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ਪੰਜਾਬ ਸਟੇਟ ਓਪਨ ਯੂਨੀਵਰਸਿਟੀ
ਪਟਿਆਲਾ

The Motto of Our University
(SEWA)

SKILL ENHANCEMENT

EMPLOYABILITY

WISDOM

ACCESSIBILITY

JAGAT GURU NANAK DEV
PUNJAB STATE OPEN UNIVERSITY, PATIALA

(Established by Act No. 19 of 2019 of the Legislature of State of Punjab)

GST FILING AND PRACTICE

CCGST1

GOODS AND SERVICE TAX LAW AND
PRACTICE

Head Quarter: C/28, The Lower Mall, Patiala-147001

WEBSITE: www.psou.ac.in

SELF-INSTRUCTIONAL STUDY MATERIAL FOR JGND PSOU

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JAGAT GURU NANAK DEV PUNJAB STATE OPEN UNIVERSITY, PATIALA
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PREFACE

Jagat Guru Nanak Dev Punjab State Open University, Patiala was established in December 2019 by Act 19 of the Legislature of State of Punjab. It is the first and only Open University of the State, entrusted with the responsibility of making higher education accessible to all, especially to those sections of society who do not have the means, time or opportunity to pursue regular education.

In keeping with the nature of an Open University, this University provides a flexible education system to suit every need. The time given to complete a programme is double the duration of a regular mode programme. Well-designed study material has been prepared in consultation with experts in their respective fields.

The University offers programmes which have been designed to provide relevant, skill-based and employability-enhancing education. The study material provided in this booklet is self-instructional, with self-assessment exercises, and recommendations for further readings. The syllabus has been divided in sections, and provided as units for simplification.

The University has a network of 10 Learner Support Centres/Study Centres, to enable students to make use of reading facilities, and for curriculum-based counselling and practicals. We, at the University, welcome you to be a part of this institution of knowledge.

Prof. G.S. Batra
Dean Academic Affairs



CCGST1: GOODS AND SERVICE TAX LAW AND PRACTICE

MAX. MARKS: 100
EXTERNAL: 70
INTERNAL: 30
PASS: 40%
Credits: 6

Objective:

Develop a detailed understanding in the students mind regarding law and practice of Goods and Service Tax and the application of its provisions in a business set-up.

INSTRUCTIONS FOR THE PAPER SETTER/EXAMINER:

1. The syllabus prescribed should be strictly adhered to.
2. The question paper will consist of three sections: A, B, and C. Sections A and B will have four questions from the respective sections of the syllabus and will carry 10 marks each. The candidates will attempt two questions from each section.
3. Section C will have fifteen short answer questions covering the entire syllabus. Each question will carry 3 marks. Candidates will attempt any ten questions from this section.
4. The examiner shall give a clear instruction to the candidates to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.
5. The duration of each paper will be three hours.

INSTRUCTIONS FOR THE CANDIDATES:

Candidates are required to attempt any two questions each from the sections A and B of the question paper and any ten short questions from Section C. They have to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.

SECTION A

Unit I GST IN INDIA—A Synopsis, Background, Concept of GST, Definitions and related terminologies.

Unit II Supply under GST and related provisions.

Unit III Charge of GST and relevant Definitions.

Unit IV EXEMPTIONS FROM GST: Goods exempt from tax,

Unit V Services exempt from tax.

SECTION B

Unit VI TIME AND VALUE OF SUPPLY :Its related definitions and provisions.

Unit VII INPUT TAX CREDIT: Definitions, Introductions to ITC and related provisions.

Unit VIII REGISTRATION: Persons liable for registration, Relevant procedures for the registrations and workings at GST portal in this regards.

Unit IX TAX INVOICE, CREDIT AND DEBIT NOTES: Knowledge about the Tax invoice, Credit notes, Debit notes, Revised Tax Invoice, Receipt Vouchers and other specified documents in the act.

Unit X RETURNS: Knowledge in respect of filing of GST returns at Portal.

Suggested Readings:

1. Ahuja, Girish and Gupta, Ravi. *Systematic Approach to GST*. Wolters Kluwer
2. Sekhon, Shailinder., *GST....Unlocking the complexities of Indirect taxes*. Published by Sumirat publication and Bookman, New delhi.
3. Bansal, K. M., *GST & Customs Law*, Taxman Publication.
4. Mehrotra H.C. and Agarwal, V.P. *Goods and Services Tax and Customs*. SahityaBhawanPublications.
5. Saha, R.G. Shah, Divyesh and Devi, Usha. *Goods and Service Tax*. HPH
6. Datey, V. S. *All about GST, A Complete Guide to Model GST Law*. Taxman Publications



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GST FILING AND PRACTICE
GOODS AND SERVICE TAX LAW AND PRACTICE

SECTION A

UNIT NO:	UNIT NAME
Unit 1	GST IN INDIA
Unit 2	SUPPLY UNDER GST AND RELATED PROVISIONS
Unit 3	CHARGE OF GST AND RELEVANT DEFINITIONS
Unit 4	EXEMPTIONS FROM GST
Unit 5	SERVICES EXEMPT FROM TAX

SECTION B

UNIT NO:	UNIT NAME
Unit 6	TIME AND VALUE OF SUPPLY
Unit 7	INPUT TAX CREDIT
Unit 8	REGISTRATION
Unit 9	TAX INVOICE, CREDIT AND DEBIT NOTES
Unit 10	RETURNS

GST FILING AND PRACTICE
COURSE: GOODS AND SERVICE TAX LAW AND PRACTICE

**Unit I GST IN INDIA–A Synopsis, Background, Concept of GST,
Definitions and related terminologies**

STRUCTURE

- 1. Introduction**
- 2. Types of Taxes in India**
 - 2.1 Direct Taxes**
 - 2.2 Indirect Taxes**
- 3. Importance of Direct Taxes**
- 4. Importance of Indirect Taxes**
- 5. History of GST in India**
- 6. Concept of GST**
- 7. Main Objectives achieved with implementation GST**
- 8. Framework of GST as introduced in India**
- 9. Legislative Framework**
- 10. Registration under GST**
- 11. GST composition scheme turnover limit**
- 12. Order of utilisation of ITC (Input Tax Credit)**
- 13. GST Common Portal**
- 14. GST – A tax on Goods and Services**
- 15. Different types of indirect taxes subsumed in GST**
- 16. Benefits of GST**
- 17. GOODS & SERVICE TAX COUNCIL**
- 18. GOODS & SERVICES TAX NETWORK**
- 19. CHALLENGES & FUTURE AHEAD**

1. Introduction

Taxes are levied by governments on their citizens to generate income for undertaking projects to boost the economy of the country and to raise the standard of living of its citizens. These include operating public institutions, developing the country's infrastructure and financing public welfare initiatives and schemes. In exchange for providing these amenities, a government generates the revenue required for them by taxing its citizens. To make this process efficient, every country has a proper taxation process laid out by its government. The authority of the government to levy tax in India is derived from the Constitution of India, which allocates the

power to levy taxes to the Central and State governments. All taxes levied within India need to be backed by an accompanying law passed by the Parliament or the State Legislature.

2. Types of Taxes in India from income tax to custom duty, there are a variety of taxes applicable to Indian citizens under the nation's taxation system. However, almost all taxes under the Indian taxation system can be primarily distinguished under two categories: direct and indirect taxes.

2.1 Direct Taxes: These forms of taxes are levied directly on the taxable income generated by individuals and corporations. The importance of these taxes are that they are paid directly to the government and make up a significant portion of India's tax generated revenue. An important thing of note is that while they are known as 'direct' taxes, the responsibility of submitting these tax amounts rests on the taxpayers themselves.

Some of the most important direct taxes are the income tax, corporate tax, capital gains tax, property tax, entitlement tax and such.

2.3 Indirect Taxes: The other form of taxes are not levied directly on a taxpayer's income but rather indirectly when they avail or purchase goods and services. These taxes are included and paid by the consumer to the service provider or goods seller. The same amount is then paid by these parties to the government, hence the term 'indirect'. One of the most important indirect taxes is the Goods and Services tax (GST) which has subsumed a large number of indirect taxes that existed before 2017. Apart from GST, there is also Dividend Distribution Tax, Custom Duty, Securities Transaction Tax and such.

3. Importance of Direct Taxes: Direct taxes display the importance of taxes by reducing income inequalities with its progressive tax structure. Citizens are taxed in proportion to their economic circumstances, thereby encouraging social and economic equality. Moreover, with direct taxes, taxpayers remain aware of how much tax they can be expected to pay in a financial year and prepare well in advance. Direct taxes are also useful in controlling inflation as any change in their rates can help in regulating demand and supply in the economy.

4. Importance of Indirect Taxes: The importance of taxes for the government when it comes to indirect taxation is that they are an automatic function that accompany the buying and selling of goods and services across the country. They are therefore easy to collect and convenient for both taxpayers and the tax collection authorities. They also help broaden the country's net of tax liabilities, gathering contributions from those sections of society that are otherwise exempted from direct tax.

5. History of GST in India

On July 1st 2017, the Goods and Services Tax implemented in India. But, the process of implementing the new tax regime commenced a long time ago. In 2000, Atal Bihari Vajpayee, then Prime Minister of India, set up a committee to draft the GST law. In 2004, a task force concluded that the new tax structure should put in place to enhance the tax regime at the time.

In 2006, Finance Minister proposed the introduction of GST from 1st April 2010 and in 2011 the Constitution Amendment Bill passed to enable the introduction of the GST law. In 2012, the Standing Committee started discussions about GST, and tabled its report on GST a year later. In 2014, the new Finance Minister at the time, Arun Jaitley, reintroduced the GST Bill in Parliament and passed the bill in Lok Sabha in 2015. Yet, the implementation of the law delayed as it was not passed in Rajya Sabha.

GST went live in 2016, and the amended model GST law passed in both the house. The President of India also gave assent. In 2017 the passing of 4 supplementary GST Bills in Lok Sabha as well as the approval of the same by the Cabinet. Rajya Sabha then passed 4 supplementary GST Bills and the new tax regime implemented on 1st July 2017.

GST is known as the Goods and Services Tax. It is an indirect tax which has replaced many indirect taxes in India such as the excise duty, VAT, services tax, etc. In other words, Goods and Service Tax is levied on the supply of goods and services. Goods and Services Tax Law in India is a **comprehensive, multi-stage, destination-based tax** that is levied on every **value addition**. GST is a single domestic indirect tax law for the entire country.

6. Concept of GST

GST is a value added tax, which is levied on supply of both goods and services. GST is levied on manufacturing of goods and providing the services to the consumers'/ retail consumer.

Multi-stage: An item goes through multiple change-of-hands along its supply chain, Starting from manufacture until the final sale to the consumer. At each stage of manufacturing process and change in hands some value is added and on such value addition GST is charged after taking in to account the input tax credit paid by the supplier.

Let us contemplate the following stages:

Stage 1 Purchase of raw materials, ----- Stage 2 Production or manufacture, -----Stage -3 Warehousing of finished goods, -----Stage 4 Selling to wholesalers, -----Stage 5 Sale of the product to the retailers and -----Stage 6 Selling to the end consumers.

The Goods and Services Tax is levied on each of these stages making it a multi-stage tax and every person at each stage take the credit of GST paid by him in the form of input tax credit. At the end the final consumer bears all the burden of GST charged at every stage

This concept can be understood with help of an example. A manufacturer who produces biscuits buys flour, sugar, edible oils, packing materials and other material including labour and

incur other overheads. The value of the inputs keeps on increasing when the sugar, edible oils and flour are mixed and baked into biscuits. The manufacturer then sells these biscuits to the wholesalers, who packs large quantities of biscuits in cartons and labels it. This is another addition of value to the biscuits. After this, the warehousing agent sells it to the retailer. The retailer packages the biscuits in smaller quantities and invests in the marketing of the biscuits, thus increasing its value. GST is levied on these value additions, i.e. the monetary value added at each stage to achieve the final sale to the end customer.

Destination-Based: GST is a destination based tax, i.e., the goods/services will be taxed at the place where they are consumed and not at the origin. So, the state where they are consumed will have the right to collect GST. Therefore, place of supply is crucial under GST as all the provisions of GST revolve around it. For instance, consider goods manufactured in Punjab and sold to the final consumer in Delhi. Since the Goods and Service Tax is levied at the point of consumption, the entire tax revenue will go to Delhi and not Punjab.

Removal of the cascading tax effect. In simple words “cascading tax effect” means a tax on tax. It is a situation wherein a consumer has to bear the load of tax on tax and inflationary prices as a result of it. The primary motive behind the launch of GST was to eliminate various indirect taxes, so the cascading effect of taxes can be minimized. As in GST laws only value added at each stage is taxed tax is

7. Main Objectives achieved with implementation GST

- a. To achieve the ideology of ‘One Nation, One Tax’:** GST has replaced multiple indirect taxes, which were existing under the previous tax regime. The advantage of having one single tax means every state follows the same rate for a particular product or service. Tax administration is easier with the Central Government deciding the rates and policies. Tax compliance is also better as taxpayers are not burdened with the multiple return forms and deadlines.
- b. To subsume a majority of the indirect taxes in India:** India had several erstwhile indirect taxes such as service tax, Value Added Tax (VAT), Central Excise, etc., which used to be levied at multiple supply chain stages. Some taxes were governed by the states and some by the Centre. There was no unified and centralised tax on both goods and services. Under GST, all the major indirect taxes were subsumed into one. It has greatly reduced the compliance burden on taxpayers and eased tax administration for the government.
- c. To curb tax evasion:** GST laws in India are far stricter compared to any of the erstwhile indirect tax laws. Under GST, taxpayers can claim an input tax credit only on invoices uploaded by their respective suppliers. This way, the chances of claiming input tax credits on fake invoices are minimal. The introduction of e-invoicing has further reinforced this objective. Also, due to GST being a nationwide tax and having a

centralised surveillance system, the crackdown on defaulters is quicker and far more efficient.

- d. To increase the taxpayer base:** GST has helped in widening the tax base in India. Previously, each of the tax laws had a different threshold limit for registration based on turnover. As GST is a consolidated tax levied on both goods and services both, it has increased tax-registered businesses. Moreover, it is now become difficult for business entity to run their business activities in illegal manner by tax evasion.
- e. An improved logistics and distribution system:** A single indirect tax system reduces the need for multiple documentation for the supply of goods. GST minimises transportation cycle times, improves supply chain and turnaround time, and leads to warehouse consolidation, among other benefits. Finally, it helps in cutting down the high logistics, manpower and warehousing costs.
- f. To promote competitive pricing and increase consumption:** Introduction of GST has also led to an increase in consumption and indirect tax revenues. Due to the cascading effect of taxes under the previous regime, the prices of goods in India were higher. Even between states, the lower VAT rates in certain states led to an imbalance of trades. Having uniform GST rates have contributed to overall competitive pricing across India. Now it has become one nation, one tax.

8. Framework of GST as introduced in India

In India dual model of GST was adopted, in this system GST is levied by both State Government or UTs and the Central Government. Since India is a union of states, dual model of GST has been adopted. State Taxes was Incorporated in SGST (State Goods and Services tax)/UTGST (Union territory GST) for intra (within) State or Union Territory supplies of goods or services. SGST (State Goods and Services tax)/UTGST (Union territory GST) are levied and collected by the State Government /UTs with legislature. Central Taxes to be included in CGST (Central Goods and Service Tax) for intra state supply of goods or services which are levied and collected by the Central Government. As a matter of rule where the location of the supplier and place of supply of goods and services is within the same State/ UTs, it will be treated as supply of goods and services within the state i.e. intra state supplies of goods and services.

Inter-State supplies of taxable goods and/or services will be subject to **Integrated Goods and Service Tax (IGST)**. IGST will around be a sum total of CGST and SGST/UTGST and will be levied by Centre on all inter-State supplies i.e. supply of goods and services outside the state. Further, if location of the supplier and place of supply of goods and services is in (a) two different States or (b) two different Union Territories or (c) a Union Territories and a State, it will be treated as interstate supplies of goods and services. Interstate supplies of goods and services are subject to IGST as explained above.

9. Legislative Framework

There is single legislation – CGST Act, 2017 – for levying CGST. Similarly, Union Territories without State legislatures [Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu and Chandigarh] will be governed by UTGST Act, 2017 for levying UTGST. States and Union territories with their own legislatures [Delhi and Puducherry] have to enact their own GST legislation for levying SGST. Though there would be multiple SGST legislations, the basic features of law, such as chargeability, definition of taxable event and taxable person, classification and valuation of goods and services, procedure for collection and levy of tax and the like would be uniform in all the SGST legislations, as far as feasible. This would be necessary to preserve the essence of dual GST.

Classification of goods and services: under GST, HSN (Harmonised System of Nomenclature) is used for classifying goods and services. The notification prescribing GST rate for goods makes reference to the tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975. Further, a new scheme has been introduced to classify the services of various descriptions under different sections, headings and groups. Each group consists of various service codes (Tariff).

10. Registration under GST

In any tax system registration is the most fundamental requirement for identification of tax payers ensuring tax compliance in the economy. Registration of any business entity under the GST Law implies obtaining a unique number from the concerned tax authorities for the purpose of collecting tax on behalf of the government and to avail Input tax credit for the taxes on his inward supplies. Without registration, a person can neither collect tax from his customers nor claim any input tax credit of tax paid by him. **Registration will confer the following advantages to a taxpayer:** He is legally recognized as supplier of goods or services. • He is legally authorized to collect tax from his customers and pass on the credit of the taxes paid on the goods or services supplied to the purchasers/ recipients. • He can claim input tax credit of taxes paid and can utilize the same for payment of taxes due on supply of goods or services. • Seamless flow of Input Tax Credit from suppliers to recipients at the national level.

Different threshold limit has been prescribed for getting registration in different State and Union territories based on the fact whether the supplier is solely engaged in supply of goods or exclusively in the supply of the services or engaged in both supply of goods as well services. Undermentioned is the threshold limit to get registration under GST Act.

States	For Goods	For Services
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Mizoram, Tripura, Manipur and Nagaland	10 lakhs	10 lakhs
Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana, Uttarakhand	20 lakhs	20 lakhs
Jammu and Kashmir, Assam, Himachal Pradesh and all other States	40 lakhs	20 lakhs

11. GST composition scheme turnover limit

Composition scheme is an optional scheme of levy of tax designed for small taxpayers under the Goods and Services Tax (GST) regime. Under the composition scheme, tax is levied at a reduced rate with less compliances subject to certain restrictions. The composition scheme turnover limit in GST is Rs 1.50 crores, and Rs 75 lakhs with respect to the 8 Special Category States namely Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand.

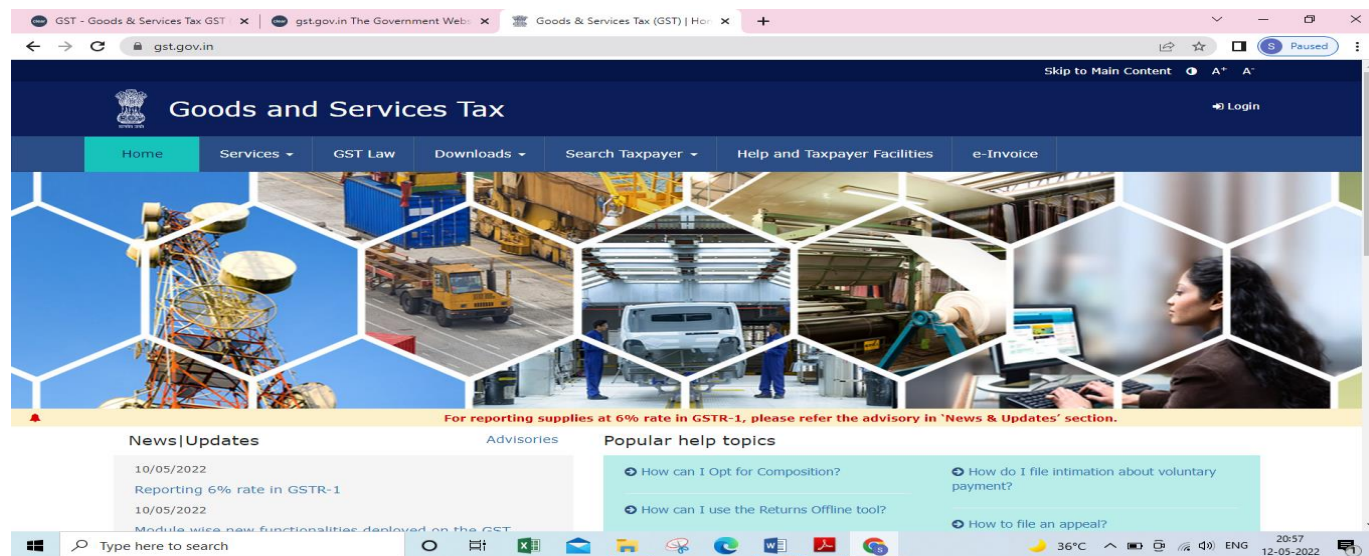
Only manufacturers of goods, dealers, and restaurant (not serving alcohol) can opt for the composition scheme under Section 10. However, service providers can opt for composition dealers as notified by the CGST (Rate) notification no. 2/2019 dated 7th March 2019 where the total turnover limit is Rs.50 lakhs. **The advantages of the composition scheme are:** Easier and lesser number of compliances to be followed (returns, maintaining books of record, issuance of invoices, etc.). Quarterly payment of taxes. A limited tax liability. High liquidity as taxes are at a lower rate

12. Order of utilisation of ITC (Input Tax Credit): there is a specific order in which ITC can be utilised. The Input Tax Credit under Goods and Service Tax of IGST shall be first utilized towards payment of IGST, then towards the payment of output CGST and then towards the payment of output SGST /UTGST. After entire ITC of IGST is utilised then The Input Tax Credit under Goods and Service Tax of CGST shall be first utilized towards the payment of output CGST and then towards the payment of output IGST. However, Input Tax Credit under Goods and Service Tax of CGST can't be used to adjust SGST.

The Input Tax Credit under Goods and Service Tax of SGST shall be first utilized towards the payment of output SGST; and then towards the payment of output IGST. However, Input Tax Credit under Goods and Service Tax of SGST can't be used to adjust CGST.

13. GST Common Portal: The important aspect of the GST regime is that the tax administration must have a strong backing of Information technology. This means that the taxpayers will operate hassle free and in user friendly atmosphere. They are no longer be required to visit the tax departments in person for assessments and submit the applications or returns, The GST portal allows registration amendments in registration, all communications to be done on it, such as approving, rejecting, or responding to applications. It includes intimation of notices by the department and window to respond to the same by taxpayers. Filing of GST returns, paying taxes online like utilizing ITC for payment of taxes. Linking with the banking infrastructure for payment of taxes. One can login to www.gst.gov.in which is the Government's official GST website and is also known as the GST Portal /GSTN portal.

Lay out of the GST Portal



As GST is a destination based taxation, the interstate trade of goods and services needs such a robust clearance machinery, which can facilitate the hassle-free flow of credit between the business entity and sharing of revenue information between Center and State Governments and transferring of the funds.

The GST portal shall be accessible over Internet (by Taxpayers and their CAs/Tax Advocates etc.) and Intranet by Tax Officials etc. The portal shall be one single common portal for all GST related services.

14. GST – A tax on Goods and Services.

GST is levied on all the goods and services, except the exempted goods and services, alcoholic liquor for human consumption, and petroleum products like petrol, diesel, petroleum crude and ATF.

Alcoholic liquor for human consumption is outside the ambit of GST and is a subject matter of the State Government, liable to state excise policy.

Petroleum products like petrol, diesel, petroleum crude and ATF are out of the preview of the GST and are not subject to the GST taxation. GST will be levied on these products from a date to be notified in this regards by the GST Council. Till such date these products are subject to Central Excise policy and subject to State CST/ VAT in regard to the interstate/ intrastate trades respectively.

Tobacco is in the ambit of GST taxation and GST is levied on these products. However, Central government has also retained the power to levy the excise duty on tobacco and manufacturing of the tobacco products. These products are subject to both GST and Central excise taxation policies.

Further, real estate sector is also out of the ambit of GST like GST will not levied on sale purchase of immovable properties.

15. Different types of indirect taxes subsumed in GST

Central Taxes subsumed under the Goods and Services Tax: (i) Central Excise Duty (ii) Additional Excise Duties (iii) The Excise Duty levied under the Medicinal and Toiletries Preparation Act (iv) Service Tax (v) Additional Customs Duty, commonly known as Countervailing Duty (CVD) (vi) Special Additional Duty of Customs (vii) Surcharges, and (viii) Cesses. (ix) Central Sales Tax.

State taxes and levies subsumed under GST: (i) VAT / Sales tax (ii) Entertainment tax, (unless it is levied by the local bodies) (iii) Luxury tax (iv) Taxes on lottery, betting and gambling. (v) State Cesses and Surcharges in so far as they relate to supply of goods and services. (vi) Entry tax in all form.

16. Benefits of GST: The Goods and Services Tax (GST) has several benefits that has helped in integrating the Indian economy while making Indian products more competitive globally.

- i. **Uniformity in Taxation:** The objective of GST is to drive India towards becoming an integrated economy by charging uniform tax rates and eliminating economic barriers, whereby States were following different taxation policies and to follow the policy of ‘One Nation One Tax’. The subsuming of the aforementioned State and Central indirect taxes into just one tax will also provide a major lift to the Government’s effort to boost the trades and end trade barriers.
- ii. **Helping Government Revenue Find Buoyancy:** It has been forecasted that GST is going to help the Government Revenue buoyancy by expanding the tax base whilst enhancing the taxpayer compliance. This has been the reality with the higher GST collection of the government.
- iii. **Cascading of Taxes:** effect of cascading will be minimal as the whole supply chain will get an all-inclusive input tax credit mechanism. The average tax burden on industry and trade is expected to lower because of input tax credit, resulting in a lower cost of production and reduction of prices and increased consumption, Domestic demand is set to increase and local businesses will have greater opportunities, thus generating more jobs within the country.
- iv. **Common Portal:** Since technology has been used comprehensively to drive GST, taxpayers will have a common portal (GSTN). The processes for different actions like registration, tax payments, refunds, returns, etc., will be automated and simplified. Whether it is the filing of GST returns, filing of refund claims, payment of taxes, or even registration, all processes will be done online via GSTN. The verification and flow of input tax credit will be done online too, and input tax credit across the country will be matched electronically, thereby turning the process into an accountable and transparent one. As a result, the process will also be much quicker since the taxpayer will not have to interact with the tax administration.
- v. **Regulation of Unorganised Industries:** there are certain sectors in the country which are highly unorganised, and unregulated. GST aims to ensure that these sector must come in the main stream of the GST taxation and enjoy the hassle free legal compliances as these are done on online basis. They should take the benefit of input tax credit and become cost efficient and reduce their operating expenses. Through GST compliances the Government wants that these industries should follow regulation and accountability.
- vi. **Benefits to the Common Man:** A good number of products and/or services are either exempt from tax or charged at 5% or less. Small traders will find themselves on a level playing field. Products and services will be allowed to move freely across the country. Increased competition between manufacturers and businesses will benefit consumers.

- vii. **Benefits to the Economy:** Creation of a unified common market boost free trade with less legal compliances. Enhancement of exports and investments as the demand increases with competitive prices. Generation of more jobs through enhanced economic activity.

Definitions of Goods and Service Tax, services and State Article 366 of The Constitution of India

- a. **Goods and services tax** mean any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption. Consequently, GST can be levied on supply of all goods and services except alcoholic liquor for human consumption Article 366(12A).
- b. **Services** means anything other than goods Article 366(26A).
- c. **State**, with reference to articles 246A, 268, 269, 269A and article 279A, includes a Union territory with Legislature 366(26B).
- d. **Definition of “goods”:** The term goods has already been defined under clause (12) of Article 366 in an inclusive manner to provide that **“goods includes all materials, commodities, and articles”**.

17. GOODS & SERVICE TAX COUNCIL: As provided for in Article 279A of the Constitution, the Goods and Services Tax Council (the Council) was notified with effect from 12th September, 2016. The Council is comprised of the Union Finance Minister (who will be the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers as members. It shall make recommendations to the Union and the States on the following issues:

- a) the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed under GST;
- b) b) the goods and services that may be subjected to or exempted from the GST;
- c) c) model GST laws, principles of levy, apportionment of IGST and the principles that govern the place of supply;
- d) d) the threshold limit of turnover below which the goods and services may be exempted from GST;
- e) e) the rates including floor rates with bands of GST;
- f) f) any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster;

- g) g) special provision with respect to the North- East States, J&K, Himachal Pradesh and Uttarakhand; and
- h) h) any other matter relating to the GST, as the Council may decide.

18. GOODS & SERVICES TAX NETWORK: Goods and Services Tax Network (GSTN) has been set up by the Government as a private company under erstwhile Section 25 of the Companies Act, 1956. GSTN would provide three front end services to the taxpayers namely registration, payment and return. Besides providing these services to the taxpayers, GSTN would be developing back-end IT modules for 27 States who have opted for the same. Infosys has been appointed as Managed Service Provider (MSP). GSTN has selected 73 IT, ITeS and financial technology companies and 1 Commissioner of Commercial Taxes (CCT, Karnataka), to be called GST Suvidha Providers (GSPs). GSPs would develop applications to be used by taxpayers for interacting with the GSTN. The diagram below shows the work distribution under GST. The design of GST systems is based on role based access. The taxpayer can access his own data through identified applications like registration, return, view 46 | 55 ledger etc. The tax official having jurisdiction, as per GST law, can access the data. Data can be accessed by audit authorities as per law. No other entity can have any access to data available with GSTN.

19. CHALLENGES & FUTURE AHEAD:

- i. Any new change is accompanied by difficulties and problems at the outset. A change as wide-ranging as GST is bound to pose certain challenges not only for the government but also for business community, tax administration and even common peoples of the country. Some of these challenges relate to the unfamiliarity with the new regime and IT systems, legal challenges, return filing and reconciliations, passing on transition credit. Lack of robust IT infrastructure and system delays makes compliance difficult for the taxpayers. Many of the processes in the GST are new for small and medium enterprises in particular, who were not used to regular and online filing of returns and other formalities.
- ii. Based on the feedback received from businesses, consumers and taxpayers from across the country, attempt has been made to incorporate suggestions and reduce problems through short-term as well as long-term solutions. After rectifying system glitches, E-way bill for inter-State movement of goods has been successfully implemented from 1st April 2018. As regards intra-State supplies, option was given to States to choose any date on or before 3rd June, 2018. All States have notified e-way bill rules for intra-State supplies last being NCT of Delhi where it was introduced w.e.f. 16.06.2018.
- iii. NAPA has initiated investigation into various complaints of anti-profiteering and has passed orders in some cases to protect consumer interest.

- iv. To expedite sanction of refund, electronic filing of refunds, along with all supporting documents/invoices, has been enabled on the common portal. Clarificatory Circulars and notifications have been issued to guide field formations of CBIC and States in this regard. The government has put in place an IT grievance redressal mechanism to address the difficulties faced by taxpayers owing to technical glitches on the GST portal.
- v. The introduction of GST is truly a game changer for Indian economy as it has replaced multi-layered, complex indirect tax structure with a simple, transparent and technology-driven tax regime. It will integrate India into a single, common market by breaking barriers to inter-State trade and commerce. By eliminating cascading of taxes and reducing transaction costs, it will enhance ease of doing business in the country and provide an impetus to —Make in India campaign. GST will result in “ONE NATION, ONE TAX, ONE MARKET”

REVIEW QUESTIONS

1. What types of taxes are levied in India, Discuss in details?
2. Is GST a Multi Stage taxation, Argument the validity of the statement?
3. What are the main objectives of the GST system achieved by the Government?
4. Briefly lay out the Order of utilisation of ITC (Input Tax Credit)?
5. Benefits of the GST taxation system for the Indian Economy?
6. Write short note on GST Council?

GST FILING AND PRACTICE
COURSE: GOODS AND SERVICE TAX LAW AND PRACTICE

Unit II Supply under GST and related provisions

STRUCTURE

2.1 SUPPLY: TAXABLE EVENT UNDER GST

2.2 Some Relevant definitions as defined in the CGST Act 2017

2.3 Section 7 of CGST Act 2017: Scope of Supply

2.3.1 Brief analysis of the supply as per section 7 of CGST Act 2017

2.3.2 Another component of Section 7 clause (a) of sub section (1) is that supply should be for Consideration.

2.3.3 Another component of Section 7 clause (a) of sub section (1) is that supply should be for in the course or furtherance of business.

2.3.4 Some Example of the term in the course or furtherance of business.

2.3.5 As per Section 7 clause (c) of sub section (1) Activities to be treated as Supply even if made without consideration SCHEDULE I.

2.3.6 Brief analysis of the Schedule I

2.3.7 Para 3 of Schedule 1

2.3.8 Para 4 of Schedule 1

2.4 SCHEDULE II [Section 7 of CGST Act]

2.5 SCHEDULE III [Section 7 of CGST Act]

2.6 ACTIVITIES OR TRANSACTIONS EXCLUDED THROUGH NOTIFICATIONS

2.7 GST Liability on Composite and Mixed Supplies [Section 8 of CGST Act, 2017]

2.8 Meaning of mixed supply [Section 2(74) of the CGST Act, 2017]

2.1 SUPPLY: TAXABLE EVENT UNDER GST:

Taxable event is very significant matter in every tax law. Its determination is most crucial for the proper implementation of any tax law. Taxable event is that on the happening of which the charge is fixed. It is that event which on its occurrence creates or attracts the liability to tax. The taxable event under GST shall be the supply of goods or services or both made for consideration in the course or furtherance of business. The taxable events under the existing indirect tax laws

such as manufacture, sale, or provision of services shall stand included in the taxable event known as ‘supply.’

The Article 366 (12A) of the Constitutional (101st Amendment) Act, 2016 defines “Goods and Services Tax” as any tax on supply of goods, or services or both, except for taxes on the supply of the alcoholic liquor for human consumption. The taxable event in GST is supply of goods or services or both. Therefore, supply will hold the greatest significance and shall be an important event in determining the taxability of all transaction whether commercial or otherwise under the GST regime.

2.2 Some Relevant definitions as defined in the CGST Act 2017:

- i. **Goods:** means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply Section 2 (52).
- ii. **Principal** means a person on whose behalf an agent carries on the business of supply or receipt of goods or services or both Section 2 (88).
- iii. **Competent authority** means such authority as may be notified by the Government; Section 2 (29).
- iv. **Family” means,** (i) the spouse and children of the person, and (ii) the parents, grandparents, brothers and sisters of the person if they are wholly or mainly dependent on the said person Section 2 (49).
- v. **Business includes—** (a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit; (b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a); (c) any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction; (d) supply or acquisition of goods including capital goods and services in connection with commencement or closure of business; (e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members; (f) admission, for a consideration, of persons to any premises; (g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation; (h) activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club; and;” (i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities; Section 2 (17).
- vi. **Government** means the Central Government Section 2 (53).
- vii. **Local authority** means (a) a “Panchayat” as defined in clause (d) of article 243 of the Constitution; (b) a “Municipality” as defined in clause (e) of article 243P of the Constitution; (c) a Municipal Committee, a Zilla Parishad, a District Board, and any

- other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund; **(d)** a Cantonment Board as defined in section 3 of the Cantonments Act, 2006; **(e)** a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution; **(f)** a Development Board constituted under article 371 and article 371J of the Constitution; **or (g)** a Regional Council constituted under article 371A of the Constitution; Section 2 (69).
- viii. **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; Section 2 (31).
- ix. **Taxable supply** means a supply of goods or services or both which is leviable to tax under this Act Section 2(108).
- x. **Taxable territory** means the territory to which the provisions of this Act apply Section 2(109).
- xi. **Services** means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged; **Explanation:** For the removal of doubts, it is hereby clarified that the expression “services” includes facilitating or arranging transactions in securities 2(102).
- xii. **Supplier** in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied 2(105).
- xiii. **recipient**” of supply of goods or services or both, means **(a)** where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration; **(b)** where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and **(c)** where no consideration is payable for the supply of a service, the person to whom the service is rendered, and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied 2(93).

- xiv. **person**” includes (a) an individual; (b) a Hindu Undivided Family; (c) a company; (d) a firm, (e) a Limited Liability Partnership; (f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India; (g) any corporation established by or under any Central Act, State Act or Provincial Act or a Government company as defined in clause (45) of section 2 of the Companies Act, 2013; (h) any body corporate incorporated by or under the laws of a country outside India; (i) a co-operative society registered under any law relating to co-operative societies; (j) a local authority; (k) Central Government or a State Government; (l) society as defined under the Societies Registration Act, 1860; (m) trust; and (n) every artificial juridical person, not falling within any of the above.
- xv. **Actionable claim** means a claim to any debt, other than a debt secured by mortgage of immovable property or by hypothecation or pledge of movable property, or to any beneficial interest in movable property not in the possession, either actual or constructive, of the claimant, which the Civil Courts recognize as affording grounds for relief, whether such debt or beneficial interest be existent, accruing, conditional or contingent Section 2(1) of the CGST Act read with section 3 of The Transfer of Property Act 1882.
- xvi. **Manufacture** means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term “manufacturer” shall be construed accordingly Section 2(72).
- xvii. **Money** means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any other instrument recognised by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value Section 2(75).
- xviii. **“agent”** means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another Section 2(5).
- xix. **composite supply**” means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. Illustration. — Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply. Section 2(30).

2.3 Section 7 of CGST Act 2017: Scope of Supply

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
 - (b) (b) import of services for a consideration whether or not in the course or furtherance of business; and
 - (c) (c) the activities specified in Schedule I, made or agreed to be made without a consideration,
- (1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

(2) Notwithstanding anything contained in sub-section (1),

(a) activities or transactions specified in Schedule III; or

(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,

shall be treated neither as a supply of goods nor a supply of services.

(3) Subject to the provisions of sub-sections (1), (1A) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as (a) a supply of goods and not as a supply of services; or (b) a supply of services and not as a supply of goods.

2.3.1 Brief analysis of the supply as per section 7 of CGST Act 2017

While the definition of the word ‘supply’ is inclusive, this is because the legislature has carefully chosen the word such as. A plain reading of the description of the word ‘supply’ contained in Section 7(1) would invite any one’s attention to the 8 words – sale, transfer, barter, exchange, license, rental, lease or disposal. Look at these 8 words – they are arranged in a descending order. The last 7 words complete the absoluteness of the word ‘sale’ and / or supply.

The meaning of the word supply and scope of supply as contained in the section 7 can be comprehended by studying the undermentioned boundaries.

- a. Supply should be of either goods or services or both. Supply of anything other than goods or services are out of the preview of the Act, like money, securities etc. do not attract GST.
- b. Supply of goods and services should be done for the consideration.
- c. Supply should be made in the course of furtherance of business.

As per Section 7 clause (a) of sub section (1) includes all types of supply of goods or services or both, such as sale, transfer, barter, exchange, license, rental, lease or disposal. These form of supply is merely illustrative in nature not exhaustive. However, none of the terms has been described in the section. For ease of understanding we have to study the dictionary meaning. These terms are discussed as per follows.

- i. **Sale and Transfer:** the dictionary meaning of the term sale and transfer means transfer of ownership and title of the property from one person to another for a price. Further as per the Sale of Goods Act, 1930, a contract for sale of goods is a contract whereby a seller transfers or agree to transfer the property in the goods to the buyer for a price. The term transfer has been explained in the Black's Law dictionary as to convey or remove from one place, person, etc. to another; pass or hand over from one to another, specifically, to make over the possession or control of.
- ii. **Barter and exchange:** The dictionary meaning of the barter is to exchange goods or services for another goods or services without use of money. The term exchange means to swap, to part with, give or transfer for an equivalent with the use of money. As per black law dictionary exchange has been defined as an act of giving or taking one thing for another. While the term barter deals with the transaction for exchange of goods and services for the another goods and services only. But exchange may cover a situation where goods are paid for partly in goods and partly in the money. When there are barter of the goods the same activity will construed as supply as well as consideration.
- iii. **License, rental, lease or disposal:** The meaning of the term license as defined in the dictionary is the permission given by a competent authority to do business or occupation or engage in the activity which is otherwise unlawful. According to the Black's law dictionary the term disposal has been defined as the sale, pledge, giving away, use, consumption or any bother disposition of the thing. The dictionary meaning of the term rental is an arrangement to rent something or the amount of money a person pay to rent something. The meaning of the term lease is to enter in to a legal agreement by which money is paid for using land, equipment, a vehicle, a building for an agreed period of time.

Under GST laws license, lease and rentals of goods with or without transfer of right to use are under the ambit of the supply of services as there is no transfer of the title in such supplies.

2.3.2 Another component of Section 7 clause (a) of sub section (1) is that supply should be for Consideration. The term consideration has been defined under section 2(31) of the CGST Act 2017 as define above in the section, Some relevant definitions. The dictionary meaning of the term consideration is payment. The consideration need not always be paid in the form of money bit it can be in the form of kind also. Additionally, it is also not necessary

that consideration should always flow from the recipient of the supply, it can also flow from some third person also. **Some exception**, for instance, any subsidy granted by the Central Government or State government is not considered as consideration. Further any deposits received from the customers should not be treated as payments against the supply of the goods or services unless the supplier adjust such deposits as consideration against the supply made.

2.3.3 Another component of Section 7 clause (a) of sub section (1) is that supply should be for in the course or furtherance of business. The term “business” has been defined but the phrase “in the course or furtherance of” has not been dealt with in any manner under the GST law. The literal meaning of the said phrase ‘in the course of or furtherance of ‘is ‘during the act of or in continuation of carrying out such act in future’ Thus, in course or furtherance of Business means either of following: anything done in relation to business, while doing the business or simply a revenue generating ordinary activity of that concern. For understanding the term “in the course or furtherance of business” we have to study the definition of the business as contained in section 2(17) of the CGST Act 2017. The term business as per this section includes any activity/ transaction which is incidental or ancillary to any trade, commerce, manufacture, profession, vocation, adventure, wager (bet) or any other similar activity. Further any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities; shall also be termed as business. For any trade, commerce or any activity or transaction to qualify as business it is not necessary, whether there is volume, frequency, continuity or regularity of such transaction.

2.3.4 Some Example of the term in the course or furtherance of business. (a) A Banking company selling hypothecated assets due to default in debt payment by its borrowers is in the course and furtherance of business. (b) A practicing engineer who is registered under GST sells his personal watch. It doesn't amount to supply as it is not in the course and furtherance of business.

As per the provisions contained in Section 7(1) (b) of the CGST Act, 2017, import of services for a consideration whether or not in the course or furtherance of business shall be considered as a supply. Thus, in general, import of services without consideration shall not be considered as supply. However, business test is not required to be fulfilled for import of service to be considered as supply. This is the only exception to the condition of supply being made in the course and furtherance of business.

2.3.5 As per Section 7 clause (c) of sub section (1) Activities to be treated as Supply even if made without consideration SCHEDULE I

1) Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.

2) Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business:

Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

3) Supply of goods—(a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.

4) Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

2.3.6 Brief analysis of the Schedule I

According to Para 1 of the first schedule if there is transfer or disposal of the assets on the permanent basis by an entity even without any consideration, the same will qualify as supply. However, it is pertinent to note that such transaction will be termed as supply only if the input tax credit has been availed on such assets. So, the assets on which input tax credit is blocked / not available in the GST or where input credit is available but the registered person has not claimed such credit and if these assets are sold without any consideration they will not be treated as supply, hence not covered under para 1 of Schedule I.

According to the para 2 of the first schedule, Supply of goods or services or both between related persons or between distinct persons as specified in section 25 will qualify as supply even made without any consideration provided made it is made in the course or furtherance of business. The term related person and distinct person is of importance and the same is discussed here under.

Related Person: if a person is under the influence of another person is called related person like members of the same family [see the relevant definition of family given above] or subsidiaries of a group companies. There are number of categories defined under the GST Act in regard to the related person. The term related person has been described in the explanation to section 15.

Distinct Person: Under GST a new concept of distinct person is added. According to this concept if a person has obtained or is required to obtain more than one registration, whether in one state or union territory or more than one state or union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act. Where a person who has obtained or is required to obtained registration in a state or union territory in respect of an establishment has an establishment in another state or union territory, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act. As per Section 25(2) of the GST Act every person shall obtain one registration per State. Proviso to section 25(2) provides that a person having multiple business verticals may obtain separate registration for each business vertical in the State. Therefore, under GST same establishment or offices or branches or godown which are situated outside the state are treated as distinct person and inter-state supply also chargeable under GST i.e. IGST is payable here. Therefore, when two units of

the same business have taken different registration, then they will be considered as a distinct entity/ person as per the GST law. The laws relating to filing of returns and other compliance procedures shall apply to both of them separately. **Hence, Distinct persons can be :-** • An establishment in India and an establishment outside India • An establishment in one state or a union territory and an establishment in another state or union territory. For example, if A (in Bangalore) has branches in Germany and Maharashtra, the branches in Maharashtra and Germany will both be distinct persons/ entities. If A has another component B which is different from A and has obtained a different GST registration, A and B will be distinct entities. The supply stated above is covered under Schedule I of the GST Act and as per this schedule, when a supply is made between distinct persons during the course of business, it is considered as a supply even when there is no consideration. Therefore, these transactions are considered as taxable supply. Example- stock transfers made between distinct units, even if without a consideration will be a taxable supply.

Employer and employees are also related person as per the definition of related person given above. However, the services provided by the employees to their employees in the course of employment are not treated as supply. Gifts fit this definition well as they are gratuitous in nature. Supply between related persons, even without consideration shall be subject to GST and this has been elaborated in Schedule I. However, Schedule I (para 2) has a carve out for gifts where the value is less than Rs. 50,000. If the value of a gift is more than Rs. 50,000, the entire amount shall be subject to GST. The power to tax these transactions comes from Sec. 7(1c) which states that 'activities specified in Schedule I, made or agreed to be made without a consideration' shall be subject to GST.

2.3.7 Para 3 of Schedule 1, also mentioned about the supply of good by the principal to its agent and vice- versa even if there is no consideration. The crucial component for covering a person within the ambit of the term “agent” under the CGST Act is corresponding to the representative character identified in the definition of “agent” under the Indian Contract Act, 1872. As per clause (88) of section 2 of the CGST Act, “principal” means a person on whose behalf an agent carries on the business of supply or receipt of goods or services or both. **Key ingredient to determine Principal-agent relationship.** The crucial factor is how to determine whether the agent is wearing the representative hat and is supplying or receiving goods on behalf of the principal. Since in the commercial world, there are various factors that might influence this relationship, it would be more prudent that an objective criterion is used to determine whether a particular principal-agent relationship falls within the ambit of the said entry or not.

Thus, the key ingredient for determining relationship under GST would be whether the invoice for the further supply of goods on behalf of the principal is being issued by the agent or not. 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 the said entry. 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 Schedule I of the CGST Act.

Similarly, where the goods being procured by the agent on behalf of the principal, 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. Thus an activity would be called as supply even if made without consideration (i.e. would fall in Schedule-I) when the so called 'agent' raises his own invoice at the time of sale on behalf of principal or receives invoice in his own name from vendors for purchase on behalf of his principal.

2.3.8 Para 4 of Schedule 1, any import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business should be treated as supply under the GST Act.

Section 7(1A) of the CGST Act described certain transactions which constitutes either as supply of goods or services. Schedule II to the CGST Act contains list of activities or transactions which have been classified either as supply of goods or services. This helps in easing the uncertainties which existed in earlier laws. The matter which has been listed in schedule II are mainly those that have been stuck up under litigation because of their complex nature vulnerability to double taxation.

2.4 SCHEDULE II [Section 7 of CGST Act]

¹“Activities or Transactions” to be treated as Supply of Goods or Supply of Services CGST Act 2017

1) Transfer

(a) any transfer of the title in goods is a supply of goods;

(b) any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services;

(c) any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, is a supply of goods.

2) Land and Building

(a) any lease, tenancy, easement, licence to occupy land is a supply of services;

(b) any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services.

3) Treatment or process Any treatment or process which is applied to another person's goods is a supply of services.

4) Transfer of business assets

(a) where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, such transfer or disposal is a supply of goods by the person;

(b) where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, the usage or making available of such goods is a supply of services;

(c) where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless—

(i) the business is transferred as a going concern to another person; or

(ii) the business is carried on by a personal representative who is deemed to be a taxable person.

5) Supply of services

The following shall be treated as supply of services, namely: —

(a) renting of immovable property;

(b) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.

Explanation. —For the purposes of this clause—

(1) the expression “competent authority” means the Government or any authority authorised to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely:

(i) an architect registered with the Council of Architecture constituted under the Architects Act, 1972; or

(ii) a chartered engineer registered with the Institution of Engineers (India); or

(iii) a licensed surveyor of the respective local body of the city or town or village or development or planning authority;

(2) the expression “construction” includes additions, alterations, replacements or remodelling of any existing civil structure;

(c) temporary transfer or permitting the use or enjoyment of any intellectual property right;

(d) development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;

(e) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act; and

(f) transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

6) Composite supply

The following composite supplies shall be treated as a supply of services, namely: —

(a) works contract as defined in clause (119) of section 2; and

(b) 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), where such supply or service is for cash, deferred payment or other valuable consideration.

7) Supply of Goods

The following shall be treated as supply of goods, namely:—

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

As per Section 7 of sub section (2) there are certain activities that are items not covered as supply under GST. They are beyond the scope of GST, i.e., GST will not apply to them as they are neither supply of goods nor services in the first instance. Thus these activities / transaction mentioned in the III schedule is termed as Non- Supplies under GST regime. These activities are also similar to the negative list under the erstwhile Service Tax regime. The transactions are classified under the Schedule III of the GST Act as “Neither goods nor services”. It is also

pertinent to note that some activities/ transactions have been notified by the Government as Non-supplies apart from the Schedule III which has been notified through various notifications.

2.5 SCHEDULE III [Section 7 of CGST Act]

Activities or Transactions which shall be treated neither as a Supply of Goods nor a Supply of Services

- 1) Services by an employee to the employer in the course of or in relation to his 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 Members of Parliament, Members of State Legislature, Members of Panchayats, 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 in that capacity; or
(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 the commencement of this clause.
- 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.

Explanation. —For the purposes of paragraph 2, the term “court” includes District Court, High Court and Supreme Court.

7. Merchanting Trade Transactions: - 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.**

8. (a) Supply of warehoused goods to any person before clearance for home consumption; *{The expression “warehoused goods” shall have the same meaning as assigned to it in the Customs Act, 1962.}*

8. (b) High Sea Sales: – 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.

2.6 ACTIVITIES OR TRANSACTIONS EXCLUDED THROUGH NOTIFICATIONS

Other than Schedule-III, some activities are notified through various notifications which shall be treated neither as a supply of goods nor a supply of service. These activities are given below: -

- “Services by way of any activity in relation to a function entrusted to a Panchayat under article 243G of the Constitution” undertaken by the Central Government or State Government or Union territory or any local authority in which they are engaged as public authority.
- “Services by way of any activity in relation to a function entrusted to a Municipality under article 243W of the Constitution” undertaken by the Central Government or State Government or Union territory or any local authority in which they are engaged as public authority.
- “Service 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” undertaken by the State Governments in which they are engaged as public authorities.

Inter State movement of various modes of conveyance between distinct person including- Trains, Buses, Trucks, Tankers, Trailers, Vessels, Containers, Aircrafts. These conveyance carrying goods or passengers or both or for repair and maintenance.

2.7 GST Liability on Composite and Mixed Supplies [Section 8 of CGST Act, 2017]

The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:

- a) A composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and
- b) A mixed supply comprising two or more supplies shall be treated as a supply of that particular supply that attracts highest rate of interest.

1. Meaning of Composite Supply in GST [Section 2(30) of the CGST Act, 2017]

"Composite supply" is a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. This means that in a composite supply, goods or services or both are bundled owing to natural necessities. The elements in a composite supply are dependent on the 'principal supply'. "Principal supply" 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, 2017]. It shall be

treated as supply of the principal supply and applicable GST rate for principal supply will be charged.

Examples: (1) Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is the principal supply. (2) When a customer purchases a car and he also gets warranty and a maintenance contract with the car, it is a composite supply. In this example, supply of car is the principal supply, whereas warranty and maintenance services are ancillary.

2.8 Meaning of mixed supply [Section 2(74) of the CGST Act, 2017]

"Mixed supply" means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply. A supply can be a mixed supply only if it is not a composite supply. As a corollary it can be said that if the transaction consists of supplies not naturally bundled in the ordinary course of business then it would be a mixed supply. It shall be treated as a supply which attracts the highest rate of tax.

Examples A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

REVIEW QUESTIONS

1. Define the following terms as defined in the CGST Act 2017
 - a. Business.
 - b. Local authority
 - c. Consideration
 - d. Services
 - e. Recipient
 - f. Person
 - g. composite supply
2. Explain in details Section 7 of CGST Act 2017 in regards to Scope of Supply.
3. What are the items covered in schedule II?
4. What are the activities or transactions specified in Schedule III?
5. What is the meaning of Mixed Supply? How it is different from Composite Supply?

Unit III Charge of GST and relevant Definitions

STRUCTURE

3.1 Introduction.

3.2 Some Relevant definitions as defined in the CGST Act 2017.

3.3 Extent and commencement of GST Law.

3.3.1 The Central Goods and Services Tax Act, 2017 extends to the whole of India Section 1 of CGST Act 2017.

3.3.2 The Integrated Goods and Service Tax Act, 2017 extends to the whole of India Section 1 of IGST Act 2017.

3.3.3 Union Territory Goods and Service Tax Act, 2017 extends to the Union Territory.

3.4 Section 9 of CGST Act 2017: Levy and Collection.

3.5 Reverse Charge Mechanism.

3.5.1 When is Reverse Charge Applicable?

3.6 Supply from an unregistered dealer to a registered dealer.

3.7 Supply of services through an e-commerce operator.

3.8 Composition levy Section 10 of CGST Act 2017

3.8.1 Analysis and interpretation

3.9 Composition scheme supplier cannot collect tax Section 10(4)

3.1 Introduction

The very basis of charge of any tax in any taxing statute is the happening of the taxable event i.e. occurrence of the event which triggered the levy of tax. As discussed in the **Unit II** the taxable event is SUPPLY. For levying GST on supplies of goods and services on the intra-state basis CGST and SGST/ UTGST are levied. IGST is levied on all the inter-state supplies.

Intra-state supplies of Goods and Services is when the location of the supplier and the place of supply i.e., location of the buyer are in the same state. In Intra-State transactions, a seller has to collect both CGST and SGST from the buyer. The CGST gets deposited with the Central Government and SGST gets deposited with the State Government.

Inter-state supplies of Goods and Services is when the location of the supplier and the place of supply are in different states or two different Union Territories or one state and other Union Territories. Also, in cases of export or import of goods or services or when the supply of goods or services is made to or by a SEZ unit, the transaction is assumed to be Inter-State. In an Inter-State transaction, a seller has to collect IGST from the buyer.

3.2 Some Relevant definitions as defined in the CGST Act 2017:

- i.** “central tax” means the central goods and services tax levied under section 9 of the CGST Act Section 2 (21).
- ii.** “integrated tax” means the integrated goods and services tax levied under the Integrated Goods and Service Tax Act Section 2 (58).
- iii.** “goods” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply Section 2 (52).
- iv.** “exempt supply” means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 Integrated Goods and Service Tax Act, and includes non-taxable supply Section 2 (47).
- v.** “aggregate turnover” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess Section 2 (6).
- vi.** “recipient” of supply of goods or services or both, means—**(a)** where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration; **(b)** where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and **(c)** where no consideration is payable for the supply of a service, the person to whom the service is rendered, and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied Section 2 (93).

- vii. “reverse charge” means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under sub-section (3) or sub-section (4) of section 9, or under sub-section (3) or sub-section (4) of section 5 Integrated Goods and Service Tax Act, Section 2 (98).
- viii. “services” means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged; Section 2 (102).
“Explanation. - For the removal of doubts, it is hereby clarified that the expression “services” includes facilitating or arranging transactions in securities;”.
- ix. “supplier” in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied Section 2 (105).
- x. “taxable supply” means a supply of goods or services or both which is leviable to tax under this Act Section 2 (108).
- xi. “non-taxable supply” means a supply of goods or services or both which is not leviable to tax under this Act or under The Integrated Goods and Service Tax Act, Section 2 (78).
- xii. “taxable person” means a person who is registered or liable to be registered under section 22 or section 24; Section 2 (107).

3.3 Extent and commencement of GST Law.

3.3.1 The Central Goods and Services Tax Act, 2017 extends to the whole of India Section 1 of CGST Act 2017.

“India” means the 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, and the air space above its territory and territorial waters; Section 2 (56) of CGST Act 2017.

State GST Law of the respective state / UT with Legislature extends to whole of that State/ Union Territory. “State” includes a Union territory with Legislature; Section 2 (103) of CGST Act 2017.

3.3.2 The Integrated Goods and Service Tax Act, 2017 extends to the whole of India Section 1 of IGST Act 2017.

3.3.3 Union Territory Goods and Service Tax Act, 2017 extends to the Union Territory

Union territory” means the territory of—

- (a) the Andaman and Nicobar Islands;

- (b) Lakshadweep;
- c) Dadra and Nagar Haveli and Daman and Diu;
- d) Ladakh;
- (e) Chandigarh; and
- (f) other territory. Explanation. —For the purposes of this Act, each of the territories specified in sub-clauses (a) to (f) shall be considered to be a separate Union territory; Section 2(114) of the CGST Act.

3.4 Section 9 of CGST Act 2017: Levy and Collection

Provisions under **Section 9** of the Central Goods and Services Tax (CGST) Act, 2017 relating to “**Levy and Collection**”, are as under:

Section 9 of CGST Act 2017: Levy and Collection (CHAPTER III – LEVY AND COLLECTION OF TAX)

(1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent, as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

(2) The central tax on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.

(3) The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

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

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:

Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax.

CGST and SGST /UTGST will be applicable on all the goods intra-state supply of goods and services. The tax shall be payable by a taxable person in a manner prescribed. However, it is important to note that intra-state supply of alcoholic liquor for human consumption is outside the preview of CGST. All these taxes will be levied in accordance with Transaction value as laid down in section 15 of the CGST Act. Rates of CGST are the rates as may be notified by the Government on the recommendation of the GST Council.

On the inter-state supplies of goods and services, Integrated Goods and Service Tax is levied on the transaction value as laid down in Section 15 of the CGST Act. As supply of alcoholic liquor for human consumption is outside the preview of GST law, IGST is also not leviable on the same. IGST is the sum total of CGST and SGST/ UTGST.

However, CGST/IGST is not leviable on the following items as no tax rate has been prescribed. It shall be levied from the date as may be notified by the government on the recommendations of the Council in this behalf. Items like high speed diesel, motor spirit (petrol), natural gas, aviation turbine fuel and petroleum crude on which GST will be leviable as may be prescribed by the GST Council.

3.5 Reverse Charge Mechanism: Typically, the supplier of goods or services pays the tax on supply. Under the reverse charge mechanism, the recipient of goods or services becomes liable to pay the tax, i.e., the chargeability gets reversed. CGST /IGST shall be paid by the recipient of the goods or services or both. Under this mechanism all the provisions of the CGST/ IGST Act shall be made applicable to the recipient of the goods as he is the person liable for paying the tax on such goods or services or both. It is pertinent to note here that ultimate principle of indirect tax is that to pass on the burden of tax to the recipient of the goods or services. Under the normal circumstances, the statutory liability to pay taxes and comply with all the legal formalities is of supplier of the goods, as he has to recover the tax from the recipient and deposit the same with the Government. But in the reverse charge mechanism this onus is shifted from the supplier to the recipient of the goods or services or both. The objective of shifting the burden of GST payments to the recipient is to widen the scope of levy of tax on various unorganized sectors, to exempt specific classes of suppliers, and to tax the import of services (since the supplier is based outside India).

3.5.1 When is Reverse Charge Applicable? Section 9(3), 9(4) and 9(5) of Central GST and State GST Acts govern the reverse charge scenarios for intrastate transactions. Also, sections

5(3), 5(4) and 5(5) of the Integrated GST Act govern the reverse charge scenarios for inter-state transactions. Supply of certain goods and services which are subject to reverse charge as specified by the CBIC. As per the powers conferred in section 9(3) of CGST Acts, the CBIC has issued a list of goods and services on which reverse charge is applicable.

3.6 List of Goods under RCM in GST

Following goods have been notified by the Central Government where the recipient of goods shall be liable to pay GST under RCM: -

Sr. No.	Description of supply of Goods	Supplier of Goods	Recipient of Goods
1	Cashew nuts (not shelled or peeled)	Agriculturist	Any registered person
2	Bidi Wrapper Leaves (tendu), Tobacco Leaves	Agriculturist	Any registered person
3	Silk Yarn	Manufacturer of silk yarn from raw silk or silk worm cocoons	Any registered person
4	Lottery	State Government, Union Territory or local authority	Lottery distributor or selling agent
5	Raw Cotton	Agriculturist	Any registered person
6	Used vehicles, seized and confiscated goods, old and used goods, waste and scrap	Central Government, State Government, Union Territory or local authority	Any registered person

3.7 List of services under RCM in GST

Following is the list of services where the recipient of services shall be liable to pay GST under reverse charge: -

Sr. No.	Description of supply of Goods	Supplier of Goods	Recipient of Goods
1	Goods Transport Agency (GTA) services by road	Goods Transport Agency	Any factory, society, cooperative society, registered person under GST, body corporate, partnership

			firm including AOP, casual taxable person located in the taxable territory
<ul style="list-style-type: none"> If a department of central/ state government/ union territory or local authority etc. (who has obtained registration under GST as TDS deductor) receives services of transportation by road from GTA, no GST is payable thereon. 			
2	Legal services provided directly or indirectly, by advocate including a senior advocate or firm of advocates	An individual advocate including a senior advocate or firm of advocates	Any business entity located in the taxable territory shall be liable under reverse charge.
<ul style="list-style-type: none"> Meaning of Legal services: - 'Legal services' means any service provided in relation to advice, consultancy or assistance in any manner and includes representational services before any court, tribunal or authority. Services provided by senior advocate to any other advocate or firm of advocates are not exempt and are liable for GST under forward charge mechanism. 			
3	Services provided by an arbitral tribunal to a business entity	An Arbitral Tribunal	Any business entity located in the taxable territory.
4	Sponsorship services provided to any Body corporate or partnership firm	Any person	Any Body Corporate or partnership firm located in taxable territory.
5	Services supplied by the Central Government, State Government, Union Territory or local authority to a business entity excluding: <ul style="list-style-type: none"> Renting of immovable property Services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person 	Central or State Government, Union Territory, Local Authority	Any Business Entity located in the taxable territory.

	<p>other than Central Government or State Government, or Union Territory or local authority.</p> <ul style="list-style-type: none"> • Services in relation to an aircraft or vessel, inside or outside the precincts of a port or airport • Transport of goods or passengers 		
5A	Renting of immovable property services by Central Government, State Government, Union Territory or Local Authority <u>to a person registered under GST</u>	Central or State Government, Union Territory, Local Authority.	Any person registered under CGST Act 2017
5B	Transfer of development rights or Floor Space Index (FSI) (including additional FSI) for construction of a project by a promoter	Any Person	Promoter
5C	Long Term Lease (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.	Any Person	Promoter
6	Services supplied by a director of a company or a body corporate to the said company or body corporate	A director	The company or body corporate located in the taxable territory.
7	Services by an insurance agent to any person carrying on insurance business	Insurance Agent	Any person carrying on insurance business
8	Recovery Agent Services to a bank or financial institution or NBFC	Recovery Agent	Bank or Financial Institution or NBFC

9	Copyright services by a music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copy right covered under section 13(1)(a) of the Copyright Act 1957, relating to original dramatic, musical or artistic works to a music company, producer or the like	Music Composer, Photographer, artist or the like	Music Company, producer or the like located in the taxable territory
9A	Supply of services by an author 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 works to a publisher	Author of original literary work	Publisher located in the taxable territory.
Note: -			
<ul style="list-style-type: none"> If the author is registered under CGST Act, he can exercise the option to pay tax under forward charge. For this, he will have to file a declaration in prescribed form that he exercises the option to pay tax under forward charge and that he shall not withdraw the option within a period of 1 year from the date of exercising such option. Further, the author will have to make declaration in the invoice issued by him in prescribed form to the publisher. 			
10	Supply of services by the members of Overseeing committee to RBI	Members of Overseeing Committee constituted by RBI	Reserve Bank of India
11	Supply of services by individual Direct Selling Agents (DSA) other than a body corporate, partnership or LLP to a bank or NBFC	Individual DSA other than a body corporate, partnership or LLP to a bank or NBFC	Banking company or NBFC located in taxable territory
12	Services provided by a business facilitator to a banking company	Business Facilitator	Banking company located in taxable territory
13	Services provided by an agent of business correspondent to business correspondent	An agent of business correspondent	Business Correspondent located in taxable territory
14	Security services (by way of supply of security personnel)	Any person other than body corporate	Registered Person located in taxable

			territory
<p>Note:</p> <p>Nothing contained in this entry shall apply to: -</p> <ul style="list-style-type: none"> • A department or establishment of Central/ State Government or Union Territory or local authority or Government agencies, who have taken registration as 'Tax Deductor' u/s 51 of CGST Act and not for supply of goods or services and • Registered person registered under Composition Scheme u/s 10 of CGST Act. 			
15	Services provided 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 to a body corporate	Any person other than body corporate, who supplies the service to a body corporate and does not issue an invoice charging CGST @ 6% plus SGST to the service recipient	Any body corporate located in the taxable territory
16	Services of lending of securities under Securities Lending Scheme, 1997 of SEBI	Lender i.e. a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the scheme of SEBI	Borrower i.e. a person who borrows the securities under the scheme through an approved intermediary of SEBI

All the goods and services notified for RCM purposes have also been notified under IGST Act. Further, the following additional services are also notified under IGST Act for levy of IGST under reverse charge: -

Nature of supply of services	Supplier of services	Recipient of services
Services supplied by a person located in non-taxable	A person located in the non-	Importer located in the taxable

territory by way of transportation of goods by vessel from a place outside India up to the customs station of clearance in India	taxable territory	territory
Any service supplied by any person located in a non-taxable 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

3.8 Supply from an unregistered dealer to a registered dealer.

Section 9(4) of the CGST Act states that if a vendor is not registered under GST, supplies goods to a person registered under GST, then reverse charge would apply. This means that the GST will have to be paid directly by the receiver instead of the supplier. The registered buyer who has to pay GST under reverse charge has to do self-invoicing for the purchases made. In intra-state purchases, CGST and SGST have to be paid under reverse charge mechanism (RCM) by the purchaser. Also, in the case of inter-state purchases, the buyer has to pay the IGST. The government notifies the list of goods or services on which this provision gets attracted from time to time.

Supply of services through an e-commerce operator

All types of businesses can use e-commerce operators as an aggregator to sell products or provide services. Section 9(5) of the CGST Act states that if a service provider uses an e-commerce operator to provide specified services, the reverse charge will apply to the e-commerce operator and he will be liable to pay GST. This section covers the services such as: **Transportation services** to passengers by a radio-taxi, motor cab, maxi cab and motorcycle. For example – Ola, Uber. Providing accommodation services 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 due to turnover exceeding the threshold limit. For example – Oyo and Make MyTrip. **Housekeeping services**, such as plumbing and carpentering, except where the person supplying such services through electronic commerce operators are liable for registration due to turnover beyond the threshold limit. For example, Urban Company provides the services of plumbers, electricians, teachers, beauticians etc. In this case, Urban Company is liable to pay GST and collect it from the customers instead of the registered service providers. Also, suppose the e-commerce operator does not have a physical presence in the taxable territory. In that case, a person representing such an electronic commerce operator will be liable to pay tax for any

purpose. If there is no representative, the operator will appoint a representative who will be held liable to pay GST.

Composition levy Section 10 of CGST Act 2017

(1) Notwithstanding anything to the contrary contained in this Act but subject to the provisions of sub section (3) and (4) of section 9, a registered person, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees, may opt to pay, in “in lieu of the tax payable by him under sub-section (1) of section 9, an amount of tax calculated at such rate” under sub-section (1) of section 9, an amount of tax calculated at such rate as may be prescribed, but not exceeding,—

- (a) one per cent. of the turnover in State or turnover in Union territory in case of a manufacturer,
- (b) two and a half per cent. of the turnover in State or turnover in Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II, and
- (c) half per cent. of the turnover in State or turnover in Union territory in case of other suppliers, subject to such conditions and restrictions as may be prescribed:

Provided that the Government may, by notification, increase the said limit of fifty lakh rupees to such higher amount, not exceeding one crore and fifty lakh rupees, as may be recommended by the Council.

Provided further that a person who opts to pay tax under clause (a) or clause (b) or clause (c) may supply services (other than those referred to in clause (b) of paragraph 6 of Schedule II), of value not exceeding ten per cent. of turnover in a State or Union territory in the preceding financial year or five lakh rupees, whichever is higher.⁹

Explanation. — For the purposes of second proviso, the 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 shall not be taken into account for determining the value of turnover in a State or Union territory.

(2) The registered person shall be eligible to opt under sub-section (1), if: —

- (a) save as provided in sub-section (1), he is not engaged in the supply of services;¹¹
- (b) he is not engaged in making any supply of goods or services which are not leviable to tax under this Act;
- (c) he is not engaged in making any inter-State outward supplies of goods or services;
- (d) he is not engaged in making any supply of goods or services through an electronic commerce operator who is required to collect tax at source under section 52.
- (e) he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council; and

(f) he is neither a casual taxable person nor a non-resident taxable person:

Provided that where more than one registered persons are having the same Permanent Account Number (issued under the Income-tax Act, 1961), the registered person shall not be eligible to opt for the scheme under sub-section (1) unless all such registered persons opt to pay tax under that sub-section.

(2A) Notwithstanding anything to the contrary contained in this Act, but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, not eligible to opt to pay tax under sub-section (1) and sub-section (2), whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees, may opt to pay, in lieu of the tax payable by him under sub-section (1) of section 9, an amount of tax calculated at such rate as may be prescribed, but not exceeding three per cent. of the turnover in State or turnover in Union territory, if he is not—

(a) engaged in making any supply of goods or services which are not leviable to tax under this Act;

(b) engaged in making any inter-State outward supplies of goods or services;

(c) engaged in making any supply of goods or services through an electronic commerce operator who is required to collect tax at source under section 52;

(d) a manufacturer of such goods or supplier of such services as may be notified by the Government on the recommendations of the Council; and

(e) a casual taxable person or a non-resident taxable person:

Provided that where more than one registered person are having the same Permanent Account Number issued under the Income-tax Act, 1961, the registered person shall not be eligible to opt for the scheme under this sub-section unless all such registered persons opt to pay tax under this sub-section.”;

(3) The option availed of by a registered person under sub-section (1) or sub-section (2A), as the case may be, shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit specified under sub-section (1) ²⁰ or sub-section (2A), as the case may be,

(4) A taxable person to whom the provisions of sub-section (1) or, as the case may be, sub-section (2A) apply shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.

(5) If the proper officer has reasons to believe that a taxable person has paid tax under sub-section (1) “or sub-section (2A), as the case may be, despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of section 73 or section 74 shall, mutatis mutandis, apply for determination of tax and penalty.]

Explanation 1.— For the purposes of computing aggregate turnover of a person for determining his eligibility to pay tax under this section, the expression “aggregate turnover” shall include the value of supplies made by such person from the 1st day of April of a financial year upto the date when he becomes liable for registration under this Act, but shall not include the 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.

Explanation 2. — For the purposes of determining the tax payable by a person under this section, the expression “turnover in State or turnover in Union territory” shall not include the value of following supplies, namely: —

- (i) supplies from the first day of April of a financial year upto the date when such person becomes liable for registration under this Act; and
- (ii) 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.

3.8.1 Analysis and interpretation

This Section provides for a registered person to opt for the composition scheme and pay taxes accordingly. The person opting the scheme required to fulfil conditions attached thereto. The conditions, restrictions, procedures and the documentation in respect of this scheme are contained in Chapter II of the Central Goods and Service Tax Rules, 2017 from Rule 3 to Rule 7 (Composition Rules).

Tax payment under this scheme is an option available to the taxable person. This scheme would be available only to certain eligible persons.

(a) Payment of tax: The composition scheme offers to a registered person, the option to remit taxes on the turnover as against outward supply-wise payment of taxes. In other words, the registered person opting to pay tax under the composition scheme needs only to ascertain the aggregate value of outward taxable supplies, and compute the tax thereon at a fixed rate, regardless of the actual rate of tax applicable on the said outward supply. The rate of tax prescribed in this regard is as under:

- i. In case of manufacturers: 1% (0.5% CGST+ 0.5% SGST) of the turnover in the State/UT.
- ii. In case of food/restaurant services: 5% (2.5% CGST+ 2.5% SGST) of the turnover in the State/UT (i.e., in case of composite supply of service specified in Entry 6(b) of Schedule II);
- iii. In case of other suppliers: 1% (0.5% CGST+ 0.5% SGST) of the turnover of taxable supplies in the State/UT (such as like traders, agents for supply of goods, etc.)

(b) Eligibility to pay tax under composition scheme: The conditions for eligibility to opt for payment of tax under the composition scheme is as follows:

Registered persons having an ‘aggregate turnover’ as defined under Section 2(6) of the Act (i.e., aggregate of turnovers across all States under the same PAN, including exempt supplies, supplies specified under Schedule I, etc.) does not exceed the prescribed limit in the preceding financial year will be eligible to opt for payment of tax under the composition scheme. Please refer to the discussion on aggregate turnover as explained in the definitions Chapter for a better understanding of the expression. In this regard, the following may be noted:

1. The prescribed threshold limit is Rs. 1 crore (and Rs. 75 lacs in case of Special Category States being Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Himachal Pradesh); The prescribed threshold limit is Rs. 1.5 crores (including States of Jammu & Kashmir, Assam, Uttarakhand and Himachal Pradesh).
2. The aggregate turnover of the registered person should not exceed the said prescribed limit during the financial year in which the scheme has been availed;
3. The ‘aggregate turnover’ as computed for a composition taxpayer shall not include any interest income, which is earned by way of supply of services such as extending deposits, etc. where such interest or discount is exempted under the GST Law.

3.8.2 Turnover limit in case of composition levy for services

Section 10(2A) provides the required turnover limit in the preceding financial year which is Rs 50 lakhs for becoming eligible for composition levy for services. Further, the option exercised for the levy for composition scheme shall lapse with effect from the day on which his aggregate turnover in a financial year exceeds Rs 50 lakhs Section 10(3).

Person who are not eligible to opt for composition Scheme.

Registered person who are not eligible for composition Scheme for goods.	Registered person who are not eligible for composition Scheme for services.
Supplier who are engaged in making any supply of goods which are not leviable to tax.	Supplier who are engaged in making any supply of any goods or services which are not leviable to tax.
Supplier who are engaged in making any inter-state outward supply of goods	Supplier who are engaged in making any inter-state outward supply of goods or services
Person supplying any goods through an e-commerce operator who are required to collect tax under source under section 52.	Person supplying any goods or services through an e-commerce operator who are required to collect tax under source under section 52.
Manufacturer of pan masala, ice cream, tobacco and aerated water.	Manufacturer of notified goods (pan masala, ice cream, tobacco and aerated water) or supplier of notified services.
Supplier who is either a casual taxable person	Supplier who is either a casual taxable person

or a non-resident taxable person.	or a non-resident taxable person.
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3.9 Composition scheme supplier cannot collect tax Section 10(4)

Taxable person who has opted Composition scheme shall not collect tax from the recipient of the services on supplies made to him. Therefore, A composition supplier cannot issue tax invoice. Further, Taxable person who has opted Composition scheme cannot avail any input tax credit.

Imposition of penalty in case of irregular availment of the composition Scheme Section 10(5)

If taxable person has paid any tax under the composition scheme though he was not eligible for the same, the person would be liable to pay penalty as per the provisions of section 73 or 74 of the CGST Act 2017. Tax and penalty shall be determined accordingly.

REVIEW QUESTIONS

1. Define the following terms as per CGST Act 2017.
 - a. Central Tax.
 - b. Reverse charge
 - c. Non-taxable supply
 - d. Aggregate turnover
2. Briefly define the provisions in relation to Section 9 of CGST Act 2017.
3. What is the difference between inter-state and intra-state supply of goods and services?
4. What is Reverse Charge mechanism, Elaborate the main points?
5. What is an e-commerce operator? Discuss the same?
6. Who is eligible for composition scheme?
7. Briefly discuss Section 10 in relation to composition scheme.

GST FILING AND PRACTICE
COURSE: **GOODS AND SERVICE TAX LAW AND PRACTICE**

UNIT VI TIME AND VALUE OF SUPPLY

STRUCTURE

4.1 Introduction.

4.2 Some Relevant definitions as defined in the CGST Act 2017

4.3 Section-A Time of supply

- i. Section 12 – Time of supply of goods under CGST Act 2017
- ii. Section 31 of GST – Tax invoice (to the extent these provisions applicable to the time of supply of goods)
- iii. Below mentioned is the discussion of Section 12(2) read with section 31
- iv. Time limit for issuance of invoice for supply of goods under section 31
- v. Time of supply goods under reverse charge [SECTION 12(3)]
- vi. Time of supply for vouchers negotiable for goods Section 12(4)
- vii. When time of supply cannot be determined i.e. in residual cases Section 12(5)
- viii. Time of Supply in relation to enhancement of value of supply by way of Interest, late fees etc. [Section 12(6) of CGST Act, 2017]
- ix. Section 13 – Time of supply of services under CGST Act 2017.
- x. Time limit for issuance of invoice for supply of services under section 31
- xi. CHAPTER VI - TAX INVOICE, CREDIT AND DEBIT NOTES, Rule 47 - Time limit for issuing tax invoice
- xii Below mentioned is the discussion of Section 13(2) read with section 31
- xiii Time of supply services under reverse charge [SECTION 13(3)]
- xiv. Time of supply for vouchers negotiable for services Section 13(4)
- xv. When time of supply cannot be determined i.e. in residual cases Section 13(5)
- xvi. Time of Supply in relation to enhancement of value of supply by way of Interest, late fees etc. [Section 13(6) of CGST Act, 2017]

4.1 Introduction:

GST is payable on the supply of goods and services. As a supplier a person performs different functions like receipt of purchase order, processing of purchase order, agreements, procurement of goods, provision for of services, delivery of goods, entry the transactions in the records, payment, entering the payment in the banks. So, these are some activities which are performed

by a supplier. Now a question need to be answered, at what point of time the liability to pay GST arises? Whether the GST is payable at the time of agreement with the buyer of the goods or services, or at the time of receipt of the payment, or at the time of the dispatch of the goods or performance of the services or at the time of the issue of the invoice. What if the goods or services are to be supplied / provided over a certain period of time? To answer all the queries, we have to study provisions in regards to the Time of Supply. It is pertinent note that although liability to pay taxes arises at the time of the supply but the same can be discharged by payment of GST on or before the due date to the Government. For instance, the supply of goods or services is done on 21st of June but the liability can be discharged up to 20th of July in the next month.

The provisions in regards to determining the time of supply in regard to the supply of goods or services or both is laid down in section 12 and section 13 of the CGST Act. Further, section 14 of the Act has laid down the method for ascertaining the time of supply when there is a change in the rate of tax on supply of goods or services. In the case of reverse charge mechanism, the date of receipts of the goods, date of payment, date of issue of invoice are the crucial point to determine time of supply.

4.2 Some Relevant definitions as defined in the CGST Act 2017

- xx. “associated enterprises” shall have the same meaning as assigned to it in section 92A of the Income-tax Act, 1961; Section 2 (12).
- xxi. document” includes written or printed record of any sort and electronic record as defined in clause (t) of section 2 of the Information Technology Act, 2000; Section 2 (41).
- xxii. “invoice” or “tax invoice” means the tax invoice referred to in section 31; Section 2 (66)
- xxiii. goods” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply; Section 2 (52)
- xxiv. reverse charge” means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under sub section (3) or sub section (4) of section 9, or under section (3) or sub section (4) of section 5 of the Integrated Goods and Service Tax Act. Section 2(98)
- xxv. recipient” of supply of goods or services or both, means—
 - (a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
 - (b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and

- (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered, and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied; Section 2(93).
- xxvi. services” means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged; **Explanation.** - For the removal of doubts, it is hereby clarified that the expression “services” includes facilitating or arranging transactions in securities; Section 2(102).
- xxvii. supplier” in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied; Section 2(105).
- xxviii. “prescribed” means prescribed by rules made under this Act on the recommendations of the Council; Section 2(87).
- xxix. cess” shall have the same meaning as assigned to it in the Good and Services Tax (Compensation to states) Act; Section 2(22).
- xxx. “voucher” means an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services or both and where the goods or services or both to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument; Section 2(118).

4.3 Section-A Time of supply

i. Section 12 – Time of supply of goods under CGST Act 2017

(1) The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this section.

(2) The time of supply of goods shall be the earlier of the following dates, namely: —

(a) the date of issue of invoice by the supplier or the last date on which he is required, under section 31, to issue the invoice with respect to the supply; or

(b) the date on which the supplier receives the payment with respect to the supply:

Provided that where the supplier of taxable goods receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.

Explanation 1. —For the purposes of clauses (a) and (b), “supply” shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.

Explanation 2. —For the purposes of clause (b), “the date on which the supplier receives the payment” shall be the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier.

(3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earliest of the following dates, namely: —

(a) the date of the receipt of goods; or

(b) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or

(c) the date immediately following thirty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b) or clause (c), the time of supply shall be the date of entry in the books of account of the recipient of supply.

(4) In case of supply of vouchers by a supplier, the time of supply shall be—

(a) the date of issue of voucher, if the supply is identifiable at that point; or

(b) the date of redemption of voucher, in all other cases.

(5) Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall—

(a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or

(b) in any other case, be the date on which the tax is paid.

(6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

ii. Section 31 of GST – Tax invoice (to the extent these provisions applicable to the time of supply of goods)

(1) A registered person supplying taxable goods shall, before or at the time of, —

- a) removal of goods for supply to the recipient, where the supply involves movement of goods; or
- (b) delivery of goods or making available thereof to the recipient, in any other case,

issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed:

Provided that the Government may, on the recommendations of the Council, by notification, specify the categories of goods or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.

(4) In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

(7) Notwithstanding anything contained in sub-section (1), where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time of supply or six months from the date of removal, whichever is earlier.

iii. Below mentioned is the discussion of Section 12(2) read with section 31

Time of supply of goods under forward charge [Section 12(2) read with section 31]

1. As laid down in the section 12(2) of the CGST Act the time of supply of goods that are taxable under the forward charge is taxable earlier of the undermentioned two points.
 - a. The date of the issue of the invoice by the supplier or the last date by which the invoice ought to have been issued as per provisions laid down in section 31 of the Act to the extent the supply is covered by the invoice.
 - b. Date of receipt of the payment by the supplier to the extent the supply is covered by the payment.

GST is also not required to be paid on the receipts of the advance against the supply of the goods. A registered person (except Composition supplier) is not required to pay any tax under forward charge on the receipts of any advance against the supply of the goods. Hence, the entire GST is required to be deposited on the date of the issue of the invoice by the supplier or the last date by which the invoice ought to have been issued. The relief of not paying the GST against the advance payment is available in case of supply of goods only not in case of supply of services. Date of receipt of payment in the above case is the dated on which the payment is recorded in the books of accounts of the supplier or the date on which such payment is credited in the bank accounts of the supplier, whichever is earlier.

iv. Time limit for issuance of invoice for supply of goods under section 31

As stated in section 12(2), also refers to the last date on which the supplier is liable to issue the invoice under section 31.

As per section 31 of the Act, the supplier of the goods is required to issue the invoice either before or at the time of removal of the goods or delivery of goods/ making goods available to the recipient.

In the case of continuous supply of goods, the invoice is required to be issued before or at the time issuance of periodical statement / receipts of periodical payment section 31(4).

Meaning of “continuous supply of goods” means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis and includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify; Section 2(32).

v. Time of supply goods under reverse charge [SECTION 12(3)]

Reverse charge means the liability to pay tax is by the recipient of goods instead of the supplier. In case of reverse charge, the time of supply shall be the earliest of the following dates-

- i. Date on which the goods are received, or
- ii. Date on which the payment has been recorded in the books of account of the recipient or the date on which the amount has been debited from bank account his bank account, whichever is earlier, or
- iii. Date immediately following the 30 days from the date of issue of invoice by the supplier.

If it is difficult to ascertain the time of supply as per the above said 3 maxims, then the time of supply will be the date on which the entry has been done in the books of accounts of the recipient of the supply.

vi. Time of supply for vouchers negotiable for goods Section 12(4)

The term voucher has been defined in the section 2 (118) of the CGST Act, the definition of the term has been defined in the segment “**Some Relevant definitions as defined in the CGST Act 2017**” above.

In case of supply of vouchers, the time of supply is-

- (a) The date of issue of the voucher, if the supply can be identified at that point. OR
- (b) The date of redemption of the voucher, in all other cases.

vii. When time of supply cannot be determined i.e. in residual cases Section 12(5)

If it is not possible to determine the time of supply by the above provisions, then it will be-

- (a) The date on which a periodical return has to be filed OR
- (b) The date on which the CGST/SGST is paid, in any other case.

viii. Time of Supply in relation to enhancement of value of supply by way of Interest, late fees etc. [Section 12(6) of CGST Act, 2017]

In many cases, the supplier of goods or services or both specifies in the invoice the credit period within which the recipient has to make the payment. Simultaneously, the aforesaid supplier also specifies in the invoice, the separate charges, described as interest or late fee or penalty that shall be charged, if the recipient fails to make the payment within the stipulated credit period.

Section 15(2)(d) of the CGST Act / SGST Act provides that the value of supply shall include interest or late fee or penalty for delayed payment of any consideration for any supply.

As per section 12(6) of CGST Act, the time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value. If the supplier does not receive the foregoing addition in value, the same shall not be subject to tax.

ix. Section 13 – Time of supply of services under CGST Act 2017.

(1) The liability to pay tax on services shall arise at the time of supply, as determined in accordance with the provisions of this section.

(2) The time of supply of services shall be the earliest of the following dates, namely: —

(a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or

(b) the date of provision of service, if the invoice is not issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or

(c) the date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) or clause (b) do not apply:

Provided that where the supplier of taxable service receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice relating to such excess amount.

Explanation. —For the purposes of clauses (a) and (b)—

(i) the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment;

(ii) “the date of receipt of payment” shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.

(3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely: —

(a) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or

(b) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b), the time of supply shall be the date of entry in the books of account of the recipient of supply:

Provided further that in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.

(4) In case of supply of vouchers by a supplier, the time of supply shall be—

(a) the date of issue of voucher, if the supply is identifiable at that point; or

(b) the date of redemption of voucher, in all other cases.

(5) Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall—

(a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or

(b) in any other case, be the date on which the tax is paid.

(6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

x. Time limit for issuance of invoice for supply of services under section 31

(2) A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed:

Provided that the Government may, on the recommendations of the Council, by notification and subject to such conditions as may be mentioned therein, specify the categories of services in respect of which—

- (a) any other document issued in relation to the supply shall be deemed to be a tax invoice; or
- (b) tax invoice may not be issued.

(5) Subject to the provisions of clause (d) of sub-section (3), in case of continuous supply of services, –

- (a) where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment;
- (b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;
- (c) where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.

(6) In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.

xi. CHAPTER VI - TAX INVOICE, CREDIT AND DEBIT NOTES

Rule 47 - Time limit for issuing tax invoice

The invoice referred to in rule 46, in the case of the taxable supply of services, shall be issued within a period of thirty days from the date of the supply of service:

Provided that where the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the period within which the invoice or any document in lieu thereof is to be issued shall be forty-five days from the date of the supply of service:

Provided further that an insurer or a banking company or a financial institution, including a non-banking financial company, or a telecom operator, or any other class of supplier of services as may be notified by the Government on the recommendations of the Council, making taxable supplies of services between distinct persons as specified in section 25, may issue the invoice before or at the time such supplier records the same in his books of account or before the expiry of the quarter during which the supply was made.

xii Below mentioned is the discussion of Section 13(2) read with section 31

Time of supply of services under forward charge [Section 13(2) read with section 31 and rule 47 of the CGST Rules]

The date on which the supplier is liable to pay his taxes for the supply of the services and the time of supply will be the earliest of the dates arrived at by method (i) or (ii) as follows:

- i. Date of issue of invoice or date of receipt of payment, whichever is earlier, if the invoice is issued within the time prescribed under section 31.
- ii. Date of provision of service or date of receipt of payment, whichever is earlier, if the invoice is not issued within the time prescribed under section 31.

If the two methods shown above are not applicable, then the time of supply will be the date on which the recipient of the services shows the receipt of the service in his books of accounts.

xiii Time of supply services under reverse charge [SECTION 13(3)]

The time of supply for the services under the reverse charge mechanism will be earlier of the following.

- i. Date of payment
- ii. Date immediately following 60 days since issue of invoice (or any other document issued in lieu of the invoice) by the supplier of the service.

If it is difficult to ascertain the time of supply as per the above said 3 maxims, then the time of supply will be the date on which the entry has been done in the books of accounts of the recipient of the supply.

The term “Date of payment” in the above circumstances means the date on which the payment is recorded in the books of accounts of the entity receiving the services (recipient of services), or the date on which the payment is debited from the bank account of the recipient of the services, whichever is earlier.

Import of services between associated enterprises

In the case of services received from an associated enterprises located outside India, the time of supply will be the date of payment for the service, or the date of entry of the service in the books of account of the recipient, whichever is earlier.

xiv. Time of supply for vouchers negotiable for services Section 13(4)

The term voucher has been defined in the section 2 (118) of the CGST Act, the definition of the term has been defined in the segment “**Some Relevant definitions as defined in the CGST Act 2017**” above.

In case of supply of vouchers, the time of supply is-

- (a) The date of issue of the voucher, if the supply can be identified at that point. OR
- (b) The date of redemption of the voucher, in all other cases.

xv. When time of supply cannot be determined i.e. in residual cases Section 13(5)

If it is not possible to determine the time of supply by the above provisions, then it will be-

- (a) The date on which a periodical return has to be filed OR

(b) The date on which the GST is paid, in any other case.

xvi. Time of Supply in relation to enhancement of value of supply by way of Interest, late fees etc. [Section 13(6) of CGST Act, 2017]

In many cases, the supplier of goods or services or both specifies in the invoice the credit period within which the recipient has to make the payment. Simultaneously, the aforesaid supplier also specifies in the invoice, the separate charges, described as interest or late fee or penalty that shall be charged, if the recipient fails to make the payment within the stipulated credit period. As per section 13(6) of CGST Act, the time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value. If the supplier does not receive the foregoing addition in value, the same shall not be subject to tax.

Section-B Value of Supply

i. Introduction to value of supply

As GST is an ad valorem form of taxation i.e. it is levied on the value of the supply of goods or services or both. Therefore, it becomes vital to know how to compute value on which GST is payable. Section 15 of CGST Act, 2017 provides the provisions for determining the value of goods and services. It provides the mechanism to know, how to calculate the value of goods or services when supply of goods and services is made between unrelated persons and when the price is the sole consideration of the supply. Provisions of the value of supply under CGST act have also been made applicable to IGST Act vide Section 20 of the IGST Act.

ii. Section 15 - Value of Taxable Supply

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

(2) The value of supply shall include-

(a) any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;

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

(c) incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;

(d) interest or late fee or penalty for delayed payment of any consideration for any supply; and

(e) subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.

Explanation. -For the purposes of this sub-section, the amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

(3) The value of the supply shall not include any discount which is given

(a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and

(b) after the supply has been effected, if

(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and

(ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

(4) Where the value of the supply of goods or services or both cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed.

(5) Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Government on the recommendations of the Council shall be determined in such manner as may be prescribed.

Explanation. -For the purposes of this Act,

(a) persons shall be deemed to be related persons if

(i) such persons are officers or directors of one another's businesses;

(ii) such persons are legally recognised partners in business;

(iii) such persons are employer and employee;

(iv) 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;

(v) one of them directly or indirectly controls the other;

(vi) both of them are directly or indirectly controlled by a third person;

(vii) together they directly or indirectly control a third person; or

(viii) they are members of the same family;

(b) the term person also includes legal persons;

(c) 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.

iii. Supplier and the Recipient of the Supply are ‘Not Related Person and where Price is the Sole Consideration for the Supply [Section 15(1)]

The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both.

However, “Transaction Value” shall be considered as value of taxable supply of goods only when both the following conditions are satisfied:

(a) Supplier and the Recipient of the Supply are **Not Related Person** [see definition of related person in Explanation to Section 15]: and

(b) The price is the **Sole Consideration** for the supply.

Further, under section 15(1) the transaction value for supply of goods or services or both is the price actually paid or payable for the said supply of goods or services or both. This include both the amount already paid at the time of the supply is being valued for tax as well as the amount payable and not yet paid at that point of time.

iv. What is to be Included in the Value of Supply? [Section 15(2)]

The value of supply shall include the following elements—

(1) any taxes, duties, cesses, fees and charges levied under any law for the time being in force (other than CGST, SGST, UTGST and the Goods and Services Tax Compensation, if charged separately by the supplier;

(2) Payment to third parties: any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;

(3) incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply

(4) any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;

(5) interest or late fee or penalty for delayed payment of any consideration for any supply: and

(6) Subsidies directly linked to the price excluding subsidies provided by the Central Government or State Governments.

v. Exclusion of discounts from value [Section 15(3)]

There are different types of discount being offered in the trade by the supplier to the recipient of goods and services like trade discount, cash discount, volume discount and performance discount etc. such discounts are reduced from the sale price of the supply. As the value of taxable supply is the transaction value, GST is leviable after deducting the discounts.

The value of the supply **shall not include** any discount which is given—

- (a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and
- (b) after the supply has been effected provided both the following conditions are satisfied. —
 - (i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and
 - (ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

vi. Supplies where value cannot be determined Section 15(4) and (5)

Where the value could not be determined under section 15(1) as the supply is between related person or where price is not the sole considerations for the supply of the goods or services or both, then the value will be determined as prescribed in the rules of valuation [see the definition of prescribed]. Further, section 15(5) states that the value of such supplies as may be notified by the Government on the recommendations of the Council shall be determined in such manner as may be prescribed.

Review Questions

1. Define the following terms as described in CGST Act 2017.
 - a. Goods
 - b. Cess
 - c. Voucher
 - d. Reverse charge
 - e. Associated enterprises
2. Explain Time of supply of goods under CGST Act 2017 as per Section 12 of the Act?
3. Discuss the provisions of section 31 of the CGST Act 2017 as apply to time of supply of the goods?
4. Briefly discuss the provision of section 13 of the CGST Act 2017 in regard to the time of supply of service?
5. Elaborate the provision in regards to the Rule 47, Time limit for issuing tax invoice?

GST FILING AND PRACTICE
COURSE: **GOODS AND SERVICE TAX LAW AND PRACTICE**

UNIT V SERVICES EXEMPT FROM TAX.

STRUCTURE

- A. Introduction.
- B. Notification number 12/2017 for exempted services.
 - 5.1 Services in relation to charitable and religious activities.
 - 5.2 Services in relation to Agriculture activities.
 - 5.3 Education Services.
 - 5.4 Health Care Services.
 - 5.5 Services provided by the Government.
 - 5.6 Construction Services.
 - 5.7 Passenger Transportation Services.
 - 5.8 Goods Transport Services.
 - 5.9 Banking and Financial Services.
 - 5.10 Life Insurance Services.
 - 5.11 Services provided by specified Bodies.
 - 5.12 General Insurance Business Services.
 - 5.13 Pension Scheme.
 - 5.14 Business of Facilitator/ correspondent.
 - 5.15 Services Provided to the Government.
 - 5.16 Leasing Services.
 - 5.17 Legal Services.
 - 5.18 Sponsorship of Sports Event.
 - 5.19 Skill Development Services.
 - 5.20 Performance by an Artist.
 - 5.21 Right to admission to various events.
 - 5.22 Service by an unincorporated body or a non-profit entity.

A. Introduction:

When a supply of goods or services falls within the ambit of charging section under the GST Act, such supply is subject to charge of GST, hence liability to pay tax arises. However, it needs to verify further whether these supply of goods or services falls in to the areas of exempt supplies. Due to the scope of taxable supplies being widened under GST, exemptions under GST have clearly been defined. **The exemption from the GST tax liability is covered under**

Section 11 of Central Goods and Services Tax Act 2017 - Power to Grant Exemption from Tax. The provision in this regards has been discussed in Unit IV, which may be referred to before going through the under mentioned provisions in relation to *Exemption in relation to supply of specified services.*

B. In this unit the Exemption in relation to supply of specified services has been collated as discussed below.

Notification No 12/2017, Central Tax (Rate) dated 28/06/2017 (hereafter referred to as notification) unless otherwise specified, has exempted number of services wholly from GST. Each of the entries of the exemption notification have been appended below.

5.1 Services in relation to charitable and religious activities.

Entry Serial Number	Description of Services
1	Services by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) by way of charitable activities.
13	Services by a person by way of- (a) conduct of any religious ceremony; (b) renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) or a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the said Income-tax Act: Provided that nothing contained in entry (b) of this exemption shall apply to,- (i) renting of rooms where charges are one thousand rupees or more per day; (ii) renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ten thousand rupees or more per day; (iii) renting of shops or other spaces for business or commerce where charges are ten thousand rupees or more per month.
60	Services by a specified organisation in respect of a religious pilgrimage facilitated by the Government of India, under bilateral arrangement.
80	Services by way of training or coaching in recreational activities relating to- (a) arts or culture, or (b) sports by charitable entities registered under section 12AA of the Income-tax Act.

5.2 Services in relation to Agriculture activities.

Entry Serial Number	Description of Services
24	Services by way of loading, unloading, packing, storage or warehousing of rice
24A	Services by way of warehousing of minor forest produce.
24B	Services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea.
53A	Services by way of fumigation in a warehouse of agricultural produce.
54	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— (a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing; (b) supply of farm labour; (c) processes 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 such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market; (d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use; (e) loading, unloading, packing, storage or warehousing of agricultural produce; (f) agricultural extension services; (g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce; [(h) services by way of fumigation in a warehouse of agricultural produce.
55	Carrying out an intermediate production process as job work in relation 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.
55A	Services by way of artificial insemination of livestock (other than horses).

5.3 Education Services.

Entry Serial Number	Description of Services
66	Services provided - (a) by an educational institution to its students,

	<p>faculty and staff; [(aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;] (b) to an educational institution, by way of, - (i) transportation of students, faculty and staff; (ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory; (iii) security or cleaning or house-keeping services performed in such educational institution; (iv) services relating to admission to, or conduct of examination by, such institution;[(v) supply of online educational journals or periodicals:] Provided that nothing contained in [sub-items (i), (ii) and (iii) of item (b)] shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent. [Provided further that nothing contained in sub-item (v) of item (b) shall apply to 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.]</p>
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5.4 Health Care Services.

Entry Serial Number	Description of Services
46	Services by a veterinary clinic in relation to health care of animals or birds
74	Services by way of- (a) health care services by a clinical establishment, an authorised medical practitioner or para-medics; (b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.
73	Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.

5.5 Services provided by the Government.

Entry Serial Number	Description of Services
4	Services by governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution are exempt.
5	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
6	Services by the Central Government, State Government, Union

	territory or local authority excluding the following services— (a) 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 the Central Government, State Government, Union territory; (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (c) transport of goods or passengers; or (d) any service, other than services covered under entries (a) to (c) above, provided to business entities.
7	Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to [such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017)] Explanation.- For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to- (a) services,- (i) by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory; (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) of transport of goods or passengers; and (b) services by way of renting of immovable property.
8	Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority: Provided that nothing contained in this entry shall apply to services- (i) by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory; (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) of transport of goods or passengers.
9	Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed five thousand rupees: Provided that nothing contained in this entry shall apply to - (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 the Central Government, State Government, Union territory; (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: Provided further that in case where continuous supply of service, as defined in sub - section (33) of section

	2 of the Central Goods and Services Tax Act, 2017, is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed five thousand rupees in a financial year.
9C	Supply of service by a Government Entity to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants
9D	Services by an old age home run by Central Government, State Government or by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) to its residents (aged 60 years or more) against consideration upto twenty-five thousand rupees per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.
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 [banking companies and] financial institutions.
47	Services provided by the Central Government, State Government, Union territory or local authority by way of- (a) registration required under any law for the time being in force; (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force.
61	Services provided by the Central Government, State Government, Union territory or local authority by way of issuance of passport, visa, driving licence, birth certificate or death certificate.
62	Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non - performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.
63	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.
65B	<p>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.</p> <p>Provided that at the end of the contract period, ERCC shall submit an account to the State Government and certify that the amount of goods and services tax deposited by mining lease holders on royalty is more than the goods and services tax exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and where such amount of goods and services tax paid by mining lease holders is less than the amount of goods and services tax exempted, the exemption shall be restricted to such amount as is equal to the amount of goods and services tax paid by the mining lease holders and the ERCC shall pay the difference between goods and services tax exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and goods and services tax paid by the mining lease holders on royalty.</p> <p>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 (67 of 1957), the rules made thereunder or the rules made by a State Government under sub-section (1) of section 15 of the Mines and Minerals (Development and Regulation) Act, 1957</p>
74A	Services provided by rehabilitation professionals recognised under the Rehabilitation Council of India Act, 1992 (34 of 1992) by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by Central Government, State Government or Union territory or an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961).

5.6 Construction Services

Entry Serial Number	Description of Services
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10	Services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led individual house construction or enhancement under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.
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
11	Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex.

5.7 Passenger Transportation Services

Entry Serial Number	Description of Services
15	Transport of passengers, with or without accompanied belongings, by— (a) air, embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal; (b) non-air conditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or (c) stage carriage other than air-conditioned stage carriage.
16	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: Provided that nothing contained in this entry shall apply on or after the expiry of a period of [three years] ²⁰ 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— (a) railways in a class other than— (i) first class; or (ii) an air-conditioned coach; (b) metro, monorail or tramway; (c) inland waterways;

	(d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and (e) metered cabs or auto rickshaws (including e-rickshaws).
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5.8 Goods Transport Services

Entry Serial Number	Description of Services
18	Services by way of transportation of goods- (a) by road except the services of— (i) a goods transportation agency; (ii) a courier agency; (b) by inland waterways
20	Services by way of transportation by rail or a vessel from one place in India to another of the following goods – (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; (b) defence or military equipments; (c) newspaper or magazines registered with the Registrar of Newspapers; (d) railway equipments or materials; (e) agricultural produce; (f) milk, salt and food grain including flours, pulses and rice; and (g) organic manure
21	Services provided by a goods transport agency, by way of transport in a goods carriage of – (a) agricultural produce; (b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees; (c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty; (d) milk, salt and food grain including flour, pulses and rice; (e) organic manure; (f) newspaper or magazines registered with the Registrar of Newspapers; (g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or (h) defence or military equipments
21A	Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the following recipients, namely: - (a) any factory registered under or governed by the Factories Act, 1948(63 of 1948); or (b) any Society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or

	<p>(c) any Co-operative Society established by or under any law for the time being in force; or</p> <p>(d) any body corporate established, by or under any law for the time being in force; or</p> <p>(e) any partnership firm whether registered or not under any law including association of persons;</p> <p>(f) any casual taxable person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.</p>
21B	<p>Services provided by a goods transport agency, by way of transport of goods in a goods carriage, to, -</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 Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under Section 51 and not for making a taxable supply of goods or services.</p>

5.9 Banking and Financial Services.

Entry Serial Number	Description of Services
26	Services by the Reserve Bank of India.
27	<p>Services by way of—</p> <p>(a) 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 services);</p> <p>(b) <i>inter se</i> sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.</p>
27A	Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).
34	<p>Services by an acquiring bank, to any person in relation to settlement of an amount upto two thousand rupees in a single transaction transacted through credit card, debit card, charge card or other payment card service. <i>Explanation.</i> — 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.</p>
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 for international financial services in currencies other than Indian

	<p>rupees (INR).</p> <p><i>Explanation.</i> - For the purposes of this entry, the intermediary of financial services in IFSC is a person, -</p> <p>(i) who is permitted or recognised as such by the Government of India or any Regulator appointed for regulation of IFSC; or</p> <p>(ii) who is treated as a person resident outside India under the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015; or</p> <p>(iii) who is registered under the Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 as IFSC Insurance Office; or</p> <p>(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 Centres) Guidelines, 2015.</p>
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5.10 Life Insurance Services.

Entry Serial Number	Description of Services
28	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 (23 of 2013).
29	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	Services 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 Schemes 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.
36	Services of life insurance business provided under following schemes- (a) Janashree Bima Yojana; (b) Aam Aadmi Bima Yojana; (c) Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of [two lakhs] rupees; (d) Varishtha Pension Bima Yojana; (e) Pradhan Mantri Jeevan Jyoti Bima Yojana; (f) Pradhan Mantri Jan Dhan Yojana; (g) Pradhan Mantri Vaya Vandan Yojana

5.11 Services provided by specified Bodies

Entry Serial Number	Description of Services
30	Services by the Employees' State Insurance Corporation to persons governed under the Employees' State Insurance Act, 1948 (34 of 1948).
31	Services provided by the Employees Provident Fund Organisation to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952 (19 of 1952).
31A	Services by Coal Mines Provident Fund Organisation to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948).
31B	Services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee.
32	Services provided by the Insurance Regulatory and Development Authority of India to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999).
33	Services provided by the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.

5.12 General Insurance Business Services.

Entry Serial Number	Description of Services
35	<p>Services of general insurance business provided under following schemes</p> <ul style="list-style-type: none"> (a) Hut Insurance Scheme; (b) Cattle Insurance under Swarnajayanti Gram Swarozgar Yojana (earlier known as Integrated Rural Development Programme); (c) Scheme for Insurance of Tribals; (d) Janata Personal Accident Policy and Gramin Accident Policy; (e) Group Personal Accident Policy for Self-Employed Women; (f) Agricultural Pumpset and Failed Well Insurance; (g) premia collected on export credit insurance; (h) [Restructured Weather Based Crop Insurance Scheme (RWCIS)] approved by the Government of India and implemented by the Ministry of Agriculture; (i) Jan Arogya Bima Policy; (j) [Pradhan Mantri Fasal Bima Yojana (PMFBY)]; (k) Pilot Scheme on Seed Crop Insurance; (l) Central Sector Scheme on Cattle Insurance; (m) Universal Health Insurance Scheme; (n) Rashtriya Swasthya Bima Yojana; (o) Coconut Palm Insurance Scheme;

	(p) Pradhan Mantri Suraksha BimaYojna; (q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999). [(r) Bangla Shasya Bima]
36A	Services by way of reinsurance of the insurance schemes specified in serial number 35 or 36 .

5.13 Pension Scheme

Entry Serial Number	Description of Services
37	Services by way of collection of contribution under the Atal Pension Yojana.
38	Services by way of collection of contribution under any pension scheme of the State Governments.

5.14 Business of Facilitator/ correspondent.

Entry Serial Number	Description of Services
39	Services by the following persons in respective capacities – (a) business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch; (b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or (c) business facilitator or a business correspondent to an insurance company in a rural area.

5.15 Services Provided to the Government.

Entry Serial Number	Description of Services
3	Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority or a Governmental authority [or a Government Entity] by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.
3A	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 provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality

	under article 243W of the Constitution.
11A	Service provided by Fair Price Shops to Central Government, State Government or Union territory by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin.
40	Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory.
72	Services provided to the Central Government, State Government, Union territory administration under any training programme for which total expenditure is borne by the Central Government, State Government, Union territory administration.
51	Services provided by the Goods and Services Tax Network to the Central Government or State Governments or Union territories for implementation of Goods and Services Tax.

5.16 Leasing Services.

Entry Serial Number	Description of Services
41	<p>Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease of thirty years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 20 per cent. or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area.</p> <p>[<i>Explanation.</i> - For the purpose of this exemption, the Central Government, State Government or Union territory shall have 20 per cent. or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.]</p> <p>Conditions: {Provided that the leased plots shall be used for the purpose for which they are allotted, that is, for industrial or financial activity in an industrial or financial business area: Provided further that the State Government concerned shall monitor and enforce the above condition as per the order issued by the State Government in this regard: Provided also that in case of any violation or subsequent change of land use, due to any reason whatsoever, the original lessor, original lessee as well as any subsequent lessee or buyer or owner shall be jointly and severally liable to pay such amount of central tax, as would have been payable on the upfront amount charged for the long term lease of the plots but for the exemption contained herein, along with</p>

	<p>the applicable interest and penalty: Provided also that the lease agreement entered into by the original lessor with the original lessee or subsequent lessee, or sub-lessee, as well as any subsequent lease or sale agreements, for lease or sale of such plots to subsequent lessees or buyers or owners shall incorporate in the terms and conditions, the fact that the central tax was exempted on the long term lease of the plots by the original lessor to the original lessee subject to above condition and that the parties to the said agreements undertake to comply with the same.</p>
43	<p>Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways.</p>

5.17 Legal Services.

Entry Serial Number	Description of Services
45	<p>Services provided by-</p> <p>(a) an arbitral tribunal to –</p> <p>(i) any person other than a business entity; or</p> <p>(ii) a business entity with an aggregate turnover up to [such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017)]</p> <p>[(iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;]</p> <p>(b) a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to-</p> <p>(i) an advocate or partnership firm of advocates providing legal services;</p> <p>(ii) any person other than a business entity; or</p> <p>(iii) a business entity with an aggregate turnover up to [such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017)]</p> <p>[(iv) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;]</p> <p>(c) a senior advocate by way of legal services to-</p> <p>(i) any person other than a business entity; or</p> <p>(ii) a business entity with an aggregate turnover up to [such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017)]</p> <p>[(iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.</p>

5.18 Sponsorship of Sports Event.

Entry Serial Number	Description of Services
53	Services by way of sponsorship of sporting events organised - (a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or Country; (b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat; (c) by the Central Civil Services Cultural and Sports Board; (d) as part of national games, by the Indian Olympic Association; or (e) under the Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme.

5.19 Skill Development Services.

Entry Serial Number	Description of Services
69	Any services provided by, _ (a) the National Skill Development Corporation set up by the Government of India; (b) a Sector Skill Council approved by the National Skill Development Corporation; (c) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation; (d) a training partner approved by the National Skill Development Corporation or the Sector Skill Council, in relation to- (i) the National Skill Development Programme implemented by the National Skill Development Corporation; or (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or (iii) any other Scheme implemented by the National Skill Development Corporation.
70	Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.
71	Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Gramin Kaushalya Yojana 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.

5.20 Performance by an Artist.

Entry Serial Number	Description of Services
78	Services by an artist by way of a performance in folk or classical art forms of- (a) music, or (b) dance, or (c) theatre, if the consideration charged for such performance is not more than one lakh and fifty thousand rupees: Provided that the exemption shall not apply to service provided by such artist as a brand ambassador.

5.21 Right to admission to various events.

Entry Serial Number	Description of Services
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 and Archaeological Sites and Remains Act 1958 (24 of 1958) or any of the State Acts, for the time being in force.
81	Services by way of right to admission to- (a) circus, dance, or theatrical performance including drama or ballet; (b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event; (c) recognised sporting event; (d) planetarium, where the consideration for right to admission to the events or places as referred to in items (a), (b), (c) or (d) above is not more than Rs 500 per person.

5.22 Service by an unincorporated body or a non-profit entity.

Entry Serial Number	Description of Services
77	Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution – (a) as a trade union; (b) for the provision of carrying out any activity which is exempt from the levy of Goods and service Tax; or (c) up to an amount of [seven thousand five hundred] rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.
77A	Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in, - (i) activities relating to the welfare of industrial or agricultural labour or

	farmers; or (ii) 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 one thousand rupees (Rs 1000/-) per member per year.
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The main notification is 12/2017 Central Tax (Rate) dated 28/06/2017 through which the services has been exempted from the levy of GST and some of the changes has been done in the notifications number 21/2017, 25/2017, 32/2017 and 47/2017, 2/2018.

TEST YOUR UNDERSTANDING

- i. List down the Services in relation to charitable and religious activities on which GST is exempt.
- ii. Mr. X, is opening an educational institute. He has approached you for the guidance in regards to the taxability of educational activities. Please suggest him with the necessary guidelines.
- iii. Mr. Alfa has 10 acres of land which has been given to him by his father. He has completed his education and now wants to do the agriculture activities. Suggest him the tax liability under GST Act.
- iv. Study the notification no 12/2017 and list down the major points covered under each activity.

GST FILING AND PRACTICE

COURSE: **GOODS AND SERVICE TAX LAW AND PRACTICE**

UNIT VI TIME AND VALUE OF SUPPLY

STRUCTURE

1. Introduction.
2. Some Relevant definitions as defined in the CGST Act 2017
- 3. Section-A Time of supply**
 - i. Section 12 – Time of supply of goods under CGST Act 2017
 - ii. Section 31 of GST – Tax invoice (to the extent these provisions applicable to the time of supply of goods)
 - iii. Below mentioned is the discussion of Section 12(2) read with section 31
 - iv. Time limit for issuance of invoice for supply of goods under section 31
 - v. Time of supply goods under reverse charge [SECTION 12(3)]
 - vi. Time of supply for vouchers negotiable for goods Section 12(4)
 - vii. When time of supply cannot be determined i.e. in residual cases Section 12(5)
 - viii. Time of Supply in relation to enhancement of value of supply by way of Interest, late fees etc. [Section 12(6) of CGST Act, 2017]
 - ix. Section 13 – Time of supply of services under CGST Act 2017.
 - x. Time limit for issuance of invoice for supply of services under section 31
 - xi. CHAPTER VI - TAX INVOICE, CREDIT AND DEBIT NOTES, Rule 47 - Time limit for issuing tax invoice
 - xii. Below mentioned is the discussion of Section 13(2) read with section 31
 - xiii. Time of supply services under reverse charge [SECTION 13(3)]
 - xiv. Time of supply for vouchers negotiable for services Section 13(4)
 - xv. When time of supply cannot be determined i.e. in residual cases Section 13(5)
 - xvi. Time of Supply in relation to enhancement of value of supply by way of Interest, late fees etc. [Section 13(6) of CGST Act, 2017]

Section-B Value of Supply

- i. Introduction to value of supply
- ii. Section 15 - Value of Taxable Supply
- iii. Supplier and the Recipient of the Supply are *'Not Related Person* and where Price is the Sole Consideration for the Supply [Section 15(1)]
- iv. What is to be Included in the Value of Supply? [Section 15(2)]
- v. Exclusion of discounts from value [Section 15(3)]
- vi. Supplies where value cannot be determined Section 15(4) and (5)

1. Introduction:

GST is payable on the supply of goods and services. As a supplier a person performs different functions like receipt of purchase order, processing of purchase order, agreements, procurement of goods, provision for of services, delivery of goods, entry the transactions in the records, payment, entering the payment in the banks. So, these are some activities which are performed by a supplier. Now a question need to be answered, at what point of time the liability to pay GST arises? Whether the GST is payable at the time of agreement with the buyer of the goods or services, or at the time of receipt of the payment, or at the time of the dispatch of the goods or performance of the services or at the time of the issue of the invoice. What if the goods or services are to be supplied / provided over a certain period of time? To answer all the queries, we have to study provisions in regards to the Time of Supply. It is pertinent note that although liability to pay taxes arises at the time of the supply but the same can be discharged by payment of GST on or before the due date to the Government. For instance, the supply of goods or services is done on 21st of June but the liability can be discharged up to 20th of July in the next month.

The provisions in regards to determining the time of supply in regard to the supply of goods or services or both is laid down in section 12 and section 13 of the CGST Act. Further, section 14 of the Act has laid down the method for ascertaining the time of supply when there is a change in the rate of tax on supply of goods or services. In the case of reverse charge mechanism, the date of receipts of the goods, date of payment, date of issue of invoice are the crucial point to determine time of supply.

2. Some Relevant definitions as defined in the CGST Act 2017

- xxxi. “associated enterprises” shall have the same meaning as assigned to it in section 92A of the Income-tax Act, 1961; Section 2 (12).
- xxxii. document” includes written or printed record of any sort and electronic record as defined in clause (t) of section 2 of the Information Technology Act, 2000; Section 2 (41).
- xxxiii. “invoice” or “tax invoice” means the tax invoice referred to in section 31; Section 2 (66)
- xxxiv. goods” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply; Section 2 (52)
- xxxv. reverse charge” means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under sub section (3) or sub section (4) of section 9, or under section (3) or sub section (4) of section 5 of the Integrated Goods and Service Tax Act. Section 2(98)

- xxxvi. recipient” of supply of goods or services or both, means—
- (a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
- (b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
- (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered, and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied; Section 2(93).
- xxxvii. services” means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged; **Explanation.** - For the removal of doubts, it is hereby clarified that the expression “services” includes facilitating or arranging transactions in securities; Section 2(102).
- xxxviii. supplier” in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied; Section 2(105).
- xxxix. “prescribed” means prescribed by rules made under this Act on the recommendations of the Council; Section 2(87).
- xl. cess” shall have the same meaning as assigned to it in the Good and Services Tax (Compensation to states) Act; Section 2(22).
- xli. “voucher” means an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services or both and where the goods or services or both to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument; Section 2(118).

3. Section-A Time of supply

i. Section 12 – Time of supply of goods under CGST Act 2017

- (1) The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this section.
- (2) The time of supply of goods shall be the earlier of the following dates, namely: —

(a) the date of issue of invoice by the supplier or the last date on which he is required, under section 31, to issue the invoice with respect to the supply; or

(b) the date on which the supplier receives the payment with respect to the supply:

Provided that where the supplier of taxable goods receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.

Explanation 1. —For the purposes of clauses (a) and (b), “supply” shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.

Explanation 2. —For the purposes of clause (b), “the date on which the supplier receives the payment” shall be the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier.

(3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earliest of the following dates, namely: —

(a) the date of the receipt of goods; or

(b) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or

(c) the date immediately following thirty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b) or clause (c), the time of supply shall be the date of entry in the books of account of the recipient of supply.

(4) In case of supply of vouchers by a supplier, the time of supply shall be—

(a) the date of issue of voucher, if the supply is identifiable at that point; or

(b) the date of redemption of voucher, in all other cases.

(5) Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall—

(a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or

(b) in any other case, be the date on which the tax is paid.

(6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

ii. Section 31 of GST – Tax invoice (to the extent these provisions applicable to the time of supply of goods)

(1) A registered person supplying taxable goods shall, before or at the time of, —

- a) removal of goods for supply to the recipient, where the supply involves movement of goods; or
- (b) delivery of goods or making available thereof to the recipient, in any other case, issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed:

Provided that the Government may, on the recommendations of the Council, by notification, specify the categories of goods or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.

(4) In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

(7) Notwithstanding anything contained in sub-section (1), where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time of supply or six months from the date of removal, whichever is earlier.

iii. Below mentioned is the discussion of Section 12(2) read with section 31

Time of supply of goods under forward charge [Section 12(2) read with section 31]

2. As laid down in the section 12(2) of the CGST Act the time of supply of goods that are taxable under the forward charge is taxable earlier of the undermentioned two points.
 - c. The date of the issue of the invoice by the supplier or the last date by which the invoice ought to have been issued as per provisions laid down in section 31 of the Act to the extent the supply is covered by the invoice.
 - d. Date of receipt of the payment by the supplier to the extent the supply is covered by the payment.

GST is also not required to be paid on the receipts of the advance against the supply of the goods. A registered person (except Composition supplier) is not required to pay any tax under forward charge on the receipts of any advance against the supply of the goods. Hence, the entire GST is required to be deposited on the date of the issue of the invoice by the supplier or the last date by which the invoice ought to have been issued. The relief of not paying the GST against the advance payment is available in case of supply of goods only not in case of supply of services. Date of receipt of payment in the above case is the dated on which the payment is

recorded in the books of accounts of the supplier or the date on which such payment is credited in the bank accounts of the supplier, whichever is earlier.

iv. Time limit for issuance of invoice for supply of goods under section 31

As stated in section 12(2), also refers to the last date on which the supplier is liable to issue the invoice under section 31.

As per section 31 of the Act, the supplier of the goods is required to issue the invoice either before or at the time of removal of the goods or delivery of goods/ making goods available to the recipient.

In the case of continuous supply of goods, the invoice is required to be issued before or at the time issuance of periodical statement / receipts of periodical payment section 31(4).

Meaning of “continuous supply of goods” means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis and includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify; Section 2(32).

v. Time of supply goods under reverse charge [SECTION 12(3)]

Reverse charge means the liability to pay tax is by the recipient of goods instead of the supplier. In case of reverse charge, the time of supply shall be the earliest of the following dates-

- iv. Date on which the goods are received, or
- v. Date on which the payment has been recorded in the books of account of the recipient or the date on which the amount has been debited from bank account his bank account, whichever is earlier, or
- vi. Date immediately following the 30 days from the date of issue of invoice by the supplier.

If it is difficult to ascertain the time of supply as per the above said 3 maxims, then the time of supply will be the date on which the entry has been done in the books of accounts of the recipient of the supply.

vi. Time of supply for vouchers negotiable for goods Section 12(4)

The term voucher has been defined in the section 2 (118) of the CGST Act, the definition of the term has been defined in the segment “**Some Relevant definitions as defined in the CGST Act 2017**” above.

In case of supply of vouchers, the time of supply is-

- (a) The date of issue of the voucher, if the supply can be identified at that point. OR
- (b) The date of redemption of the voucher, in all other cases.

vii. When time of supply cannot be determined i.e. in residual cases Section 12(5)

If it is not possible to determine the time of supply by the above provisions, then it will be-

- (a) The date on which a periodical return has to be filed OR
- (b) The date on which the CGST/SGST is paid, in any other case.

viii. Time of Supply in relation to enhancement of value of supply by way of Interest, late fees etc. [Section 12(6) of CGST Act, 2017]

In many cases, the supplier of goods or services or both specifies in the invoice the credit period within which the recipient has to make the payment. Simultaneously, the aforesaid supplier also specifies in the invoice, the separate charges, described as interest or late fee or penalty that shall be charged, if the recipient fails to make the payment within the stipulated credit period.

Section 15(2)(d) of the CGST Act / SGST Act provides that the value of supply shall include interest or late fee or penalty for delayed payment of any consideration for any supply.

As per section 12(6) of CGST Act, the time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value. If the supplier does not receive the foregoing addition in value, the same shall not be subject to tax.

ix. Section 13 – Time of supply of services under CGST Act 2017.

- (1) The liability to pay tax on services shall arise at the time of supply, as determined in accordance with the provisions of this section.
- (2) The time of supply of services shall be the earliest of the following dates, namely: —
 - (a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or
 - (b) the date of provision of service, if the invoice is not issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or
 - (c) the date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) or clause (b) do not apply:

Provided that where the supplier of taxable service receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice relating to such excess amount.

Explanation. —For the purposes of clauses (a) and (b)—

(i) the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment;

(ii) “the date of receipt of payment” shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.

(3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely: —

(a) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or

(b) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b), the time of supply shall be the date of entry in the books of account of the recipient of supply:

Provided further that in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.

(4) In case of supply of vouchers by a supplier, the time of supply shall be—

(a) the date of issue of voucher, if the supply is identifiable at that point; or

(b) the date of redemption of voucher, in all other cases.

(5) Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall—

(a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or

(b) in any other case, be the date on which the tax is paid.

(6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

x. Time limit for issuance of invoice for supply of services under section 31

(2) A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed:

Provided that the Government may, on the recommendations of the Council, by notification and subject to such conditions as may be mentioned therein, specify the categories of services in respect of which—

- (a) any other document issued in relation to the supply shall be deemed to be a tax invoice; or
- (b) tax invoice may not be issued.

(5) Subject to the provisions of clause (d) of sub-section (3), in case of continuous supply of services, –

- (a) where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment;
- (b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;
- (c) where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.

(6) In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.

xi. CHAPTER VI - TAX INVOICE, CREDIT AND DEBIT NOTES

Rule 47 - Time limit for issuing tax invoice

The invoice referred to in rule 46, in the case of the taxable supply of services, shall be issued within a period of thirty days from the date of the supply of service:

Provided that where the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the period within which the invoice or any document in lieu thereof is to be issued shall be forty-five days from the date of the supply of service:

Provided further that an insurer or a banking company or a financial institution, including a non-banking financial company, or a telecom operator, or any other class of supplier of services as may be notified by the Government on the recommendations of the Council, making taxable supplies of services between distinct persons as specified in section 25, may issue the invoice before or at the time such supplier records the same in his books of account or before the expiry of the quarter during which the supply was made.

xii Below mentioned is the discussion of Section 13(2) read with section 31

Time of supply of services under forward charge [Section 13(2) read with section 31 and rule 47 of the CGST Rules]

The date on which the supplier is liable to pay his taxes for the supply of the services and the time of supply will be the earliest of the dates arrived at by method (i) or (ii) as follows:

- i. Date of issue of invoice or date of receipt of payment, whichever is earlier, if the invoice is issued within the time prescribed under section 31.
- ii. Date of provision of service or date of receipt of payment, whichever is earlier, if the invoice is not issued within the time prescribed under section 31.

If the two methods shown above are not applicable, then the time of supply will be the date on which the recipient of the services shows the receipt of the service in his books of accounts.

xiii Time of supply services under reverse charge [SECTION 13(3)]

The time of supply for the services under the reverse charge mechanism will be earlier of the following.

- iii. Date of payment
- iv. Date immediately following 60 days since issue of invoice (or any other document issued in lieu of the invoice) by the supplier of the service.

If it is difficult to ascertain the time of supply as per the above said 3 maxims, then the time of supply will be the date on which the entry has been done in the books of accounts of the recipient of the supply.

The term “Date of payment” in the above circumstances means the date on which the payment is recorded in the books of accounts of the entity receiving the services (recipient of services), or the date on which the payment is debited from the bank account of the recipient of the services, whichever is earlier.

Import of services between associated enterprises

In the case of services received from an associated enterprises located outside India, the time of supply will be the date of payment for the service, or the date of entry of the service in the books of account of the recipient, whichever is earlier.

xiv. Time of supply for vouchers negotiable for services Section 13(4)

The term voucher has been defined in the section 2 (118) of the CGST Act, the definition of the term has been defined in the segment “**Some Relevant definitions as defined in the CGST Act 2017**” above.

In case of supply of vouchers, the time of supply is-

- (a) The date of issue of the voucher, if the supply can be identified at that point. OR
- (b) The date of redemption of the voucher, in all other cases.

xv. When time of supply cannot be determined i.e. in residual cases Section 13(5)

If it is not possible to determine the time of supply by the above provisions, then it will be-

- (a) The date on which a periodical return has to be filed OR
- (b) The date on which the GST is paid, in any other case.

xvi. Time of Supply in relation to enhancement of value of supply by way of Interest, late fees etc. [Section 13(6) of CGST Act, 2017]

In many cases, the supplier of goods or services or both specifies in the invoice the credit period within which the recipient has to make the payment. Simultaneously, the aforesaid supplier also specifies in the invoice, the separate charges, described as interest or late fee or penalty that shall be charged, if the recipient fails to make the payment within the stipulated credit period. As per section 13(6) of CGST Act, the time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value. If the supplier does not receive the foregoing addition in value, the same shall not be subject to tax.

Section-B Value of Supply

ii. Introduction to value of supply

As GST is an ad valorem form of taxation i.e. it is levied on the value of the supply of goods or services or both. Therefore, it becomes vital to know how to compute value on which GST is payable. Section 15 of CGST Act, 2017 provides the provisions for determining the value of goods and services. It provides the mechanism to know, how to calculate the value of goods or services when supply of goods and services is made between unrelated persons and when the price is the sole consideration of the supply. Provisions of the value of supply under CGST act have also been made applicable to IGST Act vide Section 20 of the IGST Act.

ii. Section 15 - Value of Taxable Supply

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

(2) The value of supply shall include-

(a) any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;

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

(c) incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;

(d) interest or late fee or penalty for delayed payment of any consideration for any supply; and

(e) subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.

Explanation. -For the purposes of this sub-section, the amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

(3) The value of the supply shall not include any discount which is given

(a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and

(b) after the supply has been effected, if

(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and

(ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

(4) Where the value of the supply of goods or services or both cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed.

(5) Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Government on the recommendations of the Council shall be determined in such manner as may be prescribed.

Explanation. -For the purposes of this Act,

(a) persons shall be deemed to be related persons if

(i) such persons are officers or directors of one another's businesses;

(ii) such persons are legally recognised partners in business;

(iii) such persons are employer and employee;

- (iv) 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;
 - (v) one of them directly or indirectly controls the other;
 - (vi) both of them are directly or indirectly controlled by a third person;
 - (vii) together they directly or indirectly control a third person; or
 - (viii) they are members of the same family;
- (b) the term person also includes legal persons;
- (c) 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.

iii. Supplier and the Recipient of the Supply are ‘Not Related Person and where Price is the Sole Consideration for the Supply [Section 15(1)]

The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both.

However, “Transaction Value” shall be considered as value of taxable supply of goods only when both the following conditions are satisfied:

- (a) Supplier and the Recipient of the Supply are **Not Related Person** [see definition of related person in Explanation to Section 15]: and
- (b) The price is the **Sole Consideration** for the supply.

Further, under section 15(1) the transaction value for supply of goods or services or both is the price actually paid or payable for the said supply of goods or services or both. This include both the amount already paid at the time of the supply is being valued for tax as well as the amount payable and not yet paid at that point of time.

iv. What is to be Included in the Value of Supply? [Section 15(2)]

The value of supply shall include the following elements—

- (1) any taxes, duties, cesses, fees and charges levied under any law for the time being in force (other than CGST, SGST, UTGST and the Goods and Services Tax Compensation, if charged separately by the supplier;
- (2) Payment to third parties: any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;
- (3) incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply

- (4) any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;
- (5) interest or late fee or penalty for delayed payment of any consideration for any supply: and
- (6) Subsidies directly linked to the price excluding subsidies provided by the Central Government or State Governments.

v. Exclusion of discounts from value [Section 15(3)]

There are different types of discount being offered in the trade by the supplier to the recipient of goods and services like trade discount, cash discount, volume discount and performance discount etc. such discounts are reduced from the sale price of the supply. As the value of taxable supply is the transaction value, GST is leviable after deducting the discounts.

The value of the supply **shall not include** any discount which is given—

- (a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and
- (b) after the supply has been effected provided both the following conditions are satisfied. —
 - (i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and
 - (ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

vi. Supplies where value cannot be determined Section 15(4) and (5)

Where the value could not be determined under section 15(1) as the supply is between related person or where price is not the sole considerations for the supply of the goods or services or both, then the value will be determined as prescribed in the rules of valuation [see the definition of prescribed]. Further, section 15(5) states that the value of such supplies as may be notified by the Government on the recommendations of the Council shall be determined in such manner as may be prescribed.

Review Questions

6. Define the following terms as described in CGST Act 2017.
 - f. Goods
 - g. Cess
 - h. Voucher
 - i. Reverse charge
 - j. Associated enterprises
7. Explain Time of supply of goods under CGST Act 2017 as per Section 12 of the Act?
8. Discuss the provisions of section 31 of the CGST Act 2017 as apply to time of supply of the goods?
9. Briefly discuss the provision of section 13 of the CGST Act 2017 in regard to the time of supply of service?
10. Elaborate the provision in regards to the Rule 47, Time limit for issuing tax invoice?
11. Explain Valuation of Taxable supply under CGST Act 2017 as per Section 15 of the Act?
12. Discuss about the items to be included and excluded at the time of Valuation of Taxable supply?

GST FILING AND PRACTICE
COURSE: GOODS AND SERVICE TAX LAW AND PRACTICE

**UNIT VII: INPUT TAX CREDIT: DEFINITIONS, INTRODUCTIONS TO
ITC AND RELATED PROVISIONS.**

STRUCTURE

- 7.1 Introduction and concept of Input Tax Credit (ITC) in GST**
- 7.2 GST comprises of the following levies**
- 7.3 The flow of the ITC can be explained with the help of the following diagram**
- 7.4 The protocol to avail and utilise the credit of these taxes is as follows**
- 7.5 Some Relevant Definitions**
- 7.6 Section 16 – Eligibility and conditions for taking input tax credit**
 - 7.6.1 Rule 36 – Documentary requirements and conditions for claiming input tax credit**
 - 7.6.2 Rule 37 – Reversal of input tax credit in the case of non-payment of consideration**
- 7.7 Section 17 of the Central Goods and Services Act, 2017 (CGST Act) Apportionment of credit and blocked credits**
- 7.8 Availability of credit in special circumstances, Section 18 of The Central Goods and Service Tax Act 2017**
- 7.9 CGST Rule 40: Manner of Claiming Credit in Special Circumstances (Chapter-V: Input Tax Credit)**
- 7.10 CGST Rule 41 – Transfer of credit on sale, merger, amalgamation, lease or transfer of a business**
- 7.11 CGST Rule 41A: Transfer of credit on obtaining separate registration for multiple places of business within a State or Union territory**
- 7.12 GST Rule 44: Manner of Reversal of Credit under Special Circumstances (Chapter-V: Input Tax Credit)**
- 7.13 Section 49 of The Central Goods and Service Tax Act 2017– Payment of tax, interest, penalty and other amounts (Relevant Extracts)**
- 7.14 Section 49A – Utilisation of input tax credit subject to certain conditions**
- 7.15 Section 49B – Order of utilisation of input tax credit**
- 7.16 CGST Rule 88: Order of utilization of input tax credit (Chapter-IX: Payment of Tax)**
- 7.17 Section 50 of the CGST Act 2017, Interest on delayed payment of tax**
- 7.18 Job Work Under GST**

7.19 Section 19 of the CGST Act 2017, Taking input tax credit in respect of inputs and capital goods sent for job work

7.20 Guide to GST Portal for filing ITC-04

7.21 Let Sum Up

7.22 Test your Knowledge

7.1 Introduction and concept of Input Tax Credit (ITC) in GST.

Uninterrupted and seamless chain of input tax credit (hereinafter referred to as, “ITC”) is one of the key features of Goods and Services Tax. ITC is a mechanism to avoid cascading of taxes. Cascading of taxes, in simple language, is ‘tax on tax’. Under the erstwhile system of taxation, credit of taxes being levied by Central Government is not available as set-off for payment of taxes levied by State Governments, and vice versa. One of the most important features of the GST system is that the entire supply chain would be subject to GST to be levied by Central and State Government concurrently. As the tax charged by the Central or the State Governments would be part of the same tax regime, credit of tax paid at every stage would be available as set-off for payment of tax at every subsequent stage. Let us understand how ‘cascading’ of taxes takes place in the present regime. Central excise duty charged on inputs used for manufacture of final product can be availed as credit for payment of Central Excise Duty on the final product. For example, to manufacture a pen, the manufacturer requires, plastic granules, refill tube, metal clip, etc. All these ‘inputs’ are chargeable to central excise duty. Once a ‘pen’ is manufactured by using these inputs, the pen is also chargeable to central excise duty. Let us assume that the cost of all the above mentioned inputs is say, Rs.10/- on which central excise duty @10% is paid, means Re.1. The cost of the manufactured pen is say Rs.20/-, the central excise duty payable on the pen @10% will be Rs.2/-. Now the manufacturer of the pen can use the duty paid on inputs, i.e. Re.1/- for payment of duty on the pen. So he will use Re.1 paid on inputs and he will pay Re.1/- through cash (1+1=2), the price of the pen becomes Rs. 22/-. In effect he actually pays duty on the ‘value added’ over and above the cost of the inputs. This mechanism eliminates cascading of taxes. However, when the pen is sold by the manufacturer to a trader he is required to levy VAT on such sale. But under the old system, the manufacturer cannot use the credit of central excise duty paid on the pen for payment of VAT, as the two levies are being levied by Central and State government respectively with no statutory linkage between the two. Hence he is required to pay VAT on the entire value of the pen, i.e. Rs.22/-, which actually includes the central excise duty to the tune of Rs.2/-. This is cascading of taxes or tax on tax as now VAT is not only paid on the value of pen i.e. Rs.20/- but also on tax i.e. Rs.2/-. Goods and Services Tax (GST) has eliminated such cascading of taxes. Under this new system most of the indirect taxes levied by Central and the State Governments on supply of goods or services or both would be combined together under a single levy.

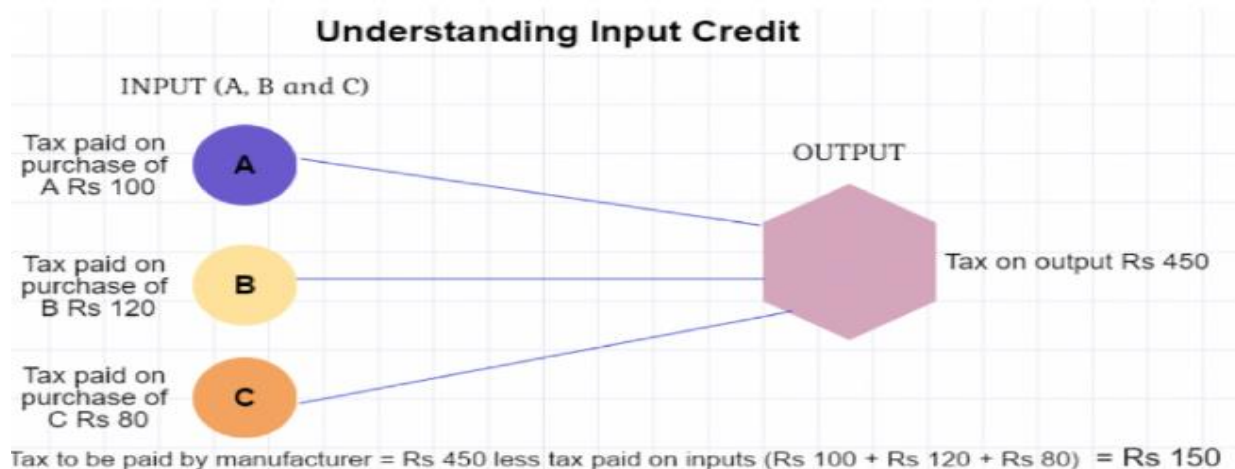
The major taxes/levies which are going to be clubbed together or subsumed in the GST regime are as under:

Central Taxes	State Taxes
<ul style="list-style-type: none"> • Central Excise duty • Additional duties of excise • Excise duty levied under Medicinal & Toilets Preparation Act • Additional duties of customs (CVD & SAD) • Service Tax • Surcharges & Cesses 	<ul style="list-style-type: none"> • State VAT / Sales Tax • Central Sales Tax • Purchase Tax • Entertainment Tax (other than those levied by local bodies) • Luxury Tax • Entry Tax (All forms) • Taxes on lottery, betting & gambling • Surcharges & Cesses

7.2 GST comprises of the following levies:

- Central Goods and Services Tax (CGST) [also known as Central Tax] on intra-state or intra-union territory without legislature supply of goods or services or both.
- State Goods and Services Tax (SGST) [also known as State Tax] on intra-state supply of goods or services or both.
- Union Territory Goods and Services Tax (UTGST) also known as Union territory Tax] on intra-union territory supply of goods or services or both.
- Integrated Goods and Services Tax (IGST) [also known as Integrated Tax] on inter-state supply of goods or services or both. In case of import of goods also the present levy of Countervailing Duty (CVD) and Special Additional Duty (SAD) would be replaced by Integrated tax.

7.3 The flow of the ITC can be explained with the help of the following diagram.



7.4 The protocol to avail and utilise the credit of these taxes is as follows:

Credit of	To be utilised first for payment of	May be utilised further for payment of
CGST	CGST	IGST
SGST/UTGST	SGST/UTGST	IGST
IGST	IGST	CGST, then SGST/UTGST

7.5 Some Relevant Definitions:

- a. “capital goods” means goods, the value of which is capitalised in the books of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business; [Section 2 (19).]
- b. “conveyance” includes a vessel, an aircraft and a vehicle; [Section 2 (34)]
- c. “exempt supply” means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under Section 11, or under section 6 of the Integrated Goods and Service Tax Act, and includes non-taxable supply; [Section 2 (47).]
- d. “input” means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business; [Section 2 (59).]
- e. “input service” means any service used or intended to be used by a supplier in the course or furtherance of business; [Section 2 (60).]
- f. “input tax” in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes—
 - (a) the integrated goods and services tax charged on import of goods;
 - (b) the tax payable under the provisions of sub-sections (3) and (4) of Section 9;
 - (c) the tax payable under the provisions of sub-sections (3) and (4) of Section 5 of the Integrated Goods and Service Tax Act;
 - (d) the tax payable under the provisions of sub-sections (3) and (4) of section 9 of the respective State Goods and Services Tax Act; or
 - (e) the tax payable under the provisions of sub-sections (3) and (4) of section 7 of the Union Territory Goods and Service Tax Act, but does not include the tax paid under the composition levy; 2 (62).
- g. “input tax credit” means the credit of input tax; [section 2 (63)].
- h. “invoice” or “tax invoice” means the tax invoice referred to in section 31 [section 2 (66)].
- i. “inward supply” in relation to a person, shall mean receipt of goods or services or both whether by purchase, acquisition or any other means with or without consideration; 31 [section 2 (67)].

- j. “motor vehicle” shall have the same meaning as assigned to it in clause (28) of section 2 of the Motor Vehicles Act, 1988; [section 2 (76)].
- k. “principal” means a person on whose behalf an agent carries on the business of supply or receipt of goods or services or both; [section 2 (88)].
- l. “recipient” of supply of goods or services or both, means—
 - (a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
 - (b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
 - (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered, and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied; [section 2 (93)].
- m. “registered person” means a person who is registered under section 25 but does not include a person having a Unique Identity Number; [section 2 (94)].
- n. “supplier” in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied; [section 2 (105)].
- o. “taxable supply” means a supply of goods or services or both which is leviable to tax under this Act; [section 2 (108)].

7.6 Section 16 – Eligibility and conditions for taking input tax credit

1) Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

(2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,

(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;

(b) he has received the goods or services or both.

Explanation. For the purposes of this clause, it shall be deemed that the registered person has received the goods or, as the case may be, services—

(i) where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;

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

(c) subject to the provisions of section 41, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and

(d) he has furnished the return under section 39:

Provided that where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment:

Provided further that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon, in such manner as may be prescribed:

Provided also that the recipient shall be entitled to avail of the credit of input tax on payment made by him of the amount towards the value of supply of goods or services or both along with tax payable thereon.

(3) Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961, the input tax credit on the said tax component shall not be allowed.

(4) A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after the due date of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier.

7.6.1 Rule 36 – Documentary requirements and conditions for claiming input tax credit

1) The input tax credit shall be availed by a registered person, including the Input Service Distributor, on the basis of any of the following documents, namely, -

(a) an invoice issued by the supplier of goods or services or both in accordance with the provisions of section 31;

(b) an invoice issued in accordance with the provisions of clause (f) of sub section (3) of section 31, subject to the payment of tax;

(c) a debit note issued by a supplier in accordance with the provisions of section 34;

(d) a bill of entry or any similar document prescribed under the Customs Act, 1962 or rules made thereunder for the assessment of integrated tax on imports;

(e) an Input Service Distributor invoice or Input Service Distributor credit note or any document issued by an Input Service Distributor in accordance with the provisions of sub rule (1) of rule 54.

(2) Input tax credit shall be availed by a registered person only if all the applicable particulars as specified in the provisions of Chapter VI are contained in the said document, and the relevant information, as contained in the said document, is furnished in **FORM GSTR-2** by such person. Provided that if the said document does not contain all the specified particulars but contains the details of the amount of tax charged, description of goods or services, total value of supply of goods or services or both, GSTIN of the supplier and recipient and place of supply in case of inter-State supply, input tax credit may be availed by such registered person.

(3) No input tax credit shall be availed by a registered person in respect of any tax that has been paid in pursuance of any order where any demand has been confirmed on account of any fraud, wilful misstatement or suppression of facts.

(4) No input tax credit shall be availed by a registered person in respect of invoices or debit notes the details of which are required to be furnished under sub-section (1) of section 37 unless,

- the details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in **FORM GSTR-1** or using the invoice furnishing facility; and
- the details of such invoices or debit notes have been communicated to the registered person in **FORM GSTR-2B** under sub-rule (7) of rule 60.

Provisional ITC means ITC that is claimed by buyers in their GST returns for which invoice is not reported or yet to be reported by their vendors or suppliers with the government. The ITC claims on a provisional basis have been removed from the revised Rule 36(4) from 1st January 2022. It is done based on the inclusion of new clause (aa) under section 16(2) of the CGST Act. As per the sub-rule (4) inserted in rule 36 of the Central Goods and Service Tax Rules, a taxpayer filing GSTR-3B can claim input tax credit only to the extent of the eligible credit available in GSTR-2B. Until 31st December 2021, this was 105% of the ITC in GSTR-2B/GSTR-2A between 1st Jan 21 up to 31st Dec 21). The amount of eligible credit is arrived upon those invoices or debit notes, the details of which have been uploaded by the suppliers in the GSTR-2B only.

7.6.2 Rule 37 – Reversal of input tax credit in the case of non-payment of consideration

(1) A registered person, who has availed of input tax credit on any inward supply of goods or services or both, but fails to pay to the supplier thereof, the value of such supply along with the tax payable thereon, within the time limit specified in the second proviso to sub-section (2) of section 16, shall furnish the details of such supply, the amount of value not paid and the amount of input tax credit availed of proportionate to such amount not paid to the supplier in **FORM GSTR 2** for the month immediately following the period of one hundred and eighty days from the date of the issue of the invoice:

Provided that the value of supplies made without consideration as specified in Schedule I of the said Act shall be deemed to have been paid for the purposes of the second proviso to section (2) of section 16,

Provided further that the value of supplies on account of any amount added in accordance with the provisions of clause (b) of sub-section (2) of section 15 shall be deemed to have been paid for the purposes of the second proviso to sub section (2) of section 16.

(2) The amount of input tax credit referred to in sub-rule (1) shall be added to the output tax liability of the registered person for the month in which the details are furnished.

(3) The registered person shall be liable to pay interest at the rate notified under sub-section (1) of section 50 for the period starting from the date of availing credit on such supplies till the date when the amount added to the output tax liability, as mentioned in sub-rule (2), is paid.

(4) The time limit specified in sub-section (4) of section 16 shall not apply to a claim for re-availing of any credit, in accordance with the provisions of the Act or the provisions of this Chapter, that had been reversed earlier.

7.7 Section 17 of the Central Goods and Services Act, 2017 (CGST Act)

Apportionment of credit and blocked credits.

(1) Where the goods or services or both are used by the registered person partly for the purpose of any business and partly for other purposes, the amount of credit shall be restricted to so much of the input tax as is attributable to the purposes of his business.

(2) Where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies under this Act or under the Integrated Goods and Service Tax Act and partly for effecting exempt supplies under the said Acts, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies.

(3) The value of exempt supply under sub-section (2) shall be such as may be prescribed, and shall include supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.

[Explanation. — For the purposes of this sub-section, the expression “value of exempt supply” shall not include the value of activities or transactions specified in Schedule III, except those specified in paragraph 5 of the said Schedule;]

(4) A banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances shall have the option to either comply with the provisions of sub-section (2), or avail of, every month, an amount equal to fifty per cent. of the eligible input tax credit on inputs, capital goods and input services in that month and the rest shall lapse:

Provided that the option once exercised shall not be withdrawn during the remaining part of the financial year:

Provided further that the restriction of fifty per cent. shall not apply to the tax paid on supplies made by one registered person to another registered person having the same Permanent Account Number.

(5) Notwithstanding anything contained in sub-section (1) of section 16 and sub-section (1) of section 18, input tax credit shall not be available in respect of the following, namely: —

(a) motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver), except when they are used

(i) for making the following taxable supplies, namely: —

(A) further supply of such vehicles or conveyances; or (B) transportation of passengers; or (C) imparting training on driving, such motor vehicles.

(aa) vessels and aircraft except when they are used—

(i) for making the following taxable supplies, namely: —

(A) further supply of such vessels or aircraft; or

(B) transportation of passengers; or

(C) imparting training on navigating such vessels; or

(D) imparting training on flying such aircraft;

(ii) for transportation of goods;

ab) services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa):

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

(i) where the motor vehicles, vessels or aircraft referred to in clause (a) or clause

(aa) are used for the purposes specified therein;

(ii) where received by a taxable person engaged—

(I) in the manufacture of such motor vehicles, vessels or aircraft; or

(II) in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him;

(b) the following supply of goods or services or both—

(i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) except when used for the purposes specified therein, life insurance and health insurance:

Provided that the input tax credit in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for

making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;

(ii) membership of a club, health and fitness centre; and

(iii) travel benefits extended to employees on vacation such as leave or home travel concession:

Provided that the input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force.

(c) works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service;

(d) goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

Explanation. —For the purposes of clauses (c) and (d), the expression “construction” includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property;

(e) goods or services or both on which tax has been paid under section 10;

(f) goods or services or both received by a non-resident taxable person except on goods imported by him;

(g) goods or services or both used for personal consumption;

(h) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; and

(i) any tax paid in accordance with the provisions of sections 74, 129 and 130.

(6) The Government may prescribe the manner in which the credit referred to in sub-sections (1) and (2) may be attributed.

Explanation. —For the purposes of this Chapter and Chapter VI, the expression “plant and machinery” means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes—

(i) land, building or any other civil structures;

(ii) telecommunication towers; and

(iii) pipelines laid outside the factory premises.

7.8 Availability of credit in special circumstances, Section 18 of The Central Goods and Service Tax Act 2017

(1) Subject to such conditions and restrictions as may be prescribed—

(a) a person who has applied for registration under this Act within thirty days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act;

(b) a person who takes registration under sub-section (3) of section 25 shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration;

(c) where any registered person ceases to pay tax under section 10, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax under section 9:

Provided that the credit on capital goods shall be reduced by such percentage points as may be prescribed;

(d) where an exempt supply of goods or services or both by a registered person becomes a taxable supply, such person shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relating to such exempt supply and on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable:

Provided that the credit on capital goods shall be reduced by such percentage points as may be prescribed

(2) A registered person shall not be entitled to take input tax credit under sub-section (1) in respect of any supply of goods or services or both to him after the expiry of one year from the date of issue of tax invoice relating to such supply.

(3) Where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilised in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.

(4) Where any registered person who has availed of input tax credit opts to pay tax under section 10 or, where the goods or services or both supplied by him become wholly exempt, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption:

Provided that after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.

(5) The amount of credit under sub-section (1) and the amount payable under sub-section (4) shall be calculated in such manner as may be prescribed.

(6) In case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery determined under section 15, whichever is higher:

Provided that where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the transaction value of such goods determined under section 15.

7.9 CGST Rule 40: Manner of Claiming Credit in Special Circumstances (Chapter-V: Input Tax Credit)

1) The input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions, namely, -

(a) the input tax credit on capital goods, in terms of clauses (c) and (d) of sub-section (1) of section 18, shall be claimed after reducing the tax paid on such capital goods by five percentage points per quarter of a year or part thereof from the date of the invoice or such other documents on which the capital goods were received by the taxable person.

(b) the registered person shall within a period of thirty days from the date of becoming eligible to avail the input tax credit under sub-section (1) of section 18, or within such further period as may be extended by the Commissioner by a notification in this behalf, shall make a declaration, electronically, on the common portal in **FORM GST ITC 01** to the effect that he is eligible to avail the input tax credit as aforesaid:

Provided that any extension of the time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.

(c) the declaration under clause (b) shall clearly specify the details relating to the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or as the case may be, capital goods—

(i) on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of the Act, in the case of a claim under clause (a) of sub-section (1) of section 18;

(ii) on the day immediately preceding the date of the grant of registration, in the case of a claim under clause (b) of sub-section (1) of section 18;

(iii) on the day immediately preceding the date from which he becomes liable to pay tax under section 9, in the case of a claim under clause (c) of sub-section (1) of section 18;

(iv) on the day immediately preceding the date from which the supplies made by the registered person becomes taxable, in the case of a claim under clause (d) of sub-section (1) of section 18;

(d) the details furnished in the declaration under clause (b) shall be duly certified by a practicing chartered accountant or a cost accountant if the aggregate value of the claim on account of central tax, State tax, Union territory tax and integrated tax exceeds two lakh rupees;

(e) the input tax credit claimed in accordance with the provisions of clauses (c) and (d) of sub-section (1) of section 18 shall be verified with the corresponding details furnished by the corresponding supplier in **FORM GSTR 1** or as the case may be, in **FORM GSTR 4**, on the common portal.

(2) The amount of credit in the case of supply of capital goods or plant and machinery, for the purposes of sub-section (6) of section 18, shall be calculated by reducing the input tax on the said goods at the rate of five percentage points for every quarter or part thereof from the date of the issue of the invoice for such goods.

7.10 CGST Rule 41 – Transfer of credit on sale, merger, amalgamation, lease or transfer of a business

1) A registered person shall, in the event of sale, merger, de-merger, amalgamation, lease or transfer or change in the ownership of business for any reason, furnish the details of sale, merger, de-merger, amalgamation, lease or transfer of business, in FORM GST ITC-02, electronically on the common portal along with a request for transfer of unutilized input tax credit lying in his electronic credit ledger to the transferee:

Provided that in the case of demerger, the input tax credit shall be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme.

Explanation: – For the purpose of this sub-rule, it is hereby clarified that the “**value of assets**” means the value of the entire assets of the business, whether or not input tax credit has been availed thereon.”.

(2) The transferor shall also submit a copy of a certificate issued by a practicing chartered accountant or cost accountant certifying that the sale, merger, de-merger, amalgamation, lease or transfer of business has been done with a specific provision for the transfer of liabilities.

(3) The transferee shall, on the common portal, accept the details so furnished by the transferor and, upon such acceptance, the un-utilized credit specified in FORM GST ITC-02 shall be credited to his electronic credit ledger.

(4) The inputs and capital goods so transferred shall be duly accounted for by the transferee in his books of account.

7.11 CGST Rule 41A: Transfer of credit on obtaining separate registration for multiple places of business within a State or Union territory

(1) A registered person who has obtained separate registration for multiple places of business in accordance with the provisions of rule 11 and who intends to transfer, either wholly or partly, the unutilised input tax credit lying in his electronic credit ledger to any or all of the newly registered place of business, shall furnish within a period of thirty days from obtaining such separate registrations, the details in **FORM GST ITC 02A** electronically on the common portal, either directly or through a Facilitation Centre notified in this behalf by the Commissioner:

Provided that the input tax credit shall be transferred to the newly registered entities in the ratio of the value of assets held by them at the time of registration.

Explanation. - For the purposes of this sub-rule, it is hereby clarified that the 'value of assets' means the value of the entire assets of the business whether or not input tax credit has been availed thereon.

(2) The newly registered person (transferee) shall, on the common portal, accept the details so furnished by the registered person (transferor) and, upon such acceptance, the unutilised input tax credit specified in **FORM GST ITC 02A** shall be credited to his electronic credit ledger.

7.12 GST Rule 44: Manner of Reversal of Credit under Special Circumstances (Chapter-V: Input Tax Credit)

(1) The amount of input tax credit relating to inputs held in stock, inputs contained in semi-finished and finished goods held in stock, and capital goods held in stock shall, for the purposes of sub-section (4) of section 18 or sub-section (5) of section 29, be determined in the following manner, namely, -

(a) for inputs held in stock and inputs contained in semi-finished and finished goods held in stock, the input tax credit shall be calculated proportionately on the basis of the corresponding invoices on which credit had been availed by the registered taxable person on such inputs;

(b) for capital goods held in stock, the input tax credit involved in the remaining useful life in months shall be computed on pro-rata basis, taking the useful life as five years.

(2) The amount, as specified in sub-rule (1) shall be determined separately for input tax credit of central tax, State tax, Union territory tax and integrated tax.

(3) Where the tax invoices related to the inputs held in stock are not available, the registered person shall estimate the amount under sub-rule (1) based on the prevailing market price of the goods on the effective date of the occurrence of any of the events specified in sub-section (4) of section 18 or, as the case may be, sub-section (5) of section 29.

(4) The amount determined under sub-rule (1) shall form part of the output tax liability of the registered person and the details of the amount shall be furnished in **FORM GST ITC 03**, where such amount relates to any event specified in sub-section (4) of section 18 and in **FORM GSTR 10**, where such amount relates to the cancellation of registration.

(5) The details furnished in accordance with sub-rule (3) shall be duly certified by a practicing chartered accountant or cost accountant.

(6) The amount of input tax credit for the purposes of sub-section (6) of section 18 relating to capital goods shall be determined in the same manner as specified in clause (b) of sub-rule (1) and the amount shall be determined separately for input tax credit of central tax, State tax, Union territory tax and integrated tax:

Provided that where the amount so determined is more than the tax determined on the transaction value of the capital goods, the amount determined shall form part of the output tax liability and the same shall be furnished in **FORM GSTR 1**.

7.13 Section 49 of The Central Goods and Service Tax Act 2017– Payment of tax, interest, penalty and other amounts (Relevant Extracts).

(5) The amount of input tax credit available in the electronic credit ledger of the registered person on account of—

(a) integrated tax shall first be utilised towards payment of integrated tax and the amount remaining, if any, may be utilised towards the payment of central tax and State tax, or as the case may be, Union territory tax, in that order;

(b) the central tax shall first be utilised towards payment of central tax and the amount remaining, if any, may be utilised towards the payment of integrated tax;

(c) the State tax shall first be utilised towards payment of State tax and the amount remaining, if any, may be utilised towards payment of integrated tax;

“Provided that the input tax credit on account of State tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax;”

(d) the Union territory tax shall first be utilised towards payment of Union territory tax and the amount remaining, if any, may be utilised towards payment of integrated tax;

“Provided that the input tax credit on account of Union territory tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax;”

(e) the central tax shall not be utilised towards payment of State tax or Union territory tax; and

(f) the State tax or Union territory tax shall not be utilised towards payment of central tax.

7.14 Section 49A – Utilisation of input tax credit subject to certain conditions

Notwithstanding anything contained in section 49, the input tax credit on account of central tax, State tax or Union territory tax shall be utilised towards payment of integrated tax, central tax, State tax or Union territory tax, as the case may be, only after the input tax credit available on account of integrated tax has first been utilised fully towards such payment.

7.15 Section 49B – Order of utilisation of input tax credit

Notwithstanding anything contained in this Chapter and subject to the provisions of clause (e) and clause (f) of subsection (5) of section 49, the Government may, on the recommendations of the Council, prescribe the order and manner of utilisation of the input tax credit on account of integrated tax, central tax, State tax or Union territory tax, as the case may be, towards payment of any such tax.

7.16 CGST Rule 88: Order of utilization of input tax credit (Chapter-IX: Payment of Tax)

Input tax credit on account of integrated tax shall first be utilised towards payment of integrated tax, and the amount remaining, if any, may be utilised towards the payment of central tax and State tax or Union territory tax, as the case may be, in any order:

Provided that the input tax credit on account of central tax, State tax or Union territory tax shall be utilised towards payment of integrated tax, central tax, State tax or Union territory tax, as the case may be, only after the input tax credit available on account of integrated tax has first been utilised fully.

7.17 Section 50 of the CGST Act 2017, Interest on delayed payment of tax.—

(1) Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council:

[Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the

provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be payable on that portion of the tax which is paid by debiting the electronic cash ledger.

(2) The interest under sub-section (1) shall be calculated, in such manner as may be prescribed, from the day succeeding the day on which such tax was due to be paid.

(3) A taxable person who makes an undue or excess claim of input tax credit under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

7.18 Job Work Under GST

Job work means processing or working on raw materials or semi-finished goods supplied by the principal manufacturer to the job worker. This is to complete a part or whole of the process which results in the manufacture or finishing of an article or any other essential operation. As per GST Act, job work means any treatment or process undertaken by a person on goods belonging to another registered person. The person doing the job work is called job worker. Value of goods sent by the principal will not be included in the aggregate turnover of the registered job worker

“job work” means any treatment or process undertaken by a person on goods belonging to another registered person and the expression “job worker” shall be construed accordingly; Section 2(68) of the CGST Act 2017. The one who does the said job would be termed as ‘job worker’. The ownership of the goods does not transfer to the job worker but it rests with the principal. The job worker is required to carry out the process specified by the principal, on the goods.

7.19 Section 19 of the CGST Act 2017, Taking input tax credit in respect of inputs and capital goods sent for job work. —

(1) The principal shall, subject to such conditions and restrictions as may be prescribed, be allowed input tax credit on inputs sent to a job worker for job work.

(2) Notwithstanding anything contained in clause (b) of sub-section (2) of section 16, the principal shall be entitled to take credit of input tax on inputs even if the inputs are directly sent to a job worker for job work without being first brought to his place of business.

(3) Where the inputs sent for job work are not received back by the principal after completion of job work or otherwise or are not supplied from the place of business of the job worker in accordance with clause (a) or clause (b) of sub-section (1) of section 143 within one year of being sent out, it shall be deemed that such inputs had been supplied by the principal to the job worker on the day when the said inputs were sent out:

Provided that where the inputs are sent directly to a job worker, the period of one year shall be counted from the date of receipt of inputs by the job worker.

(4) The principal shall, subject to such conditions and restrictions as may be prescribed, be allowed input tax credit on capital goods sent to a job worker for job work.

(5) Notwithstanding anything contained in clause (b) of sub-section (2) of section 16, the principal shall be entitled to take credit of input tax on capital goods even if the capital goods are directly sent to a job worker for job work without being first brought to his place of business.

(6) Where the capital goods sent for job work are not received back by the principal within a period of three years of being sent out, it shall be deemed that such capital goods had been supplied by the principal to the job worker on the day when the said capital goods were sent out:

Provided that where the capital goods are sent directly to a job worker, the period of three years shall be counted from the date of receipt of capital goods by the job worker.

(7) Nothing contained in sub-section (3) or sub-section (6) shall apply to moulds and dies, jigs and fixtures, or tools sent out to a job worker for job work.

Explanation. —For the purpose of this section, —principall means the person referred to in section 143.

Documents & records

The responsibility for keeping proper accounts for the inputs or capital goods shall lie with the principal.

Challan

- All goods sent for job work must be accompanied by a challan.
- The challan will be issued by the principal.
- It will be issued even for the inputs or capital goods sent directly to the job-worker.
- The details of challans must be shown in FORM GSTR1.
- Details of challans must also be filed through Form GST ITC – 04.

The challan issued must include the following particulars:

- Date and number of the delivery challan
- Name, address and GSTIN of the consigner and consignee.
- HSN code, description and quantity of goods
- Taxable value, tax rate, tax amount- CGST, SGST, IGST, UTGST separately.
- Place of supply and signature

Form ITC-04

FORM GST ITC-04 must be submitted by the principal every quarter. He must include the details of challans in respect of the following-

- Goods dispatched to a job worker or
- Received from a job worker or

- Sent from one job worker to another

7.20 Guide to GST Portal for filing ITC-04

Step 1: Login to the GST Portal

The screenshot shows the GST Portal dashboard. At the top, there is a navigation bar with the following items: **Dashboard** (highlighted in green), **Services** (with a dropdown arrow), **GST Law**, **Search Taxpayer** (with a dropdown arrow), and **Help** (with a dropdown arrow). Below the navigation bar, the page title is "Goods and Services Tax".

The main content area includes a sub-header "Dashboard" and a timestamp "Last logged in on 06/11/2017 11:11". A welcome message reads "Welcome to GST Common Portal". A central box contains the text: "You can navigate to your chosen page through navigation panel given below". Below this, there are three buttons: "RETURN DASHBOARD >", "CREATE CHALLAN >", and "VIEW NOTICE(S) AND ORDER(S) >".

On the right side, there is a "Quick Links" section with the following links: "View Profile" (with a dropdown arrow), "Cancellation of Provisional registration", "Check Cash Balance", "Liability ledger", and "Credit ledger".

Step 2: Go the Services>>Returns>>ITC Forms

This screenshot shows the GST Portal dashboard with the "Returns" menu item highlighted in red in the navigation bar. The navigation bar includes: **Dashboard** (highlighted in green), **Services** (with a dropdown arrow), **GST Law**, **Search Taxpayer** (with a dropdown arrow), and **Help** (with a dropdown arrow). Below the navigation bar, there is a secondary navigation bar with the following items: **Registration**, **Ledgers**, **Returns** (highlighted in red), **Payments**, and **User Services**.

The main content area is identical to the previous screenshot, showing the "Welcome to GST Common Portal" message, the central navigation box, and the "Quick Links" section on the right.

Step 3: Go to "Prepare Offline" Upload invoices



Step 4: Once invoices are uploaded then click 'Initiate Filing'.



Step 5: Select tax period.

4. Details of inputs/capital goods sent for job-work

Financial Year ^{*} Return Filing Period ^{*}

Step 6: Check taxable amount and other details.

4. Details of inputs/capital goods sent for job-work

Financial Year • 2017-18 Return Filing Period • Jul-Sep SEARCH

No. of Records for Table 4	Total Taxable Value for Table 4	No. of Records for Table 5	Taxable value for Table 5
3	93,795.00	0	0.00

BACK FILE RETURN

Step 7: Finally, file the return with DSC or EVC as applicable.

Returns Filing for GST ITC04

I/We hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Authorised Signatory •
Select

BACK FILE WITH DSC FILE WITH EVC

7.21 Let Sum Up

Uninterrupted and seamless chain of input tax credit (hereinafter referred to as, “ITC”) is one of the key features of Goods and Services Tax. ITC is a mechanism to avoid cascading of taxes. Cascading of taxes, in simple language, is ‘tax on tax’. One of the most important features of the GST system is that the entire supply chain would be subject to GST to be levied by Central and State Government concurrently. As the tax charged by the Central or the State Governments would be part of the same tax regime, credit of tax paid at every stage would be available as set-off for payment of tax at every subsequent stage. There are different. Eligibility and conditions for taking input tax credit as defined in section 16 of the CGST Act. Rule 36 of the CGST rules states the documentary requirements and conditions for claiming input tax credit. Rule 37 the requirements for reversal of input tax credit in the case of non-payment of consideration. Section 17 of the Central Goods and Services Act, 2017 (CGST Act) explains about the apportionment of

credit and blocked credits. Availability of credit in special circumstances is covered under section 18 of The Central Goods and Service Tax Act 2017. CGST Rule 41 clearly discuss about the transfer of Input tax credit on sale, merger, amalgamation, lease or transfer of a business. GST Rule 44 tells about the manner of Reversal of Credit under Special Circumstances. Section 19 of the CGST Act 2017, discuss about the taking input tax credit in respect of inputs and capital goods sent for job work.

7.22 Test your Knowledge

- i. Explain the Flow of ITC with the help of an example and diagram.
- ii. What are the main eligibilities to claim ITC as per the GST Act?
- iii. What are the relevant condition and documents required for claiming ITC?
- iv. Discuss the provisions of Section 18 for availability of credit in special circumstances.
- v. How ITC is reversed under special circumstances as per Rule 44 of the CGST Rules?
- vi. Discuss the provisions Order of utilization of input tax credit as per Rule 88.
- vii. Explain the provisions in regards to interest on delayed payment of tax as per Section 50 of the CGST Act.
- viii. How to take input tax credit in respect of inputs and capital goods sent for job work?
- ix. What is the process to file ITC-04?

GST FILING AND PRACTICE
COURSE: GOODS AND SERVICE TAX LAW AND PRACTICE

UNIT VIII: REGISTRATION: PERSONS LIABLE FOR REGISTRATION, RELEVANT PROCEDURES FOR THE REGISTRATIONS AND WORKINGS AT GST PORTAL IN THIS REGARDS.

STRUCTURE

8.1 Introduction

8.2 Need and advantages of registration

8.3 Nature of Registration:

8.4 Section 22 of CGST Act 2017 – Persons liable for registration

8.5 Section 23 – Persons not liable for registration

8.6 Section 24 of the CGST Act: Compulsory registration in certain cases.

8.7 Section 25 of the Central Goods and Services Act, 2017 (CGST Act) Procedure for registration

8.8 Section 26 of the CGST Act 2017, Deemed Registration

8.9 Section 27 of the CGST Act 2017 Special provisions relating to casual taxable person and non-resident taxable person.

8.10 Section 28 of the CGST Act 2017, Amendment of registration, in core and non-core field.

8.11 Section 29 Cancellation [or suspension] of registration

8.12 Section 30 of the CGST Act 2017, Revocation of cancellation of registration

8.12.1 CGST Rule 20: Application for Cancellation of Registration (Chapter-III: Registration Rules)

8.12.2 Suo moto cancellation of GST registration

8.12.3 Rule 23 - Revocation of cancellation of registration

8.13 Steps to complete GST registration process online

8.14 Detailed working process of Registration at portal is discussed in UNIT VIII

8.15 Let Sum Up

8.16 Test Your Knowledge

8.1 Introduction

In any tax system registration is the most fundamental requirement for identification of tax payers ensuring tax compliance in the economy. Registration of any business entity under the GST Law implies obtaining a unique number from the concerned tax authorities for the purpose of collecting tax on behalf of the government and to avail Input tax credit for the taxes on his inward supplies. Without registration, a person can neither collect tax from his customers nor claim any input tax credit of tax paid by him.

8.2 Need and advantages of registration

Registration will confer the following advantages to a taxpayer:

- He is legally recognized as supplier of goods or services.
- He is legally authorized to collect tax from his customers and pass on the credit of the taxes paid on the goods or services supplied to the purchasers/ recipients.
- He can claim input tax credit of taxes paid and can utilize the same for payment of taxes due on supply of goods or services.
- Seamless flow of Input Tax Credit from suppliers to recipients at the national level.

Liability to register GST being a tax on the event of “supply”, every supplier needs to get registered.

8.3 Nature of Registration:

The registration in GST is PAN based and State specific. Supplier has to register in each of such State or Union territory from where he effects supply. In GST registration, the supplier is allotted a 15-digit GST identification number called “GSTIN” and a certificate of registration incorporating therein this GSTIN is made available to the applicant on the GSTN common portal. The first 2 digits of the GSTIN is the State code, next 10 digits are the PAN of the legal entity, the next two digits are for entity code, and the last digit is check sum number. Registration under GST is not tax specific which means that there is single registration for all the taxes i.e. CGST, SGST/UTGST, IGST and Cesses. A given PAN based legal entity would have one GSTIN per State, that means a business entity having its branches in multiple States will have to take separate State wise registration for the branches in different States. But within a State an entity with different branches would have single registration wherein it can declare one place as principal place of business and other branches as additional place of business. However, a business entity having separate business verticals (as defined in section 2 (18) of the CGST Act, 2017) in a state may obtain separate registration for each of its business verticals. Further a unit in SEZ or a SEZ developer needs to necessarily obtain separate registration.

The concept of Taxable person is very important as the tax on the supply of goods or services to be paid by the taxable person. The term taxable person has been defined in section 2 of the GCGST Act, “taxable person” means a person who is registered or liable to be registered under section 22 or section 24; [section 2 (107)].

8.4 Section 22 of CGST Act 2017 – Persons liable for registration

(1) Every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds twenty lakh rupees:

Provided that where such person makes taxable supplies of goods or services or both from any of the special category States, he shall be liable to be registered if his aggregate turnover in a financial year exceeds ten lakh rupees.

Provided further that the Government may, at the request of a special category State and on the recommendations of the Council, enhance the aggregate turnover referred to in the first proviso from ten lakh rupees to such amount, not exceeding twenty lakh rupees and subject to such conditions and limitations, as may be so notified.

Provided also that the Government may, at the request of a State and on the recommendations of the Council, enhance the aggregate turnover from twenty lakh rupees to such amount not exceeding forty lakh rupees in case of supplier who is engaged exclusively in the supply of goods, subject to such conditions and limitations, as may be notified.

Explanation. — For the purposes of this sub-section, a person shall be considered to be engaged exclusively in the supply of goods even if he is engaged in 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.

(2) Every person who, on the day immediately preceding the appointed day, is registered or holds a licence under an existing law, shall be liable to be registered under this Act with effect from the appointed day.

(3) Where a business carried on by a taxable person registered under this Act is transferred, whether on account of succession or otherwise, to another person as a going concern, the transferee or the successor, as the case may be, shall be liable to be registered with effect from the date of such transfer or succession.

(4) Notwithstanding anything contained in sub-sections (1) and (3), in a case of transfer pursuant to sanction of a scheme or an arrangement for amalgamation or, as the case may be, demerger of two or more companies pursuant to an order of a High Court, Tribunal or otherwise, the transferee shall be liable to be registered, with effect from the date on which the Registrar of Companies issues a certificate of incorporation giving effect to such order of the High Court or Tribunal.

Explanation. — For the purposes of this section, —

(i) the expression “aggregate turnover” shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals;

(ii) the supply of goods, after completion of job work, by a registered job worker shall be treated as the supply of goods by the principal referred to in section 143, and the value of such goods shall not be included in the aggregate turnover of the registered job worker;

(iii) the expression “special category States” shall mean the States as specified in sub-clause (g) of clause (4) of article 279A of the Constitution “except the state of Jammu and Kashmir” [and States of Arunachal Pradesh, Assam, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand.

8.5 Section 23 – Persons not liable for registration

(a) any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Service Tax Act; For example, a person selling only petrol or diesel as these products are out of the preview of the GST.

(b) an agriculturist, to the extent of supply of produce out of cultivation of land. The term Agriculture has been defined in section 2(7) of the CGST Act.

“agriculturist” means an individual or a Hindu Undivided Family who undertakes cultivation of land—

(a) by own labour, or

(b) by the labour of family, or

(c) by servants on wages payable in cash or kind or by hired labour under personal supervision or the personal supervision of any member of the family;

(2) The Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.

8.6 Section 24 of the CGST Act: Compulsory registration in certain cases.

Notwithstanding anything contained in sub-section (1) of section 22, the following categories of persons shall be required to be registered under this Act.

(i) persons making any inter-State taxable supply;

(ii) casual taxable persons making taxable supply;

(iii) persons who are required to pay tax under reverse charge;

(iv) person who are required to pay tax under sub-section (5) of section 9;

(v) non-resident taxable persons making taxable supply;

(vi) persons who are required to deduct tax under section 51, whether or not separately registered under this Act;

(vii) persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;

(viii) Input Service Distributor, whether or not separately registered under this Act;

(ix) persons who supply goods or services or both, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52;

(x) every electronic commerce operator [who is required to collect tax at source under section 52;]

(xi) every person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered person; and

(xii) such other person or class of persons as may be notified by the Government on the recommendations of the Council.

8.7 Section 25 of the Central Goods and Services Act, 2017 (CGST Act)

Procedure for registration

(1) Every person who is liable to be registered under Section 22 or section 24 shall apply for registration in every such State or Union territory in which he is so liable within thirty days from the date on which he becomes liable to registration, in such manner and subject to such conditions as may be prescribed:

Provided that a casual taxable person or a non-resident taxable person shall apply for registration at least five days prior to the commencement of business.

[Provided further that a person having a unit, as defined in the Special Economic Zones Act, 2005, in a Special Economic Zone or being a Special Economic Zone developer shall have to apply for a separate registration, as distinct from his place of business located outside the Special Economic Zone in the same State or Union territory.]

Explanation. —Every person who makes a supply from the territorial waters of India shall obtain registration in the coastal State or Union territory where the nearest point of the appropriate baseline is located.

(2) A person seeking registration under this Act shall be granted a single registration in a State or Union territory:

Provided that a person having multiple business verticals in a State or Union territory may be granted a separate registration for each business vertical, subject to such conditions as may be prescribed.

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

(4) A person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.

(5) Where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act.

(6) Every person shall have a Permanent Account Number issued under the Income Tax Act, 1961 in order to be eligible for grant of registration:

Provided that a person required to deduct tax under section 51 may have, in lieu of a Permanent Account Number, a Tax Deduction and Collection Account Number issued under the said Act in order to be eligible for grant of registration.

[(6A) Every registered person shall undergo authentication, or furnish proof of possession of Aadhaar number, in such form and manner and within such time as may be prescribed:

Provided that if an Aadhaar number is not assigned to the registered person, such person shall be offered alternate and viable means of identification in such manner as Government may, on the recommendations of the Council, prescribe:

Provided further that in case of failure to undergo authentication or furnish proof of possession of Aadhaar number or furnish alternate and viable means of identification, registration allotted to such person shall be deemed to be invalid and the other provisions of this Act shall apply as if such person does not have a registration.

(6B) On and from the date of notification, every individual shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number, in such manner as the Government may, on the recommendations of the Council, specify in the said notification:

Provided that if an Aadhaar number is not assigned to an individual, such individual shall be offered alternate and viable means of identification in such manner as the Government may, on the recommendations of the Council, specify in the said notification.

(6C) On and from the date of notification, every person, other than an individual, shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number of the Karta, Managing Director, whole time Director, such number of partners, Members of Managing Committee of Association, Board of Trustees, authorised representative, authorised signatory and such other class of persons, in such manner, as the Government may, on the recommendations of the Council, specify in the said notification:

Provided that where such person or class of persons have not been assigned the Aadhaar Number, such person or class of persons shall be offered alternate and viable means of identification in such manner as the Government may, on the recommendations of the Council, specify in the said notification.

(6D) The provisions of sub-section (6A) or sub-section (6B) or sub-section (6C) shall not apply to such person or class of persons or any State or Union territory or part thereof, as the Government may, on the recommendations of the Council, specify by notification.

Explanation. —For the purposes of this section, the expression —Aadhaar number shall have the same meaning as assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.]

(7) Notwithstanding anything contained in sub-section (6), a non-resident taxable person may be granted registration under sub-section (1) on the basis of such other documents as may be prescribed.

(8) Where a person who is liable to be registered under this Act fails to obtain registration, the proper officer may, without prejudice to any action which may be taken under this Act or under any other law for the time being in force, proceed to register such person in such manner as may be prescribed.

(9) Notwithstanding anything contained in sub-section (1), —

(a) any specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries; and

(b) any other person or class of persons, as may be notified by the Commissioner, shall be granted a Unique Identity Number in such manner and for such purposes, including refund of taxes on the notified supplies of goods or services or both received by them, as may be prescribed.

(10) The registration or the Unique Identity Number shall be granted or rejected after due verification in such manner and within such period as may be prescribed.

(11) A certificate of registration shall be issued in such form and with effect from such date as may be prescribed.

(12) A registration or a Unique Identity Number shall be deemed to have been granted after the expiry of the period prescribed under sub-section (10), if no deficiency has been communicated to the applicant within that period.

8.8 Section 26 of the CGST Act 2017, Deemed Registration

(1) The grant of registration or the Unique Identity Number under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act shall be deemed to be a grant of registration or the Unique Identity Number under this Act subject to the condition that the application for registration or the Unique Identity Number has not been rejected under this Act within the time specified in sub-section (10) of section 25.

(2) Notwithstanding anything contained in sub-section (10) of section 25, any rejection of application for registration or the Unique Identity Number under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act shall be deemed to be a rejection of application for registration under this Act.

8.9 Section 27 of the CGST Act 2017 Special provisions relating to casual taxable person and non-resident taxable person. —

(1) The certificate of registration issued to a casual taxable person or a non-resident taxable person shall be valid for the period specified in the application for registration or ninety days

from the effective date of registration, whichever is earlier and such person shall make taxable supplies only after the issuance of the certificate of registration:

Provided that the proper officer may, on sufficient cause being shown by the said taxable person, extend the said period of ninety days by a further period not exceeding ninety days.

(2) A casual taxable person or a non-resident taxable person shall, at the time of submission of application for registration under sub-section (1) of section 25, make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought:

Provided that where any extension of time is sought under sub-section (1), such taxable person shall deposit an additional amount of tax equivalent to the estimated tax liability of such person for the period for which the extension is sought.

(3) The amount deposited under sub-section (2) shall be credited to the electronic cash ledger of such person and shall be utilised in the manner provided under section 49.

8.10 Section 28 of the CGST Act 2017, Amendment of registration, in core and non-core field.

(1) Every registered person and a person to whom a Unique Identity Number has been assigned shall inform the proper officer of any changes in the information furnished at the time of registration or subsequent thereto, in such form and manner and within such period as may be prescribed.

(2) The proper officer may, on the basis of information furnished under sub-section (1) or as ascertained by him, approve or reject amendments in the registration particulars in such manner and within such period as may be prescribed:

Provided that approval of the proper officer shall not be required in respect of amendment of such particulars as may be prescribed:

Provided further that the proper officer shall not reject the application for amendment in the registration particulars without giving the person an opportunity of being heard.

(3) Any rejection or approval of amendments under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a rejection or approval under this Act.

Detailed discussion has been done in this regard in **GST TAX ACCOUNTING, DOCUMENTATION AND E-FILING AT GST PORTAL Unit VIII.**

8.11 Section 29 Cancellation [or suspension] of registration. —

(1) The proper officer may, either on his own motion or on an application filed by the registered person or by his legal heirs, in case of death of such person, cancel the registration, in such manner and within such period as may be prescribed, having regard to the circumstances where

- (a) the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of; or
- (b) there is any change in the constitution of the business; or
- (c) the taxable person is no longer liable to be registered under section 22 or section 24 or intends to opt out of the registration voluntarily made under sub-section (3) of section 25.

[Provided that during pendency of the proceedings relating to cancellation of registration filed by the registered person, the registration may be suspended for such period and in such manner as may be prescribed.]

(2) The proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where, —

- (a) a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed; or
- (b) a person paying tax under section 10 has not furnished returns for three consecutive tax periods; or
- (c) any registered person, other than a person specified in clause (b), has not furnished returns for a continuous period of six months; or
- (d) any person who has taken voluntary registration under sub-section (3) of section 25 has not commenced business within six months from the date of registration; or
- (e) registration has been obtained by means of fraud, willful misstatement or suppression of facts:

Provided that the proper officer shall not cancel the registration without giving the person an opportunity of being heard.

Provided further that during pendency of the proceedings relating to cancellation of registration, the proper officer may suspend the registration for such period and in such manner as may be prescribed.

(3) The cancellation of registration under this section shall not affect the liability of the person to pay tax and other dues under this Act or to discharge any obligation under this Act or the rules made thereunder for any period prior to the date of cancellation whether or not such tax and other dues are determined before or after the date of cancellation.

(4) The cancellation of registration under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a cancellation of registration under this Act.

(5) Every registered person whose registration is cancelled shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in

stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher, calculated in such manner as may be prescribed:

Provided that in case of capital goods or plant and machinery, the taxable person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery, reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery under section 15, whichever is higher.

(6) The amount payable under sub-section (5) shall be calculated in such manner as may be prescribed.

8.12 Section 30 of the CGST Act 2017, Revocation of cancellation of registration. —

(1) Subject to such conditions as may be prescribed, any registered person, whose registration is cancelled by the proper officer on his own motion, may apply to such officer for revocation of cancellation of the registration in the prescribed manner within thirty days from the date of service of the cancellation order.

[Provided that such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended, —

(a) by the Additional Commissioner or the Joint Commissioner, as the case may be, for a period not exceeding thirty days;

(b) by the Commissioner, for a further period not exceeding thirty days, beyond the period specified in clause (a).

(2) The proper officer may, in such manner and within such period as may be prescribed, by order, either revoke cancellation of the registration or reject the application:

Provided that the application for revocation of cancellation of registration shall not be rejected unless the applicant has been given an opportunity of being heard.

(3) The revocation of cancellation of registration under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a revocation of cancellation of registration under this Act.

8.12.1 CGST Rule 20: Application for Cancellation of Registration (Chapter-III: Registration Rules)

A registered person, seeking cancellation of his registration under sub-section (1) of section 29 shall electronically submit an application in **FORM GST REG 16**, including therein the details of inputs held in stock or inputs contained in semi-finished or finished goods held in stock and of capital goods held in stock on the date from which the cancellation of registration is sought, liability thereon, the details of the payment, if any, made against such liability and may furnish, along with the application, relevant documents in support thereof, at the common portal within a

period of thirty days of the occurrence of the event warranting the cancellation, either directly or through a Facilitation Centre notified by the Commissioner.

8.12.2 Suo moto cancellation of GST registration

Suo moto cancellation of GST registration means cancellation of registration under GST laws by the tax officer on his motion. However, the provisions of Section 29(2) of the CGST Act mandate that the officer provides his reasons for initiating such suo moto cancellation of registration.

Condition to be satisfied for suo-moto cancellation of GST registration

Suo moto cancellation by the tax officer can be initiated if any one of the following conditions is satisfied:

1. The taxpayer has registered their business through fraud, suppression or misrepresentation of facts.
2. The taxpayer has failed to apply for GST enrolment within 90 days from the appointed date or any such extended date as may be prescribed.
3. The taxpayer has failed to file returns for six months consecutively. The criteria for filing returns is three months in the case of a composition taxpayer.
4. The taxpayer has indulged in supplying goods or services without the issue of an invoice in violation of the provisions of the CGST Act to evade taxes.
5. It is observed that the taxpayer has issued an invoice without a supply of goods or services, thereby again violating the provisions of the Act to evade input tax credit or get a refund of tax.
6. Failure to deposit taxes collected with the treasury within 90 days.
7. Failure on the taxpayer's part to pay taxes, interest or penalty to the government within 90 days.
8. Display of misconduct during any proceedings under the GST Act.
9. It is observed that a person is not liable or has ceased to become liable for deduction or collection of taxes under GST laws.
10. If the business constitution is a sole proprietorship, upon the death of the sole proprietor.
11. In the event of amalgamation, transfer, merger, demerger and the like of a business.
12. If there is a change in the constitution that leads to a change in PAN.
13. In the event of discontinuation of closure of business.

8.12.3 Rule 23 - Revocation of cancellation of registration

(1) A registered person, whose registration is cancelled by the proper officer on his own motion, may submit an application for revocation of cancellation of registration, in **FORM GST REG-21**, to such proper officer, within a period of thirty days from the date of the service of the order

of cancellation of registration at the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that no application for revocation shall be filed, if the registration has been cancelled for the failure of the registered person to furnish returns, unless such returns are furnished and any amount due as tax, in terms of such returns, has been paid along with any amount payable towards interest, penalty and late fee in respect of the said returns.

¹Provided further that all returns due for the period from the date of the order of cancellation of registration till the date of the order of revocation of cancellation of registration shall be furnished by the said person within a period of thirty days from the date of order of revocation of cancellation of registration.

Provided also that where the registration has been cancelled with retrospective effect, the registered person shall furnish all returns relating to period from the effective date of cancellation of registration till the date of order of revocation of cancellation of registration within a period of thirty days from the date of order of revocation of cancellation of registration.

(2)

(a) Where the proper officer is satisfied, for reasons to be recorded in writing, that there are sufficient grounds for revocation of cancellation of registration, he shall revoke the cancellation of registration by an order in **FORM GST REG-22** within a period of thirty days from the date of the receipt of the application and communicate the same to the applicant.

(b) The proper officer may, for reasons to be recorded in writing, under circumstances other than those specified in clause (a), by an order in **FORM GST REG- 05**, reject the application for revocation of cancellation of registration and communicate the same to the applicant.

(3) The proper officer shall, before passing the order referred to in clause (b) of sub-rule (2), issue a notice in **FORM GST REG 23** requiring the applicant to show cause as to why the application submitted for revocation under sub-rule (1) should not be rejected and the applicant shall furnish the reply within a period of seven working days from the date of the service of the notice in **FORM GST REG-24**.

(4) Upon receipt of the information or clarification in **FORM GST REG-24**, the proper officer shall proceed to dispose of the application in the manner specified in sub-rule (2) within a period of thirty days from the date of the receipt of such information or clarification from the applicant.

8.13 Steps to complete GST registration process online

Under mentioned is the check list that is to be followed for completing GST Registration.

- **Step 1:** Visit the GST portal - <https://www.gst.gov.in>
- **Step 2:** Click on the 'Register Now' link which can be found under the 'Taxpayers' tab
- **Step 3:** Select 'New Registration'.

- **Step 4:** Fill the below-mentioned details:
 - Under the 'I am a' drop-down menu, select 'Taxpayer'.
 - Select the respective state and district.
 - Enter the name of the business.
 - Enter the PAN of the business.
 - Enter the email ID and mobile number in the respective boxes. The entered email ID and mobile number must be active as OTPs will be sent to them.
 - Enter the image that is shown on the screen and click on 'Proceed'.
- **Step 5:** On the next page, enter the OTP that was sent to the email ID and mobile number in the respective boxes.
- **Step 6:** Once the details have been entered, click on 'Proceed'.
- **Step 7:** You will be shown the Temporary Reference Number (TRN) on the screen. Make a note of the TRN.
- **Step 8:** Visit the GST portal again and click on 'Register' under the 'Taxpayers' menu.
- **Step 9:** Select 'Temporary Reference Number (TRN)'.
- **Step 10:** Enter the TRN and the captcha details.
- **Step 11:** Click on 'Proceed'.
- **Step 12:** You will receive an OTP on your email ID and registered mobile number. Enter the OTP on the next page and click on 'Proceed'.
- **Step 13:** The status of your application will be available on the next page. On the right side, there will be an Edit icon, click on it.
- **Step 14:** There will be 10 sections on the next page. All the relevant details must be filled, and the necessary documents must be submitted. The list of documents that must be uploaded are mentioned below:
 - Photographs
 - Business address proof
 - Bank details such as account number, bank name, bank branch, and IFSC code.
 - Authorisation form
 - The constitution of the taxpayer.
- **Step 15:** Visit the 'Verification' page and check the declaration, Then submit the application by using one of the below mentioned methods:
 - By Electronic Verification Code (EVC). The code will be sent to the registered mobile number.
 - By e-Sign method. An OTP will be sent to the mobile number linked to the Aadhaar card.
 - In case companies are registering, the application must be submitted by using the Digital Signature Certificate (DSC).
- **Step 16:** Once completed, a success message will be shown on the screen. The Application Reference Number (ARN) will be sent to the registered mobile number and email ID.
- **Step 17:** You can check the status of the ARN on the GST portal.

8.14 Detailed working process of Registration at portal is discussed in UNIT VIII of

GST TAX ACCOUNTING, DOCUMENTATION AND E-FILING AT GST PORTAL, in unit titled as “Working knowledge of GST portal like new registration and amendments of core and non-core fields.”

8.15 Let Sum Up

In any tax system registration is the most fundamental requirement for identification of tax payers ensuring tax compliance in the economy. Registration of any business entity under the GST Law implies obtaining a unique number from the concerned tax authorities for the purpose of collecting tax on behalf of the government and to avail Input tax credit for the taxes on his inward supplies. Registration helps in recognising and legally authorising a person to collect tax from his customers and pass on the credit of the taxes paid on the goods or services supplied to the purchasers/ recipients. He can claim input tax credit of taxes paid and can utilize the same for payment of taxes due on supply of goods or services. The registration in GST is PAN based and State specific. Every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category States when his turnover exceeds the specified limits as prescribed. There are certain cases where a person is required to take registration compulsorily. Everyone who wants to register must follow the designated procedure for registration as specified in the Act. When there are some changes required in the core and non- core fields due process as laid down is required to be followed. The registration can be cancelled either by the taxpayer or the proper officer as the case may be after following due process. There are defined process for registration at the GST Portal with the required documents, which is to be uploaded while doing the registration.

8.16 Test Your Knowledge

1. Discuss the advantage of the of registration in GST and its nature.
2. Who are liable to register under the GST Act?
3. When the registration under GST is compulsory?
4. Discuss the Concept of Deemed Registration in GST.
5. How the amendment is made in core and non-core fields?
6. What are the steps involved in cancellation of registration?
7. How revocation of cancellation of registration is done?
8. Write down the steps involved in registration of a new tax payer.

GST FILING AND PRACTICE
COURSE: GOODS AND SERVICE TAX LAW AND PRACTICE

UNIT IX: TAX INVOICE, CREDIT AND DEBIT NOTES: Knowledge about the Tax invoice, Credit notes, Debit notes, Revised Tax Invoice, Receipt Vouchers and other specified documents in the act.

STRUCTURE

- 9.1 Introduction**
- 9.2 Some Relevant definitions**
- 9.3 CHAPTER VII TAX INVOICE, CREDIT AND DEBIT NOTES**
- 9.4 Section 31A of the CGST Act 2017. Facility of digital payment to recipient**
- 9.5 Contents of Invoice**
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- 9.12 Section 32 of the CGST Act 2017. Prohibition of unauthorised collection of tax**
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- 9.14 Let Sum Up**
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9.1 Introduction

Generally speaking, an invoice is a commercial instrument issued by a seller to a buyer. It identifies both the trading parties and lists, describes, and quantifies the items sold, shows the date of shipment and mode of transport, prices and discounts, if any, and delivery and payment terms. In certain cases, (especially when it is signed by the seller or seller's agent), an invoice serves as a demand for payment and becomes a document of title when paid in full. Under the GST regime, an "invoice" or "tax invoice" means the tax invoice referred to in section 31 of the CGST Act, 2017. This section mandates issuance of invoice or a bill of supply for every supply of goods or services. It is not necessary that only a person supplying goods or services need to issue invoice. The GST law mandates that any registered person buying goods or services from

an unregistered person needs to issue a payment voucher as well as a tax invoice. The type of invoice to be issued depends upon the category of registered person making the supply. For example, if a registered person is making or receiving supplies (from unregistered persons), then a tax invoice needs to be issued by such registered person. However, if a registered person is dealing only in exempted supplies or is availing of composition scheme (composition dealer), then such a registered person needs to issue a bill of supply in lieu of invoice. The invoice should contain description, quantity and value & such other prescribed particulars (in case of supply of goods) and the description and value & such other prescribed particulars (in case of supply of services).

9.2 Some Relevant definitions:

- i. credit note” means a document issued by a registered person under sub section (1) of section 34; [Section 2(37)].
- ii. debit note” means a document issued by a registered person under sub section (3) of section 34; [Section 2(38)].
- iii. “continuous supply of goods” means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis and includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify; [Section 2(32)].
- iv. “continuous supply of services” means a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding three months with periodic payment obligations and includes supply of such services as the Government may, subject to such conditions, as it may, by notification, specify; [Section 2(33)].
- v. document” includes written or printed record of any sort and electronic record as defined in clause (t) of section 2 of the Information Technology Act, 2000; [Section 2(41)].
- vi. invoice” or “tax invoice” means the tax invoice referred to in section 31; [Section 2(66)].

9.3 CHAPTER VII TAX INVOICE, CREDIT AND DEBIT NOTES

Section 31 of the CGST Act 2017.

Tax invoice. — (1) A registered person supplying taxable goods shall, before or at the time of,
(a) removal of goods for supply to the recipient, where the supply involves movement of goods;
or

(b) delivery of goods or making available thereof to the recipient, in any other case, issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed:

Provided that the Government may, on the recommendations of the Council, by notification, specify the categories of goods or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.

(2) A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed:

[Provided that the Government may, on the recommendations of the Council, by notification,

(a) specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed;

(b) subject to the condition mentioned therein, specify the categories of services in respect of which—

(i) any other document issued in relation to the supply shall be deemed to be a tax invoice; or

(ii) tax invoice may not be issued.

(3) Notwithstanding anything contained in sub-sections (1) and (2) —

(a) a registered person may, within one month from the date of issuance of certificate of registration and in such manner as may be prescribed, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him;

(b) a registered person may not issue a tax invoice if the value of the goods or services or both supplied is less than two hundred rupees' subject to such conditions and in such manner as may be prescribed;

(c) a registered person supplying exempted goods or services or both or paying tax under the provisions of section 10 shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed:

Provided that the registered person may not issue a bill of supply if the value of the goods or services or both supplied is less than two hundred rupees' subject to such conditions and in such manner as may be prescribed;

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

(e) where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment;

(f) a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both;

(g) a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall issue a payment voucher at the time of making payment to the supplier.

(4) In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

(5) Subject to the provisions of clause (d) of sub-section (3), in case of continuous supply of services, —

(a) where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment;

(b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;

(c) where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.

(6) In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.

(7) Notwithstanding anything contained in sub-section (1), where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time of supply or six months from the date of removal, whichever is earlier.

Explanation. —For the purposes of this section, the expression —tax invoice shall include any revised invoice issued by the supplier in respect of a supply made earlier.

9.4 Section 31A of the CGST Act 2017. Facility of digital payment to recipient. —

The Government may, on the recommendations of the Council, prescribe a class of registered persons who shall provide prescribed modes of electronic payment to the recipient of supply of goods or services or both made by him and give option to such recipient to make payment accordingly, in such manner and subject to such conditions and restrictions, as may be prescribed.

Provisions under **Rule 47** of the **Central Goods and Services Tax (CGST) Rules, 2017** relating to “**Time Limit for Issuing Tax Invoice**”, are as under:

The invoice referred to in rule 46, in the case of the taxable supply of services, shall be issued within a period of thirty days from the date of the supply of service:

Provided that where the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the period within which the invoice or any document in lieu thereof is to be issued shall be forty-five days from the date of the supply of service:

Provided further that an insurer or a banking company or a financial institution, including a non-banking financial company, or a telecom operator, or any other class of supplier of services as may be notified by the Government on the recommendations of the Council, making taxable supplies of services between distinct persons as specified in section 25, may issue the invoice before or at the time such supplier records the same in his books of account or before the expiry of the quarter during which the supply was made.

9.5 Contents of Invoice:

There is no format prescribed for an invoice, however, Invoice rules makes it mandatory for an invoice to have following fields (only applicable field are to be filled) Rule 46 of the **(CGST) Rules, 2017**.

- (a) Name, address and GSTIN of the supplier;
- (b) A consecutive serial number, in one or multiple series, containing alphabets or numerals or special characters' hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
- (c) Date of its issue;
- (d) Name, address and GSTIN or UIN, if registered, of the recipient;
- (e) Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered and where the value of taxable supply is fifty thousand rupees or more;
- (f) HSN code of goods or Accounting Code of services;
- (g) Description of goods or services;
- (h) Quantity in case of goods and unit or Unique Quantity Code thereof;
- (i) Total value of supply of goods or services or both;
- (j) Taxable value of supply of goods or services or both taking into account discount or abatement, if any;
- (k) Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (l) Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);

- (m) Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce;
- (n) Address of delivery where the same is different from the place of supply;
- (o) Whether the tax is payable on reverse charge basis; and
- (p) Signature or digital signature of the supplier or his authorized representative. Signature or digital signature of the supplier or his authorised representative shall not be required in the case of issuance of an electronic invoice, bill of supply, ticket or any such document in accordance with the provisions of the Information Technology Act, 2000.

Specimen of the TAX INVOICE

TAX INVOICE																
Name of Supplier: Address: Email id: GSTIN:								Invoice No. Date Tax payable under Reverse Charge (Yes/No) Mode of Transportation Place of Supply:								
Details of Receiver (Billed to)								Details of Consignee (shipped to)								
Name Address State State Code GSTIN:								Name Address State State Code GSTIN:								
S No.	Description of Goods/Services	HSN/Accounting Code	Qty	Unit	Rate per item (Rs.)	Total (Rs.)	Discount (Rs.)	Taxable Value (Rs.)	CGST		SGST/UTGST		IGST		Total (Rs.)	
									Rate	Rs.	Rate	Rs.	Rate	Rs.		
														Total Invoice Value		
Declaration: The particulars given above are true and correct										Freight Charges Loading charges Packing Charges Insurance Charges Other Charges						
(Value in Words)										Total Amount						
Terms & Conditions										For M/s _____						
										(Authorized Signatory)						

Provisions under **Rule 53** of the **Central Goods and Services Tax (CGST) Rules, 2017** relating to **“Revised Tax Invoice and Credit or Debit Notes”**, are as under

Revised invoice

A revised tax invoice referred to in section 31 shall contain the following particulars, namely: -

- (a) the word “Revised Invoice”, wherever applicable, indicated prominently;
- (b) name, address and Goods and Services Tax Identification Number of the supplier;
- (c) (omitted)
- (d) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
- (e) date of issue of the document;
- (f) name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
- (g) name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered;
- (h) serial number and date of the corresponding tax invoice or, as the case may be, bill of supply; and
- (i) signature or digital signature of the supplier or his authorised representative.

9.6 Bill of Supply Rule 49 of CGST Rules 2017

Bill of supply is a document of transaction that is different from a normal tax invoice. These bills do not contain any tax amount, as input tax cannot be charged in these cases. A bill of supply is issued in cases when a registered person is a supplier of exempted goods/services, OR, if they have opted to pay GST under the composition scheme. In either of these cases, the registered person cannot charge GST to the buyer, and hence there is no tax amount listed on the bill.

Contents of Bill of Supply

The GST law has specified certain particulars that should be present in a Bill of Supply. These are the details a Bill of Supply should have:

- a. Name, address, and GSTIN of the supplier
- b. Bill of Supply number (it must not exceed 16 characters, be generated consecutively and each Bill of Supply will have a unique number for that financial year)
- c. Date of issue
- d. If the recipient is registered then the name, address, and GSTIN of the recipient
- e. HSN CODE of goods or Accounting Code for services. The number of digits that are required to be mentioned based on turnover in the preceding financial year, is as follows:
- f. Description of goods/services
- g. Value of the goods/services after adjusting any discount or abatement

h. Signature or Digital Signature of the supplier

Specimen of BILL OF SUPPLY

BILL OF SUPPLY		AMG-B-170001	03-Jul-2017				
Duplicate Copy for the Supplier							
LOGO	ON: (for companies only)	<u>NAME OF THE SUPPLIER</u>					
	GSTIN : Address: Contact No. : E-mail:						
BILLING DETAILS		SHIPPING DETAILS					
PURCHASER NAME		RECEIVER NAME					
GSTIN:		GSTIN:					
Billing Address:		Delivery Address:					
Ref. No.:		Contact No:					
"Composition Person, not eligible to collect taxes on Supplies."							
S.No.	HSN / SAC Code	Description of Goods / Services	Qty (kg)	Rate	Amount (in ₹)	Disc.	Value of Supply (in ₹)
1	0000	SALE OF GOODS / SERVICES	10	28,000.00	2,80,000.00	-	2,80,000.00
2					-	-	-
3					-	-	-
4					-	-	-
5					-	-	-
6					-	-	-
TOTAL AMOUNT					2,80,000.00	-	2,80,000.00
Other Charges							-
TOTAL INVOICE VALUE (in figures)							2,80,000.00
TOTAL INVOICE VALUE (in words)			Rupees Two Lakh and Eighty Thousand only				
<u>Payment Terms</u>					NAME OF THE SUPPLIER		
In favour of :							
Bank & Branch :							
Account No. :							
IFSC Code :							
Comments :							
<u>Terms and Conditions</u>					Name of Authorised Signatory Designation		
1 E. & O. E.							
2 Goods once sold will not be taken back or exchanged.							
3 Supplier is not responsible for any loss or damaged of goods in transit.							
4 Disputes, if any, will be subject to Seller Place Jurisdiction.							
Thanks for doing business with us...							

9.7 Section 34 of the CGST Act, Credit and debit notes. —

(1) Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be

deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed.

- (2) Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed Provided that no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.
- (3) Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient one or more debit notes for supplies made in a financial year containing such particulars as may be prescribed.
- (4) Any registered person who issues a debit note in relation to a supply of goods or services or both shall declare the details of such debit note in the return for the month during which such debit note has been issued and the tax liability shall be adjusted in such manner as may be prescribed.

Explanation. —For the purposes of this Act, the expression —debit note shall include a supplementary invoice.

9.8 Rule 53 (1A) Contents of the credit or debit note.

A credit or debit note referred to in section 34 shall contain the following particulars, namely: –

- (a) name, address and Goods and Services Tax Identification Number of the supplier;
- (b) nature of the document;
- (c) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
- (d) date of issue of the document;
- (e) name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;

- (f) name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered;
- (g) serial number(s) and date(s) of the corresponding tax invoice(s) or, as the case may be, bill(s) of supply;
- (h) value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient; and
- i) signature or digital signature of the supplier or his authorised representative.

Specimen of Debit Note

SUPPLEMENTARY INVOICE/ DEBIT NOTE / CREDIT NOTE															
Name of Supplier: Address: Email id: GSTIN:								SI/DN/CN No.: Date Tax payable under Reverse Charge (Yes/No) Mode of Transportation Place of Supply:							
Details of Receiver (Billed to)								Details of Consignee (shipped to)							
Name Address State State Code GSTIN:								Name Address State State Code GSTIN:							
S No.	Description of Goods/Services	HSN/ Accounting Code	Qty	Unit	Rate per item (Rs.)	Total (Rs.)	Discount (Rs.)	Taxable Value (Rs.)	CGST		SGST/UTGST		IGST		Total (Rs.)
									Rate	Rs.	Rate	Rs.	Rate	Rs.	
Total Invoice Value															
Declaration: The particulars given above are true and correct. SI/DN/DC is issued in pursuance of Invoice No. _____ dated _____										Freight Charges Loading charges Packing Charges Insurance Charges Other Charges					
(Value in Words)										Total Amount					
Terms & Conditions										For M/s _____					
										(Authorized Signatory)					

Specimen of Credit Note

Credit Note			
[NAME OF THE BUSINESS CONCERN] [Address] [Address] [City, Pincode] [Telephone]		Date: DD.MM.YYYY	
GSTIN/UIIN: XXXXXXXXXXXXXXXXXXXX PAN: XXXXXXXXXXXX		Credit Note #	
Party's Details: [Name of the Party] [Complete Address]		Invoice Ref. #, Date	
Place of Supply: (State Name) (Code: XX) GSTIN/UIIN: XXXXXXXXXXXXXXXXXXXX PAN: XXXXXXXXXXXX		Terms:	
Sl. No.	Particulars	Qty., Rate	Amount
1.	CGST Rate charged 12% instead of 8%	XX	XXX
2.	SGST Rate charged 12% instead of 8%	XX	XXX
3.	IGST Rate charged 12% instead of 8%	XX	XXX
(Amount in words:		Total	XXXX
E. & O. E.		For [Name of the Business Concern] <i>sign & seal</i> Authorized Signatory	

9.9 Rule 50 of the CGST Rules 2017, Receipt voucher

A receipt voucher referred to in clause (d) of subsection (3) of Section 31 shall contain the following particulars, namely, -

- name, address and Goods and Services Tax Identification Number of the supplier;
- a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters- hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
- date of its issue;
- name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
- description of goods or services;
- amount of advance taken;

- (g) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (h) amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (i) place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce;
- (j) whether the tax is payable on reverse charge basis; and
- (k) signature or digital signature of the supplier or his authorised representative:

Provided that where at the time of receipt of advance, -

- (i) the rate of tax is not determinable; the tax shall be paid at the rate of eighteen per cent.;
- (ii) the nature of supply is not determinable, the same shall be treated as inter-State supply.

Specimen of Receipt Voucher

Receipt Voucher											
Name of Supplier: Address: Email id: GSTIN:				Receipt No: Date Tax payable under Reverse Charge (Yes/No) Place of Supply:							
Details of Receiver Name Address State State Code GSTIN:											
S No.	Description of Goods/Services	HSN/ Accounting Code	Advance Received	CGST		SGST/UTGST		IGST		Total (Rs.)	
				Rate	Rs.	Rate	Rs.	Rate	Rs.		
(Value in Words)									Total Advance Received		
Declaration: The particulars given above are true and correct.						For M/s _____ <div style="text-align: right;">(Authorized Signatory)</div>					
Terms & Conditions											

9.10 Rule 51 of the CGST Rules 2017, Refund Voucher in GST

There can be circumstances where a supplier receives advance payment in respect of a particular supply to be made in the future. In such situations, the supplier issues a Receipt Voucher for the amount of advance received from the recipient. However, there can be times when supply of goods or services against which advance is received gets cancelled subsequent to the receipt of advance payment by the supplier. That is to say, the supplier has received the advance payment and issued the Receipt Voucher for which the supply of goods or services gets cancelled. In such a case, the supplier needs to refund the advance amount received and issue a refund voucher to the recipient.

Components of Refund Voucher

As per rule 51 of CGST rules, 2017, a refund voucher must contain the following particulars:

1. Name, address and GSTIN of the supplier.
2. A consecutive serial number not exceeding 16 characters, in one or multiple series, containing letters or numerals or special characters (hyphen or dash and slash symbolized as “-” and “/” respectively) and any combination thereof, unique for a financial year.
3. Date of its issue.
4. Name, address and GSTIN or UIN, if registered, of the recipient.
5. Number and Date of Receipt Voucher issued as per Rule 50 of CGST Rules
6. Description of goods or services in respect of which refund is made.
7. Amount of refund made
8. Rate of tax (central tax, state tax, integrated tax, union territory tax or cess).
9. Amount of tax charged in respect of taxable goods or services (central tax, state tax, integrated tax, union territory tax or cess).
10. Whether the tax is payable on reverse charge basis.
11. Signature or digital signature of the supplier or his authorized representative.

Specimen of Refund Voucher

Refund Voucher										
Name of Supplier: Address: Email id: GSTIN:					Refund Voucher No: Date Tax payable under Reverse Charge (Yes/No)					
Details of Recipient Name Address State State Code GSTIN:										
S No.	Description of Goods/Services	HSN/ Accounting Code	Amount refunded	CGST		SGST/UTGST		IGST		Total (Rs.)
				Rate	Rs.	Rate	Rs.	Rate	Rs.	
(Value in Words)										Total Amount Refunded
Declaration: The particulars given above are true and correct. Amount refunded in pursuance of receipt voucher no. _____ dated _____							For M/s _____			
Terms & Conditions							(Authorized Signatory)			

9.11 Rule 51 of the CGST Rules 2017, Payment Voucher in GST

There are cases where a registered person under GST is liable to pay tax under reverse charge mechanism. These would include circumstances where:

- A registered person makes supplies of such nature on which tax is payable under reverse charge mechanism
- Recipient receives supplies from an unregistered person

In such cases, the registered person liable to pay tax is required to issue an invoice for the goods or services received by him from the supplier.

Furthermore, such a registered person receiving supplies is also required to issue a Payment Voucher to the supplier at the time of making payment.

Thus, Payment Voucher is a type of GST invoice which is issued by a registered person liable to pay tax under Reverse Charge. Further, the payment invoice is an evidence of goods and services received by such a registered person from the supplier.

Contents of Payment Voucher

The particulars to be included in the payment voucher are defined in Rule 52 of the CGST Rules, 2017. As per this rule, these details need to be included in a Payment Voucher:

1. Name, address and GSTIN of the supplier (if registered).
2. A consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters like ‘hyphen’ or ‘dash’, and ‘slash’ (symbolised as ‘- ‘and ‘/ ‘respectively), and any combination thereof, unique for a financial year.
3. Date of issue of the Payment Voucher.
4. Name, address and GSTIN of the recipient.
5. Description of goods/services.
6. Amount paid.
7. Rate of tax (whether Central tax, State tax, Integrated tax, Union Territory tax or cess, as the case may be).
8. Amount of tax payable in respect of taxable goods or services or both (whether Central tax, State tax, Integrated tax, Union Territory tax or cess, as the case may be).
9. Place of supply along with the name of the State and its code - In case of Inter-State supply.
10. The signature or digital signature of the supplier or their authorised representative.

Specimen of Payment Voucher.

Payment Voucher										
Name of Supplier: Address: Email id: GSTIN:					Payment Voucher No: Date					
Details of Recipient Name Address State State Code GSTIN:					Place of Supply:					
S No.	Description of Goods/Services	HSN/ Accounting Code	Amount paid	CGST		SGST/UTGST		IGST		Total (Rs.)
				Rate	Rs.	Rate	Rs.	Rate	Rs.	
(Value in Words)										Total Amount paid
Declaration: The particulars given above are true and correct.							For M/s _____			
Terms & Conditions							(Authorized Signatory)			

9.12 Section 32 of the CGST Act 2017. Prohibition of unauthorised collection of tax. —

- (1) A person who is not a registered person shall not collect in respect of any supply of goods or services or both any amount by way of tax under this Act.
- (2) No registered person shall collect tax except in accordance with the provisions of this Act or the rules made thereunder.

9.13 Section 33 of the CGST Act 2017. Amount of tax to be indicated in tax invoice and other documents. — Notwithstanding anything contained in this Act or any other law for the time being in force, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

9.14 Let Sum Up

Generally speaking, an invoice is a commercial instrument issued by a seller to a buyer. Under the GST regime, an “invoice” or “tax invoice” means the tax invoice referred to in section 31 of the CGST Act, 2017. This section mandates issuance of invoice or a bill of supply for every supply of goods or services. It is not necessary that only a person supplying goods or services need to issue invoice. The invoice should contain description, quantity and value & such other prescribed particulars (in case of supply of goods) and the description and value & such other prescribed particulars (in case of supply of services). There are other prescribed documents in GST law which are required to be issued in the due course of the business. Like bill of supply to be issued by the composition tax payer and person dealing in exempted goods/services. Registered tax payers are also required to issue debit and credit notes to settle the differences in the invoices. There are others documents like Refund Voucher to be issued on the return of advance. Payment voucher is issued when a person is liable to pay tax under reverse charge. Receipt voucher is issued on receipt of the advance from the customer.

9.15 Test your Knowledge

- i. What are the provisions of Section 31 of the CGST Act 2017, in regards to the issuance of Tax invoice?
- ii. What are the required contents of an invoice in the GST Law?
- iii. What is Bill of Supply, who can issue it and what are the different data fields to be mentioned in the bill?
- iv. What is Debit note and Credit note and when they are issued?
- v. What is Receipt voucher and write down its contents?
- vi. What is Payment voucher and write down its contents?

**UNIT X: RETURNS: KNOWLEDGE IN RESPECT OF FILING OF GST
RETURNS AT PORTAL.**

STRUCTURE

10.1 Introduction

10.2 Section 37 of the CGST Act, Furnishing details of outward supplies

**10.3 CGST Rule 59: Form and Manner of Furnishing Details of Outward Supplies
(Chapter-VIII: Returns)**

10.4 Section 38 of the CGST Act, Furnishing details of inward supplies

**10.5 Rule 60 of CGST Rules: Form and Manner of Furnishing Details of Inward Supplies
(Chapter-VIII: Returns)**

10.6 Section 39 of the CGST Act 2017. Furnishing of returns

10.7 CGST Rule 61: Form and Manner of furnishing of return (Chapter-VIII: Returns)

10.8 Rule 61A of the CGST Rules 2017 – Manner of opting for furnishing quarterly return

10.9 Rule 62 of CGST Rules 2017 Form and manner of submission of statement and return

10.10 Steps involved in GSTR 1 filing on GST Portal

10.11 Steps to File GSTR-3B on GST Portal

10.12 Let us sum up

10.13 Test your Knowledge.

10.1 Introduction

A GST return is a document containing details of all income/sales and/or expenses/purchases that a GST-registered taxpayer (every GSTIN) is required to file with the tax administrative authorities. This is used by tax authorities to calculate net tax liability. Under GST, a registered dealer has to file GST returns that broadly include: Purchases, Sales, Output GST (On sales) and Input tax credit (GST paid on purchases).

Under the GST regime, regular businesses having more than Rs.5 crores as annual aggregate turnover (and taxpayers who have not opted for the QRMP scheme) have to file two monthly returns and one annual return. This amounts to 25 returns each year. Taxpayers with a turnover of up to Rs.5 crore have the option to file returns under the QRMP scheme. The number of GSTR filings for QRMP filers is 9 each year, which include 4 GSTR-1 and GSTR-3B returns each and an annual return. Note that QRMP filers have to pay tax on a monthly basis even though they are filing returns quarterly. There are also separate statements/returns required to be

filed in special cases such as composition dealers where the number of GSTR filings is 5 each year (4 statement-cum-challans in CMP-08 and 1 annual return GSTR-4).

10.2 Section 37 of the CGST Act, Furnishing details of outward supplies. —

(1) Every registered person, other than an Input Service Distributor, a non-resident taxable person and a person paying tax under the provisions of section 10 or section 51 or section 52, shall furnish, electronically, in such form and manner as may be prescribed, the details of outward supplies of goods or services or both effected during a tax period on or before the tenth day of the month succeeding the said tax period and such details shall be communicated to the recipient of the said supplies within such time and in such manner as may be prescribed:

Provided that the registered person shall not be allowed to furnish the details of outward supplies during the period from the eleventh day to the fifteenth day of the month succeeding the tax period:

Provided further that the Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing such details for such class of taxable persons as may be specified therein:

Provided also that any extension of time limit notified by the Commissioner of State tax or Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.

(2) Every registered person who has been communicated the details under sub-section (3) of section 38 or the details pertaining to inward supplies of Input Service Distributor under sub-section (4) of section 38, shall either accept or reject the details so communicated, on or before the seventeenth day, but not before the fifteenth day, of the month succeeding the tax period and the details furnished by him under sub-section (1) shall stand amended accordingly.

(3) Any registered person, who has furnished the details under sub-section (1) for any tax period and which have remained unmatched under section 42 or section 43, shall, upon discovery of any error or omission therein, rectify such error or omission in such manner as may be prescribed, and shall pay the tax and interest, if any, in case there is a short payment of tax on account of such error or omission, in the return to be furnished for such tax period:

Provided that no rectification of error or omission in respect of the details furnished under sub-section (1) shall be allowed after furnishing of the return under section 39 for the month of September following the end of the financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier.

[Provided further that the rectification of error or omission in respect of the details furnished under sub-section (1) shall be allowed after furnishing of the return under section 39 for the month of September, 2018 till the due date for furnishing the details under subsection (1) for the month of March, 2019 or for the quarter January, 2019 to March, 2019]

Explanation. —For the purposes of this Chapter, the expression —details of outward supplies shall include details of invoices, debit notes, credit notes and revised invoices issued in relation to outward supplies made during any tax period.

10.3 CGST Rule 59: Form and Manner of Furnishing Details of Outward Supplies (Chapter-VIII: Returns)

(1) Every registered person, other than a person referred to in section 14 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), required to furnish the details of outward supplies of goods or services or both under section 37, shall furnish such details in **FORM GSTR 1** for the month or the quarter, as the case may be, electronically through the common portal, either directly or through a Facilitation Centre as may be notified by the Commissioner.

(2) The registered persons required to furnish return for every quarter under proviso to sub section (1) of section 39 may furnish the details of such outward supplies of goods or services or both to a registered person, as he may consider necessary, for the first and second months of a quarter, up to a cumulative value of fifty lakh rupees in each of the months,- using invoice furnishing facility (hereafter in this notification referred to as the “IFF”) electronically on the common portal, duly authenticated in the manner prescribed under rule 26, from the 1st day of the month succeeding such month till the 13th day of the said month.

Provided that a registered person may furnish such details, for the month of April, 2021, using IFF from the 1st day of May, 2021 till the 28th day of May, 2021.

Provided further that a registered person may furnish such details, for the month of May, 2021, using IFF from the 1st day of June, 2021 till the 28th day of June, 2021.

(3) The details of outward supplies furnished using the IFF, for the first and second months of a quarter, shall not be furnished in **FORM GSTR 1** for the said quarter.

(4) The details of outward supplies of goods or services or both furnished in **FORM GSTR 1** shall include the, -

(a) invoice wise details of all –

(i) inter-State and intra-State supplies made to the registered persons; and

(ii) inter-State supplies with invoice value more than two and a half lakh rupees made to the unregistered persons;

(b) consolidated details of all –

(i) intra-State supplies made to unregistered persons for each rate of tax; and

(ii) State wise inter-State supplies with invoice value upto two and a half lakh rupees made to unregistered persons for each rate of tax;

(c) debit and credit notes, if any, issued during the month for invoices issued previously.

5) The details of outward supplies of goods or services or both furnished using the IFF shall include the, -

(a) invoice wise details of inter-State and intra-State supplies made to the registered persons;

(b) debit and credit notes, if any, issued during the month for such invoices issued previously.

(6) Notwithstanding anything contained in this rule, -

(a) a registered person shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in **FORM GSTR 1**, if he has not furnished the return in **FORM GSTR 3B** for the preceding month.

(b) a registered person, required to furnish return for every quarter under the proviso to sub-section (1) of section 39, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in **FORM GSTR 1** or using the invoice furnishing facility, if he has not furnished the return in **FORM GSTR 3B** for preceding tax period;

10.4 Section 38 of the CGST Act, Furnishing details of inward supplies.

— (1) Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52, shall verify, validate, modify or delete, if required, the details relating to outward supplies and credit or debit notes communicated under sub-section (1) of section 37 to prepare the details of his inward supplies and credit or debit notes and may include therein, the details of inward supplies and credit or debit notes received by him in respect of such supplies that have not been declared by the supplier under sub-section (1) of section 37.

(2) Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52, shall furnish, electronically, the details of inward supplies of taxable goods or services or both, including inward supplies of goods or services or both on which the tax is payable on reverse charge basis under this Act and inward supplies of goods or services or both taxable under the Integrated Goods and Services Tax Act or on which integrated goods and services tax is payable under section 3 of the Customs Tariff Act, 1975, and credit or debit notes received in respect of such supplies during a tax period after the tenth day but on or before the fifteenth day of the month succeeding the tax period in such form and manner as may be prescribed:

Provided that the Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing such details for such class of taxable persons as may be specified therein:

Provided further that any extension of time limit notified by the Commissioner of State tax or Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.

(3) The details of supplies modified, deleted or included by the recipient and furnished under sub-section (2) shall be communicated to the supplier concerned in such manner and within such time as may be prescribed.

(4) The details of supplies modified, deleted or included by the recipient in the return furnished under sub-section (2) or sub-section (4) of section 39 shall be communicated to the supplier concerned in such manner and within such time as may be prescribed.

(5) Any registered person, who has furnished the details under sub-section (2) for any tax period and which have remained unmatched under section 42 or section 43, shall, upon discovery of any error or omission therein, rectify such error or omission in the tax period during which such error or omission is noticed in such manner as may be prescribed, and shall pay the tax and interest, if any, in case there is a short payment of tax on account of such error or omission, in the return to be furnished for such tax period:

Provided that no rectification of error or omission in respect of the details furnished under sub-section (2) shall be allowed after furnishing of the return under section 39 for the month of September following the end of the financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier.

10.5 Rule 60 of CGST Rules: Form and Manner of Furnishing Details of Inward Supplies (Chapter-VIII: Returns)

(1) The details of outward supplies furnished by the supplier in **FORM GSTR 1** or using the IFF shall be made available electronically to the concerned registered persons (recipients) in **Part A** of **FORM GSTR 2A**, in **FORM GSTR 4A** and in **FORM GSTR 6A** through the common portal, as the case may be.

(2) The details of invoices furnished by a non-resident taxable person in his return in **FORM GSTR 5** under rule 63 shall be made available to the recipient of credit in **Part A** of **FORM GSTR 2A** electronically through the common portal.

(3) The details of invoices furnished by an Input Service Distributor in his return in **FORM GSTR 6** under rule 65 shall be made available to the recipient of credit in **Part B** of **FORM GSTR 2A** electronically through the common portal.

(4) The details of tax deducted at source furnished by the deductor under sub-section (3) of section 39 in **FORM GSTR 7** shall be made available to the deductee in **Part C** of **FORM GSTR 2A** electronically through the common portal.

(5) The details of tax collected at source furnished by an e-commerce operator under section 52 in **FORM GSTR 8** shall be made available to the concerned person in **Part C** of **FORM GSTR 2A** electronically through the common portal.

(6) The details of the integrated tax paid on the import of goods or goods brought in domestic Tariff Area from Special Economic Zone unit or a Special Economic Zone developer on a bill of entry shall be made available in **Part D** of **FORM GSTR 2A** electronically through the common portal.

(7) An auto-drafted statement containing the details of input tax credit shall be made available to the registered person in **FORM GSTR 2B**, for every month, electronically through the common portal, and shall consist of, -

(i) the details of outward supplies furnished by his supplier, other than a supplier required to furnish return for every quarter under proviso to sub-section (1) of section 39, in **FORM GSTR 1**, between the day immediately after the due date of furnishing of **FORM GSTR 1** for the previous month to the due date of furnishing of **FORM GSTR 1** for the month;

(ii) the details of invoices furnished by a non-resident taxable person in **FORM GSTR 5** and details of invoices furnished by an Input Service Distributor in his return in **FORM GSTR 6** and details of outward supplies furnished by his supplier, required to furnish return for every quarter under proviso to sub-section (1) of section 39, in **FORM GSTR 1** or using the IFF, as the case may be, -

(a) for the first month of the quarter, between the day immediately after the due date of furnishing of **FORM GSTR 1** for the preceding quarter to the due date of furnishing details using the IFF for the first month of the quarter;

(b) for the second month of the quarter, between the day immediately after the due date of furnishing details using the IFF for the first month of the quarter to the due date of furnishing details using the IFF for the second month of the quarter;

(c) for the third month of the quarter, between the day immediately after the due date of furnishing of details using the IFF for the second month of the quarter to the due date of furnishing of **FORM GSTR 1** for the quarter;

10.6 Section 39 of the CGST Act 2017. Furnishing of returns. —

(1) Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52 shall, for every calendar month or part thereof, furnish, a return, electronically, of inward and outward supplies of goods or services or both, input tax credit availed, tax payable, tax paid and such other particulars, in such form and manner, and within such time, as may be prescribed:

Provided that the Government may, on the recommendations of the Council, notify certain class of registered persons who shall furnish a return for every quarter or part thereof, subject to such conditions and restrictions as may be specified therein.

(2) A registered person paying tax under the provisions of section 10, shall, for each financial year or part thereof, furnish a return, electronically, of turnover in the State or Union territory,

inward supplies of goods or services or both, tax payable, tax paid and such other particulars in such form and manner, and within such time, as may be prescribed.

(3) Every registered person required to deduct tax at source under the provisions of section 51 shall furnish, in such form and manner as may be prescribed, a return, electronically, for the month in which such deductions have been made within ten days after the end of such month.

(4) Every taxable person registered as an Input Service Distributor shall, for every calendar month or part thereof, furnish, in such form and manner as may be prescribed, a return, electronically, within thirteen days after the end of such month.

(5) Every registered non-resident taxable person shall, for every calendar month or part thereof, furnish, in such form and manner as may be prescribed, a return, electronically, within twenty days after the end of a calendar month or within seven days after the last day of the period of registration specified under sub-section (1) of section 27, whichever is earlier.

(6) The Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing the returns under this section for such class of registered persons as may be specified therein: Provided that any extension of time limit notified by the Commissioner of State tax or Union territory tax shall be deemed to be notified by the Commissioner.

(7) Every registered person who is required to furnish a return under sub-section (1), other than the person referred to in the proviso thereto, or sub-section (3) or sub-section (5), shall pay to the Government the tax due as per such return not later than the last date on which he is required to furnish such return:

Provided that every registered person furnishing return under the proviso to sub-section (1) shall pay to the Government, the tax due taking into account inward and outward supplies of goods or services or both, input tax credit availed, tax payable and such other particulars during a month, in such form and manner, and within such time, as may be prescribed:

Provided further that every registered person furnishing return under sub-section (2) shall pay to the Government, the tax due taking into account turnover in the State or Union territory, inward supplies of goods or services or both, tax payable, and such other particulars during a quarter, in such form and manner, and within such time, as may be prescribed.

(8) Every registered person who is required to furnish a return under sub-section (1) or sub-section (2) shall furnish a return for every tax period whether or not any supplies of goods or services or both have been made during such tax period.

(9) Subject to the provisions of sections 37 and 38, if any registered person after furnishing a return under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (4) or sub-section (5) discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars in the return to be furnished for the month or quarter during which such omission or incorrect particulars are noticed, subject to payment of interest under this Act:

Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of return for the month of September or second quarter following the end of the financial year, or the actual date of furnishing of relevant annual return, whichever is earlier.

(10) A registered person shall not be allowed to furnish a return for a tax period if the return for any of the previous tax periods has not been furnished by him.

10.7 CGST Rule 61: Form and Manner of furnishing of return (Chapter-VIII: Returns)

(1) Every registered person other than a person referred to in section 14 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017) or an Input Service Distributor or a non-resident taxable person or a person paying tax under section 10 or section 51 or, as the case may be, under section 52 shall furnish a return in **FORM GSTR 3B**, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner, as specified under, -

(i) sub-section (1) of section 39, for each month, or part thereof, on or before the twentieth day of the month succeeding such month:

(ii) proviso to sub-section (1) of section 39, for each quarter, or part thereof, for the class of registered persons mentioned in column (2) of the Table given below, on or before the date mentioned in the corresponding entry in column (3) of the said Table, namely: -

Table

Sl. No.	Class of registered persons	Due Date
(1)	(2)	(3)
1	Registered persons whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep.	twenty-second day of the month succeeding such quarter.
2	Registered persons whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi.	twenty-fourth day of the month succeeding such quarter.

(2) Every registered person required to furnish return, under sub-rule (1) shall, subject to the provisions of section 49, discharge his liability towards tax, interest, penalty, fees or any other

amount payable under the Act or the provisions of this Chapter by debiting the electronic cash ledger or electronic credit ledger and include the details in the return in **FORM GSTR 3B**.

(3) Every registered person required to furnish return, every quarter, under clause (ii) of sub rule (1) shall pay the tax due under proviso to sub-section (7) of section 39, for each of the first two months of the quarter, by depositing the said amount in **FORM GST PMT 06**, by the twenty fifth day of the month succeeding such month:

Provided that the Commissioner may, on the recommendations of the Council, by notification, extend the due date for depositing the said amount in **FORM GST PMT 06**, for such class of taxable persons as may be specified therein:

Provided further that any extension of time limit notified by the Commissioner of State tax or Union territory tax shall be deemed to be notified by the Commissioner:

Provided also that while making a deposit in **FORM GST PMT 06**, such a registered person may:

- (a) for the first month of the quarter, take into account the balance in the electronic cash ledger.
- (b) for the second month of the quarter, take into account the balance in the electronic cash ledger excluding the tax due for the first month.

4) The amount deposited by the registered persons under sub-rule (3) above, shall be debited while filing the return for the said quarter in **FORM GSTR 3B**, and any claim of refund of such amount lying in balance in the electronic cash ledger, if any, out of the amount so deposited shall be permitted only after the return in **FORM GSTR 3B** for the said quarter has been filed.

10.8 Rule 61A of the CGST Rules 2017 – Manner of opting for furnishing quarterly return

(1) Every registered person intending to furnish return on a quarterly basis under proviso to sub-section (1) of section 39, shall in accordance with the conditions and restrictions notified in this regard, indicate his preference for furnishing of return on a quarterly basis, electronically, on the common portal, from the 1st day of the second month of the preceding quarter till the last day of the first month of the quarter for which the option is being exercised:

Provided that where such option has been exercised once, the said registered person shall continue to furnish the return on a quarterly basis for future tax periods, unless the said registered person,

- (a) becomes ineligible for furnishing the return on a quarterly basis as per the conditions and restrictions notified in this regard; or
- (b) opts for furnishing of return on a monthly basis, electronically, on the common portal:

Provided further that a registered person shall not be eligible to opt for furnishing quarterly return in case the last return due on the date of exercising such option has not been furnished.

- (2) A registered person, whose aggregate turnover exceeds 5 crore rupees during the current financial year, shall opt for furnishing of return on a monthly basis, electronically, on the common portal, from the first month of the quarter, succeeding the quarter during which his aggregate turnover exceeds 5 crore rupees.

10.9 Rule 62 of CGST Rules 2017 Form and manner of submission of statement and return

(1) Every registered person paying tax under section 10 shall-

- (i) furnish a statement, every quarter or, as the case may be, part thereof, containing the details of payment of self-assessed tax in FORM GST CMP-08, till the 18th day of the month succeeding such quarter; and
- (ii) furnish a return for every financial year or, as the case may be, part thereof in FORM GSTR-4, till the thirtieth day of April following the end of such financial year,

electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

(2) Every registered person furnishing the [statement under sub-rule (1) shall discharge his liability towards tax or interest payable under the Act or the provisions of this Chapter by debiting the electronic cash ledger.

(3) The return furnished under sub-rule (1) shall include the-

- (a) invoice wise inter-State and intra-State inward supplies received from registered and un-registered persons; and
- (b) consolidated details of outward supplies made.

(4) A registered person who has opted to pay tax under section 10 from the beginning of a financial year shall, where required, furnish the details of outward and inward supplies and return under rules 59, 60 and 61 relating to the period during which the person was liable to furnish such details and returns till the due date of furnishing the return for the month of September of the succeeding financial year or furnishing of annual return of the preceding financial year, whichever is earlier.

Explanation. – For the purposes of this sub-rule, it is hereby declared that the person shall not be eligible to avail input tax credit on receipt of invoices or debit notes from the supplier for the period prior to his opting for the composition scheme.

(5) A registered person opting to withdraw from the composition scheme at his own motion or where option is withdrawn at the instance of the proper officer shall, where required, furnish [a

statement in FORM GST CMP-08 for the period for which he has paid tax under the composition scheme till the 18th day of the month succeeding the quarter in which the date of withdrawal falls and furnish a return in FORM GSTR-4 for the said period till the thirtieth day of April following the end of the financial year during which such withdrawal falls.

10.10 Steps involved in GSTR 1 filing on GST Portal:

Every registered dealer is required to file the GSTR-1 return for each month/quarter as applicable. The return contains details of all outward supplies made during that particular tax period.

Step 1: Log in and navigate to the GSTR-1 return

- Login to the GST Portal
- Go to Services. In the drop-down click on Returns > Returns Dashboard



After log in open the Return filing page. From the drop down menu, select the financial year and the month for which you want to file the return. Click on 'Search'.



Step 2: Select quarterly or monthly GSTR-1 filing

The 'Option form for quarterly return filing by normal taxpayer page' is displayed.

Choose 'yes' or 'no' for the questions listed below, as applicable: "Whether your aggregate turnover during the Previous Financial Year exceeds the specified turnover limit or not.

Case I: If your answer to the first question is 'yes', select the option **Yes**.

1. If your answer to “would you like to opt for quarterly filing of tax return,” is yes, select **Yes** again.

The screenshot shows a web interface for filing GST returns. At the top, it says 'Dashboard > Returns' and 'English'. Below that, there's a section titled 'File Returns' with a yellow banner stating: 'The dashboard will be made available shortly to the taxpayers who have opted out from the composition scheme by filing intimation in Form GST CMP-04 of'. A red asterisk indicates mandatory fields. There are two dropdown menus: 'Financial Year' set to '2018-19' and 'Return Filing Period' set to 'April'. A blue 'SEARCH' button is to the right. Below this is the 'Option Form for Quarterly Return filing by Normal Taxpayer'. It asks: 'Whether your aggregate turnover during the Previous Financial Year was upto Rs. 1.5 Crores or Do you expect your aggregate turnover during the Current Financial Year to be upto Rs. 1.5 Crores?'. There are two radio buttons: 'Yes' (selected) and 'No'. Below that, it asks: 'Would you like to opt for quarterly filing of tax return:'. There are two radio buttons: 'Yes' (selected) and 'No'. A blue 'SUBMIT' button is to the right.

- Press the **Submit** button.
- A message will confirm the quarterly filing option. Press on **Proceed**.
- This will be followed by a pop-up that will display a success message.

The confirmation pop-up has a yellow warning icon at the top. The title is 'Confirmation'. The text reads: 'Are you sure you would like file your GSTR-1 quarterly. Once you exercise this option, all your previous filed GSTR-1 returns except for the month of July shall be ignored. You are required to file returns for the quarters ending Sept, Dec and Mar. Payments of all your taxes will be monthly through form GSTR-3B'. At the bottom, there are two buttons: 'CANCEL' and 'PROCEED' (highlighted in red).

2. If your answer to “would you like to opt for quarterly filing of tax return,” is no, select **No**.

Dashboard Returns English

File Returns

The dashboard will be made available shortly to the taxpayers who have opted out from the composition scheme by 1

▪ Indicates Mandatory Fields

Financial Year* Return Filing Period*

Option Form for Quarterly Return filing by Normal Taxpayer


Whether your aggregate turnover during the Previous Financial Year was upto Rs. 1.5 Crores or Do you expect your aggregate turnover during the Current Financial Year to be upto Rs. 1.5 Crores?

Yes No

Would you like to opt for quarterly filing of tax return:

Yes No

- Press the **Submit** button.
- A message will confirm the monthly filing option. Press on **Proceed**.
- This will be followed by a pop-up displaying a success message.



Confirmation

Are you sure you would like file your GSTR-1 monthly.

Case II: If your answer for the first question is ‘no,’ select the option **No**.

- Press the **Submit** button.
- Press on **Proceed**.

In case one would like to edit the return filing frequency, press on the **Edit** button, change the preference as applicable, and press on **Submit**. A confirmation message will be displayed on the screen.

File Returns

The dashboard will be made available shortly to the taxpayer

Indicates Mandatory Fields

Financial Year* 2018-19 Return Filing Period* April **SEARCH**

You have opted for GSTR1 Quarterly Filing, please select the last month of the Quarter for example - September month for Quarter 2, December for Quarter 3 and March for Quarter 4.

EDIT Please click here to edit your preference for Return Filing

Step 3: Prepare return online

One can either prepare the return online or offline. Below is the example of the online procedure of filing returns. Press **Prepare Online**.

Dashboard : Returns English

File Returns

Indicates Mandatory Fields

Financial Year* 2017-18 Return Filing Period* April **SEARCH**

<p>Outward supplies made by the taxpayer GSTR1</p> <p>Due Date - 10/05/2017</p> <p>PREPARE ONLINE PREPARE OFFLINE</p>	<p>Creation and Submission of Addendum to GSTR1 GSTR1A</p> <p>Due Date - 17/05/2017</p> <p>PREPARE ONLINE PREPARE OFFLINE</p>	<p>Inward supplies received by taxpayer GSTR2</p> <p>Due Date - 15/05/2017</p> <p>PREPARE ONLINE PREPARE OFFLINE</p>
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Step 4: Fill up all the details on the current tax period

The following invoice details are required (as applicable):

- 4A, 4B, 4C, 6B, 6C – B2B Invoices
- 5A, 5B – B2C (Large) Invoices
- 9B – Credit / Debit Notes (Registered)
- 9B – Credit / Debit Notes (Unregistered)
- 6A – Exports Invoices
- 9A- Amended B2B invoice
- 9A- Amended B2C large invoice
- 9A- Amended Export invoices

- 9C- Amended Credit/Debit Notes (Registered)
- 9C- Amended Credit/Debit Note (Unregistered)

Here are some of the other details required:

- 7- B2C Others
- 8A, 8B, 8C, 8D – Nil Rated Supplies
- 11A (1), 11A (2) – Tax Liability (Advances Received)
- 11B (1), 11B (2) – Adjustment of Advances
- 12 – HSN-wise-summary of outward supplies
- 13 – Documents Issued during the tax period
- 11A – Amended tax liability (Advance received)
- 11B Amended of Adjustment of Advances
- 10- Amended B2C (Others)

Step 5: Generate the GSTR 1 summary

Once the above details are entered successfully, go to the bottom of the page, you will find a tab 'Generate GSTR 1 summary' as shown below:

The screenshot shows a grey background with a blue button labeled 'GENERATE GSTR1 SUMMARY' at the top left. Below it is a checkbox with the text: 'I acknowledge that I have reviewed the details of the preview and the information is correct and would like to submit the details. I am aware that no changes can be made after submit.' At the bottom right, there are three buttons: 'BACK', 'SUBMIT', and 'FILE RETURN'.

The portal will generate a summary in some times. You can view it instantly by pressing the **Generate GSTR1 Summary** button. Wait for some time to view the summary otherwise, it will display an error message.

The screenshot shows a light blue notification bar at the top with a checkmark icon and the text: 'The summary displayed as on 21/09/2017 16:52:52. For update click on Generate GSTR1 summary'. Below it is a red-bordered error message box with a red 'x' icon and the text: 'Error! The summary was recently generated. Incase of any discrepancy, please try after : 21/09/2017 17:02:52'.

Step 6: Preview the summary

Press on the **Preview** button to view the summary. You can review the draft summary and check the various sections before you submit the GSTR-1 application.

GENERATE GSTR1 SUMMARY

I acknowledge that I have reviewed the details of the preview and the information is correct and would like to submit the details. I am aware that no changes can be made after submit.

BACK

PREVIEW

SUBMIT

FILE RETURN

Step 7: Submit the GSTR 1

- Click on the declaration checkbox to confirm that you have reviewed the information, and acknowledge that no changes can be made once the return is submitted.
- Following this, press the **Submit** button.
- Press on **Proceed** to acknowledge the pop-up message.
- The Submit button will change to **Submitted**.

Step 8: File GSTR 1 through DSC or EVC mode

- Press on the **File Return** button.
- You will be directed to the following window:

Dashboard > Returns > File English

GSTIN - 23ALYPD6528P1ZD	Legal Name - Gyanendra Prakash Dwivedi	Return Type - GSTR1
FY - 2017-18	Return Period - July	Status - Submitted

• Indicates Mandatory Fields

Returns Filing for GSTR1 ↻

I/We hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Authorised Signatory *

ANGAD ARORA

- Press on **File with DSC** or **File with EVC** accordingly:
 - The DSC mode indicates a digital signature.
 - The EVC mode indicates an authorised signatory that would require you to enter the OTP sent to your mobile number and email address.

Step 9: Success message and Acknowledgement reference

A success message is displayed on the screen along with an ARN (Acknowledgment Reference Number). A confirmation message will be sent to your registered mobile number and email address. On the dashboard, you can check the status of the return changed to **FILED**.

10.11 Steps to File GSTR-3B on GST Portal

Step 1: Login to GST Portal and on the homepage, you can find the return filing status for the last five tax periods.

The screenshot shows the GST Common Portal dashboard for Rajesh Khurana. The user is logged in from IP: 125.16.230.15. The dashboard displays the following information:

- Home > Dashboard
- Last logged in on 03/07/2019 14:19
- Welcome Rajesh Khurana to GST Common Portal
- Return filing preference (Oct-Dec 2020): Monthly [Change](#)
- View Profile [View Profile](#)
- Quick Links: Check Cash Balance, Liability ledger, Credit ledger

The Returns Calendar (Last 5 return periods) is highlighted with a red box:

	Jun - 2020	July - 2020	Aug - 2020	Sep - 2020	Oct - 2020
GSTR-1 / IFF	Filed	Not Filed	Not Filed	Not Filed	To be Filed
GSTR-3B	Filed	Not Filed	Not Filed	Not Filed	To be Filed

Navigation buttons are provided below the calendar:

- RETURNS DASHBOARD >
- CREATE CHALLAN >
- VIEW NOTICE(S) AND ORDER(S) >
- ANNUAL RETURN >
- Else Go to >> CONTINUE TO DASHBOARD >

Step 2: Go to 'Services' > 'Returns' > 'Returns Dashboard'.

The screenshot shows the GST Portal navigation menu. The 'Services' dropdown is expanded, and the 'Returns' option is highlighted. The 'Returns Dashboard' option is also highlighted.

Dashboard	Services	GST Law	Downloads	Search Taxpayer	Help and Taxpayer Facilities	e-Invoice	
Registration	Ledgers	Returns	Payments	User Services	Refunds	e-Way Bill System	Track Application Status
Returns Dashboard					View Filed Returns		
Track Return Status					Transition Forms		
ITC Forms					Annual Return		
TDS and TCS credit received					Tax liabilities and ITC comparison		
Opt-in for Quarterly Return							

Step 3: This displays the 'File Returns' page. Select the 'Financial Year' & 'Return Filing Period' for which you want to file the return from the drop-down list. Click the 'SEARCH' button.

Dashboard > Returns English

File Returns

GSTR-1, GSTR-3B and CMP-08 can now be filed through SMS.

• Indicates Mandatory Fields

Financial Year* Quarter* Period*

Step 4: On 'Monthly Return GSTR-3B' tile, click the 'PREPARE ONLINE' button.

Details of outward supplies of goods or services GSTR1	Auto Drafted details (For view only) GSTR2A	Auto - drafted ITC Statement for the month GSTR2B
Status- Filed <input type="button" value="VIEW"/> <input type="button" value="DOWNLOAD"/>	<input type="button" value="VIEW"/> <input type="button" value="DOWNLOAD"/>	<input type="button" value="VIEW"/> <input type="button" value="DOWNLOAD"/>
Monthly Return GSTR-3B		
Due Date - 20/02/2021 <input type="button" value="PREPARE ONLINE"/> <input type="button" value="PREPARE OFFLINE"/>		

Step 5: Answer a list of questions and click on 'NEXT'. For filing 'Nil' return, select yes in the first question. Thereafter, complete the filing by following steps. In any other case, answer all the questions as 'Yes/No'. Accordingly, the respective tables/fields shall be made available while entering information in the next step.

Please answer the following questions to enable us to show relevant sections

• Indicates Mandatory Fields

A. Do you want to file Nil return? • Nil Form GSTR-3B for a tax period can be filed, if you: <ul style="list-style-type: none"> • Have NOT made any Outward supplies and • Have NOT received any inward supplies and • Do NOT have any liability for the particular tax period. 	<input type="radio"/> Yes <input checked="" type="radio"/> NO
B. Have you made any supply of goods/services (including nil rated, exempt and non-GST supplies) or received any supplies liable to reverse charge during this tax period? (Table 3.1) •	<input checked="" type="radio"/> Yes <input type="radio"/> NO
C. Have you made any inter-state supplies to unregistered persons, composition taxable persons or UIN holders? (Table 3.2) •	<input checked="" type="radio"/> Yes <input type="radio"/> NO
D. Do you have any claim/reversal of Input tax credit(ITC) on purchase of goods or receipt of services ? (Table 4) •	<input checked="" type="radio"/> Yes <input type="radio"/> NO
E. Have you received any nil rated, exempt or non-GST supplies during this tax period? (Table 5) •	<input checked="" type="radio"/> Yes <input type="radio"/> NO
F. Do you have any interest or late fee (including carry forward late-fee) liability? (Table 5.1) •	<input checked="" type="radio"/> Yes <input type="radio"/> NO
G. Do you have any tax liability due to GST TRAN-1?(System-populated) (Table 6) •	<input type="radio"/> Yes <input type="radio"/> NO

Help

Based on your answers, relevant tables of GSTR-3B will be visible on the next page. You may go back to previous screen by clicking on Back button.

In case you want to auto-populate from form GSTR-1 or form GSTR-2B, then only the first question is displayed in the questionnaire page. The advisory page gets displayed as shown below.

System generated summary for GSTR-3B:

GSTR-3B Table	Source Form	Form status	Summary status	Advisory
3.1(a, b, c, e), 3.2 Liability	GSTR-1	Filed	Yes	System has generated summary of Table 3.1 (a, b, c, e) and Table 3.2 of FORM GSTR-3B based on your GSTR-1 filed by you for the current return period. System has generated summary of Table 3.1(d) and Table 4 of FORM GSTR-3B based on your GSTR-2B generated for the current return period. To view the system generated details, you may click on System generated PDF button available in the GSTR-3B dashboard page. You may continue to save or file your FORM GSTR-3B.
3.1(d) Reverse Charge	GSTR-2B	Generated	Yes	
4A(1, 3, 4, 5), 4B(2) Input Tax Credit	GSTR-2B	Generated	Yes	

Step 6: Enter values in each tile displayed as may be applicable. You need to enter totals under each head. Fill in Interest and Late Fees, if applicable.

Dashboard > Returns > GSTR-3B English

GSTR-3B - Monthly Return Facilitation in filing GSTR-3B

GSTIN - 29ABACD1191FAZK	Legal Name - Adaequare New Info Pvt Ltd	Status - Not Filed
FY - 2020-21	Return Period - January	Due Date - 20/02/2021

Help

Please click on a box (tile) and enter relevant details therein. Save and click on the next box to enter relevant details. Once you have filled up the information relating to a tile, you will see gross (summary) figures on the tiles. You can view the preview by clicking on Preview button. You can click on Back button to go to previous screen anytime. Data saved by you will not be deleted.

Last Save request has been processed successfully. ✕

[Click here for system generated summary status for GSTR-3B.](#) [Help Manual](#)

<div style="background-color: #003366; color: white; padding: 5px; text-align: center;">3.1 Tax on outward and reverse charge inward supplies</div> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <tr> <td>Integrated Tax</td> <td>Central Tax</td> </tr> <tr> <td>₹1,87,774.00</td> <td>₹5,372.50</td> </tr> <tr> <td>State/UT Tax</td> <td>CESS</td> </tr> <tr> <td>₹5,372.50</td> <td>₹0.00</td> </tr> </table>	Integrated Tax	Central Tax	₹1,87,774.00	₹5,372.50	State/UT Tax	CESS	₹5,372.50	₹0.00	<div style="background-color: #003366; color: white; padding: 5px; text-align: center;">3.2 Inter-state supplies</div> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <tr> <td>Taxable Value</td> <td>Integrated Tax</td> </tr> <tr> <td>₹11,45,600.00</td> <td>₹1,29,794.00</td> </tr> </table>	Taxable Value	Integrated Tax	₹11,45,600.00	₹1,29,794.00	<div style="background-color: #003366; color: white; padding: 5px; text-align: center;">4. Eligible ITC</div> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <tr> <td>Integrated Tax</td> <td>Central Tax</td> </tr> <tr> <td>₹57,090.00</td> <td>₹0.00</td> </tr> <tr> <td>State/UT Tax</td> <td>CESS</td> </tr> <tr> <td>₹0.00</td> <td>₹0.00</td> </tr> </table>	Integrated Tax	Central Tax	₹57,090.00	₹0.00	State/UT Tax	CESS	₹0.00	₹0.00
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Important Message

Once you have filled the relevant tables, please follow the following steps for filing:-

- Please click on 'Save GSTR3B' on the summary page.
- You may download and preview/save the draft GSTR-3B.
- Click on 'Proceed to payment' to offset your liabilities.
- In case of insufficient cash balance to set off the liabilities, challan creation facility has been provided on the same screen.
- After setting off liabilities, GSTR-3B can be filed by attaching DSC/EVC.

BACK	SYSTEM GENERATED GSTR-3B	SAVE GSTR3B	PREVIEW DRAFT GSTR-3B	PROCEED TO PAYMENT
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One or more of the following information is required to be entered in the tiles while filing GSTR-3B return:

a. Summary details of outward supplies and inward supplies liable to reverse charge with taxes. Note that only table 3.1 (d) is auto-populated from GSTR-2B.

Dashboard > Returns > GSTR3B > Outward and Reverse Charge Inward English

3.1 Details of Outward Supplies and inward supplies liable to reverse charge

Nature of Supplies	Total Taxable value (₹)	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)
(a) Outward taxable supplies (other than zero rated, nil rated and exempted)	₹0.00	₹0.00	₹0.00	₹0.00	₹0.00
(b) Outward taxable supplies (zero rated)	₹0.00	₹0.00			₹0.00
(c) Other outward supplies (Nil rated, exempted)	₹0.00				
(d) Inward supplies (liable to reverse charge)	₹0.00	₹0.00	₹0.00	₹0.00	₹0.00
(e) Non-GST outward supplies	₹0.00				

b. Details of inter-State supplies made to unregistered persons, composition taxable persons and UIN holders and taxes, out of sales entered at sl. no. 1 above to be entered according to the place of supply. Although the data for this table is auto-populated from GSTR-1, it can be edited later on.

Dashboard > Returns > GSTR3B > Inter-state Supplies English

3.2 Of the supplies shown in 3.1 (a), details of inter-state supplies made to unregistered persons, composition taxable person and UIN holders

Supplies made to Unregistered Persons -

<input type="checkbox"/>	Place of Supply (State/UT)	Total Taxable value (₹)	Amount of Integrated Tax (₹)
<input type="checkbox"/>	Select	₹0.00	₹0.00

Supplies made to Composition Taxable Persons +

Supplies made to UIN holders +

c. Summary details of eligible input tax credit claimed, input tax credit reversed and ineligible input tax credits.

4. Eligible ITC

Details	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)
(A) ITC Available (whether in full or part)				
(1) Import of goods	₹0.00			₹0.00
(2) Import of services	₹0.00			₹0.00
(3) Inward supplies liable to reverse charge (other than 1 & 2 above)	₹0.00	₹0.00	₹0.00	₹0.00
(4) Inward supplies from ISD	₹0.00	₹0.00	₹0.00	₹0.00
(5) All other ITC	₹0.00	₹0.00	₹0.00	₹0.00
(B) ITC Reversed				
(1) As per Rule 42 & 43 of CGST/SGST rules	₹0.00	₹0.00	₹0.00	₹0.00
(2) Others	₹0.00	₹0.00	₹0.00	₹0.00
(C) Net ITC Available (A) - (B)				
	₹0.00	₹0.00	₹0.00	₹0.00
(D) Ineligible ITC				
(1) As per section 17(5)	₹0.00	₹0.00	₹0.00	₹0.00
(2) Others	₹0.00	₹0.00	₹0.00	₹0.00

CANCEL CONFIRM

d. Summary details of exempt, Nil and Non-GST inward supplies as either intra-state or inter-state supply.

5. Values of exempt, nil-rated and non-GST inward supplies

Nature of Supplies	Inter-State Supplies	Intra-State Supplies
From a supplier under composition scheme, Exempt and Nil rated supply	₹0.00	
Non GST supply	₹0.00	₹0.00

CANCEL CONFIRM

e. Details of Interest and Late fee under each tax head -IGST, CGST, SGST/UTGST and Cess. The late fee is system-computed based on the number of days passed after the due date of filing.

5.1 Interest & late fee payable Help ?

! Declare interest payable on tax liabilities on supplies attracting reverse charge as well as other than reverse charge ✕

! Late fee for the month includes previous month's late fee charged due to delay in filing of return. The calculation is [Date of Filing - (Date of Submission or Due date of Filing, whichever is later)] * 100/day * per Act (CGST/SGST). ✕

Please select the check box if you wish to declare any Interest liabilities. Please note Interest amounts declared here under respective heads need to be paid in cash in addition to tax liabilities for the month. GSTR 3B can be filed only after complete payment of all liabilities.

Description	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)
Interest	₹0.00	₹0.00	₹0.00	₹0.00
Late Fees		₹0.00	₹0.00	

One can click on 'ADD' or 'DELETE' to make modifications in the respective tiles. Once data is entered on a tile, click on 'CONFIRM'.

f. Click the 'SAVE GSTR-3B' button at the bottom of the page after all details are added. You can also click on the 'SAVE GSTR3B' button on the GSTR-3B main page to save the data entered at any stage and come back later for edits. A message is displayed on the top of the page confirming that data is successfully saved.

Dashboard > Returns > GSTR-3B English

GSTR-3B - Monthly Return Facilitation in filing GSTR-3B

GSTIN - 29ABACD1191FAZK	Legal Name - Adaequare New Info Pvt Ltd	Status - Not Filed
FY - 2020-21	Return Period - January	Due Date - 20/02/2021

Help

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You have unsaved changes, Please click on SAVE GSTR3B below to save the data. ✕

[Click here for system generated summary status for GSTR-3B.](#) [Help Manual](#)

3.1 Tax on outward and reverse charge inward supplies	3.2 Inter-state supplies	4. Eligible ITC																				
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Important Message

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BACK	SYSTEM GENERATED GSTR-3B	SAVE GSTR3B	PREVIEW DRAFT GSTR-3B	PROCEED TO PAYMENT
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g. Scroll down the page and click the **PREVIEW DRAFT GSTR-3B** button to view the summary page of Form GSTR-3B for your review. This button will download the draft Summary page of your Form GSTR-3B for your review. It is recommended that you download this Summary page and review the entries made in different sections with patience before proceeding with the payment. The PDF file generated would bear watermark of draft as the liabilities are yet to be offset.

GSTR-3B - Monthly Return

Facilitation in filing GSTR-3B

GSTIN - 29ABACD1191FAZK	Legal Name - Adaequare New Info Pvt Ltd	Status - Not Filed
FY - 2020-21	Return Period - January	Due Date - 20/02/2021

Help

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GSTR3B details saved successfully.

[Click here](#) for system generated summary status for GSTR-3B.

[Help Manual](#)

3.1 Tax on outward and reverse charge inward supplies

Integrated Tax	Central Tax
₹1,87,774.00	₹5,372.50
State/UT Tax	CESS
₹5,372.50	₹0.00

3.2 Inter-state supplies

Taxable Value	Integrated Tax
₹11,45,600.00	₹1,29,794.00

4. Eligible ITC

Integrated Tax	Central Tax
₹57,090.00	₹0.00
State/UT Tax	CESS
₹0.00	₹0.00

5. Exempt, nil and Non GST inward supplies

Inter-state supplies	Intra-state supplies
₹17,500.00	₹20,000.00

5.1 Interest and Late fee for previous tax period

Integrated Tax	Central Tax
₹1,866.14	₹500.00
State/UT Tax	CESS (₹)
₹500.00	₹0.00

Important Message

Once you have filled the relevant tables, please follow the following steps for filing:-

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BACK

SYSTEM GENERATED GSTR-3B

SAVE GSTR3B

PREVIEW DRAFT GSTR-3B

PROCEED TO PAYMENT

h. Click the **PROCEED TO PAYMENT** button.

Dashboard > Returns > GSTR-3B English

GSTR-3B - Monthly Return Facilitation in filing GSTR-3B

GSTIN - 29ABACD1191FAZK	Legal Name - Adaqare New Info Pvt Ltd	Status - Not Filed
FY - 2020-21	Return Period - January	Due Date - 20/02/2021

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Important Message

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BACK	SYSTEM GENERATED GSTR-3B	SAVE GSTR3B	PREVIEW DRAFT GSTR-3B	PROCEED TO PAYMENT
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i. The cash available as on date and ITC available (considering ITC of current tax period) are shown in below table.

Dashboard > Returns > GSTR-3B > Payment of tax English

6.1 Payment of tax Help ?

The cash available as on date and ITC available (considering ITC of current tax period) are shown in this table. ✕

Description	Cash Ledger Balance					Credit	
	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)	Total (₹)	Integrated Tax (₹)	Central Tax (₹)
Tax	11,97,08,687.00	11,99,59,738.00	11,99,59,735.00	52,72,708.00	36,49,00,868.00	57,090.00	
Interest	50,00,000.00	50,00,000.00	50,00,000.00	50,00,000.00	2,00,00,000.00		
Late Fees		1,860.00	1,860.00		3,720.00		

j. Please provide the amount of credit to be utilized from the respective available credit heads to pay off the liabilities, so as the cash.

Note:

- System auto-populates “Tax to be paid through ITC” fields with optimum utilization amounts based on provisions of the law relating to credit utilization. However, one may edit the ITC utilization. As you change ITC utilization, the cash to be paid will also get changed.
- Tax liabilities as declared in the return along with the credits gets updated in the ledgers and reflected in the “Tax payable” column of the payment section. Credits get updated in the credit ledger and the updated balance is available and can be seen while hovering on the said headings of credit in the payment section.

Scenario 1: If available cash balance in Electronic Cash Ledger is less than the amount required to offset the liabilities

If available cash balance in Electronic Cash Ledger is less than the amount required to offset the liabilities, available cash balance is utilized from the Electronic Cash Ledger and additional cash required for paying liability is being reflected in the last column of the Table (Addition cash required). You may create challan for that additional cash directly by clicking on the **CREATE CHALAN** button.

System has auto-populated "Tax to be paid through ITC" fields with optimum utilization amounts based on provisions of the law relating to credit utilization. However, you may edit the ITC utilization. As you change ITC utilization, the cash to be paid will also get changed.

If available cash balance in Electronic cash ledger is not sufficient to offset the liabilities, additional cash required for paying liability is being reflected in the last column of the Table (Addition cash required). You may create challan for that amount directly by clicking on the "Create Challan" button

The ITC and Cash utilization information entered will only be available for 2 days. After expiry of 2 days, the suggested utilization shall be reverted to original system suggested utilization.

Description	Other than reverse charge Tax payable (₹)	Paid through ITC				Other than reverse charge Tax to be paid in Cash(₹)	Reverse Tax
		Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)		
1	2	3	4	5	6	7(2 - 3 - 4 - 5 - 6)	
Integrated Tax	₹8,00,000	₹3,78,775	₹0	₹0		₹4,21,225.00	
Central Tax	₹6,00,000	₹0	₹88,887			₹5,11,113.00	
State/UT Tax	₹6,00,000	₹0		₹88,887		₹5,11,113.00	
CESS	₹0				₹0	₹0.00	

CREATE CHALLAN

MAKE PAYMENT/POST CREDIT TO LEDGER

PROCEED TO FILE

TAX LIABILITY BREAKUP, AS APPLICABLE

BACK

PREVIEW DRAFT GSTR-3B

Use the scroll bar to move to the right to view the additional cash required for paying liability.

System has auto-populated "Tax to be paid through ITC" fields with optimum utilization amounts based on provisions of the law relating to credit utilization. However, you may edit the ITC utilization. As you change ITC utilization, the cash to be paid will also get changed.

If available cash balance in Electronic cash ledger is not sufficient to offset the liabilities, additional cash required for paying liability is being reflected in the last column of the Table (Addition cash required). You may create challan for that amount directly by clicking on the "Create Challan" button

The ITC and Cash utilization information entered will only be available for 2 days. After expiry of 2 days, the suggested utilization shall be reverted to original system suggested utilization.

Reverse charge Tax to be paid in Cash(₹)	Interest Payable (₹)	Interest to be paid in cash (₹)	Late Fee Payable (₹)	Late Fee to be paid in cash (₹)	Utilizable Cash balance(₹)	Additional Cash required(₹)
9	10	11	12	13	14	15
₹0	₹0	₹0			₹49,400.00	₹3,71,825.00
₹0	₹0	₹0	₹0	₹0	₹50,600.00	₹4,60,513.00
₹0	₹0	₹0	₹0	₹0	₹50,600.00	₹4,60,513.00
₹0	₹0	₹0			₹0.00	₹0.00

CREATE CHALLAN

MAKE PAYMENT/POST CREDIT TO LEDGER

PROCEED TO FILE

TAX LIABILITY BREAKUP, AS APPLICABLE

BACK

PREVIEW DRAFT GSTR-3B

Scenario 2: If available cash balance in Electronic cash ledger is more than the amount required to offset the liabilities

If available cash balance in Electronic Cash Ledger is more than the amount required to offset the liabilities, no additional cash is required for paying liability and zero amount is being reflected in the last column of the Table (Addition cash required). You can click the **MAKE PAYMENT/POST CREDIT TO LEDGER** button to pay off the liabilities.

System has auto-populated "Tax to be paid through ITC" fields with optimum utilization amounts based on provisions of the law relating to credit utilization. However, you may edit the ITC utilization. As you change ITC utilization, the cash to be paid will also get changed.

If available cash balance in Electronic cash ledger is not sufficient to offset the liabilities, additional cash required for paying liability is being reflected in the last column of the Table (Addition cash required). You may create challan for that amount directly by clicking on the "Create Challan" button

The ITC and Cash utilization information entered will only be available for 2 days. After expiry of 2 days, the suggested utilization shall be reverted to original system suggested utilization.

Reverse charge Tax to be paid in Cash(₹)	Interest Payable (₹)	Interest to be paid in cash (₹)	Late Fee Payable (₹)	Late Fee to be paid in cash (₹)	Utilizable Cash balance(₹)	Additional Cash required(₹)
9	10	11	12	13	14	15
0	0	0			1,30,684.00	0.00
0	0	0	600	600	5,973.00	0.00
0	0	0	600	600	5,973.00	0.00
0	0	0			0.00	0.00

CREATE CHALLAN MAKE PAYMENT/POST CREDIT TO LEDGER PROCEED TO FILE TAX LIABILITY BREAKUP, AS APPLICABLE

BACK PREVIEW DRAFT GSTR-3B

Scenario 3: If available cash balance in Electronic cash ledger is more than the amount required to offset the liabilities, but due to ITC utilization principle, you cannot offset the liabilities

If available cash balance in Electronic cash ledger is more than the amount required to offset the liabilities, but due to ITC utilization principle, you cannot offset the liabilities. In that case, additional cash required for paying liability is being reflected in the last column of the Table (Addition cash required). You may create challan for that additional cash directly by clicking on the **CREATE CHALLAN** button.

The ITC and Cash utilization information entered will only be available for 2 days. After expiry of 2 days, the suggested utilization shall be reverted to original system suggested utilization.

Description	Other than reverse charge Tax payable (₹)	Paid through ITC				Other than reverse charge Tax to be paid in Cash(₹)	Reve Tax
		Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)		
1	2	3	4	5	6	7(2 - 3 - 4 - 5 - 6)	
Integrated Tax	₹1,000	₹1,000	₹0	₹0		₹0.00	
Central Tax	₹500	₹0	₹500			₹0.00	
State/UT Tax	₹500	₹0		₹500		₹0.00	
CESS	₹0				₹0	₹0.00	

CREATE CHALLAN

MAKE PAYMENT/POST CREDIT TO LEDGER

PROCEED TO FILE

TAX LIABILITY BREAKUP, AS APPLICABLE

BACK

PREVIEW DRAFT GSTR-3B

Use the scroll bar to move to the right to view the additional cash required for paying liability.

The ITC and Cash utilization information entered will only be available for 2 days. After expiry of 2 days, the suggested utilization shall be reverted to original system suggested utilization.

Reverse charge Tax to be paid in Cash(₹)	Interest Payable (₹)	Interest to be paid in cash (₹)	Late Fee Payable (₹)	Late Fee to be paid in cash (₹)	Utilizable Cash balance(₹)	Additional Cash required(₹)
9	10	11	12	13	14	15
₹0	₹1,000	₹1,000			₹0.00	₹1,000.00
₹0	₹500	₹500	₹0	₹0	₹0.00	₹500.00
₹0	₹500	₹500	₹0	₹0	₹0.00	₹500.00
₹0	₹0	₹0			₹0.00	₹0.00

CREATE CHALLAN

MAKE PAYMENT/POST CREDIT TO LEDGER

PROCEED TO FILE

TAX LIABILITY BREAKUP, AS APPLICABLE

BACK

PREVIEW DRAFT GSTR-3B

k. Click the **MAKE PAYMENT/POST CREDIT TO LEDGER** button to pay off the liabilities or to claim credit in case of no liabilities.

Note:

- In case, you want to make changes to any details in any of the sections in the previous page, you can go back to the previous page and make the changes after clicking the **BACK** button. Once you click the **MAKE PAYMENT/POST CREDIT TO LEDGER** button and pay off the liabilities, you cannot go back and make any changes to the Form GSTR-3B.

- On click of **MAKE PAYMENT/POST CREDIT TO LEDGER** button, GST Portal will check the available Cash ledger balance.
- Once you click the **MAKE PAYMENT/POST CREDIT TO LEDGER** button and pay off the liabilities, you cannot make any changes to the Form GSTR-3B.
- You can click the **PREVIEW DRAFT GSTR-3B** button to view the summary page of Form GSTR-3B for your review. It is recommended that you download this Summary page and review the summary of entries made in different sections with patience before making payments.

Dashboard > Returns > GSTR-3B > Payment of tax English

6.1 Payment of tax Help

The cash available as on date and ITC available (considering ITC of current tax period) are shown in this table.

		Credit Ledger Balance(including current month's credit)				
CESS (₹)	Total (₹)	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)	Total (₹)
52,72,708.00	36,49,00,868.00	57,090.00	0.00	0.00	0.00	57,090.00
50,00,000.00	2,00,00,000.00					
	3,720.00					

System has auto-populated "Tax to be paid through ITC" fields with optimum utilization amounts based on provisions of the law relating to credit utilization. However, you may edit the ITC utilization. As you change ITC utilization, the cash to be paid will also get changed.

If available cash balance in Electronic cash ledger is not sufficient to offset the liabilities, additional cash required for paying liability is being reflected in the last column of the Table (Addition cash required). You may create challan for that amount directly by clicking on the "Create Challan" button

The ITC and Cash utilization information entered will only be available for 2 days. After expiry of 2 days, the suggested utilization shall be reverted to original system suggested utilization.

Reverse charge Tax to be paid in Cash(₹)	Interest Payable (₹)	Interest to be paid in cash (₹)	Late Fee Payable (₹)	Late Fee to be paid in cash (₹)	Utilizable Cash balance(₹)	Additional Cash required(₹)
9	10	11	12	13	14	15
0	0	0			1,30,684.00	0.00
0	0	0	600	600	5,973.00	0.00
0	0	0	600	600	5,973.00	0.00
0	0	0			0.00	0.00

[CREATE CHALLAN](#)
[MAKE PAYMENT/POST CREDIT TO LEDGER](#)
[PROCEED TO FILE](#)
[TAX LIABILITY BREAKUP, AS APPLICABLE](#)

[BACK](#)
[PREVIEW DRAFT GSTR-3B](#)

l. In case of insufficient balance, “You do not have sufficient balance in Electronic Cash Ledger. Do you want to Create challan?” pop-up message is displayed. Click the **YES** button.



Warning

You do not have sufficient balance in Electronic Cash Ledger. Do you want to Create challan?

NO

YES

m. The Create Challan page is displayed.

Note: In the Tax Liability Details grid, the **Total Challan Amount** field and **Total Challan Amount (In Words)** fields are auto-populated with total amount of payment to be made. You cannot edit the amount.

n. Select the **Payment Modes** as E-Payment/ Over the Counter/ NEFT/RTGS. Click the **GENERATE CHALLAN** button. The Challan is generated.

- **In case of Net Banking:** You will be directed to the Net Banking page of the selected Bank. The payment amount is shown at the Bank’s website. If you want to change the amount, abort the transaction and create a **new challan**. In case of successful payment, you will be re-directed to the GST Portal where the transaction status will be displayed.
- **In case of Over the Counter:** Take a printout of the **Challan** and visit the selected Bank. Pay using **Cash/ Cheque/ Demand Draft** within the Challan’s validity period. Status of the payment will be updated on the GST Portal after confirmation from the Bank.
- **In case of NEFT/ RTGS:** Take a printout of the **Challan** and visit the selected Bank. Mandate form will be generated simultaneously. Pay using **Cheque** through your account with the selected Bank/ Branch. You can also pay using the account debit facility. The transaction will be processed by the Bank and RBI will confirm the same within <2 hours>. Status of the payment will be updated on the GST Portal after confirmation from the Bank.

Tax Liability

	Tax (₹)	Interest (₹)	Penalty (₹)	Fees (₹)	Other (₹)	Total (₹)
CGST(0005)	60513	500		0		61,013
IGST(0008)	71825	1000				72,825
CESS(0009)	0	0				0
Delhi SGST(0006)	60513	500		0		61,013
Total Challan Amount:	₹ 1,94,851 /-					
Total Challan Amount (In Words):	Rupees One Lakhs Ninety-Four Thousand Eight hundred Fifty-One Only					

Payment Modes*

<input type="checkbox"/> E-Payment
<input type="checkbox"/> Over The Counter
<input checked="" type="checkbox"/> NEFT/RTGS

GENERATE CHALLAN

o. Once the payment is done, a confirmation message is displayed. Click the YES button



Warning

WARNING: You are about to agree to credit claim and utilization, as indicated. Relevant amounts will be deducted from Electronic Cash and Credit ledgers and accordingly liability will be reduced. Also, amount of credit claimed will be credited to Electronic Credit ledger. Once these entries are made, these can NOT be reversed. Are you sure you want to continue?

NO

YES

p. Click the **PROCEED TO FILE** button

6.1 Payment of tax

Help ?

The cash available as on date and ITC available (considering ITC of current tax period) are shown in this table.

		Credit Ledger Balance(including current month's credit)				
CESS (₹)	Total (₹)	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)	Total (₹)
52,72,708.00	36,49,00,868.00	57,090.00	0.00	0.00	0.00	57,090.00
50,00,000.00	2,00,00,000.00					
	3,720.00					

System has auto-populated "Tax to be paid through ITC" fields with optimum utilization amounts based on provisions of the law relating to credit utilization. However, you may edit the ITC utilization. As you change ITC utilization, the cash to be paid will also get changed.

If available cash balance in Electronic cash ledger is not sufficient to offset the liabilities, additional cash required for paying liability is being reflected in the last column of the Table (Additional cash required). You may create challan for that amount directly by clicking on the "Create Challan" button

The ITC and Cash utilization information entered will only be available for 2 days. After expiry of 2 days, the suggested utilization shall be reverted to original system suggested utilization.

Reverse charge Tax to be paid in Cash(₹)	Interest Payable (₹)	Interest to be paid in cash (₹)	Late Fee Payable (₹)	Late Fee to be paid in cash (₹)	Utilizable Cash balance(₹)	Additional Cash required(₹)
9	10	11	12	13	14	15
0	0	0			1,30,684.00	0.00
0	0	0	600	600	5,973.00	0.00
0	0	0	600	600	5,973.00	0.00
0	0	0			0.00	0.00

CREATE CHALLAN

MAKE PAYMENT/POST CREDIT TO LEDGER

PROCEED TO FILE

TAX LIABILITY BREAKUP, AS APPLICABLE

BACK

PREVIEW DRAFT GSTR-3B

q. Select the checkbox for declaration. From the **Authorised Signatory** drop-down list, select the authorized signatory. Click the **FILE GSTR-3B WITH DSC** or **FILE GSTR-3B WITH EVC** button.

Verification

I/We hereby solemnly affirm and declare that the information given herein above is true and correct (in respect of Form GSTR-3B) to the best of my knowledge and belief and nothing has been concealed therefrom.

Authorised Signatory *

ANGAD ARORA

BACK

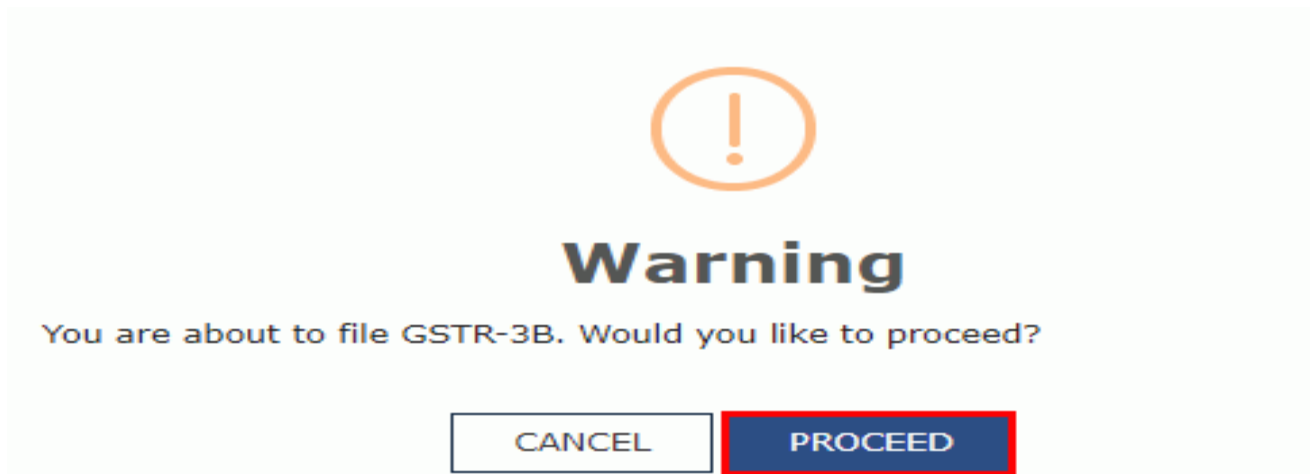
PREVIEW DRAFT GSTR-3B

FILE GSTR-3B WITH EVC

FILE GSTR-3B WITH DSC

r. FILE GSTR-3B WITH DSC:

i. Click the **PROCEED** button.

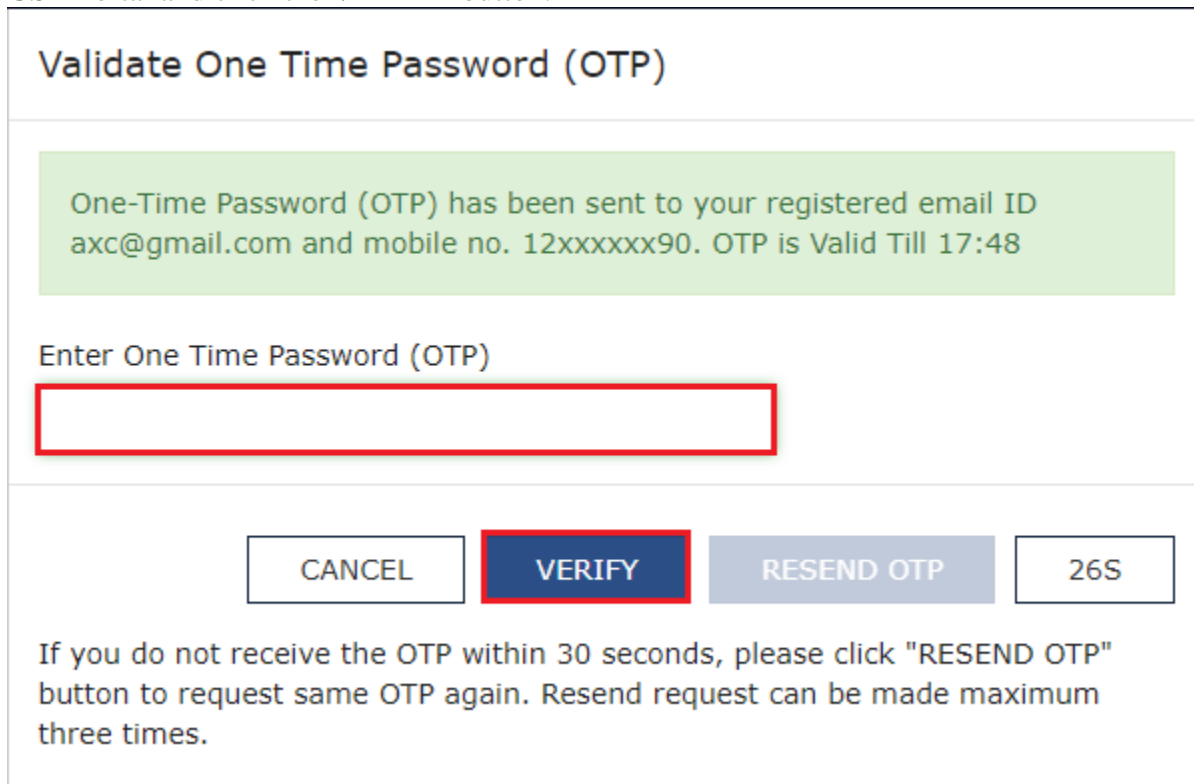


A warning dialog box with a light green background. At the top center is an orange circle containing a white exclamation mark. Below the icon, the word "Warning" is written in a large, bold, black font. Underneath, the text "You are about to file GSTR-3B. Would you like to proceed?" is displayed in a smaller black font. At the bottom, there are two buttons: a white "CANCEL" button and a blue "PROCEED" button with a red border.

ii. Select the certificate and click the **SIGN** button.

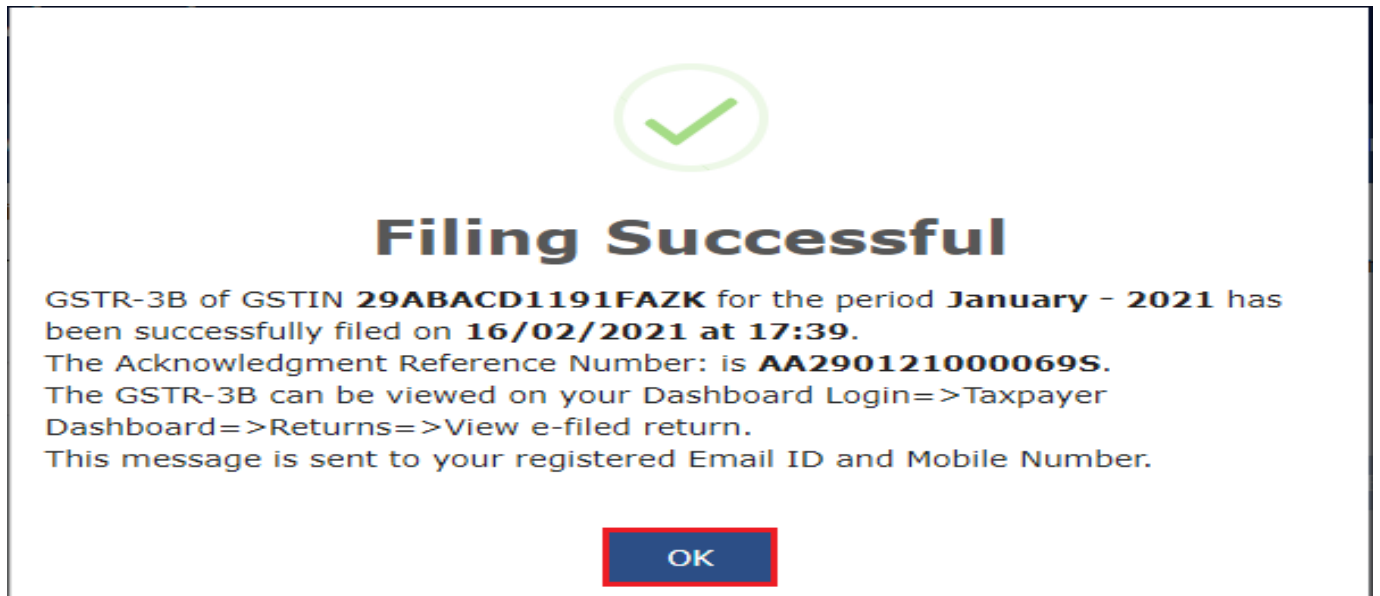
s. FILE GSTR-3B WITH EVC:

Enter the OTP sent on email and mobile number of the Authorized Signatory registered at the GST Portal and click the **VERIFY** button.

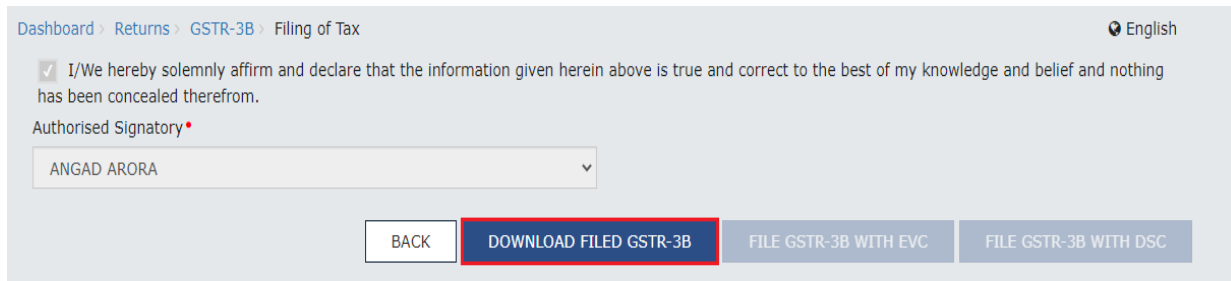


A screen for validating a One-Time Password (OTP). The title "Validate One Time Password (OTP)" is at the top. Below it, a green box contains the message: "One-Time Password (OTP) has been sent to your registered email ID axc@gmail.com and mobile no. 12xxxxxx90. OTP is Valid Till 17:48". Underneath, the text "Enter One Time Password (OTP)" is followed by a red-bordered input field. At the bottom, there are four buttons: "CANCEL", "VERIFY" (highlighted with a red border), "RESEND OTP", and "26S". A note at the bottom states: "If you do not receive the OTP within 30 seconds, please click 'RESEND OTP' button to request same OTP again. Resend request can be made maximum three times."

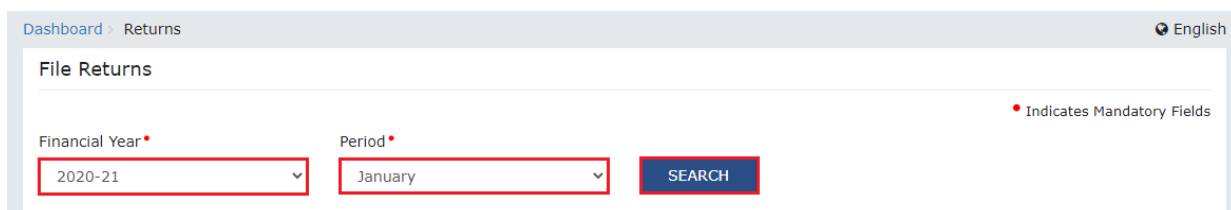
t. The success message is displayed. Click the **OK** button.

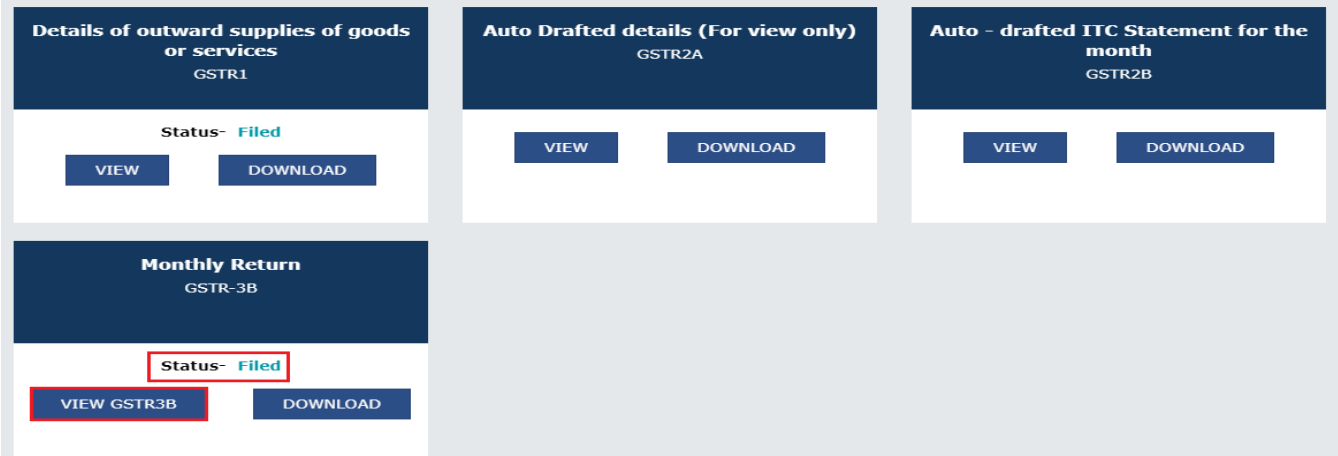


u. Click the **DOWNLOAD FILED GSTR-3B** button to download the filed return.



Click the **Back** button. The **File Returns** page is displayed. Select the **Financial Year & Return Filing Period** (Month) for which you want to view the return from the drop-down list. Click the **SEARCH** button.





10.12 Let us sum up

A GST return is a document containing details of all income/sales and/or expenses/purchases that a GST-registered taxpayer (every GSTIN) is required to file with the tax administrative authorities. This is used by tax authorities to calculate net tax liability. Under GST, a registered dealer has to file GST returns that broadly include: Purchases, Sales, Output GST (On sales) and Input tax credit (GST paid on purchases). Every tax payer should file the details of outward supplies of goods or services or both effected during a tax period on or before the tenth day of the month succeeding the said tax period and such details shall be communicated to the recipient of the said supplies within such time and in such manner as may be prescribed. Rule 59 discuss about the form and manner of furnishing details of outward supplies. As per section 38 the taxpayer is also to furnishing details of inward supplies as per Rule 60. CGST Rule 61 discuss about the form and manner of furnishing of return under the GST laws. For filing the GSTR1 at the portal everyone has to follow the due process and required data in the proper tiles of the GST returns. For availing the ITC and paying the due taxes the tax payer is required to file GSTR3B.

10.13 Test your Knowledge.

- i. What are the provisions of section 37 in regard to the outward supplies?
- ii. What are the provisions of section 38 in regard to the inward supplies?
- iii. Discuss the provisions of Rule 61A for opting for furnishing quarterly return.
- iv. What are the Steps involved in GSTR 1 filing on GST Portal?
- v. What are the Steps involved in GSTR 3B filing on GST Portal?
- vi. Discuss provisions under Rule 62 of the CGST Rules 2017