOLE OF THE INTEGRATED TAX GRANTED TO THE FOREIGN DIPLOMATIC MISSION OR CONSULAR POST IN INDIA FOR OFFICIAL PURPOSE OR FOR THE PERSONAL USE OR USE OF THEIR FAMILY MEMBERS SHALL NOT BE AVAILABLE FROM THE DATE OF WITHDRAWAL OF SUCH CERTIFICATE.

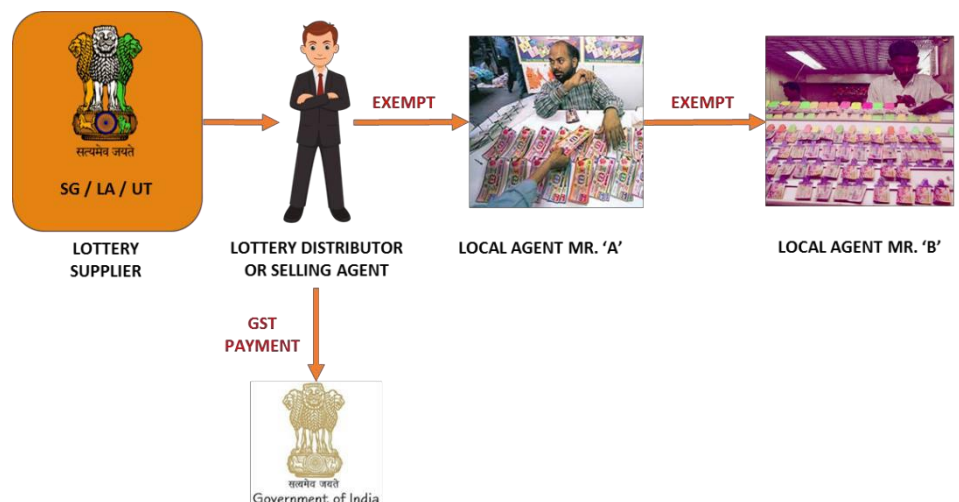
8. SERVICES PROVIDED BY PERSON TO SEZ UNIT / DEVELOPERS

All services imported by a unit/developer in the Special Economic Zone (SEZ) for authorized operations are exempt from the whole of the integrated Tax leviable thereon under section 3(7) of the Customs Tarriff Act, 1975 read with Section 5 of the IGST Act.

ADDITIONAL EXEMPTION IN CASE OF SUPPLY OF GOODS (LOTTERY)

Supply of Lottery by any person other than State Government / Union Territory / Local Authority subject to the condition that the supply of such lottery has suffered appropriate GST when supplied

by the State Government, Union Territory, Local Authority to the lottery distributor or selling agent appointed by the State Government, Union Territory, Local Authority



SOME CLARIFICATIONS ISSUED BY ICAI FOR MAY/ NOV 2020

Clarification regarding applicability of GST on delayed payment charges in case of late payment of Equated Monthly Instalments (EMI)

Issue : Whether GST is applicable on addition / penal interest on the overdue loan ? Whether such penal interest would be exempt under Entry 27 of exemption notification or it would be taxable treating it as consideration for liquidated damages.

Clarification : As per the provisions of section 15(2)(d) of the CGST Act, the value of supply shall include interest or late fee or penalty for delayed payment of any consideration for any supply.

There are two transaction options involving EMI that are prevalent in the trade .In view of the provisions of law discussed in preceding para, these two options. Alongwith the GST applicability on them, have been explained with the help of illustrations as under

Illustration -1 : X sells a mobile phone to Y. The cost of mobile phone is Rs. 40,000/- .However, X gives Y an option to pay in installments, Rs. 11,000/- every month before 10th day of the following month, over next four months (Rs. 11,000/- x 4 = Rs. 44,000/-).As per the contract, if there is any delay in payment by Y beyond the scheduled date. Y would be liable to pay additional penalty interest amounting to Rs. 500/- per month for the delay. In some instances, X is charging Y Rs. 40,000/- for the mobile and is separately issuing another invoice for providing the services of extending loans to Y, the consideration for which is the interest of 2.5% per month and an additional penal interest amounting to Rs. 500/- per month for each delay in payment.

In this case, the amount of penal interest is to be included in the value of supply [in terms of section 15(2)(d)]. The transaction between X and Y is for supply of taxable goods i.e. mobile phone.

Accordingly, the penal interest would be taxable as it would be included in the value of the mobile. Inspective of the manner of invoicing.

Illustration -2 : X sells a mobile phone to Y. The cost of mobile phone is Rs. 40,000/- Y has the option to avail a loan at interest of 2.5% per month for purchasing the mobile from M/S ABC Ltd. The terms of the loan from M/S. ABC Ltd. allows Y a period of four months to repay the loan and an additional/penal interest @ 1.25% per month for any delay in payment.

Here, the additional /penal interest is charged for a transaction between Y and M/S.ABC Ltd. and the same is getting covered under exemption Entry 27. Consequently, in this case, the 'penal interest' charged thereon on a transaction between Y and M/S. ABC Ltd. would not be subject to GST as the same would be covered under said exemption entry. However, M/S.ABC Ltd. levies any service fee / charge or any other charges, if any, in respect of the transaction related to extending deposits. Loans or advances does not qualify to be interest as defined in exemption notification, and accordingly will not be exempt.

Moreover, the value of supply of mobile by X to Y would be Rs. 40,000/- for the purpose of levy of GST.

Clarification on applicability of GST exemption to the DG Shipping approved maritime courses conducted by Maritime Training Institutes of India

Maritime Training Institutes are educational Institution under GST Law and the courses conducted by them are exempt from levy of GST subject to fulfillment of other conditions specified under entry 66 of the exemption notification.

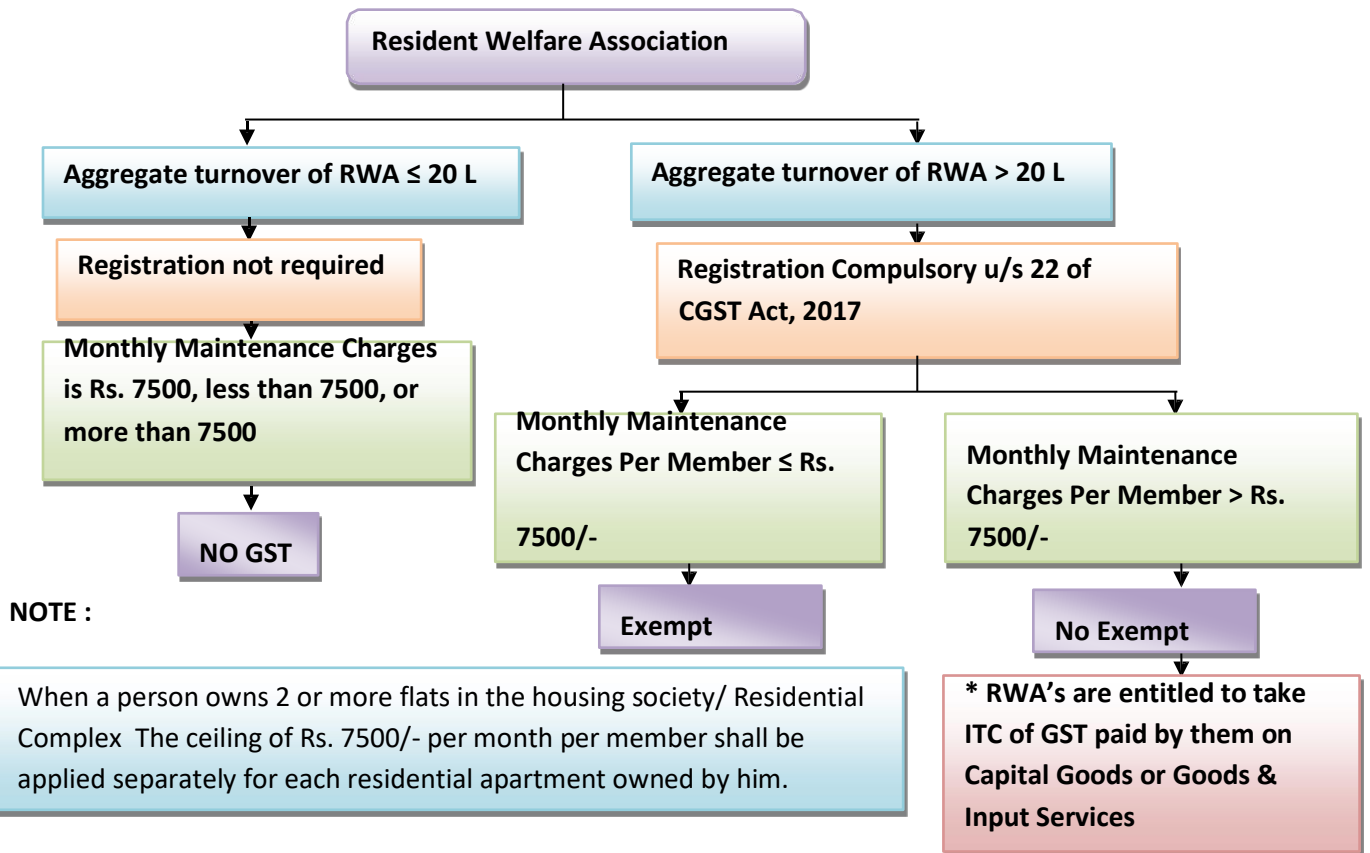
Clarification on the effective date of insertion of explanation in notification

Section 11(3) of CGST Act provides that the Government may insert an explanation in any notification issued under section 11, for the purpose of clarifying its scope or applicability, at any time within 1 year of issue of the notification and every such explanation shall have effect as if it had always been the part of the first such notification.

For Example, the principal Notification No. 11/2017 CT (R) dated 28.06.2017 came into force with effect from 1.07.2017. Therefore , a new entry – Entry no. 3(vi)) is inserted w.e.f. 21.09.2017. Subsequently, an explanation is also inserted with respect to entry no. 3(vi) on 26.07.2018. Although the effective date

mentioned in the notification which inserted said explanation is 27.07.2018, said explanation will be effective from the inception of entry in notification i.e. 21.09.2017 and not 27.07.2018.

Clarification on Issues related to GST on monthly subscription/contribution charged by a Residential Welfare Association from its members.



Check your knowledge

PARTICULARS	TAXABLE/EXEMPT
1. X & Co provides services of Advancement of Yoga	Taxable
2. A Trust registered u/s 12AA of IT Act, 1961 provide services of advancement of Educational Programme or Skill Development Programme to persons over the age of 65 years in Mumbai	Taxable
3. Services by way of Transfer of Going Concern	Exempt
4. Works Contract Service provided to Central Government in relation to any function entrusted to a Panchayat under article 243G (Value of Goods > 25%)	Taxable
5. Service by governmental authority in relation to Panchayat Function under Article 243G	Exempt
6. Service provided by Postal Department to Local Authority Registered Post Speed Post	Exempt Taxable
7. Services provided by Postal Department to Business Entity Speed Post – Rs. 1500 Speed Post – Rs. 6000	Taxable Taxable
8. Service of Renting of Immovable Property provided by Government to Business Entity having T/O of Rs. 8 Lakhs in Previous Year.	Taxable
9. Service provided by Government to another Government Postal Department (Speed Post) Transportation of Goods by - Inland Waterways - Rail - Air	Exempt Exempt Taxable Taxable
10. Services provided by Government to Business Entity where T/O in Preceding Financial Year is Rs. 45 Lakhs Postal Department (Express Parcel) - Rs. 4000 Security Supply – Rs. 4500	Taxable Exempt
11. Service provided by Pure Labour Contract of Repair & Maintenance of Residential Units under Pradhan Mantri Awas Yojana	Exempt
12. Repair & Maintenance of Single Residential Unit	Taxable
13. Renting of Residential Property for Commercial Purpose	Taxable
14. Renting of Rooms in Tirupati Balaji Mandir and charges of Room Rs. 1000 per day. Temple registered u/s 12AA of IT Act, 1961	Taxable
15. Conduct a religious ceremony by Panditji Rs. 150000	Exempt
16. Renting of Hotel where Actual Tariff a) 999 b) 1000	Exempt Exempt

c) 1001	Taxable
17. Transportation of passengers by Air and Freight Rs. 4000 a) Mumbai Himanchal Pradesh b) Mumbai Bagdogra c) Mumbai Arunachal Pradesh d) Arunachal Pradesh Delhi e) Delhi Himachal Pradesh	Taxable Exempt Exempt Exempt Taxable
18. Services provided to CG for transportation of passengers by Air, Embarking / Terminating at Regional Connectivity Scheme Airport, against Consideration in form of VGF	Exempt
19. Transportation of Passengers AC Stage Carriage Non-AC Contract Carriage Metro Cruise from Mumbai Second Class Sleeper (Non-AC Railway) E-Rickshaw	Taxable Exempt Exempt Taxable Exempt Exempt
20. Services by way of transportation of goods by an aircraft Mumbai - Jaipur Dubai – Mumbai	Taxable Exempt
21. Services by transportation of goods by vessels from US India	Taxable
22. Transportation of Goods a) by GTA Agricultural Produce – Rs.2000 Rice – Rs. 3000 Freight Relief Material – Rs. 700 Railway Equipment & Railway Material b) by Vessels (Not Inland Waterways) Railway Equipment & Railway Material Organic Manure Oil Cake c) by Air Newspaper & magazines (Mumbai Delhi) Relief Material (Dubai Mumbai)	Exempt Exempt Exempt Taxable Exempt Exempt Taxable Taxable Exempt
23. Giving Motor Vehicle (Trucks) to State Transport Undertaking on Hire Basis	Taxable
24. Giving Motor Vehicle on hire basis to GTA and seating capacity more than 25	Taxable
25. Giving Motor Vehicle on hire basis to State Transport Undertaking where seating capacity is 12 including Driver	Taxable
26. R Ltd. Appointed to ABC & Co. for collection of Toll Charges on its behalf. Total amount of Toll Charges Rs. 10 Lakhs	Exempt

27. In connection to Q. 26, R Ltd. Paid Rs. 50000 to ABC & Co. as Commission	Taxable
28. Warehousing charges / Storage Charges of Rice Rs. 25000	Exempt
29. Distribution of electricity by Housing Society to its members through DG Set and charges Rs. 3000 p.m. per member	Exempt
30. Distribution of Electricity by State Electricity Board	Exempt
31. Service of Technical Consultancy provided to Foreign Diplomats RBI Business Entity	Taxable Taxable Taxable
32. Interest charged by Bank on Credit Card Loan	Taxable
33. Commission on Foreign Currency Exchange in between Bank to Mr A Mr A to Authorized Dealer Bank to Bank Authorized Dealer to Bank	Taxable Taxable Exempt Exempt
34. Life Insurance service under National Pension Scheme	Exempt
35. Service provided by Employee's Provident Fund Organization	Exempt
36. Investors Protection Services by SEBI	Exempt
37. Services by an Acquiring Bank to any person in relation to a settlement of amount Rs. 3000 in a single transaction through Credit Card	Taxable
38. Service provided by Business Facilitator To Bank (Mumbai) To Insurance Co. (Rural Area) To Government (Mumbai) To Business Entity (Rural Area)	Taxable Exempt Taxable Taxable
39. Services by way of Leasing of Industrial Plots by SIDC, a. Lease Period – 20 years Upfront Payment Rs. 500 Lakhs Other than Upfront Payment Rs. 40 Lakhs yearly p.a. b. Lease Period – 35 years Upfront Payment Rs. 5 Cr Other than Upfront Payment Rs. 40 Lakhs yearly p.a.	Taxable Taxable Exempt Taxable
40. Services provided by an incubate to incubator where Previous Year T/O is Rs. 40 Lakhs. Incubator & Incubatee entered into contract n 2013-14 i.e. 3 years completed	Taxable
41. Legal Services provided by Senior Advocate to other advocate whose T/O in Previous Year is Rs. 25 Lakhs	Taxable
42. Other than Senior Advocate provides service to other advocate whose previous year T/O is Rs. 25 Lakhs	Exempt

43. Services provided by para medics to Mr. X (DNA Test Bio logical father)	Taxable
44. Collection of News from Independent Journalist	Exempt
45. Services provided by Public Library AC Library Non-AC Library	Exempt Exempt
46. Commission on selling of Rice in Primary Market	Taxable
47. Services in relation to Fruits & vegetables Pre-conditioning Labelling	Exempt Exempt
48. Commission on selling of Paddy in Primary Market	Exempt
49. Tour conducted by a Private Tour Operator (Mumbai) For foreign tourist, in China For Indian Tourist, in Switzerland For India tourist, KailashMansarovaryatra Foreign Tourist in Mumbai Foreign Tourist for Haj yatra Foreign Tourist for India Srilanka tour	Exempt Taxable Taxable Taxable Exempt Taxable
50. Services provided by Locat Authority to business entity by way of Right to use of Natural Resource 1/4/2018	Taxable
51. Services provided by Educational Institution to its Students (Educational Institution – Colleges)	Exempt
52. Cleaning services provided to colleges (Above higher secondary)	Taxable
53. Services provided to educational institution upto Higher Secondary – Renting of Building	Taxable
54. Services provided by a Team Manager to Recognized Sports Body	Exempt
55. Services provided by Team Selector to Recognized Sports Body	Taxable
56. Services provided by Commentator to RSB	Taxable
57. Services provided by Curator to RSB	Taxable
58. Service provided by NSDC	Exempt
59. Services provided by way of Vocational Training Programme by Deen Dayal Upadhyay Gramin Kaushalya Yojana	Exempt
60. X & Co. provides service of training programme to State Government and Total Expenditure is borne by State Government	Exempt

61. Services provided by the Cold Blood Banks by way of preservation of Stem Cells	Exempt
62. Services provided by performing artists Folk Dance Rs. 150000 Classical Music Rs. 160000 Western Dance Rs. 25000	Exempt Taxable Taxable
63. X & Co. provides coaching of Sports	Taxable
64. A Trust registered u/s 12AA of the IT Act, 1961 provides coaching of Western Dance to Mr. B	Exempt
65. Service provided by NTT Person from outside India to RBI (Foreign Exchange Management Service)	Exempt
66. Services provided by Non Taxable Territory Person from Outside India to SEBI	Taxable

SOME EXAM ORIENTED MCQ's

1. **Kesar Maharaj, a registered supplier, gave a classical dance performance in an auditorium. The consideration charged for the said performance is Rs. 1,60,000. Such performance is not for promotion of any product/services. Rate of CGST and SGST on such services is 9% each. Assuming the services supplied by him to be intra-State supplies, which of the following statements are true?**
 - (a) GST liability of Kesar Maharaj is Nil as services provided by him are exempt.
 - (b) Kesar Maharaj is liable to pay CGST and SGST of Rs. 14,400 and Rs. 14,400 respectively.
 - (c) Kesar Maharaj is liable to pay CGST and SGST of Rs. 900 and Rs. 900 respectively
 - (d) None of the above.

2. **Compute the value of 'exempted supply' for purpose of section 17(2) of the CGST Act, 2017 from the following details:**
 - (i) **Value of alcoholic liquor for human consumption: Rs. 1,50,000**
 - (ii) **Value of architect services supplied: Rs. 2,00,000**
 - (iii) **Securities of face value of Rs. 1,00,000 sold for Rs. 95,000**
 - (a) Rs. 1,50,000
 - (b) Rs. 2,50,000
 - (c) Rs. 2,45,000
 - (d) Rs. 1,50,950

3. **Which of the following services provided by Good Health Care Nursing home are not exempt?**
 - (1) **Reiki healing treatment.**
 - (2) **Plastic surgery conducted to repair cleft lip of a new born baby.**
 - (3) **Air ambulance services to transport critically ill patients from distant locations to Good Health Care Nursing home.**
 - (4) **Palliative care for terminally ill patients. On request, such care is also provided to patients at their homes. (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease).**
 - (5) **Alternative medical treatments by way of Ayurveda.**
 - (a) (1) and (3)
 - (b) (2) and (4)
 - (c) (1)
 - (d) (1), (4) and (5)

4. **Open area in the precincts of a temple has been rented for a marriage for a day. In which of the following cases, such renting is exempt from GST?**
 - (a) Temple is owned by Sanatan Charitable Trust (registered under section 12AA of the Incometax Act, 1961) and consideration charged is Rs. 9,000.
 - (b) Temple is owned by Sanatan Charitable Trust (registered under section 12AA of the Incometax Act, 1961) and consideration charged is Rs. 11,000.
 - (c) Both (a) and (b).
 - (1) (d) None of the above.

5. Which of the following activity is taxable under GST?

- (i) Supply of food by a hospital to patients (not admitted) or their attendants or visitors
- (ii) Transportation of passengers by non-air-conditioned railways
- (iii) Services by a brand ambassador by way of folk dance performance where consideration charged is Rs. 1,40,000.
- (iv) Transportation of agriculture produce by air from one place to another place in India
- (v) Services by way of loading, unloading, packing, storage or warehousing of rice
- (vi) Service provided by GTA where consideration charged for transportation of goods for a single carriage is Rs. 900

(a) (i), (v), (vi) (b)

(iii), (iv), (v) **(c)**

(i), (iii), (iv)

(d) (iv), (v)

6. Which of the following activities are exempt from GST?

- (a) Religious pilgrimage organised by Todarmal Charitable Trust.
- (b) Loading, packing and warehousing of jaggery and pulses.
- (c) Milling of paddy into rice.
- (d) None of the above.**

7. Which of the following statements is true?

- 1. Services provided by Government ITIs to individual trainees are exempt from GST.
- 2. Services provided by the State Governments and Private Service Providers by way of transportation of patients in ambulance are exempt from GST.
- 3. Services of renting of shops in a hospital are exempt from GST being health care services.
- 4. Services provided by Police to PSUs are taxable.

(a) 1., 2. & 4.

(b) 2., 3. & 4.

(c) 3. & 4.

(d) All of the above.

8. M/s. Dev Bhoomi Rice (P) Ltd., a registered person under GST, is providing services of processing of milling of paddy into rice, loading, unloading, packing, storage and warehousing of rice in the State of Chhattisgarh. The company has made following supplies during the tax period of April, 2018 to September, 2018:

- (i) Loading and unloading of rice: Rs. 50,00,000/-.
- (ii) Packing and warehousing of rice: Rs. 30,00,000/- .
- (iii) Processing services of milling of paddy into rice: Rs. 1,00,00,000/-.

Determine the amount of GST payable on the above supplies assuming rate of tax as 5%.

(a) Rs. 32,40,000/-

(b) Rs. 9,00,000/-

(c) Rs. 5,00,000/-

(d) Rs. Nil/-

9. **Bombay Municipal Corporation (BMC)** has invited online bids for maintenance of bus stops for a period of one year from 1-Jan-2018 to 31-Dec-2018. The work involves composite supply of goods and services and supply of services being the principal supply in which the value of goods constitutes 25% of the total value of composite supply.

Mr. Akshay Kumar, Managing Director of Khiladi Contractors (P) Ltd., located and registered in GST in Gujarat, wants to bid for the same. He seeks your opinion to determine the taxability of the above to quote the best price.

- (a) Not Taxable
- (b) GST payable
- (c) Exempt**
- (d) None of the above

10. **Mr. Happy Singh** is a resident of Chandigarh. The marriage of his daughter, Khushi Kaur, has been finalized with Mr. Lovely Singh, a NRI settled in Canada. The marriage is scheduled on 14-Feb-2019 in Chandigarh. Mr. Happy Singh wants to send 5,000 marriage invitation cards to all his relatives and friends to attend the marriage. He has to send the invitation by speed post. He is not sure about the taxability of speed post services under GST regime. He seeks your help in determining the applicability of GST on speed post.

- (a) GST payable**
- (b) Non Taxable
- (c) Exempt
- (d) None of the above

11. **Mr. Khiladi Kumar**, is the Managing Director of Khiladi Equipments (P) Ltd. The Company is located and registered in GST with office and factories in Mumbai. Mr. Khiladi Kumar, has decided to send food grains and other relief materials worth Rs. 50,00,000/- and Rs. 20,00,000 respectively through railway and airways to the cyclone hit victims in Kerala in the month of November, 2018. The Company has contacted Super Airlines and Indian Railways to transport the materials from Mumbai to Kerala and price for the same has been determined as Rs. 10,00,000/- by air and Rs. 50,000/- by railways excluding taxes.

Mr. Khiladi Kumar, seeks your help to determine what amount of GST is to be paid to Go Air and Indian Railways if applicable GST rate is 18%.

- (a) Super Airlines: Rs. 1,80,000/-; Indian Railways: NIL**
- (b) Super Airlines: Rs. 1,80,000/-; Indian Railways: Rs. 9,000
- (c) Super Airlines: Nil; Indian Railways: Rs. 9,000/-
- (d) Super Airlines: Nil; Indian Railways: Nil

12. **Mr. Manjot Singh Sidhu** is a trader supplying goods from his firm M/s. Singh Traders. The office of the firm is located in Delhi whereas the godowns are located in the State of Uttar Pradesh, Punjab and Jammu & Kashmir (J & K). M/s. Singh Traders made intra-State supplies from different States during the period from 1-Jul-2017 to 31-March-2018 as follows:

- (i) **Delhi-Taxable supplies: Rs. 21,00,000/-.**
- (ii) **Punjab-Exempted supplies: Rs. 6,00,000/-.**
- (iii) **Uttar Pradesh-Taxable and exempted supplies: Rs. 3,00,000/- each respectively.**
- (iv) **J & K-Taxable and exempted supplies: Rs. 8,00,000/- and Rs. 3,00,000/- respectively.**

Being a GST expert, Mr. Manjot Singh Sidhu seeks your advice to correctly ascertain the States in which he is required to take registration under GST:

(a) Delhi, Punjab, Uttar Pradesh and J & K

(b) Delhi, Uttar Pradesh and J & K

(c) Delhi and Uttar Pradesh

(d) Delhi

13. Mr. Bulbul Pandey, is an ambulance driver, who lives in the NCT of Delhi. He provides driving services to Preeti Heart and Lung Institute (PHLI-a super specialty hospital registered in GST in Delhi) for a consideration of Rs. 25,000/- per month.

Mr. Bulbul Pandey was instructed to pick up a patient in Gurugram to PHLI. While going from Delhi to Gurugram, he picked up 5 passengers for transportation in the ambulance from Delhi to Gurugram, and charged Rs. 500/- from them.

Being the GST expert, you are required to ascertain the taxability of transport services provided by Mr. Bulbul Pandey in the ambulance from Delhi to Gurugram under GST Act, 2017:

(a) Taxable supply

(b) Exempt supply

(c) Not a supply

(d) None of the above

14. Jhulelal Pakiwala & Co. is a firm of advocates registered in GST in the State of Punjab. It provides legal consultancy services to various clients. It has provided consultancy services of Rs. 50,000 on 5-Sep-20XX to Burger Queen (P) Ltd., a registered business entity located in Sikkim. Burger Queen (P) Ltd. achieved the turnover of Rs. 15,00,000/- in the preceding financial year. The law firm raised proper invoice on the Burger Queen (P) Ltd. on 25-Sep-20XX. Calculate the taxability of above transaction if applicable rate of tax is 18%.

(a) Exempt supply

(b) 9,000 payable by Jhulelal Pakiwala & Co.

(c) 9,000 payable by Burger Queen (P) Ltd.

(d) Non-taxable supply

15. State which of the following statement is correct:

- (i) Services by any artist by way of performance in folk or classical art forms of music, dance, or theatre as a brand ambassador if the consideration charged for such performance is not more than Rs. 150,000/- is exempt.
- (ii) Services of life insurance business under Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having minimum amount of cover of Rs. 2,00,000/- is exempt
- (iii) Service by an acquiring bank, to any person in relation to settlement of an amount upto Rs. 2,500/- in a single transaction transacted through credit card, debit card, charge card or other payment card service is exempt.
- (iv) Services provided by a goods transport agency by way of transport in a goods carriage of, goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage does not exceed Rs. 750/- is exempt.

Your options are-

- (a) (i)
- (b) (ii), (iii)
- (c) (ii), (iii), (iv)

(d) None of the above

16. Which of the following activity is taxable under GST?

- (i) Supply of food by a hospital to patients (not admitted) or their attendants or visitors.**
- (ii) Transportation of passengers by non-air-conditioned railways**
- (iii) Services by a brand ambassador by way of folk dance performance where consideration charged is Rs. 1,40,000.**
- (iv) Transportation of agriculture produce by air from one place to another place in India**
- (v) Services by way of loading, unloading, packing, storage or warehousing of rice**
- (vi) Service provided by GTA where consideration charged for transportation of goods for a single carriage is Rs. 900**

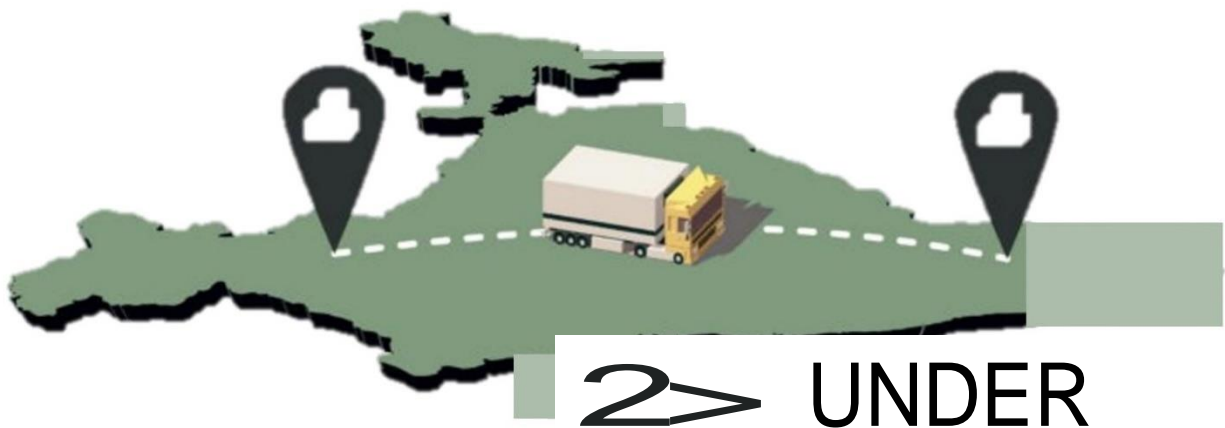
(a) (i), (v), (vi) (b)

(iii), (iv), (v) **(c)**

(i), (iii), (iv)

(d) (iv), (v)

PLACE OF SUPPLY



2 > UNDER

CHAPTER OUTLINES

- [Sec. 10] : Place of Supply of Goods other than Supply of Goods imported into, or exported from India.
- [Sec. 11]: Place of Supply of Goods imported into or exported from India.
- [Sec. 12]: Place of Supply of Services where location of Supplier and Recipient is in India.
- [Sec. 13] : Place of Supply of Services where location of Supplier or location of recipient is outside India.

The basic principle of GST is that it should effectively tax the consumption of such supplies at the destination thereof or as the case may be at the point of consumption. The place of supply provisions determine the place i.e., taxable jurisdiction where the tax should reach. The place of supply and the location of the supplier are the two determinants to ascertain the nature of supply i.e., whether a supply is intra-State or inter-State. In other words, these two factors are required to determine whether a supply is subject to SGST/UTGST plus CGST in a given State/ Union Territory or else would attract IGST if it is an inter-State supply.

If an inter-State transaction is wrongly treated as intra-State or vice-versa and tax paid accordingly, the correct tax will need to be paid and refund claimed for tax wrongly paid. Though no interest is levied in such a case, procedural requirements increase and working capital gets blocked where the amount involved is huge. Hence, determining correct place of supply is of paramount importance.

PROXIES TO DETERMINE PLACE OF SUPPLY OF SERVICES

The various elements involved in a service transaction can be used as proxies to determine the place of supply. An assumption or proxy which gives more appropriate result than others for determining the place of supply, can be used for determining the place of supply. The same are discussed below:

- (a) location of service provider; (b) location of service receiver;
- (c) place where the activity takes place/ place of performance; (d) place where the service is consumed; and
- (e) place/person to which/whom actual benefit flows

MEANING OF B2B & B2C

4 B2B

B2B means business to business transaction. In such type of transactions, the recipient is also a registered supplier and hence, takes ITC.

4 B2C:

B2C means business to consumer transaction. In such type of transactions, the recipient is consumer or unregistered and hence, will not take or cannot take ITC

